

4th August, 2018

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| BSE Limited P J Towers, Dalal Street, Mumbai - 400 001 <u>Scrip Code: 532300</u> | National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051 <u>NSE Symbol: WOCKPHARMA</u> |
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Dear Sir/ Madam,

Sub: Submission of Annual Report of the Company for the Financial Year 2017-18

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to enclose herewith Annual Report of the Company for the Financial Year 2017-18. Please note that audited Financial Statements of the Company for the year ended 31st March, 2018 has been approved / adopted by the Members at the Annual General Meeting held on 4th August, 2018.

Kindly take the same on your record.

Thanking you,

For **Wockhardt Limited**


Narendra Singh
Company Secretary

Encl.: As above





BUILDING THE FUTURE. LIFE WINS.

Golden
50
years

WOCKHARDT | **LIFE WINS**

Annual Report 2017-18

Irish playwright George Bernard Shaw said,
**“We are made wise not by the recollection of our
 past, but by the responsibility for our future.”**

Agreeably, Wockhardt’s history of success and
 achievement thrusts upon it a greater responsibility
 of taking steps to ensure a future that is exponentially
 more successful, sustainable and meaningful for
 all its stakeholders.

It is this sense of responsibility that drives
 Wockhardt’s every endeavour in building the future
 by innovating, performing, excelling, and reaching
 out, to ensure that Life Wins.

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FY 2017-18 Performance Highlights

SALES

US\$ **604** million
₹3,937 crore

OPERATING PROFIT (EBITDA)

US\$ **(8)** million
₹(55) crore

PROFIT / (LOSS) AFTER TAX*

US\$ **(93)** million
₹(608) crore

EBITDA MARGIN

(1)%

*Attributable to equity holders of the Company



CHAIRMAN'S STATEMENT

My Dear Shareowners

As you are well aware, your Company has celebrated 50 winning years of success and achievement. It is but one of many milestones we intend to cross in our journey into the future. It is a journey that promises to be far more eventful, fruitful and fulfilling than ever before.

Today, Wockhardt is poised for a quantum leap into the future. It is a future of dynamic changes, exciting possibilities and endless potential to further its goal of 'Life Wins'. And Wockhardt is committed to building this future.

In the words of American scholar and academic John Schaar, "The future is not some place we are going, but one we are creating. The paths to it are not found but made, and the activity of making them changes both the maker and the destination."

I believe that it is very true for Wockhardt.

Defining the Future through Performance

For FY 2017-18, the year under review, we have reported consolidated revenues of ₹3,937 crore and a Profit After Tax of ₹(608) crore. Our Net Debt increased to ₹2,441 crore as compared to ₹1,981 crore in FY 2016-17. Currently, Net Debt to Equity Ratio is 0.86 as compared to 0.59 as on March 31, 2017. Our US business declined by 9% and our UK market declined by 1%. Our Emerging Markets business grew by 18% and our India business de-grew by 1%. We launched 12 new products in India. We filed 1 ANDA with US FDA and have received 3 new approvals in FY 2017-18, with 70 ANDAs pending approval.

During the year, besides subdued business sentiments for part of the year, reclassification of taxes post GST implementation in India has affected total sales. While our focus on cost containment and rationalisation continues to deliver its intended positive impact, cost of on-going remedial measures and volatility in various currencies like GBP, EURO & USD has impacted profitability. Although strategic R&D initiatives in the global arena have been reported as expenses in the current year, it must be noted that they are, in effect, an investment for the future. Therefore, foregoing current profitability for a better future driven by our R&D focus has been our corporate strategy that may be viewed as a significant positive. A virtual springboard that will catapult us to higher growth.

Shaping the Future through R&D

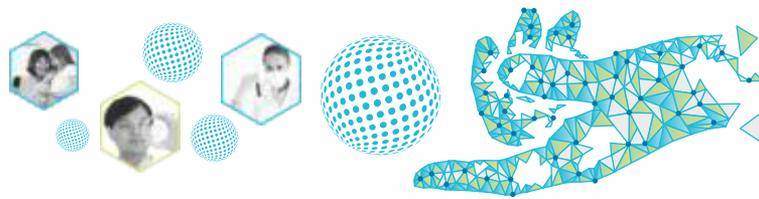
Wockhardt's commitment to R&D is well documented and is evident in its industry-leading spends on R&D as a percentage of total sales. In FY 2017-18, our R&D expense amounted to ₹287 crore at 7% of total sales. Total R&D spend including capex accounted for ₹443 crore at 11% of total sales.

Innovation Expenses Validated: The progress and outcomes have more than justified the spending on innovation. Building on our Intellectual Property (IP) base, we filed 133 patents this fiscal, and won 75 patents, taking cumulative patents filed to 3,037 and patents won to 628. Today we have 5 breakthrough

New Chemical Entities (NCEs) that have been accorded Qualified Infectious Disease Product (QIDP) status by US FDA, all of which have entered Phase III clinical stage. Being developed as novel antibiotics, all 5 drugs are expected to significantly help the global war against Antimicrobial Resistance (AMR) in the near future. The progress made has been shared, presented and published through numerous posters and several presentations at industry fora by American Society for Microbiology (ASM), the Infectious Diseases Society of America (IDSA), European Congress of Clinical Microbiology and Infectious Diseases (ECCMID); and many articles in leading scientific journals like Antimicrobial Agents and Chemotherapy, Journal of Antimicrobial Chemotherapy, Diagnostic Microbiology and Infectious Disease, Journal of Clinical Microbiology and Journal of Medicinal Chemistry.

Collaborative Model for Drug Discovery: Wockhardt has evolved a collaborative model for its drug discovery programme that is designed to be time and cost effective in identifying clinical candidates on an on-going basis. The focus on one hand is to ensure good differentiation for WCK NCEs, and on the other hand is to avoid toxicology related failures and maintain high clinical viability for all clinical candidates. The model relies on a set of in-house discovery and preclinical developmental competencies coupled with internal clinical study design competency. External studies are contracted to either renowned Key Opinion Leaders (KOLs) or University Laboratories or well established and experienced Contract Research Organisations (CROs) with GLP/GCP accreditation. A Drug Discovery Governing Council comprising of global experts in the area of antibiotics drawn from the US and Europe, critically evaluates clinical stage WCK NCEs and advises on the selection of specific clinical indications based on the limitations of current standard-of-care treatment options.

Our approach and philosophy to R&D is best paraphrased by eminent scientist, inventor and futurist Nikola Tesla, who said, "The scientific man does not aim at an immediate result. His



work is like that of the planter - for the future.”

Strengthening the Future through Compliance

Today, Wockhardt has established 14 strategically-located, state-of-the-art manufacturing facilities, 11 in India and one each in the US, UK and Ireland. And with about two-thirds of our revenues coming from overseas operations, regulatory approvals are critical to our business.

We have invested significant resources in people, processes, training and technology to ensure regulatory compliance and have made good progress. Towards this end, we have brought on board a seasoned professional with decades of rich experience to head our Quality division worldwide, and spearhead our global initiative to drive a holistic approach to quality and compliance.

As reported earlier, UK MHRA has confirmed compliance with the principles and guidelines of GMP for our manufacturing facilities at L-1, Chikalhana, Aurangabad and Kadaiya, Daman, while HPRA (Health Products Regulatory Authority) Ireland has granted Certificate of GMP compliances to our Shendra, Aurangabad facility. In the next few months, M-CAP, a compliance improvement programme in effect since 2017 that looks at cGMP (common Good Manufacturing Practices) holistically, is expected to yield positive results in line with our objectives of ensuring zero data integrity issues and address compliance holistically across all manufacturing facilities globally.

Building the Future through Leadership

At Wockhardt, we have been attracting the best global leadership talent from some of the most respected companies across the world in various areas like Quality, Research, Regulatory, Manufacturing, Sales, Marketing and several other functional roles. Our focus is on development and retention of human capital through various training programmes and career opportunities. This is aimed at ensuring that the organisation remains on top of the learning curve, and is agile and future-ready to leverage various opportunities. As part of our development programmes, we invest heavily to transform talented associates into mature leaders who will steer the organisation to newer heights in the years to come. Today, we have in place a strong leadership team with the bandwidth to ably lead the organisation into the future.

Energising the Future through De-Risking

Wockhardt has adopted a strategy to de-risk the business by outsourcing some key functions like third party manufacturing and some components of the drug discovery and development process. This is done to gain cost and time efficiencies, maintain uninterrupted supply to customers and avoid disruption due to compliance issues in manufacturing. For example, sterilising of WCK 5107, Cefepime and filing of WCK 5222 was outsourced to four external manufacturers and two contract testing laboratories. Project SURGE was initiated to outsource manufacturing of products to supply for US market. The product scope was defined with 15 products identified based on their business potential. In FY 2017-18, 3 new

approvals for ANDAs and 5 site transfer approvals were received in the US market by transferring technology to contract manufacturing organisations and obtaining approval from US FDA. The rest are at various stages of technology transfer, filing with US FDA and awaiting approvals for already filed products.

Forging the Future through Excellence

Year after year, Team Wockhardt - around 9,000 people across 27 nationalities spanning 6 continents worldwide - has been consistently recognised and acknowledged. Wockhardt's journey of excellence continues in FY 2017-18, where we have won more than 60 accolades at various fora for exceptional contribution by our leaders and functional heads. Notable amongst them are the 'Family Business Legacy' award from Essel Group received by Dr. Murtaza Khorakiwala, conferred by the President of India, Shri Pranab Mukherjee in the presence of the Prime Minister of India, Shri Narendra Modi; the coveted Accreditation by Joint Commission International (JCI), USA, for Wockhardt Hospital, South Mumbai, for its patient care, patient safety and focus on continuous quality improvement; and an Honorary Doctorate in Social Services from the International University of America, London, conferred upon Dr. Huzaifa Khorakiwala.

Ensuring the Future through CSR

For Wockhardt, fulfilling its Corporate Social Responsibility is another approach to create a better future. Wockhardt Foundation, in collaboration with various corporate partners including Wockhardt Hospitals, implements several social initiatives to improve the quality of life of the underprivileged sections of society. They include mobile medical services catering to remote rural areas, toy libraries, potable water, sanitation, e-learning, skill development etc., all designed to help them hope for and achieve a better tomorrow. Our endeavour of adopting 20 villages near Aurangabad under the Adarsh Gram Yojana is the perfect example of helping create an ideal community that is self-sufficient and self-reliant. Through our activities, we manage to touch and impact over 2 million lives every year.

Finally, I agree with American Founding Father and the third president of the United States, Thomas Jefferson, who said, "I like the dreams of the future better than the history of the past."

My dream for the future sees Wockhardt playing a significant role in helping save lives and enhance the quality of life through our products, services and social initiatives. We are building today for a better tomorrow.

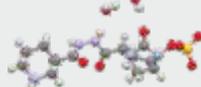
Dr. Habil Khorakiwala
Founder Chairman

Wockhardt's New Drug Discoveries to counter AMR

Wockhardt's early insight and sustained focus on antibiotics translates into a tremendous opportunity in the near future. 5 anti-bacterial NCEs meeting several unmet needs in hospital and community settings, were granted Qualified Infectious Disease Product (QIDP) status by US FDA, allowing for fast-track review, paving the way for early launch and a five-year extension of market exclusivity post product approval in USA.

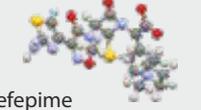
WCK 5222

Zidebactam



+

Cefepime



Unique Gram-negative targeted product based on a novel mechanism of action

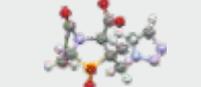
Coverage of life threatening infections spanning Extensively drug-resistant (XDR) Pseudomonas and Acinetobacter

Targeted towards high-mortality indications like Hospital-Acquired Bacterial Pneumonia, Ventilator-Associated Bacterial Pneumonia, Bloodstream Infections, Intra Abdominal and Urinary Tract Infections

Initiating Global Phase III Clinical Studies

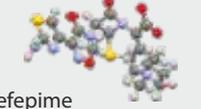
WCK 4282

Tazobactam



+

Cefepime



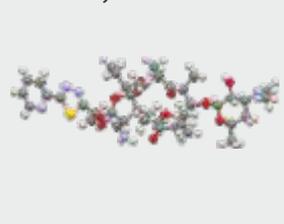
First ever carbapenem-sparing combination, based on clinically well established constituents' potent activity against piperacillin-tazobactam and cefoperazone-sulbactam resistant strains

Suitable as a first line empiric therapy for complicated Urinary Tract Infections, complicated Intra-Abdominal Infections, Hospital-Acquired Bacterial Pneumonia and Bloodstream Infections

Initiating Global Phase III Clinical Studies

WCK 4873

Nafithromycin



Novel proprietary lactone ketolide antibiotic designed to target MDR respiratory pathogens implicated in serious Community-Acquired Bacterial Pneumonia

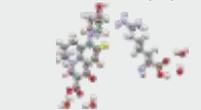
Best-in-class oral pharmacokinetics, high and sustained drug levels in target organ lung enabling once daily treatment x 3 days therapy with good hepatic safety

Targeted to treat Community-Acquired Pneumonia and upper Respiratory Tract Infections

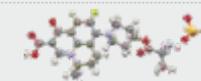
Completed Global Phase II Studies

WCK 771/WCK 2349

Levonadifloxacin (IV)



Alalevonadifloxacin (Oral)



Multi-spectrum (Gram positive, Gram negative, Anaerobes + MRSA) bactericidal drug with Oral and IV convenience

Treatment potential includes acute Bacterial Skin and Skin Structure Infections, Hospital-Acquired Pneumonia caused by MRSA, Diabetic Foot Infections, Bone and Joint Infections, Community-Acquired Pneumonia and Surgical Prophylaxis

Phase III Clinical Studies ongoing in India



INNOVATING TODAY FOR A BETTER TOMORROW



For Wockhardt, Research & Development (R&D) is the cornerstone of our endeavour in building the future. Our deep-rooted belief that strong and comprehensive R&D capabilities were critical to build value and drive growth, resulted in significant and sustained investments over the years in people and technology to develop our R&D capabilities. Today, our comprehensive and multidisciplinary R&D facilities spread across India, UK and USA, are on par with those of some global pharmaceutical majors.

With innovation driving our efforts to build our Intellectual Property (IP) base, we constantly file patents and develop products for Abbreviated New Drug Applications (ANDAs) for

the US and European markets. In fiscal 2017-18, we filed 133 patents and won 75 patents, taking cumulative patents filed to 3,037 and patents won to 628.

Over twenty years ago, our insight into the anti-infectives space led to a strategic focus on discovering and developing new antibiotics that has yielded results that validate and vindicate our efforts. In light of the rising global concern towards growing Antimicrobial Resistance (AMR), and considering that 5 of our breakthrough antibiotic NCEs (New Chemical Entities) with QIDP status from US FDA are now in phase III clinical stage, we effectively began building the future over two decades ago.

Drug Discovery Governing Council

Wockhardt's Drug Discovery Governing Council, comprising of global experts in the area of antibiotics drawn from the US and Europe, critically evaluates clinical stage WCK NCEs and advises on the selection of specific clinical indications that have substantial unmet needs based on the limitations of current standard-of-care treatment options. Governing Council members are infectious disease clinicians associated with top-ranking hospitals, leading clinical microbiology professors from universities and Pharmacokinetics/Pharmacodynamics experts.

Following Key Opinion Leaders (KOLs) are on the Governing Council

- ▶ Dr. David Livermore – Public Health England & University of East Anglia
- ▶ Dr. Johan Mouton – Radboud University Medical Center, The Netherlands
- ▶ Dr. Antoni Torres – Professor of Medicine at Faculty of Medicine at the University of Barcelona, Spain
- ▶ Dr. Robert Bonomo – Chief of Medicine Service, Veterans Affairs Medical Center, Cleveland, USA
- ▶ Dr. Roy F Chemaly – Infectious Disease Specialist, MD Anderson Cancer Center, USA
- ▶ Dr. Andrew Shorr – A renowned pulmonologist affiliated with MedStar Washington Hospital Center, USA





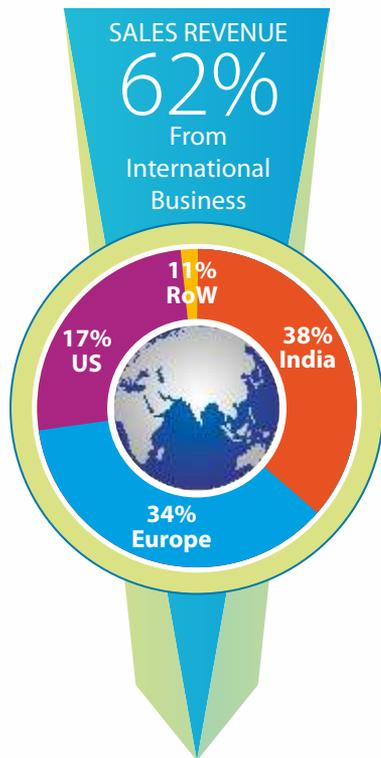
Dr. Murtaza Khorakiwala
Managing Director

LEADERSHIP FOR A BETTER TOMORROW

Five decades of experience and expertise; a track-record of pioneering innovation; comprehensive multi-disciplinary R&D capabilities; globally approved manufacturing facilities across India, UK and USA; a growing Intellectual Property (IP) base; a product pipeline catering to unmet needs; sales & marketing operations across the world; leadership position across categories and geographies; a multi-ethnic global workforce; these are the building blocks for Wockhardt to shape the future.

Leadership for Wockhardt is all about achieving a lead, maintaining the lead and striving to increase the lead. It is about creating value with values. It is about growing, expanding, collaborating and partnering with stakeholders to achieve shared goals and aspirations. That's our endeavour. To achieve and strengthen leadership in products, services, markets and quality. It is this leadership that will define our corporate credo of Life Wins, and consequently, build a better tomorrow.

We at Wockhardt will build on present achievements to secure the future for all stakeholders by adhering to core values, focusing on innovation, deploying technology, and investing in talent.



OUR EUROPEAN EDGE

| | | |
|--|---|--|
| Amongst Top 3 Indian Generic companies in UK | Fourth largest (by volume) Generic supplier to the Hospital Sector in Ireland | Amongst Top 5 Generic companies in Ireland |
|--|---|--|

OUR INDIA EDGE

| | |
|--------------------------|-------------------------------|
| 5 Brands | Amongst Top 300 brands of IPM |
| 3 rd Position | In Cough Preparations |
| 5 th Position | In Vaccines |

Over 74 Million Times Lives Touched

| | | |
|--|--|---|
| Mobile 1000 | 132 Vans (22.52 Lakh Patients Checked) |  |
| E-Learning | 581 Schools; 2.9 Lakh Children |  |
| Wockhardt + Health Centres | 8,224 Patients Benefitted |  |
| Little Hearts | 100 Congenital Heart Surgeries |  |
| Pronto Toilet | 3,343 Toilets |  |
| Pronto Bio-Toilet | 327 Bio-Toilets |  |
| Khel Khel Mein | 29 Toy Libraries; 2,319 Children |  |
| Wockhardt Skills Development Institute | 4 Centres; 418 Students Trained |  |
| Shudhu Water Purification Tablets | 13,66,460 Tablets Distributed |  |
| Zab | 1154 Desks + School Bags Distributed |  |
| Swachh Bharat Recycle Machine | 10 Machines Installed |  |



Dr. Huzaifa Khorakiwala
Trustee & CEO, Wockhardt Foundation
Executive Director, Wockhardt Limited

REACHING OUT FOR A BETTER TOMORROW

As an ISO 9001: 2015-certified, not-for-profit organisation providing services and solutions to improve and enhance the quality of life, Wockhardt Foundation is committed to building the future by enabling and empowering underprivileged sections of society.

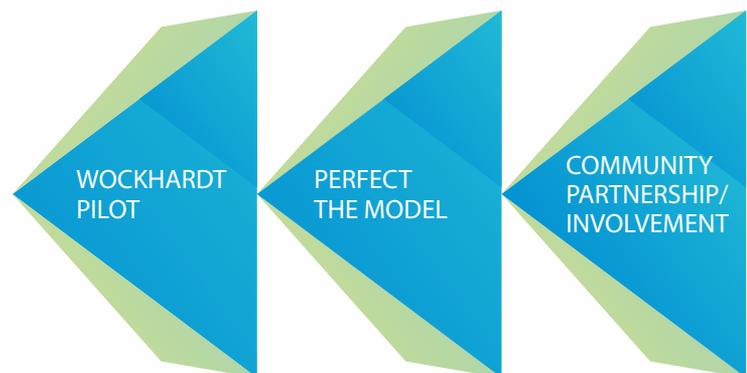
Wockhardt Foundation partners and collaborates with numerous companies, organisations and institutions including Wockhardt Hospitals, to drive social upliftment programmes in the areas of healthcare, skill development, hygiene, e-learning, community development etc.

Of around 20 on-going initiatives driven by Wockhardt Foundation, Mobile 1000 is our flagship programme providing free health check-ups and medicines to remote rural areas through fully-equipped mobile medical vans manned by qualified doctors and trained medical professionals. In FY 2017-18 we added 27 new vans to number a total of 132 vans that catered to over 20 lakh people. Our other initiatives like Wockhardt Health Centres, Little Hearts, Pronto Toilets & Bio-toilets, Khel Khel Mein Toy libraries, Shudhu Water Purification Tablets etc. have accounted for over 74 million times lives touched in fiscal 2017-18, up from over 55 million times people benefitted in the previous year. Our initiative under the Adarsh Gram Yojana, where we have adopted 20 villages to make them completely self-reliant and self-sufficient, has empowered their inhabitants to transform their lives.

By providing healthcare, inculcating hygiene, promoting learning and skill development, encouraging recycling etc. we are endeavouring to develop healthy, educated and self-sustaining communities to ensure that at every stage, Life Wins.

We believe our actions today will surely lead to a better tomorrow.

Wockhardt Foundation Programme Execution Policy







Ms. Zahabiya Khorakiwala
Managing Director, Wockhardt Hospitals*
Non-Executive Director, Wockhardt Limited

HEALING FOR A BETTER TOMORROW

Offering world-class tertiary and quaternary healthcare services, Wockhardt Hospitals is a chain of 8 super-speciality hospitals spread across Maharashtra and Gujarat. Our flagship Hospital - The New Age Wockhardt Hospitals in Mumbai Central is the first multi-speciality hospital in South Mumbai to be accredited by Joint Commission International (JCI), USA, the gold standard in healthcare worldwide.

Our specialist doctors, surgeons and other medical professionals across hospitals have studied or trained or worked at some of the best medical institutions in the US and Europe. We adhere to the highest standards of patient care by following process-driven quality systems to ensure positive outcomes. Wockhardt Hospitals was associated with Boston based Partners Medical International (PMI) for 17 years. This exclusive association gave Wockhardt Hospitals access to a network of Harvard-affiliated hospitals around the world and their immense expertise and knowledge, ensuring that we adopt and deliver global best practices at our hospitals.

Our comprehensive treatment and healthcare facilities across specialities like Multi-organ transplantation, Cardiology, Neurosurgery, Orthopaedics, Critical Care, Oncology, Nephrology, Urology and applications of Growth Factor based therapy in Pain Management, Wound Healing and Aesthetics, make it the preferred destination in India for patients from Europe, USA, Africa, Middle East and South Asia.

130,926 CARDIAC PROCEDURES

Angiographies, Angioplasties, Bypass, Open heart & Cardiac valve surgeries for adult & paediatric patients

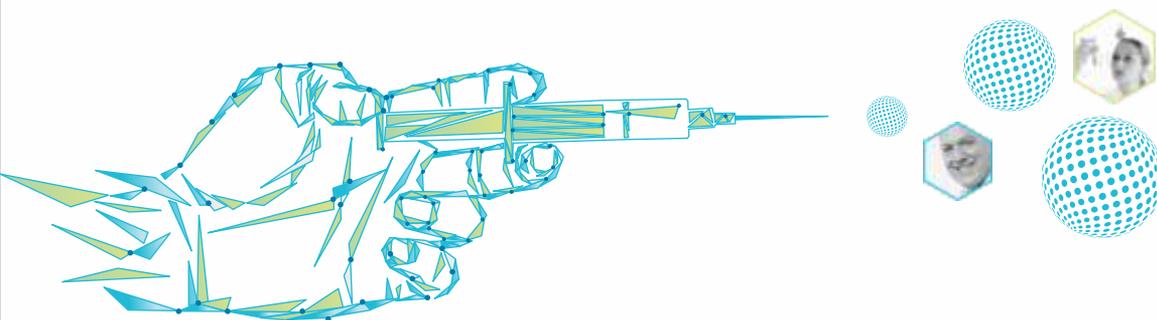
20,089 ORTHOPAEDIC PROCEDURES

Knee & hip replacements, Poly-trauma surgeries, Complex fracture surgeries...

210,194 SURGICAL PROCEDURES

Organ transplants, Complex brain surgeries, Endoscopic spine surgeries...

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



BOARD OF DIRECTORS



Dr. HABIL KHORAKIWALA
Founder Chairman

Dr. Habil Khorakiwala founded Wockhardt in 1967. Today, the Wockhardt Group is India's leading research-based global healthcare enterprise with relevance in the fields of Pharmaceuticals, Biotechnology, Active Pharmaceutical Ingredients (APIs) and Super Speciality Hospitals. An alumnus of Purdue University and Harvard Business School, he is the only non-American in the 125-year history of Purdue University to be awarded an Honorary Doctorate, the highest award that they bestow.

A member of the World Economic Forum, Dr. Khorakiwala has held many senior positions as an industry representative, and has been lauded and awarded by various institutions and organisations. As a former president of FICCI (Federation of Indian Chambers of Commerce & Industry), he has met and shared India's business and economic dynamics with many Presidents, Prime Ministers and Heads-of-State.

He was also 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 is currently the Chancellor of Jamia Hamdard University, New Delhi, which has emerged as an outstanding institution of higher learning with distinct and focused academic programmes.



Mr. SHEKHAR DATTA
Independent Director

Mr. Shekhar Datta has been a Director of the Company since 2000. A mechanical engineering graduate, Mr. Datta has served as Managing Director of Greaves Cotton Limited, Chairman of Bombay Stock Exchange, and held directorships of Crompton Greaves Limited, Industrial Development Bank of India Limited, and other corporates. Mr. Datta is a former member of the International Business Advisory Board of UNIDO, former President of the Confederation of Indian Industry (CII), Bombay Chamber of Commerce & Industry, and Indo-Italian Chamber of Commerce & Industry.



Mr. AMAN MEHTA
Independent Director

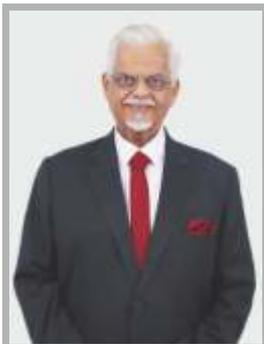
Mr. Aman Mehta has been a Director of the Company since 2004. An Economics graduate, he has over 35 years of experience in various positions with the HSBC Group. He headed HSBC operations in the Middle East, America and Asia Pacific.



Mr. D S BRAR
Independent Director

Mr. D S Brar has been a Director of the Company since August 2012. He is a B.E. (Electrical) from Thapar Institute of Engineering & Technology, Patiala, and holds a Master's degree in Management (Gold Medallist) from Faculty of Management Studies, University of Delhi.

Mr. Brar has been associated with the Pharmaceutical Industry for over three decades and his major stint was at Ranbaxy Laboratories, where he rose to become the CEO & Managing Director in the year 1999. Mr. Brar also served as a Director of RBI, member on the Board of National Institute of Pharmaceutical Education & Research, and member of the Board of Governors of IIM, Lucknow. Mr. Brar serves on the Boards and acts as an Advisor to companies like Maruti Suzuki, Mphasis, Bain Consulting and start-ups funded by Private Equity and Venture funds.



Dr. SANJAYA BARU
Independent Director

Dr. Sanjaya Baru has been a Director on the Board of Wockhardt since April 2012. With a Ph.D and a Master's degree in Economics from Jawaharlal Nehru University, New Delhi, Dr. Baru is presently Distinguished Fellow, United Service Institution of India. He was, till recently, Secretary-General, Federation of Indian Chambers of Commerce and Industry.

In the past, Dr. Sanjaya Baru was the official spokesman and media advisor to the Prime Minister of India and has also served as Director of Geo-economics and Strategy at the International Institute for Strategic Studies (IISS), London, Editor of the Business Standard, Chief Editor of The Financial Express and as Associate Editor of The Economic Times and The Times of India.



Mrs. TASNEEM MEHTA
Independent Director

Mrs. Tasneem Mehta has been a Director on the Board of Wockhardt since September 2014. Mrs. Mehta is an art historian, writer, curator, designer and museum expert who has studied Fine Arts and Design at the Sir J. J. School of Art, Mumbai. She holds an undergraduate degree in Political Philosophy from Columbia University, New York, a Master's degree in English from the University of Delhi, and a Postgraduate diploma in Art History from London.

Mrs. Mehta has successfully pioneered the revival and restoration of several of Mumbai's important cultural sites. She was elected Vice Chairman of INTACH, the Indian National Trust for Art and Cultural Heritage from 2010 to 2017 and has been the Convenor of the Mumbai Chapter from 1997 to 2017, and member of the Governing Council from 1999 to 2017. Since 2003, Mrs. Mehta is the Managing Trustee and Honorary Director of the Dr. Bhau Daji Lad Museum, Mumbai City Museum, (the erstwhile Victoria and Albert Museum) which won the prestigious UNESCO 2005 Asia Pacific 'Award of Excellence' for Cultural Conservation.



Mr. BALDEV RAJ ARORA
Independent Director

Mr. Baldev Raj Arora has been a Director on the Board of Wockhardt since May 2015. Mr. Arora holds a Bachelor's degree in Mechanical Engineering from Punjab Engineering College, Chandigarh. He graduated from the Senior Management Development Programme at Asian Institute of Management, Manila, Philippines, and Executive Education Programme from Michigan Business School at Ann Arbor, Michigan, USA.

He has worked with leading MNCs for over 44 years and has a proven track record of building high performance customer-oriented teams, giving outstanding results on a sustained basis. He successfully managed publicly listed companies of MNCs in India for over 10 years as Chairman/Managing Director. He started his career in the Life Sciences industry with Warner Lambert (now Pfizer) in India and retired from Nestle S.A. in March 2015 as Regional President, Asia & Pacific Rim for Wyeth nutrition business of Nestle S.A.



Mr. VINESH KUMAR JAIRATH
 Independent Director

Mr. Vinesh Kumar Jairath has been a Director on the Board of Wockhardt since November 2016. Mr. Jairath joined the Indian Administrative Service in 1982 and served in various important positions in Government of Maharashtra and Government of India till March 2008, when he took voluntary retirement. He has served as the Managing Director of SICOM and subsequently as Principal Secretary of Industries at Government of Maharashtra until 2008. He has over 25 years of experience in public administration, rural development, poverty alleviation, infrastructure planning and development and infrastructure financing, finance, industry, urban development, and environmental management, while occupying important positions in Government.



Dr. HUZAIFA KHORAKIWALA
 Executive Director

Dr. Huzaifa Khorakiwala is a Bachelor of Commerce graduate from Mumbai University. He holds a Master's degree in Business Management from Yale University School of Management, USA. He joined the Company in July 1996 and has over the years run various Wockhardt businesses and served in Corporate Administration. He is the Executive Director of the Company since April 2009.

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



Dr. MURTAZA KHORAKIWALA
 Managing Director

Dr. Murtaza Khorakiwala represents a unique blend of scientific knowledge and business acumen. A graduate in Medicine from GS Medical College, Mumbai, India, and Master in Business Administration (MBA) from the University of Illinois, USA, he has been Managing Director of Wockhardt Limited since April 2009.

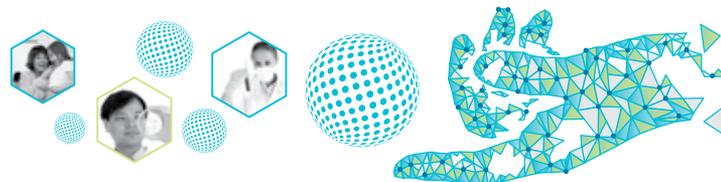
Thinking out of the box, challenging assumptions, and innovation are some of the key principles that shape his strategic thought process. His young and dynamic leadership has become the ideal springboard for various corporate initiatives in creating a new Wockhardt. A member of the executive committee of the Indian Pharmaceutical Association (IPA), he was the past Chairman of the Marketing Committee of the Bombay Management Association.



Ms. ZAHABIYA KHORAKIWALA
 Non-Executive Director

Ms. Zahabiya Khorakiwala has earned a Master's Degree in Business Administration from the Indian School of Business, Hyderabad, and has an experience of more than a decade in the area of strategy and leadership. Presently, Ms. Zahabiya is heading Wockhardt Hospitals as the Managing Director and is responsible for strategic decisions, identifying new business opportunities, and creating viable and sustainable business models to drive growth of overall operations of the hospital chain. Ms. Zahabiya is also a Director on the Board of RPG Life Sciences Limited and other corporate entities.

BOARD'S REPORT



Dear Members,

The Board of Directors are pleased to present the Nineteenth Annual Report of the Company along with the Audited Financial Statements for the year ended 31st March, 2018.

FINANCIAL RESULTS AND HIGHLIGHTS

| Particulars | ₹ in Crore) | |
|--|------------------------------|------------------------------|
| | Year ended March 31, 2018 | Year ended March 31, 2017 |
| Consolidated | | |
| Total Revenue | 4,057 | 4,129 |
| Profit Before Depreciation, Finance Cost & Tax | 122 | 127 |
| Profit / (Loss) Before Exceptional Items & Tax | (283) | (247) |
| Profit / (Loss) Before Tax | (641) | (247) |
| Tax expense – Credit/(charge) | (26) | 21 |
| Profit / (Loss) After Tax | (667) | (226) |
| Other Comprehensive Income / (Loss) | 139 | (182) |
| Total Comprehensive Income / (Loss) | (528) | (408) |
| Standalone | | |
| Total Revenue | 2,534 | 2,546 |
| Profit Before Depreciation, Finance Cost & Tax | 380 | 393 |
| Profit Before Tax | 104 | 119 |
| Tax expense – Credit/(charge) | (35) | 18 |
| Profit After Tax before other Comprehensive Income | 69 | 137 |
| Total Comprehensive Income | 69 | 136 |

The consolidated total revenue of the Company for the financial year ended 31st March, 2018 stood at ₹ 4,057 crore as compared to ₹ 4,129 crore of previous year. The total Comprehensive loss for the year stood at ₹ 528 crore vis-à-vis total Comprehensive loss of ₹ 408 crore of previous year.

On Standalone basis, the Company registered total revenue of ₹ 2,534 crore as compared to ₹ 2,546 crore during previous year. Total Comprehensive Income for the year stood at ₹ 69 crore vis-à-vis ₹ 136 crore of previous year.

Performance of the Company has also been discussed in detail in the 'Management Discussion and Analysis Report' forming part of this Annual Report.

STATE OF COMPANY'S AFFAIRS

During the year, the focus of your Company continued on Research & Development with its consolidated revenue R&D expenses at ₹ 287 crore (7% of consolidated revenue) and in pursuit of creating a strong Intellectual Property (IP) base, the Company as on 31st March, 2018, cumulatively filed 3,037 patents and holds 628 patents worldwide. The Company had also received approvals for its six ANDAs from US Food and Drugs Administrator ('US FDA') from third party approved manufacturing facility during the year which is an important development.

During the year under review, as a part of long-term strategic initiatives, your Company has undertaken various measures for sustainable value creation through cost containments, outsourcing of approved ANDAs by transfer to third party approved manufacturing locations for US market, working capital optimization and Budgetary controls to improve efficiencies etc. to name a few. Continued focus on new Product launches in India, UK and Emerging Markets during the year is also expected to yield positive results in forthcoming periods.

Financial Year 2017-18 has also experienced a major tax reform in India, Goods and Services Tax ('GST'), that had impacted domestic business of your Company. GST, being a major tax reform is expected to positively impact the economy in the long run while short-term disruptions were in line with the expectation.

The strategic drive for improvement in the operational efficiencies across the organization's global operations and working capital, your Company during the year, partnered with Accenture Consulting to leverage their global industry expertise. Whereas, rationalization and cost containment initiatives gave positive impact, the ongoing expenditures on remedial measures (for US FDA related matter) continued to impact the profitability of the Company. In addition, during the year, your Company, took cognizance of subdued growth and profitability in the businesses due to various factors beyond the control of the organization, continued its prudent action for optimization of R&D expenses. The strategic focus of your Company in R&D initiatives though impacted the profitability; it is worth mentioning that such expenditures are for the future even if they are expensed off.

STATUS OF NCEs (Breakthrough Antibiotics effective against Super Bugs):

- **WCK 5222** (*Combination of Zidebactam and Cefepime that meets the urgent threat of Carbapenem-resistant Enterobacteriaceae and serious threats like Multidrug-resistant Acinetobacter, Extended spectrum β -lactamase producing Enterobacteriaceae (ESBLs), Drug-resistant Salmonella typhi and Multidrug-resistant Pseudomonas aeruginosa*) – During the year, in a major development in Phase 3 Clinical trial, your Company finalized the Phase 3 study protocol in consultation with US FDA. Study to commence in 2nd half of fiscal 2018-19.
- **WCK 4282** (*Combination of high dose cefepime and tazobactam that meets the urgent threat of certain Carbapenem-resistant Enterobacteriaceae and serious threats like Extended spectrum β -lactamase producing Enterobacteriaceae (ESBLs), Drug-resistant Salmonella typhi*) - Phase 3 study protocol finalized in consultation with US FDA during the year. Study is expected to commence in mid 2018-19. EMEA feedback on Phase 3 protocol also received during the year and EMEA accepted WCK 4282 as carbapenem sparing drug and single Phase 3 study size of 1,100 patients would be acceptable.
- **WCK 4873** (*Respiratory antibiotic active against MDR Pneumococci which are regarded as serious threat as Pneumococci cause life threatening pneumonia often requiring hospitalization. WCK 4873 is also effective against clindamycin resistant streptococci which are regarded as concerning threat*) – In a major development during the year, Phase 2 study has been completed in USA and Europe.
- **WCK 771** (*This is a broad spectrum anti drug – MRSA are regarded as serious threat as they could cause life threatening infections such as pneumonia and blood stream infection. WCK 771 is also active against MDR pneumococci, a serious threat category pathogen as well as Vancomycin resistant Staphylococcus aureus (VRSA) which is regarded as concerning threat category pathogen*) – Phase 3 complicated skin and skin structure infections study progressing well in India. 325 patients already recruited with a target of 500 patients.
- **WCK 2349**, an oral drug corresponding to WCK 771 and has similar pathogen coverage as described above.

All the above NCEs, have distinction of **QIDP**¹ status by US FDA.

Keeping in line with the Company's strategic actions on breakthrough R&Ds, your Company in the past raised long term financial resources in terms of Borrowings to ensure adequate liquidity to withstand any major Polito-economic volatility in the Global market and that strategy continued to be working well with commensurate liquidity being maintained in the system in terms of Cash & Bank balances. This ensured uninterrupted R&D activities which is expected to garner significant positives for the Company in the future in Generics, Bio-similar & New Chemical Entity ('NCE')

During the year, the following approvals post successful audits were received from various authorities:

- Pharmaceutical Inspection Convention and Pharmaceuticals Inspection Co-operation Scheme ('PICS'), Malaysia, Federal Committee for Protection from Sanitary Risks ('COFEPRIS'), Mexico Latam and the Gulf Cooperation Council ('GCC') Audit approvals for Biotech API & Formulation.
- EU GMP Certification of Shendra Site till February, 2020.
- Uganda, Tanzania & Kenya [East African Community ('EAC')] for Baddi unit.
- Health Products Regulatory Authority of Ireland ('HPRA') has granted Certificate of GMP Compliance for Shendra, Aurangabad facility.

¹ QIDP status is granted to drugs, identified by CDC (Centre for Disease Control, USA), that act against pathogens which have a high degree of unmet need in their treatment. QIDP status provides fast track clinical development and review of the drug application by US FDA for drug approval. The drug is also awarded five-year extension of market exclusivity. QIDP was constituted under Generating Antibiotic Incentives Now (GAIN) Act in 2012 as part of the FDA Safety and Innovation Act to underline the urgency in new antibiotics development.



UK MHRA STATUS

The Company's manufacturing facility at L1 Chikalhana continued to enjoy approvals of UK MHRA. UK MHRA has also confirmed compliance with the principles and guidelines of GMP for the Company's manufacturing facility at Kadaiya, Daman.

Constructions of the Company's State-of-Art manufacturing facility in Jebel Ali Free Zone (JAFZA), Dubai, UAE for manufacturing of speciality drugs for the US / European markets has also progressed well.

There is no change in the nature of business of the Company or any of its Subsidiaries.

EXCEPTIONAL ITEM

During the year under review, the Company and its two subsidiaries, Wockhardt UK Holdings Limited and CP Pharmaceuticals Limited ('CP'), in the United Kingdom have settled an ongoing commercial litigation before the High Court in London, United Kingdom in relation to a supply contract for a drug named Trisenox. The dispute between the parties was in respect of the price charged by CP to its counterparty to the contract, Cephalon Inc, ('Cephalon') an affiliate of Teva Pharmaceuticals USA, Inc. ('Teva'). Under the above referred settlement between the parties, CP has agreed to waive its claim for the outstanding trade receivable of GBP 20 mn and accordingly dropped its counterclaim for the said amount and further paid a sum of GBP 23 mn to Teva and Cephalon by way of full and final settlement of Teva's claims. The High Court has accepted the settlement between the parties and a Consent Order was issued on June 21, 2017. Pursuant to this settlement, the ongoing litigation stands closed and all claims are dismissed.

GOODS AND SERVICES TAX

The Goods and Services Tax ('GST'), a landmark reform which is expected to have lasting impact on the economy and businesses, came into force effective 1st July, 2017. Dedicated Task forces ensured requisite changes in IT systems, Supply Chain and operations of the Company for smooth implementation of GST.

CREDIT RATING

During the year 2017-18, CARE Ratings Limited ('CARE Ratings') has revised the Company's Rating for Long-Term Bank Facilities (Fund Based Working Capital limit) from "CARE AA; Outlook: Negative" to "CARE A+; Outlook: Stable"; and for Short Term Bank Facilities (Non Fund Based Working Capital limit) from "CARE A1+" to "CARE A1".

CARE Ratings has also revised rating for the proposed issue of NCDs for an amount of ₹ 250 crore of the Company as "CARE A+; Outlook: Stable" from "CARE AA; Outlook: Negative".

Further, India Rating & Research Private Limited has revised the Company's ratings for short-term Bank facilities/ Commercial Paper from "IND A1+" to "IND A1" and for long-term loan facilities rating from "IND AA-/ Outlook: Negative" to "IND A/ Outlook: Negative".

DIVIDEND AND RESERVES

During the year 2017-18, the Board recommend dividend @ 0.01% (₹ 0.0005 per Preference Share of ₹ 5 each) on 47,56,59,941 Non-Convertible Cumulative Redeemable Preference Shares of ₹ 5 each and 12,14,54,927 Optionally Convertible Cumulative Redeemable Preference Shares of ₹ 5 each absorbing a sum of ₹ 298,557. These Preference Shares are due for redemption and/or conversion during the year 2018-19.

No amount is proposed to be transferred to the General Reserves of the Company out of the profits for the year.

DIVIDEND DISTRIBUTION POLICY

Dividend Distribution Policy of your Company aims at striking the right balance between the quantum of dividend paid to its shareholders and the amount of profits retained for its business requirements, present and future. The intent of the Policy is to broadly specify various external and internal factors that shall be considered while declaring dividend and the circumstances under which the shareholders of the Company may or may not expect dividend.

The Policy is available on the website of the Company, weblink thereto is <http://www.wockhardt.com/files/dividend-distribution-policy.pdf>

SHARE CAPITAL

Pursuant to the allotment of 82,425 equity shares of ₹ 5 each against exercise of stock options granted under Wockhardt Employees' Stock Option Scheme – 2011 ('the Scheme'), the paid-up equity share capital of the Company increased from ₹ 55,27,40,140 to ₹ 55,31,52,265 during the year under review.

There were no issue of equity shares with differential voting rights and sweat equity shares during the year 2017-18. The Company does not have any scheme to fund its employees to purchase the shares of the Company. Further, no shares have been issued to employees of the Company except under the Scheme mentioned above.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year under review, Ms. Zahabiya Khorakiwala (DIN: 00102689) was appointed as an Additional Director (Non-Executive) with effect from 30th October, 2017. The resolution for her appointment as a Non-Executive Director, liable to retire by rotation, is placed for the approval of Members of the Company at the ensuing Annual General Meeting.

All the Independent Directors have furnished Declaration of Independence stating that they meet the criteria of independence as provided under Section 149(6) of the Companies Act, 2013 ('the Act') and Regulation 16 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations') and there has been no change in the circumstances which may affect their status as Independent Directors during the year.

In terms of the provision of:

- Section 149 and other applicable provisions of the Act and SEBI Listing Regulations, Mr. Aman Mehta (DIN: 00009364), Mr. Davinder Singh Brar (DIN: 00068502) and Dr. Sanjaya Baru (DIN: 05344208), Independent Directors of the Company, holds office upto 31st March, 2019 and being eligible, offers themselves for re-appointment. Considering the performance evaluation, the resolution for their re-appointment as recommended by the Nomination & Remuneration Committee and the Board for another term upto 31st March, 2024, as Independent Directors, is placed for the approval of Members of the Company at the ensuing AGM. Further, Mr. Shekhar Datta (DIN: 00045591) who also holds office upto 31st March, 2019 has made a remarkable contribution for the sustainable growth and success of the Company. Strategic direction and support extended by him in all the phases the Company went through, would always be reminisced at all times.
- Section 196 and other applicable provisions of the Act, Dr. Huzaifa Khorakiwala, Executive Director (DIN: 02191870) and Dr. Murtaza Khorakiwala, Managing Director (DIN: 00102650), holds office upto 30th March, 2019 and being eligible, offers themselves for re-appointment. Approval of Shareholders for payment of remuneration to them is also upto 30th March, 2019. The Board recommends the resolution for their re-appointment for a term upto 30th March, 2024; and for fixation of their remuneration.

In accordance with the provision of Section 178 and other applicable provisions of the Act and SEBI Listing Regulations, if any, the Nomination and Remuneration Committee has considered and recommended the above appointments/re-appointments to the Board of Directors of the Company. A brief resume and other details of all the above Directors seeking appointment/re-appointment are provided in the Notice of AGM.

Pursuant to the provisions of Section 152 of the Act, Dr. Huzaifa Khorakiwala, Executive Director retires by rotation as Director at the ensuing AGM and being eligible, offers himself for re-appointment. The Board recommends his re-appointment.

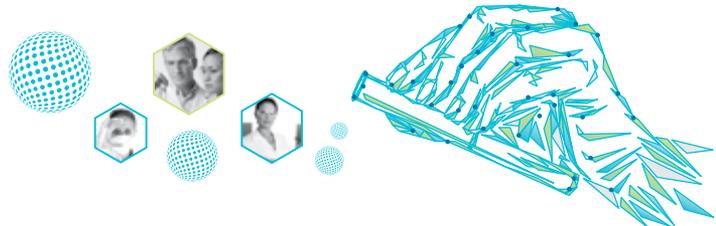
In accordance with the provisions of Section 2(51) and 203 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Dr. Murtaza Khorakiwala, Managing Director, Mr. Manas Datta, Chief Financial Officer and Mr. Narendra Singh, Company Secretary & Compliance Officer are the Key Managerial Personnel ('KMP') of your Company.

MEETINGS

During the financial year 2017-18, the meetings of the Board of Directors and Audit Committee were held 4 (four) times each. Details of these meetings and other Committees of the Board/General Meeting/Postal Ballot are given in the Report on Corporate Governance forming part of this Annual Report.

AUDIT COMMITTEE

As on 31st March, 2018, the Audit Committee comprises of Mr. Shekhar Datta, Chairman, Mr. Aman Mehta, Mr. Davinder Singh Brar, Dr. Sanjaya Baru, Ms. Tasneem Mehta, Mr. Baldev Raj Arora and Mr. Vinesh Kumar Jairath as its Members. All the Members



of the Committee are Independent Directors and recommendations made by the Audit Committee were accepted by the Board of Directors of the Company. Further, the Committee has carried out the role assigned to it. Other details about the Audit Committee and other Committees of the Board are provided in the Report on Corporate Governance forming part of this Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(3)(c) of the Companies Act, 2013, the Directors state that:

- (a) in the preparation of Annual Accounts for the year ended 31st March, 2018, the applicable Accounting Standards have been followed and that no material departures have been made from the same;
- (b) such Accounting Policies as mentioned in the Notes to the Financial Statements for the year ended 31st March, 2018 have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year ended 31st March, 2018;
- (c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Annual Accounts for the year ended 31st March, 2018 have been prepared on a going concern basis;
- (e) the internal financial controls to be followed by the Company have been laid down and that such internal financial controls are adequate and operating effectively; and
- (f) proper systems to ensure compliance with the provisions of all applicable laws have been devised and that such systems are adequate and operating effectively.

STATUTORY AUDITORS AND AUDITORS' REPORT

Haribhakti & Co. LLP, Chartered Accountants, were appointed as the Statutory Auditors of the Company at the AGM of the Company held on 15th September, 2014, for a term of five years i.e. till the conclusion of 20th AGM (to be held in calendar year 2019) subject to ratification of their appointment at every AGM of the Company. The resolution for ratification of their appointment is placed for approval of Members of the Company at the ensuing AGM. The Company has received a letter from Statutory Auditors confirming that they are eligible for ratification of their appointment.

The reports of the Statutory Auditors on Standalone and Consolidated Ind AS Financial Statements forms part of this Annual Report. The Auditors' Report does not contain any qualification, reservation and adverse remark.

COST AUDIT

Pursuant to the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, as amended from time to time and as recommended by the Audit Committee, the Board of Directors of the Company appointed M/s. Kirit Mehta & Co., Cost Accountants as Cost Auditors to conduct the cost audit of the Company for the financial year 2018-19. The Company has received consent from M/s. Kirit Mehta & Co. to act as Cost Auditors. Further, pursuant to the aforesaid provisions of the Act, the remuneration payable to M/s. Kirit Mehta & Co. for conducting the cost audit of the Company for the financial year ending on 31st March, 2019 needs to be ratified by the Members of the Company and resolution for the said ratification is placed for approval of Members of the Company at the ensuing AGM.

The Cost Auditors' Report for the financial year ended 31st March, 2017 did not contain any qualification, reservation and adverse remark and the same was duly filed with the Ministry of Corporate Affairs.

SECRETARIAL AUDIT AND COMPLIANCE WITH SECRETARIAL STANDARDS

The Board of Directors of your Company has appointed Mr. Virendra Bhatt, Practising Company Secretary as Secretarial Auditors to conduct Secretarial Audit of the Company for the year ended 31st March, 2018. The Secretarial Audit Report issued by Mr. Virendra Bhatt does not contain any qualification, reservation and adverse remark. The Secretarial Audit Report is annexed as Annexure I to this Report.

During the year, your Company has complied with all the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

ANNUAL RETURN

Pursuant to the provision of Section 92 of the Companies Act, 2013, an extract of the Annual Return is annexed as Annexure II to this report.

EMPLOYEE STOCK OPTIONS

Pursuant to SEBI (Share Based Employee Benefits) Regulations, 2014 and other applicable laws, if any, the required disclosures as on 31st March, 2018 are annexed as Annexure III to this Report.

During the year under review, there were no changes in the Employee Stock Option Scheme and the same is in compliance with the said Regulations.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Pursuant to the provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, 'CSR Policy' as recommended by the CSR Committee and approved by the Board is uploaded on the website of the Company www.wockhardt.com.

The Average Net Profit of the Company for the immediately preceding 3 financial years calculated as per Section 198 of the Companies Act, 2013 was negative. Hence, no amount was required to be spent on CSR activities during the financial year 2017-18. However, as a continuing corporate governance practice, the Company contributed ₹ 4.67 crore to Wockhardt Foundation, CSR arm of the Company, for spending on CSR activities which has undertaken CSR projects in the areas of healthcare, education etc.

The details on CSR activities as required under Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time, is annexed as Annexure IV to this Report.

POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS

Your Company has been following well laid down policy on appointment and remuneration of Directors, KMP and Senior Management Personnel.

The appointment of Directors is made pursuant to the recommendation of Nomination and Remuneration Committee ('NRC'). The remuneration of Executive Directors comprises of Basic Salary, Perquisites & Allowances and follows applicable requirements as prescribed under the Companies Act, 2013. Approval of shareholders for payment of remuneration to Whole-time Directors is sought, from time to time.

The remuneration of Non-Executive Directors comprises of sitting fees & commission, if any, in accordance with the provisions of Companies Act, 2013 and reimbursement of expenses incurred in connection with attending the Board meetings, Committee meetings, General meetings and in relation to the business of the Company. During the year under review, the Company has not paid any commission to the Non-Executive Directors.

A brief of the Remuneration Policy on appointment and remuneration of Directors, KMP and Senior Management is provided in the Report on Corporate Governance forming part of this Annual Report. Further, the Policy is available on the website of the Company and the weblink thereto is <http://www.wockhardt.com/pdfs/wl-remuneration-policy.pdf>

NRC have also formulated criteria for determining qualifications, positive attributes and independence of a director and the same have been provided in the Report on Corporate Governance forming part of this Annual Report.

PERFORMANCE EVALUATION OF DIRECTORS

The Nomination and Remuneration Committee of the Board of Directors of the Company have laid down criteria for performance evaluation of the Board of Directors including Independent Directors. Pursuant to the requirement of the Companies Act, 2013, the SEBI Listing Regulations and considering criteria specified in the SEBI Guidance Note on Board Evaluation, the Board has carried out the annual performance evaluation of entire Board, Committee and all the Directors based on the parameters as detailed in the Report on Corporate Governance forming part of this Annual Report. The parameters of performance evaluation were circulated to the Directors in the form of questionnaire.



INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

M/s. Ernst and Young has been engaged to review and comment on adequacy of Internal Financial Control ('IFC') process of the Company in accordance with the requirement of the Companies Act, 2013. There were no material observations noted in this review.

The Company has adequate internal financial control procedures commensurate with its size and nature of business. These controls include well defined policies, guidelines, Standard Operating Procedures ('SOPs'), authorization and approval procedures and technology intensive processes. The internal financial controls of the Company are adequate to ensure the accuracy and completeness of the accounting records, timely preparation of reliable financial information, prevention and detection of frauds and errors, safeguarding of the assets and that the business is conducted in an orderly and efficient manner.

The Company, during the year, has adopted a co-sourced model for internal audit. The Company's internal audit team is assisted by M/s. Ernst and Young who carry out internal audit reviews in accordance with the approved internal audit plan. Internal audit team reviews the status of implementation of internal audit recommendations. Summary of Critical observations, if any, and recommendations under implementation are reported to the Audit Committee.

RISK MANAGEMENT

Enterprise Risk Management (ERM) framework encompasses practices relating to the identification, analysis, evaluation, treatment, mitigation and monitoring of the strategic, external and operational controls risks in achieving key business objectives.

The Company identifies and mitigates risk that matter on an ongoing basis. Risk management is embedded in the strategic business decision making. Key risks and their mitigation arising out of periodic reviews by the Committee are assessed and reported to the Audit Committee, on a periodic basis.

Strategic Risks comprises of risks inherent to Pharmaceutical industry and competitiveness, Company's choices of target markets, business models and talent base. Your Company periodically assesses risks in new initiatives, the impact of strategy on financial performance, competitive landscape, growth models and attracting and retaining talented workforce.

External Risks arising out of uncontrollable factors in the external environment due to various developments in the regulatory environment in which your company operates, unfavourable trends in the macroeconomic environment including currency fluctuations, Country specific risks, economic and political environment, technology disruptions etc. are actively assessed to take appropriate risk mitigation.

Operational controls risks encompasses risks of non-compliance to policies, information security, data privacy, intellectual property, individuals engaging in unlawful or fraudulent activity or breaches of contractual obligations that could typically result in penalties, financial loss, litigation and loss of reputation are reviewed on an ongoing basis.

The current key risk relates to regulatory risk on overseas operations and business. This is arising out of regulatory audits at Company's manufacturing locations, which is being adequately addressed through strengthening of current processes and controls by Company's internal quality assurance and manufacturing teams and through the help of reputed external consultants. There are no risks which in the opinion of the Board threaten the existence of your Company. Other details about Risk Management have been elaborated in the Report on Corporate Governance forming part of this Annual Report.

INSURANCE

All properties and insurable interests of the Company including buildings, plant & machinery and stocks have been fully insured.

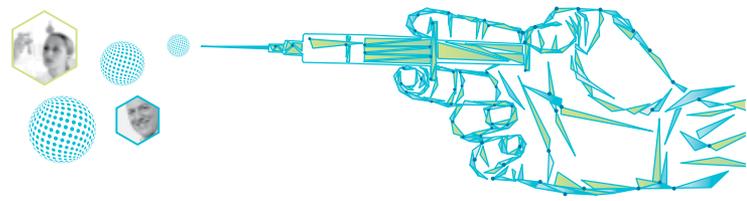
GREEN INITIATIVE

To preserve environment, your Company regularly undertakes green initiatives which not only reduce burden on environment but also ensure secured dissemination of information. Such initiatives includes energy saving, water conservation and usage of electronic mode in internal processes & control, statutory and other requirement.

POLICIES

For better conduct of operations and in compliance with regulatory requirement, your Company has framed and adopted certain policies. In addition to the Company's Code of Business Conduct and Ethics, key policies/code that have been adopted by the Company are as follows:

| Name of the Policy | Brief Description | Web Link |
|---|--|---|
| Policy for determining Materiality of Events | This policy aims to determine Materiality of events/information. | http://www.wockhardt.com/files/policy-determining-materiality-of-events.pdf |
| Archival Policy | The policy deals with archival of the Company's records and documents. | http://www.wockhardt.com/files/archival-policy.pdf |
| Policy for determining Material Subsidiaries | The policy determines the material subsidiaries and material non-listed Indian subsidiaries of the Company and to provide the governance framework for them. | http://www.wockhardt.com/files/policy-on-material-subsidiaries-17-12-2515.pdf |
| Policy on Materiality of and Dealing with Related Party Transactions | The policy regulates all transactions between the Company and its' related parties. | http://www.wockhardt.com/files/policy-on-materiality-of-and-dealing-with-related-party-transactions.pdf |
| Vigil Mechanism / Whistle Blower Policy | The Company has adopted the Vigil Mechanism for director and employees to report concerns about unethical behaviour, actual or suspected fraud, or violation of the Company's code of conduct. | http://www.wockhardt.com/files/whistle-blower-policy.pdf |
| Code of Practices & Procedures for Fair Disclosure of Unpublished Price Sensitive Information | The Code determines principles for fair disclosure of Unpublished Price Sensitive Information. | http://www.wockhardt.com/Files/Code-of-Practices-&-Procedures-for-fair-disclosure-of-UPSI.pdf |
| Corporate Social Responsibility Policy | The policy outlines the Company's strategy to bring about a positive impact on society through programs relating to education, healthcare, environment etc. | http://www.wockhardt.com/files/csr-policy.pdf |
| Remuneration Policy | This policy formulates the criteria for determining qualification, competencies, positive attributes and independence for the appointment of director and also the criteria for determining the remuneration of the directors, key managerial personnel and other employees. | http://www.wockhardt.com/pdfs/wl-remuneration-policy.pdf |
| Dividend Distribution Policy | The policy determines the parameters/ basis for declaration of dividend. | http://www.wockhardt.com/files/dividend-distribution-policy.pdf |
| Policy on Preservation of Records | The policy deals with periodicity of retention of the Company records and documents. | Available on internal portal |
| Forex Risk Management Policy | The policy defines, identify, measure, manage, mitigate and review potential risks pertaining to fluctuations in Foreign Exchange. | |
| Code of Conduct for Regulating, Monitoring and Reporting Trading by Designated Persons | The policy provides the framework in dealing with securities of the Company by designated persons. | |
| Anti-bribery and Anti-corruption Policy | The policy provides for prevention, deterrence and detection of fraud, bribery and other corrupt business practices in order to conduct the business activities with honesty, integrity with highest possible ethical standards. | |
| Human Right Policy | Policy aims at social & economic dignity and freedom, regardless of nationality, ethnicity, gender, race, economic status or religion. Also focusses to uphold international human rights standards. | |
| Stakeholder Engagement Policy | Policy aims to create a sustainable environment that involves relevant Stakeholders, who may be affected by or can influence organisation's decisions. | |
| Policy on Safety, Health and Environment | The policy provides the provision of a safe and healthy work place for every employee and care for the environment to make the world a better place to live in. | |
| Acceptable usage Policy for IT System | The policy outline the acceptable use of computing equipments and information security awareness. | |
| HR Policy Handbook | This encompasses work timings, Leave Policy, No Smoking in Company Premises, Employee Benefit related guidelines, Policy on prevention of Sexual Harassment at work place, etc. | |



PARTICULARS OF LOANS, INVESTMENTS AND GUARANTEES UNDER SECTION 186 OF THE COMPANIES ACT, 2013

In accordance with the approval of the Shareholders' sought by way of Postal Ballot on 15th March, 2018 under Section 186 of the Companies Act, 2013, the Company can give loans, guarantees and/or providing security(ies) and/or make investments upto ₹ 6,000 crore. The particulars of loans, investments and guarantees are provided under Note 36 and Note 7 in the Notes to the Financial Statements.

PARTICULARS OF CONTRACTS/ ARRANGEMENTS WITH RELATED PARTIES

During the financial year 2017-18, all contracts/ arrangements/ transactions entered into by the Company with its related parties were reviewed and approved by the Audit Committee. Prior omnibus approvals were obtained from the Audit Committee for related party transactions which were of repetitive nature, entered in the ordinary course of business and on an arm's length basis. No transaction with any related party was in conflict with the interest of the Company. The Company did not enter into any related party transaction with its Key Managerial Personnel. The details of related party transaction are provided under Note 41 in the Notes to the Financial Statements.

The particulars of contracts/arrangements with related parties in Form AOC-2 are provided in Annexure V to this Report.

VIGIL MECHANISM

Pursuant to the requirements laid down under Section 177 of the Companies Act, 2013 and Regulation 22 of the SEBI Listing Regulations, the Company has well laid down Vigil Mechanism. The details of the same are provided in the Report on Corporate Governance forming part of this Annual Report.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

Disclosures with respect to the remuneration of Directors and employees as required under Section 197 of the Act, and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 have been annexed to this report as Annexure VI.

In accordance with the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules which includes the name of top 10 employees in term of remuneration drawn forms part of this Report. Pursuant to the provisions of Section 136(1) of the Companies Act, 2013, the Board's Report is being sent to the Shareholders of the Company excluding the said statement. Any shareholder interested in inspection or obtaining a copy of the statement, may write to the Company Secretary and the same will be furnished on request.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is provided in Annexure VII to this Report.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANY

As on 31st March, 2018, the Company has total 31 subsidiaries. However, during the year under review, the Company does not have any joint venture or associate company.

There were no companies who ceased to be subsidiaries of the Company during the financial year under review.

In accordance with Section 129(3) of the Companies Act, 2013, a statement containing salient features of the Subsidiaries of the Company is provided in Form AOC-1 annexed as Annexure VIII to this Report.

CONSOLIDATED FINANCIAL STATEMENT

The Consolidated Financial Statement of your Company for the financial year 2017-18 are prepared in compliance with applicable provisions of the Companies Act, 2013 read with the Rules issued thereunder, applicable Accounting Standards and provisions of the SEBI Listing Regulations.

A copy of the Audited Financial Statements of the Subsidiaries shall be made available for inspection at the Registered Office of the Company during business hours. The Audited Financial Statement of the Company including Consolidated Financial Statement and Financial Statements of its Subsidiaries are also available on the website of the Company. Any Shareholder interested in obtaining a copy of the separate Financial Statement of the subsidiary(ies) shall make specific request in writing to the Company Secretary and the same will be furnished on request.

DEPOSITS

During the year under review, your Company has not accepted any Fixed Deposits under Chapter V of the Companies Act, 2013 and as such, no amount on account of Principal or Interest on Deposits from Public was outstanding as on 31st March, 2018.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS/COURT

There are no significant and material orders passed by the Regulators or Courts or Tribunals which impact the going concern status and operations of the Company during the year under review. However, Member's attention is drawn on the following:

- During the year under review, the Company and its two subsidiaries, Wockhardt UK Holdings Limited and CP Pharmaceuticals Limited, in the United Kingdom have settled an ongoing commercial litigation before the High Court in London, United Kingdom in relation to a supply contract for a drug named Trisenox, details of which is elaborated under the heading "Exceptional Item" above.
- The Company had filed summary suit in the Hon'ble High Court of Bombay for recovery of consideration against the supplies to T.A.I. Pharma Limited. Hon'ble High Court of Bombay issued judgement in favour of the Company asking the T.A.I. Pharma Limited to pay to the Company a sum of ₹ 28.39 crore along with interest @18% per annum from the date of filing of the suit which aggregates to about ₹ 40 crore which has since been upheld by the Hon'ble Supreme Court. The process of recovery of payments and incidental procedures thereto is underway.
- Ministry of Health and Family Welfare vide its Notification dated 10th March, 2016 prohibited manufacture for sale, sale and distribution for human use some of the Fixed Dose Combination ('FDC') with immediate effect. The said Notification included some of the Products of the Company. The Hon'ble Delhi High Court vide order dated 1st December 2016, quashed the said Notification. However, Ministry of Health and Family Welfare have filed an appeal before the Hon'ble Supreme Court which has since been dismissed.

MATERIAL CHANGES AND COMMITMENTS OCCURRED AFTER THE END OF FINANCIAL YEAR

There are no material changes and commitments between the end of the financial year of the Company and as on the date of this report which can affect the financial position of the Company.

BUSINESS RESPONSIBILITY REPORT

In compliance with Regulation 34(2)(f) of the SEBI Listing Regulations, the Business Responsibility Report forms part of this Annual Report.

CORPORATE GOVERNANCE & MANAGEMENT DISCUSSION & ANALYSIS REPORT

A Report on Corporate Governance along with a Certificate from Practicing Company Secretary confirming the compliance of the conditions of Corporate Governance and Management Discussion and Analysis Report forms part of this Annual Report.

ACKNOWLEDGEMENTS

Your Directors wishes to place on records its sincere appreciation and acknowledge the dedication & contribution made by the employees of the Company at all levels. Your Directors wish to place on record their appreciation to all the Stakeholders of the Company viz. customers, members of medical profession, investors, banks, regulators for their unrelenting support during the year under review.

For and on behalf of the Board of Directors

Dr. H. F. KHORAKIWALA

Chairman

DIN: 00045608

Place : Mumbai

Date : 4th May, 2018

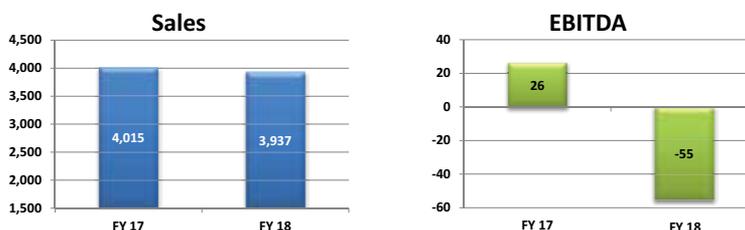
MANAGEMENT DISCUSSION & ANALYSIS



During the year 2017-18, the Company's research & development expenses continued to grow keeping in view its strategic focus in Pharma, Biotechnology & NCE segment and was about 7% of consolidated revenue. Some of the strategic initiatives of the Company undertaken well in advance, contributed positively in US & UK market off setting some of the adversities of the market. Expansion of businesses in newer horizon's continues to be on the radar with top priority to remediation efforts for obtaining US FDA clearance. The Company's focus on cost containment and rationalisation continues delivering its intended positive impact on profitability in spite of ongoing remedial measures. International Business of the Company contributed 62% of the Total Revenue whereas Emerging Market Business of the Company grew by 18% compared to previous year.

Further, the year 2017-18 witnessed major structural reforms in Tax in India that translated into marginal revenue de-growth in India Business in transitional effect. The US business impacted on account of market/ channel consolidation which has put pricing pressure on one hand while more and more generic players continue to be contributor to the competition and during the year 2017-18, US Business stands at 17% of the Global Revenues.

₹ in Crore



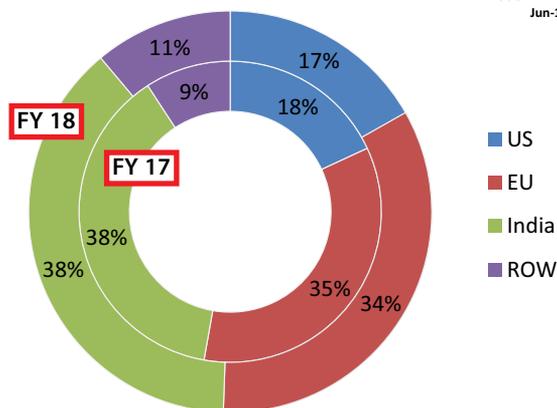
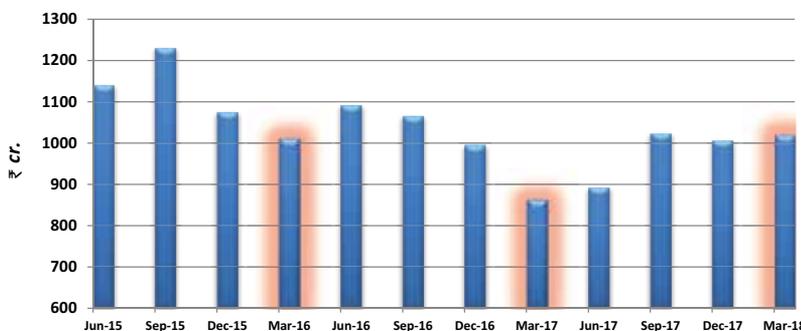
REVENUES

Revenue from Operations during the year was ₹ 3,937 crore compared to ₹ 4,015 crore in the previous year.

₹ in Crore

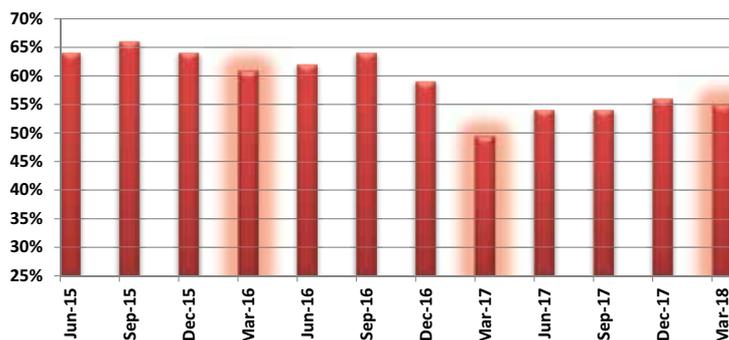
| Particulars | FY 18 | FY 17 | Change | % Change |
|-------------------------|-------|-------|--------|----------|
| Revenue from operations | 3,937 | 4,015 | -78 | -1.9% |

On a quarterly basis, Q1 revenues were on the lower side mainly being transitional impact of GST implementation in domestic Business. Revenues through Q2-Q4 regained its momentum.



The revenue split of US operations stood at 17% (compared to 18% in FY 2017) while European Business contributed 34% (compared to 35% in FY 2017). India and Rest of the World continue to grow and contributed a robust 49% (compared to 47% in FY 2017).

PROFITABILITY



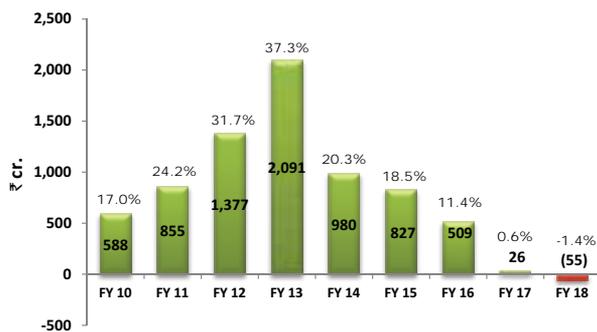
The Gross Margins have consistently stayed around 55% in all the quarters vis-à-vis 60% in previous year quarters.

The Y-o-Y decrease in EBITDA is mainly on account of top-line dilution across businesses generatisation in USA, continued remedial costs towards ongoing US FDA issues offset partially by cost containments & rationalisation. However, the Company's strategic focus on R&D initiatives that are futuristic in nature, continue to impact the EBITDA as they are being expensed off.

Quarterly EBITDA



EBITDA & EBITDA Margins

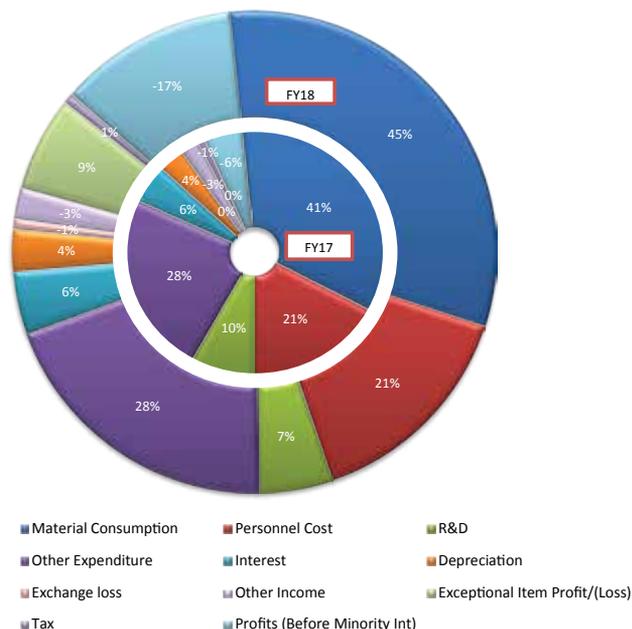


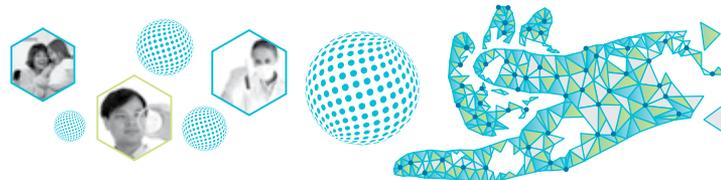
The Company's EBITDA margins remained more or less neutral in the current fiscal.

The Company's emphasis on R&D continued during the year while adopting selective strategy for rationalizing R&D expense which is reflected in spends for FY 2018 at 7% vis-à-vis 10% in the previous year. Personnel costs were in line with previous FY at 21%.

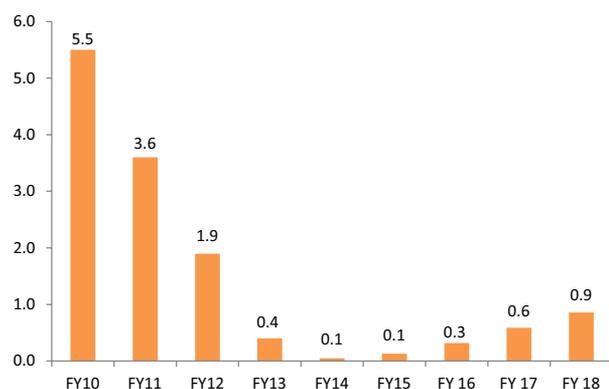
Other expenses for FY 2018 were at 28% of sales in line with the previous year. Interest cost is in line with previous year at 6%.

Other Income is in line with the previous year at ₹ 120 Crore mainly due to income on surplus funds. Exceptional items includes one time expense of ₹ 358 Crore on account of Teva litigation as detailed in Board's Report.





DEBT AND LEVERAGE



The Net Debt to Equity ratio stood at 0.9 as on 31st March, 2018.

DEBT POSITION

₹ in Crore

| Particulars | FY 18 | FY 17 | Change | % Change |
|--------------------------|--------------|--------------|-------------|-------------|
| Secured | 3,391 | 3,843 | -452 | 12% |
| Unsecured | 6 | 3 | 3 | 100% |
| Preference Share Capital | 340 | 301 | 39 | 13% |
| Total | 3,737 | 4,147 | -410 | -10% |

RESEARCH

Research & Development as Strategic Core

The Company's continuous strategic focus in complex research in Pharma, Biosimilars and NCE for last couple of years has started showing its positive impact on the product pipeline. It is the complex matrix of research encompassing technology intensive generic products for oral, nasal and parenteral administration, New Drug Discovery Program and Biosimilar research that has been playing pivotal role for the company's success and sustainability. Cross functional, highly educated, trained and stable project management team has been the core factor to success. The Company has dedicated a lot of focus, investments and initiatives to ensure that the R&D organization stays at the threshold of latest technological advancements in the areas it operates on.

Research Efforts in Novel Drug Delivery Systems and ANDAs Pipeline

During the financial year ended March 31, 2018, the Company has filed for 1 new product (ANDAs) in US and 4 in UK. Currently, for the US business, company's pipeline includes 70 products pending to be approved by US FDA. The Company has always been a trendsetter in Indian generic pharma industry with its niche NDDS products like Metoprolol ER, Divalproex ER, Tamsulosin ER which were among the first few generics in US market. Out of the pending ANDAs, about 30% ANDAs are complex generics, modified release formulations. It has also made advancements in the area of characterisation of complex muco-polysachharides and complex delivery technologies, integrating IT system with generic applications and has successfully developed its own patented REMS (Risk Evaluation and Mitigation Strategy) system for narrow therapeutic index medicines.

New Drug Discovery Programme of Wockhardt

As against most of global innovator companies which have focused on lifestyle segment and oncology, your Company continues to focus on New Drug Discovery Program in unmet needs in Antibacterial infections in both gram positive and gram negative terrain where there is dearth of medicine across the world.

Anti-Infectives are the only class of medicines which has a curative therapeutic outcome and hence the merits of drug candidates in this class are decided based on clinical efficacy against resistant, difficult-to-treat organisms.

With the global rise in the prevalence of resistant strains, and the emergence of newer resistance mechanisms as well as new pathogenic organisms, where the existing antibiotics are having little impact, the overall infectious disease scenario is highly concerning. The Company with its array of drug under development in this space aims to counter these diseases in both regulated and unregulated markets.

Current status of Qualified Infectious Disease Product ('QIDP') products: Spurring Clinical development of NCEs in different territories:

WCK 5222: Phase 3 study protocol finalized in consultation with US FDA, study to commence in second half of fiscal 2018-19.

WCK 4282: Phase 3 study protocol finalized in consultation with US FDA, study to commence in mid 2018-19. Phase 3 protocol submitted to EMA in January 2018.

WCK 4873: Oral community acquired pneumonia Phase 2 study has been completed in the US and Europe. WCK 4873 IND has been filed with USA only. The Company will be able utilize the current Phase 2 data for future EU application. Phase 3 study is expected to commence in India in 2nd half of fiscal 2018-19.

WCK 771 & WCK 2349: Phase 3 complicated skin and skin structure infections study progressing well in India and is expected to complete in fiscal 2018-19 and the Company is planning to file for marketing authorisation in fiscal 2018-19.

Your Company has strong focus in developing intellectual property and filed 133 patents during the year under review out of which 75 patents were granted. As on 31st March, 2018, combined pool of Company's patent has reached 3,037 filings and 628 grants.

Biotechnology Research of the Company

Biotechnology is our R&D team's primary focus area. This science is viewed by global experts as the pharmaceutical technology of the future, and we have a very strong commitment to this field. Our in-house biotechnology team has already succeeded in developing recombinant erythropoietin (WEPOX), recombinant human insulin (Wosulin) and a hepatitis-B vaccine (Biovac-B), which have all been well received in the market. Several other products are under development including Interferon alpha 2B (used in treatment of hepatitis), Filgrastim (an anti-cancer drug), recombinant insulin analogues and several monoclonal antibodies used in treating conditions like arthritis and coronary thrombosis.

The focused studies on diabetes related product development by your Company has started paying off.

E.coli based platform technology for Insulins has started displaying its potential, as revealed by the scale up studies in Project E, promising more than 24 Kg/batch in Project C and a capacity of ~3 tons/year; with augmented DSP up-gradation a capacity of >6 tons/annum.

The above offers opportunity and challenge to replicate the same for other insulin analogues.

Bio-betters:

Insulins for insulin resistant/higher BMI diabetic patients:

Consegna R, N and Biphasic (70/30) approved by CDSCO for manufacturing and marketing in India Consegna R and 70/30 Mix launched in December 2016 in India.

With 50% volume reduction per dose, Consegna promises reduced pain and better compliance.

COMPANY OUTLOOK

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

- a. Overall growth in the global pharmaceutical industry.
- b. Continued focus on R&D in regards to its complex generic, bio technology and NCE programs.
- c. Company's global reach in regulated market and continued efforts to enhance its reach in emerging markets.
- d. Increasing pipeline of niche & complex technology generic products.

Wockhardt aspires to create a healthier world in order to bring a difference in the lives of patients. We have undergone a progressive transition by meeting the patients' unmet needs through our molecules and continue to create value for all stakeholders. After all, bringing good health to the world is always a team effort and Wockhardt is and will always strive to create a difference in People's Life by adopting our strategic Vision "Life Wins".



GLOBAL PHARMA OUTLOOK

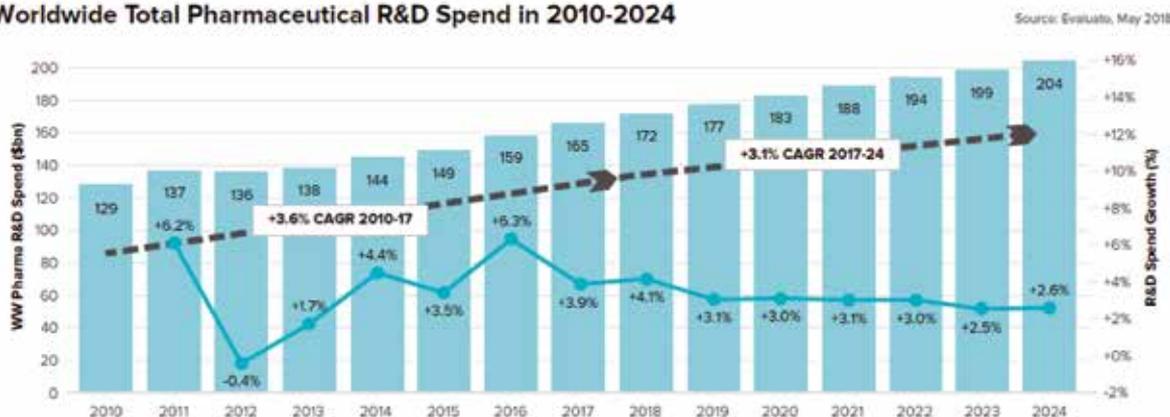
The global use of medicines is expected to reach US\$ 1.4 trillion up nearly US\$ 300 billion from the 2017 spending level and a CAGR of 3-6%. Growth will be driven primarily by newer medicines in developed markets and increased volume in pharmerging markets. The growth will be fuelled mainly due to heightened activity within the Oncology, Diabetes and Autoimmune segment where significant innovations are expected.

Global spending growth will be driven by the non-original branded and unbranded segment in the Pharmerging and ROW markets which is expected to grow at CAGR range of 5-11%. Growth in developed markets will be in the range of 2-5% again within the non-original and unbranded segment offset by de-growth from the original brands. Off Invoice discounts and concessions will continue to rise across the globe with peak impact in US at 30% and followed by Europe at 17%.

Industry R&D Spends & Pipeline

Worldwide pharmaceutical R&D spend totalled US\$ 165 billion in 2017 representing an increase of +3.9% on the previous year. Going forward, R&D spend is forecast to grow at a CAGR of 3.1% to 2024. This is lower than the CAGR of 3.6% between 2010 and 2017. Similarly, the average annual proportion of forecast R&D spend to pharmaceutical revenue is expected to be 18.9%, lower than the 19.5% observable between 2010 and 2017. This reduction signals expectations that proportionally either companies will be improving R&D efficiencies or perhaps, that less revenue will be directed towards replenishing pipelines.

Worldwide Total Pharmaceutical R&D Spend in 2010-2024



(Source: Pg 22 – World preview 2018 outlook to 2024)

The 2017 late phase pipeline includes 2,601 novel products, relatively unchanged from a year ago with major focus around the Oncology segment which seems to be a function of drug delivery methodologies and more effective treatments. Around 11% of total pipeline is in the Pre reg/Reg stage while the balance are in Phase 2 or 3. The late phase R&D pipeline remains robust and indicates an ongoing high number of new brand launches by 2022. The Speciality segment is growing at healthy pace of 13% CAGR. So far as the pipeline is considered the biologics segment occupies around 43% of the total global pipeline.

NPV of Global R&D Pipeline

| Particulars | US\$ billion |
|--------------------------------|--------------|
| NPV of R&D Pipeline - June 17 | 509.1 |
| Less : Approvals | - 65.9 |
| Less : Project Setbacks | - 102.2 |
| Add : New Projects | 102.8 |
| Add : Revaluation of Base NPV | 133.3 |
| NPV of R&D Pipeline | 577.0 |

GLOBAL ANTIBIOTIC MARKETS & ANTIMICROBIAL RESISTANCE LEVEL CRISIS

Antimicrobial resistant (AMR) or the ability of infections to resist antibiotics to work against it could negate many of the medical breakthroughs of the last century. Previously, curable infectious diseases may become untreatable and spread throughout the world. The report “Antimicrobial resistance: Global report on surveillance” showed that antimicrobial resistance is prevalent everywhere and has the potential to affect anyone, of any age, in any country. Antimicrobial resistance is putting at risk the ability to treat even common infections both in the community and hospitals and without an urgent and coordinated action the world is heading towards a post-antibiotic era.

AMR is increasingly recognised as a growing global health problem. Without effective antibiotics, infections become more difficult to treat, and medical and surgical procedures can become high-risk interventions. Antimicrobials are losing their effectiveness at an increasing rate, accelerated by their misuse in humans and in the agricultural sector. To slow the rise of resistance, antimicrobials must be used only when needed. Global stewardship strategies are being developed that address how antimicrobials are used in humans and animals, as well as the antimicrobial load in the environment. AMR strategies also focus on developing new antimicrobial medicines to replace those that are becoming less effective.

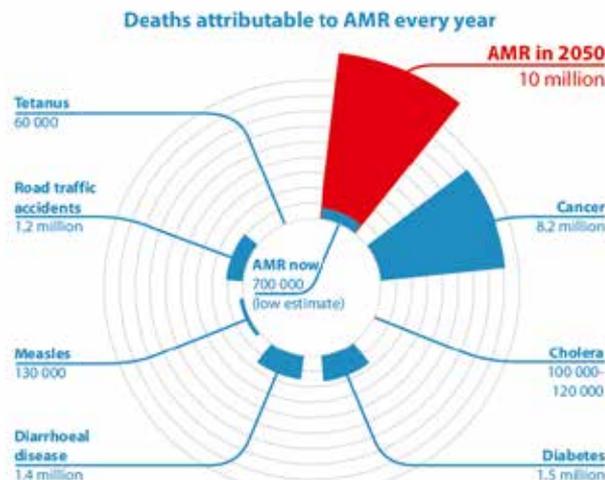
Burden of resistance to antibacterial drugs

The overall health and economic burden resulting from acquired AMR cannot be fully assessed with the presently available data, however some estimates of the economic effects of AMR have been attempted, and the findings are disturbing. In a WHO report on *Antimicrobial Resistance: Global Report on Surveillance* (2014), the yearly cost to the US health system alone has been estimated at US\$ 21 billion to US\$ 34 billion¹, accompanied by more than 8 million additional days in hospital.¹ Because AMR has effects far beyond the health sector, it was projected, nearly 10 years ago, to cause a fall in real gross domestic product (GDP) of 0.4% to 1.6%, which translates into many billions of today’s dollars globally¹.

The evidence obtained shows that AMR has a significant adverse impact on clinical outcomes and leads to higher costs due to consumption of health-care resources.

Infections caused by antimicrobial resistant strains of bacteria are unlikely to respond to standard treatments resulting in prolonged illness and a greater risk to health. For example, MRSA (Methicillin-resistant *Staphylococcus aureus*) is estimated to cause 64% more deaths than infections caused by a non-resistant strain of the bacteria² as per a report published in 2015 (*The Antibiotic Resistance Crisis- by C.Lee Ventola*). Antimicrobial resistant strains of bacteria are also more likely to be passed on to other people because those infected are sick for longer. The O’Neill Review (*The Review on Antimicrobial Resistance, December 2014*) estimated that the global impact of AMR could be 10 million deaths annually by 2050, and cost up to US\$ 100 trillion in cumulative lost economic output³. The nature of this global problem emphasises the challenge that the UK faces when tackling AMR in the food supply chain.

AMR is a widely recognised and growing global public health problem. Though there are no exact figures that capture the true global burden of AMR, let alone in low and middle-income countries (LMICs), latest estimates from the *Antimicrobial – Resistance – Benchmark 2018*, show that AMR causes over 700,000 deaths annually worldwide⁴. At the same time, millions of people lack access to much needed antimicrobial medicines for curable infections, which is evident by the 445,000 community-acquired pneumonia deaths that occur in children under five⁴. The issue of AMR and lack of access must be addressed in tandem. Steps to increase access must include measures to prevent resistance, and steps to curb resistance must include measures to enable appropriate access. Addressing both requires a coordinated effort from various stakeholders, not least in government, but also across the healthcare and farming industries, and the development and global health communities.



Source: The Review on Antimicrobial Resistance, Jim O’Neill, 2016



Growing Demand!

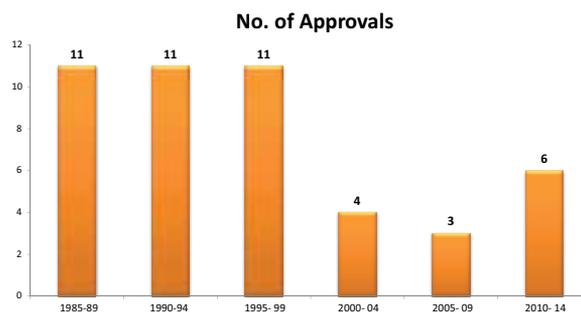
The global market for Antibiotics, Vaccines & Diagnostics reached US\$ 108.4 billion in 2015, and is forecast to reach US\$ 183.2 billion in 2021⁴. The antibiotic market is expected to grow from US\$ 27.1 billion in 2015 to US\$ 35.6 billion in 2022, in step with growing demand for generic antibiotics from emerging markets⁴. Between 2002 and 2010, global consumption of antibiotics increased by 36%, and three quarters of this increase was accounted for by Brazil, Russia, India, China and South Africa (BRICS)⁴. Growing demand coupled with poor surveillance and stewardship is likely to further drive the emergence of resistant strains, particularly in high-burden areas.

Significant Decline in Antibacterial Drug Approvals⁴

There has been a steady decline in the number of the new antibacterial drugs approved and the decline in new antimicrobial agents along with the need to manage an increasingly complex health care environment may require even more robust activity and innovative solutions.

In the near future, the next challenge will be to identify newer agents for the treatment of multidrug-resistant Gram-negative pathogens which are emerging at a rapid rate.

It is essential to take appropriate measures to preserve the efficacy of the existing drugs so that common and life-threatening infections can be cured.



Facts about Antibiotic Resistance⁵ (Antibiotic Resistance Threats in the United States, 2013- by Centers for Disease Control and Prevention – USA)

- Antibiotic resistance is one of the most urgent threats to the public's health.
- Every time a person takes antibiotics, sensitive bacteria are killed, but resistant ones may be left to grow and multiply.
- Overuse of antibiotics is a major cause of increases in drug-resistant bacteria.
- Overuse and misuse of antibiotics threatens the usefulness of these important drugs. Decreasing inappropriate antibiotic use is a key strategy to control antibiotic resistance.
- Antibiotic resistance in children and older adults is of particular concern because these age groups have the highest rates of antibiotic use.
- Antibiotic resistance can cause significant suffering for people who have common infections that once were easily treatable with antibiotics.
- When antibiotics do not work, infections often last longer, cause more severe illness, require more doctor visits or longer hospital stays, and involve more expensive and toxic medications. Some resistant infections can even cause death.

AMR is a global health security threat that requires concerted cross-sectional action by governments and society as a whole.

The overuse of antibiotics clearly drives the evolution of resistance. Epidemiological studies have demonstrated a direct relationship between antibiotic consumption and the emergence and dissemination of resistant bacteria strains. In emerging economies like Middle East, Latin America, Asia-Pacific are important for the future growth drivers and one can expect the rising trend to continue for the next decade amidst unanimous shift in focus to put issues pertaining to AMR and Antibiotic access on the world priority list.

Reference:

- ¹ Antimicrobial resistance: global report on surveillance, 2014.
- ² The Antibiotic Resistance Crisis PMID: PMC4378521; PMID: 25859123.
- ³ The Review on Antimicrobial Resistance, Chaired by Jim O'Neill.
- ⁴ Antimicrobial – Resistance – Benchmark 2018.
- ⁵ Antibiotic Resistance Threats in the United States, 2013- by Centers for Disease Control and Prevention (USA).

OPPORTUNITIES

With cost containment priorities, affordable drug access and rising healthcare budget pressures, the shifting focus of the regulators, payers, Governments and other stakeholders continues to re-emphasize and propel strengthened action around the bio-similars market development. While the more regulated markets continue to be lagged owing to stringent regulatory and legal pathways for approval thereof, the acceptance of bio-similars in rest of the world is quite impressive.

Exploiting and tapping the Bio-similars market potential is being seen as long term strategy by Global pharma players which are strengthening R&D capabilities in this segment while many global players are partnering with other companies which are already into advanced stages of development. Notably, a few Indian pharma companies including yours are also in the race to reap long term benefits of the same and have devoted considerable amount of resources in this segment.

US, UK, Europe, India and other Emerging markets continue to offer a plethora of opportunities because of transition in the form of lifestyle shift & related diseases in these countries. Because of the existing presence of operations in these economies, your Company is well poised to capitalise and tap these growth opportunities. Your Company is striving in all aspects to establish its brand and ramp up its presence and operations in larger GCC countries, Latam Countries, New markets like Australia, New Zealand, Turkey, Malaysia and not last but significant partnerships in China, Japan and Korea.

Global crisis of antibiotics availability continues to pose threat and the gap in Anti Infective segment has widened as relatively few drugs have been discovered in the last decade. However, your Company's relentless focus for almost two decades in the Anti-Infective space has started showing recognition with consecutive approvals for QIDP in quick successions.

With the rise in number of new organisms and new strains of old organisms with significant resistance to existing medicines, the Company with its array of under-development drugs in this space aims to counter these unmet needs in both gram positive and gram negative bacterial infections in both regulated and unregulated markets. During the past years 2014 and 2015, approvals were received for 5 novel antibiotics making it the only Company globally to receive QIDP status for 5 drugs from US FDA. QIDP is granted to drugs, identified by Center for Disease Control (CDC), USA that act against Pathogens which have a high degree of unmet needs in their treatment. Over the last 10 years, global patents filed for antibacterial have declined by 60%, whereas patents filed by Wockhardt in these 10 years have increased by 315%.

While standard drug classes go off-patent and generics and bio-similars gain steam in time to come, new wave of innovation continues to replenish the pipeline and provide essential therapeutic advances for patients. These innovations are in the orphan disease segment and also long term acquired chronic diseases which affect large population and drives NHS costs. In addition to novel medicines, platform technologies that may transform care across multiple potential disease targets, like gene editing, regenerative cell therapies, and new approaches to targeting disease through the gut microbiome or replacing blood components with those from healthy individuals are set to evolve.

SEGMENT-WISE PERFORMANCE

The Company is exclusively into pharmaceutical business segment.

INTERNAL CONTROL SYSTEMS AND ADEQUACY

The Company has 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. Internal audits are performed to test the adequacy and effectiveness of the internal controls laid down by management and to suggest improvements.

Internal Financial Controls laid out by the company in accordance with the requirement of the Companies Act, 2013, were tested by M/s. Ernst & Young. Your company has also implemented online compliance management tool in association with M/s. Ernst & Young.

The Company has adopted a co-sourced model for internal audit. The internal audit team is assisted by M/s. Ernst & Young who carried out internal audit reviews in accordance with the approved internal audit plan. Internal audit team reviews the status of implementation of internal audit recommendations. Summary of Critical observations, if any, and recommendations under implementation are reported at quarterly Audit Committee meetings.



HUMAN RESOURCES

Wockhardt's talent base, as on March 31, 2018 stands at 6,254.

The Company's HR vision, mission and objectives combined with the Company's values, seek to attain high performing organization, where every individual is empowered and motivated to unleash his/her potential and perform to his/her fullest capacity. It is evident that Employees have expressed their sense of belonging towards the organization and solidarity with their team. Thus, we all aspire for individual/team excellence while contributing to achieve business objectives.

The Company continued to strengthen both leadership and managerial team by recruiting senior leaders and executives, who bring rich experience from world class companies across different pharma industries. An increased thrust on employer branding through social media, participation in various awards, HR Forums and Round tables has helped the Company to attract the best talent. To strengthen the talent acquisition process, online selection tools for junior level staff hires in Sales and Marketing have been introduced. Psychometric Behavioural Assessment tools (online) for all new hires in Sales and Marketing associates helps in identifying right cultural fit for the Organization. Also, all new hires at senior leadership level undergo a psychometric assessment which further aids the hiring decision.

The existing Performance Management System (PMS) has been recently re-evaluated and the Company implemented a new version of the system with an emphasis on individual Goal setting, enabling two way discussions and developmental feedback between Employees and their managers. This will result into transparency and linkage between achievement, rewards, talent development and career growth. Further to this, a scientifically designed grid/parameters have been introduced to identify high performers.

At Wockhardt, focus on internal communications to reach out to employees remained key during the year.

In this dynamic environment, it is imperative to upgrade technical skills and strengthen the leadership skills of our employees. In this context, the Company's Corporate Learning & OD team has been instrumental in driving behavioral and leadership building competency programs for all grades across locations. This will enhance and upscale competencies amongst associates at the workplace. These workshops help the associates in showcasing their potential and transforming them future ready. It is our endeavor to continuously extends support to our associates at the shop floor too. Effort around upscaling their basic comprehension skills along with spoken english is always on our agenda.

The Company's "Whistle Blower Policy" encourages the Whistle Blower to report genuine concerns or grievances. It also provides adequate safeguard to the Whistle Blower against victimization. The policy is available on the Company's website www.wockhardt.com.

The Company is an equal opportunity provider and consciously strives to build a work culture that promotes the dignity of all associates. Pursuant to the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013, the Company has constituted internal committees (IC) across all the locations which are responsible for redressal of complaints related to sexual harassment at respective locations. Awareness programmes continues to be conducted across the Company to sensitize associates to uphold the dignity of their colleagues at the workplace, particularly with respect to prevention of sexual harassment. During the year 2017-18, the Company has not received any complaints in the matter.

INDEPENDENT AUDITOR'S REPORT

To the Members of Wockhardt Limited

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS Financial Statements of Wockhardt Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these Consolidated Ind AS Financial Statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant rules issued thereunder. The respective Board of Directors of the Companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Ind AS Financial Statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these Consolidated Ind AS Financial Statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Ind AS Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Ind AS Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the Consolidated Ind AS Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the Consolidated Ind AS Financial Statements.

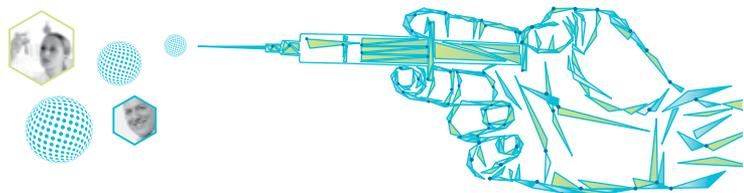
We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their report referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Ind AS Financial Statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate Ind AS Financial Statements and on the other financial information of the subsidiaries, the aforesaid Consolidated Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the consolidated state of affairs of the Group as at March 31, 2018, their consolidated loss, consolidated changes in equity and their consolidated cash flows for the year ended on that date.

Other Matters

- (a) We did not audit the Ind AS Financial Statements of 24 subsidiaries, whose Ind AS Financial Statements reflects total assets of ₹ 8,829.06 crore and net assets of ₹ 2,910.83 crore as at March 31, 2018, total revenues of ₹ 3,116.01 crore and net cash outflows amounting to ₹ 125.67 crore for the year ended on that date, as considered in the Consolidated Ind AS



Financial Statements. These Ind AS Financial Statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated Ind AS Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

- (b) We did not audit the Ind AS Financial Statements of 1 (One) subsidiary, which as per the management has been incorporated in prior year but capital infusion is yet to be done.

Our opinion on the Consolidated Ind AS Financial Statements and our report on the Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the Ind AS Financial Statements certified by the management.

- (c) The values in the Consolidated Ind AS 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.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Ind AS Financial Statements;
- b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Ind AS Financial Statements have been kept by the Company so far as it appears from our examination of those books and the reports of the other auditors;
- c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Ind AS Financial Statements;
- d. In our opinion, the aforesaid Consolidated Ind AS Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with relevant rules issued thereunder;
- e. On the basis of written representations received from the directors of the Holding Company as on March 31, 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary Company incorporated in India, none of the directors of the Group Companies incorporated in India is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act;
- f. With respect to the adequacy of the internal financial controls over financial reporting of the the Group and the operating effectiveness of such controls, we give our separate Report in the "Annexure";
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Consolidated Ind AS Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 42 on Contingent Liability to the Consolidated Ind AS Financial Statements;
 - (ii) Provision has been made in the Consolidated Ind AS Financial Statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 18 and 23 to the Consolidated Ind AS Financial statements;
 - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its Subsidiary Company incorporated in India;

For **Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Registration No. 103523W / W100048

Bhavik L. Shah

Partner

Membership No. 122071

Place : Mumbai

Date : May 4, 2018

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Wockhardt Limited on the Consolidated Ind AS Financial Statements for the year ended March 31, 2018]

Report on the Internal Financial Controls over financial reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the Consolidated Ind AS Financial Statements of the Company as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of the Holding Company and its Subsidiary which are Companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its Subsidiary which are Companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Consolidated Ind AS Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Financial Statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected.



Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company and its Subsidiary, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For **Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Registration No. 103523W / W100048

Bhavik L. Shah

Partner

Membership No. 122071

Place : Mumbai

Date : May 4, 2018

CONSOLIDATED BALANCE SHEET

As at March 31, 2018

| | Notes | As at March 31, 2018 ₹ in crore | As at March 31, 2018 USD in million | As at March 31, 2017 ₹ in crore | As at March 31, 2017 USD in million |
|---|-------|---------------------------------------|---|---------------------------------------|---|
| ASSETS | | | | | |
| NON-CURRENT ASSETS | | | | | |
| Property, Plant and Equipment | 4 | 1,947.92 | 298.85 | 1,942.05 | 299.34 |
| Capital work-in-progress | 4 | 1,039.13 | 159.42 | 971.29 | 149.72 |
| Goodwill | 5 | 840.58 | 128.96 | 736.51 | 113.53 |
| Other Intangible Assets | 5 | 99.46 | 15.26 | 93.99 | 14.48 |
| Intangible assets under development | 5 | 393.44 | 60.36 | 272.66 | 42.03 |
| Financial assets | | | | | |
| Investments | 6 | 0.45 | 0.07 | 0.45 | 0.07 |
| Other financial assets | 7 | 48.23 | 7.40 | 48.57 | 7.49 |
| Non-current Tax Assets (net) | | 131.80 | 20.28 | 133.76 | 20.62 |
| Deferred tax assets (net) | 8 | 183.56 | 28.16 | 172.84 | 26.64 |
| Other non-current assets | 9 | 97.87 | 15.02 | 114.29 | 17.62 |
| | | 4,782.44 | 733.78 | 4,486.41 | 691.54 |
| CURRENT ASSETS | | | | | |
| Inventories | 10 | 855.71 | 131.28 | 1,107.95 | 170.77 |
| Financial Assets | | | | | |
| Investments | 11 | 213.25 | 32.71 | 562.27 | 86.67 |
| Trade receivables | 12 | 962.45 | 147.66 | 1,034.45 | 159.45 |
| Cash and cash equivalents | 13 | 897.24 | 137.66 | 963.64 | 148.54 |
| Bank balances (other than Cash and cash equivalents) | 13 | 185.01 | 28.39 | 639.97 | 98.64 |
| Other financial assets | 14 | 8.31 | 1.27 | 29.24 | 4.51 |
| Other current assets | 15 | 257.63 | 39.52 | 197.75 | 30.47 |
| | | 3,379.60 | 518.49 | 4,535.27 | 699.05 |
| Total | | 8,162.04 | 1,252.27 | 9,021.68 | 1,390.59 |
| EQUITY AND LIABILITIES | | | | | |
| EQUITY | | | | | |
| Equity Share capital | 16 | 55.32 | 8.49 | 55.27 | 8.52 |
| Other Equity | | 2,796.83 | 429.09 | 3,281.44 | 505.80 |
| Equity attributable to the share holders of the Company | | 2,852.15 | 437.58 | 3,336.71 | 514.32 |
| Non-controlling interests | | 345.73 | 53.04 | 381.94 | 58.87 |
| Total Equity | | 3,197.88 | 490.62 | 3,718.65 | 573.19 |
| LIABILITIES | | | | | |
| NON-CURRENT LIABILITIES | | | | | |
| Financial Liabilities | | | | | |
| Borrowings | 17 | 2,173.11 | 333.40 | 3,190.27 | 491.76 |
| Provisions | 18 | 64.89 | 9.96 | 94.23 | 14.52 |
| Deferred tax liabilities (net) | 8 | 34.45 | 5.29 | 39.72 | 6.12 |
| | | 2,272.45 | 348.65 | 3,324.22 | 512.40 |
| CURRENT LIABILITIES | | | | | |
| Financial Liabilities | | | | | |
| Borrowings | 19 | 437.09 | 67.06 | 662.80 | 102.16 |
| Trade payables | 20 | 601.78 | 92.33 | 533.81 | 82.28 |
| Other financial liabilities | 21 | 1,487.14 | 228.17 | 652.80 | 100.61 |
| Other current liabilities | 22 | 60.99 | 9.36 | 37.33 | 5.76 |
| Provisions | 23 | 44.58 | 6.85 | 39.08 | 6.02 |
| Current tax Liabilities (Net) | | 60.13 | 9.23 | 52.99 | 8.17 |
| | | 2,691.71 | 413.00 | 1,978.81 | 305.00 |
| Total | | 8,162.04 | 1,252.27 | 9,021.68 | 1,390.59 |
| Significant accounting policies | 3 | | | | |
| The accompanying notes form an integral part of these Financial Statements. | | | | | |

As per our attached report of even date

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 103523W / W100048

Bhavik L. Shah

Partner

Membership No. 122071

Place : Mumbai

Date : May 04, 2018

Narendra Singh
Company Secretary

Manas Datta
Chief Financial Officer

For and on behalf of the Board of Directors

H. F. Khorakiwala
Chairman
DIN: 00045608

Huzaifa Khorakiwala
Executive Director
DIN: 02191870

Murtaza Khorakiwala
Managing Director
DIN: 00102650

Zahabiya Khorakiwala
Non Executive Director
DIN: 00102689

Shekhar Datta
DIN: 00045591

Aman Mehta
DIN: 00009364

D. S. Brar
DIN: 00068502

Sanjaya Baru
DIN: 05344208

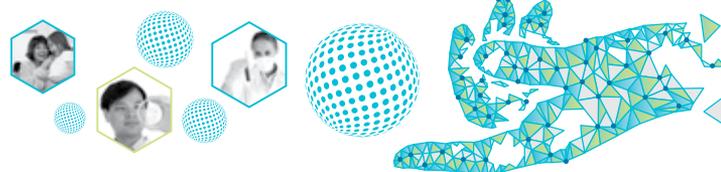
Tasneem Mehta
DIN: 05009664

Baldev Raj Arora
DIN: 00194168

Vinesh Kumar Jairath
DIN: 00391684

Directors

Consolidated



CONSOLIDATED STATEMENT OF PROFIT AND LOSS

For the Year Ended March 31, 2018

| | Notes | For the year ended March 31, 2018 ₹ in crore | For the year ended March 31, 2018 USD in million | For the year ended March 31, 2017 ₹ in crore | For the year ended March 31, 2017 USD in million |
|--|-------|--|--|--|--|
| Revenue from operations | 24 | 3,936.90 | 604.01 | 4,014.61 | 618.81 |
| Other income | 25 | 120.23 | 18.45 | 114.25 | 17.60 |
| TOTAL INCOME | | 4,057.13 | 622.46 | 4,128.86 | 636.41 |
| Expenses: | | | | | |
| Cost of materials consumed | | 867.53 | 133.10 | 891.90 | 137.48 |
| Purchases of Stock-in-Trade | | 751.47 | 115.29 | 796.04 | 122.70 |
| Changes in inventories of finished goods, work-in-progress and Stock-in-Trade | 26 | 178.53 | 27.38 | (25.87) | (3.99) |
| Employee benefits expense | 27 | 937.06 | 143.75 | 966.51 | 148.98 |
| Finance costs | 28 | 255.49 | 39.21 | 225.27 | 34.72 |
| Depreciation and amortization expense | 4 & 5 | 149.53 | 22.94 | 148.93 | 22.96 |
| Exchange fluctuation (gain) / loss, net | | (57.26) | (8.78) | 13.42 | 2.07 |
| Other expenses | 29 | 1,257.74 | 192.97 | 1,359.81 | 209.60 |
| TOTAL EXPENSES | | 4,340.09 | 665.86 | 4,376.01 | 674.52 |
| PROFIT / (LOSS) BEFORE EXCEPTIONAL ITEMS AND TAX | | (282.96) | (43.40) | (247.15) | (38.11) |
| Exceptional items | 48 | 358.19 | 54.95 | – | – |
| PROFIT / (LOSS) BEFORE TAX | | (641.15) | (98.35) | (247.15) | (38.11) |
| Tax expense: | 8 | | | | |
| Current tax | | 50.79 | 7.79 | 10.37 | 1.60 |
| Deferred tax charge / (credit) | | (25.09) | (3.85) | (31.48) | (4.85) |
| PROFIT / (LOSS) AFTER TAX BEFORE OTHER COMPREHENSIVE INCOME | | (666.85) | (102.29) | (226.04) | (34.86) |
| Add : Share in Profit/(Loss) of Associate Companies | | – | – | – | – |
| NET PROFIT / (LOSS) FOR THE YEAR | | (666.85) | (102.29) | (226.04) | (34.86) |
| PROFIT / (LOSS) FOR THE YEAR | | | | | |
| Attributable to: | | | | | |
| Equity holders of the Company | | (608.30) | (93.31) | (195.72) | (30.19) |
| Non-controlling interests | | (58.55) | (8.98) | (30.32) | (4.67) |
| | | (666.85) | (102.29) | (226.04) | (34.86) |
| OTHER COMPREHENSIVE INCOME: | | | | | |
| A. (i) Items that will not be reclassified to profit or loss (Consisting of re-measurement of net defined benefit (liability) / asset) | | 32.16 | 4.93 | (33.65) | (5.19) |
| (ii) Income tax relating to items that will not be reclassified to profit or loss | | (9.10) | (1.40) | 3.80 | 0.59 |
| B. (i) Items that will be reclassified to profit or loss (Consisting of Exchange differences on translating the Financial Statements of a foreign operation) | | 116.30 | 17.84 | (151.72) | (23.39) |
| (ii) Income tax relating to items that will be reclassified to profit or loss | | – | – | – | – |
| OTHER COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR (NET OF TAX) | | 139.36 | 21.37 | (181.57) | (27.99) |
| TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR | | (527.49) | (80.92) | (407.61) | (62.85) |
| Attributable to: | | | | | |
| Equity holders of the Company | | (491.28) | (75.37) | (352.22) | (54.30) |
| Non-controlling interests | | (36.21) | (5.55) | (55.39) | (8.55) |
| Earnings per equity share of face value of ₹ 5 each | | | | | |
| Basic ₹ / USD | 32 | (55.01) | (0.84) | (17.71) | (0.27) |
| Diluted ₹ / USD | 32 | (55.01) | (0.84) | (17.71) | (0.27) |
| Significant accounting policies | 3 | | | | |

The accompanying notes form an integral part of these Financial Statements.

As per our attached report of even date

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 103523W / W100048

Bhavik L. Shah

Partner

Membership No. 122071

Place : Mumbai

Date : May 04, 2018

Narendra Singh
Company Secretary

Manas Datta
Chief Financial Officer

For and on behalf of the Board of Directors

H. F. Khorakiwala

Chairman

DIN: 00045608

Huzaiifa Khorakiwala

Executive Director

DIN: 02191870

Murtaza Khorakiwala

Managing Director

DIN: 00102650

Zahabiya Khorakiwala

Non Executive Director

DIN: 00102689

Shekhar Datta

DIN: 00045591

Aman Mehta

DIN: 00009364

D. S. Brar

DIN: 00068502

Sanjaya Baru

DIN: 05344208

Tasneem Mehta

DIN: 05009664

Baldev Raj Arora

DIN: 00194168

Vinesh Kumar Jairath

DIN: 00391684

Directors

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended March 31, 2018

Equity Share Capital

| As at April 01, 2016 ₹ in crore | Changes in equity share capital during the year ₹ in crore | As at March 31, 2017 ₹ in crore | Changes in equity share capital during the year ₹ in crore | As at March 31, 2018 ₹ in crore |
|---------------------------------------|--|---------------------------------------|--|---------------------------------------|
| 55.25 | 0.02 | 55.27 | 0.05 | 55.32 |

Other equity

| | Reserves and Surplus | | | | | | | Other comprehensive income Exchange differences on translating the Financial Statements of a foreign operation | Total Equity attributable to the share holders of the Company | Non- controlling interests | Total Equity | |
|--|-------------------------|--|----------------------------------|-----------------------|---|--------------------|-------------------------------|--|---|----------------------------------|-----------------|----------------------|
| | Capital Reserve | | Capital Redemption Reserve | Securities Premium | Share Options Outstanding Account | General Reserve | Other reserve (FCMITDA) | | | | | Retained Earnings |
| | Capital Contribution | Capital Reserve (other than capital contribution) | | | | | | | | | | |
| ₹ in crore | ₹ in crore | ₹ in crore | ₹ in crore | ₹ in crore | ₹ in crore | ₹ in crore | ₹ in crore | ₹ in crore | ₹ in crore | ₹ in crore | | |
| Balance as on April 01, 2016 | 43.96 | 172.78 | 489.35 | 141.30 | 28.65 | 259.83 | (21.82) | 2,304.44 | 301.38 | 3,719.87 | 465.33 | 4,185.20 |
| Profit / (Loss) for the year | – | – | – | – | – | – | – | (195.72) | – | (195.72) | (30.32) | (226.04) |
| Other comprehensive income / (Loss) for the year | – | – | – | – | – | – | – | (25.93) | (130.57) | (156.50) | (25.07) | (181.57) |
| Total comprehensive income | – | – | – | – | – | – | – | (221.65) | (130.57) | (352.22) | (55.39) | (407.61) |
| Net additions on ESOP options (also refer note 41) | – | – | – | 3.08 | 8.36 | – | – | – | – | 11.44 | – | 11.44 |
| Addition in Foreign Currency Monetary Items Translation Difference Account (FCMITDA) | – | – | – | – | – | – | 9.67 | – | – | 9.67 | – | 9.67 |
| Amortisation from Foreign Currency Monetary Items Translation Difference Account (FCMITDA) | – | – | – | – | – | – | 5.27 | – | – | 5.27 | – | 5.27 |
| Dividends received from Subsidiary | – | – | – | – | – | – | – | 83.30 | – | 83.30 | – | 83.30 |
| Dividends paid by Subsidiary | – | – | – | (85.34) | – | – | – | – | – | (85.34) | (28.00) | (113.34) |
| Dividends paid by the Company | – | – | – | – | – | – | – | (110.55) | – | (110.55) | – | (110.55) |
| Balance as on March 31, 2017 | 43.96 | 172.78 | 489.35 | 59.04 | 37.01 | 259.83 | (6.88) | 2,055.54 | 170.81 | 3,281.44 | 381.94 | 3,663.38 |
| Profit / (Loss) for the year | – | – | – | – | – | – | – | (608.30) | – | (608.30) | (58.55) | (666.85) |
| Other comprehensive income / (Loss) for the year | – | – | – | – | – | – | – | 19.80 | 97.22 | 117.02 | 22.34 | 139.36 |
| Total comprehensive income | – | – | – | – | – | – | – | (588.50) | 97.22 | (491.28) | (36.21) | (527.49) |
| Net additions on ESOP options (also refer note 41) | – | – | – | 6.00 | (0.29) | 0.88 | – | – | – | 6.59 | – | 6.59 |
| Addition in Foreign Currency Monetary Items Translation Difference Account (FCMITDA) | – | – | – | – | – | – | (1.40) | – | – | (1.40) | – | (1.40) |
| Amortisation from Foreign Currency Monetary Items Translation Difference Account (FCMITDA) | – | – | – | – | – | – | 1.48 | – | – | 1.48 | – | 1.48 |
| Dividends received from Subsidiary | – | – | – | – | – | – | – | – | – | – | – | – |
| Dividends paid by Subsidiary | – | – | – | – | – | – | – | – | – | – | – | – |
| Dividends paid by the Company | – | – | – | – | – | – | – | – | – | – | – | – |
| Balance as on March 31, 2018 | 43.96 | 172.78 | 489.35 | 65.04 | 36.72 | 260.71 | (6.80) | 1,467.04 | 268.03 | 2,796.83 | 345.73 | 3,142.56 |

Notes: Nature and purpose of reserves:

Capital Contribution

Under Ind AS, preference shares have been measured at fair value at inception with reference to market rates and the difference to the extent pertaining to the promoters have been recognised as capital contribution.

Capital Reserve (Other than capital contribution)

Capital reserve comprises of reserve created on amalgamation of the subsidiaries with the Company and redemption of certain preference shares at 25% of the face value pursuant to modification in the terms of issue.

Capital Redemption Reserve

Capital redemption reserve was created during redemption of preference shares out of the profits of the Company in accordance with the requirements of the Companies Act, 2013.

Securities Premium

Securities premium is used to record the premium received on issue of shares. It shall be utilised in accordance with the provisions of the Companies Act, 2013.

Share Options Outstanding Account

The Company has adopted various equity-settled share based payment plans for certain categories of employees. Refer Note 41 for further details.



General Reserve

General reserve forms part of the retained earnings and is permitted to be distributed to shareholders as part of dividend.

Exchange differences on translating the Financial Statements of a foreign operation (Foreign Currency Translation Reserve)

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. ₹) are recognised directly in the other comprehensive income and accumulated in foreign currency translation reserve. Exchange difference in the foreign currency translation reserve are reclassified to profit or loss on the disposal of the foreign operation.

Foreign Currency Monetary Items Translation Difference Account (FCMITDA)

Under previous GAAP, paragraph 46A of Accounting Standard for 'The Effects of Changes in Foreign Exchange Rates' (AS 11) provided an alternative accounting treatment whereby exchange differences arising on long term foreign currency monetary items relating to depreciable asset are adjusted in fixed assets and depreciated over the remaining life of such assets and in other cases are accumulated in Foreign Currency Monetary item Translation Difference Account (FCMITDA) to be amortised over balance period of long term asset/liability. Ind AS 101 includes an optional exemption that allows a first-time adopter to continue the above accounting treatment in respect of the long-term foreign currency monetary items recognised in the Financial Statements for the period ending immediately before the beginning of the first Ind AS financial reporting period.

As per our attached report of even date

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 103523W / W100048

Bhavik L. Shah

Partner

Membership No. 122071

Place : Mumbai

Date : May 04, 2018

Narendra Singh
Company Secretary

Manas Datta
Chief Financial Officer

For and on behalf of the Board of Directors

H. F. Khorakiwala

Chairman

DIN: 00045608

Huzaifa Khorakiwala

Executive Director

DIN: 02191870

Murtaza Khorakiwala

Managing Director

DIN: 00102650

Zahabiya Khorakiwala

Non Executive Director

DIN: 00102689

Shekhar Datta

DIN: 00045591

Aman Mehta

DIN: 00009364

D. S. Brar

DIN: 00068502

Sanjaya Baru

DIN: 05344208

Tasneem Mehta

DIN: 05009664

Baldev Raj Arora

DIN: 00194168

Vinesh Kumar Jairath

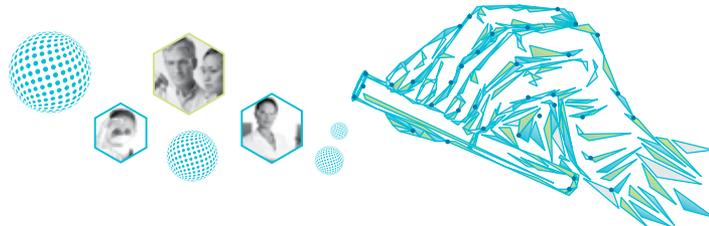
DIN: 00391684

Directors

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended March 31, 2018

| | For the year ended March 31, 2018 ₹ in crore | For the year ended March 31, 2018 USD in million | For the year ended March 31, 2017 ₹ in crore | For the year ended March 31, 2017 USD in million |
|---|---|---|---|---|
| A. CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES: | | | | |
| Net Profit / (Loss) Before Tax | (641.15) | (98.35) | (247.15) | (38.11) |
| Adjustments for : | | | | |
| Advances no more recoverable | – | – | 0.08 | 0.01 |
| Share based payments to Employees | 6.60 | 1.01 | 10.97 | 1.69 |
| Depreciation and amortization expense | 149.53 | 22.94 | 148.93 | 22.96 |
| Exchange fluctuation loss / (gain), net | (57.26) | (8.78) | 13.42 | 2.07 |
| MTM loss / (gain) on current investment | (8.10) | (1.24) | (39.99) | (6.16) |
| Liabilities no more payable | (9.46) | (1.45) | (4.38) | (0.68) |
| Allowance for credit loss | 2.39 | 0.37 | 8.15 | 1.26 |
| Provision for doubtful advances | 5.25 | 0.80 | – | – |
| Bad debts | 4.03 | 0.62 | 3.68 | 0.57 |
| Trade receivable adjusted against settlement (Refer note 48) | 166.66 | 25.57 | – | – |
| Loss on assets sold / write off of fixed assets (net) | 26.82 | 4.11 | 0.30 | 0.05 |
| Loss / (profit) on sale of investments | (59.69) | (9.16) | (0.55) | (0.08) |
| Income from investment | (7.18) | (1.10) | (2.17) | (0.33) |
| Finance costs | 255.49 | 39.20 | 225.27 | 34.72 |
| Interest income | (29.31) | (4.50) | (63.35) | (9.76) |
| Fair valuation impact on certain financial instruments | 3.01 | 0.46 | 2.68 | 0.41 |
| Operating gain / (loss) before Working Capital changes | (192.37) | (29.50) | 55.89 | 8.62 |
| Movement in working capital | | | | |
| (Increase) / Decrease in inventories | 252.24 | 38.70 | (4.19) | (0.65) |
| (Increase) / Decrease in trade receivables | (69.81) | (10.71) | 35.01 | 5.40 |
| (Increase) / Decrease in loans and advances and other assets | (46.85) | (7.19) | (70.06) | (10.80) |
| Increase / (decrease) in trade payables, other liabilities and provisions | 114.91 | 17.63 | (106.72) | (16.45) |
| Adjustment for translation difference in working capital | 27.84 | 4.27 | (151.43) | (23.34) |
| Cash generated from operations | 85.96 | 13.20 | (241.50) | (37.22) |
| Income taxes paid | (17.52) | (2.69) | (27.97) | (4.31) |
| Net cash from / (used in) Operating Activities (A) | 68.44 | 10.51 | (269.47) | (41.53) |
| B. CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES: | | | | |
| Purchase of Property, Plant and Equipment, capital work in progress, other intangible assets and intangibles assets under development | (307.41) | (47.16) | (410.62) | (63.29) |
| Proceeds from sale of Property, Plant and Equipment | 1.35 | 0.21 | 1.87 | 0.29 |
| Sale / (purchase) of investments | 440.48 | 67.58 | (522.28) | (80.54) |
| Income from Investment | 7.18 | 1.10 | 2.17 | 0.33 |
| Margin money (under lien) and Bank balances (other than cash and cash equivalents) | 453.46 | 69.57 | 176.97 | 27.28 |
| Interest received | 35.18 | 5.40 | 65.25 | 10.06 |
| Net cash from / (used in) Investing Activities (B) | 630.24 | 96.70 | (686.64) | (105.87) |



| | For the year ended March 31, 2018 ₹ in crore | For the year ended March 31, 2018 USD in million | For the year ended March 31, 2017 ₹ in crore | For the year ended March 31, 2017 USD in million |
|--|---|---|---|---|
| C. CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES (also refer note 43): | | | | |
| Proceeds from issuance of share capital | 0.05 | 0.01 | 0.02 | – |
| Repayment of long-term borrowings | (309.47) | (47.48) | (202.69) | (31.24) |
| Proceeds from long-term borrowings | 3.80 | 0.58 | 1,680.71 | 259.07 |
| Short-term borrowings (net) | (230.77) | (35.41) | 120.51 | 18.59 |
| Interest paid | (232.98) | (35.74) | (205.88) | (31.73) |
| Dividend paid (including dividend distribution tax) by the Company and Subsidiary | (0.10) | (0.02) | (138.18) | (21.30) |
| Net cash from / (used in) Financing Activities (C) | (769.47) | (118.06) | 1,254.49 | 193.39 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C) | (70.79) | (10.85) | 298.38 | 45.99 |
| CASH AND CASH EQUIVALENTS, beginning of year | 963.64 | 147.84 | 662.98 | 102.20 |
| Unrealised gain / (loss) on foreign currency cash and cash equivalents | 4.39 | 0.67 | 2.28 | 0.35 |
| CASH AND CASH EQUIVALENTS, end of year | 897.24 | 137.66 | 963.64 | 148.54 |
| Components of cash and cash equivalents, as at March 31, 2018 | | | | |
| Cash | 0.10 | 0.02 | 0.19 | 0.03 |
| Balance with banks: | | | | |
| – in current accounts | 896.90 | 137.60 | 474.29 | 73.11 |
| – in fixed deposit accounts | 0.24 | 0.04 | 489.16 | 75.40 |
| | 897.24 | 137.66 | 963.64 | 148.54 |
| Notes: | | | | |
| A. All figures in bracket are outflow. | | | | |
| B. Income taxes paid are treated as arising from operating activities and are not bifurcated between investing and financing activities. | | | | |

As per our attached report of even date

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 103523W / W100048

Bhavik L. Shah

Partner

Membership No. 122071

Place : Mumbai

Date : May 04, 2018

Narendra Singh
Company Secretary**Manas Datta**
Chief Financial Officer

For and on behalf of the Board of Directors

H. F. Khorakiwala

Chairman

DIN: 00045608

Huzaifa Khorakiwala

Executive Director

DIN: 02191870

Murtaza Khorakiwala

Managing Director

DIN: 00102650

Zahabiya Khorakiwala

Non Executive Director

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Shekhar Datta

DIN: 00045591

Aman Mehta

DIN: 00009364

D. S. Brar

DIN: 00068502

Sanjaya Baru

DIN: 05344208

Tasneem Mehta

DIN: 05009664

Baldev Raj Arora

DIN: 00194168

Vinesh Kumar Jairath

DIN: 00391684

Directors

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended March 31, 2018

(All amounts in crore of Indian Rupees unless otherwise stated)

1. CORPORATE INFORMATION

Wockhardt Limited (the 'Company') is a public limited company incorporated in India and has its registered office at D-4, MIDC, Chikalthana, Maharashtra, India.

The Company and its subsidiaries (the 'Group') is a Global Pharmaceutical and Biotech Company with presence in USA, UK, Switzerland, Ireland, Mexico, Russia and many other countries. It has manufacturing and research facilities in India, USA & UK and a manufacturing facility in Ireland. The Company has a significant presence in USA, Europe and India. The Financial Statements were approved by the Board of Directors and authorised for issue on May 04, 2018.

Background

Wockhardt Limited ('WL' or 'Company') has controlling interest, directly or through subsidiaries in the following entities:

| Entity | Country of Incorporation | Name of Parent | Percentage of holding (%) |
|---|--------------------------|------------------------------------|---------------------------|
| Subsidiaries | | | |
| 1 Wockhardt Infrastructure Development Limited | India | Wockhardt Limited | 100% |
| 2 Wockhardt UK Holdings Limited | England & Wales | Wockhardt Limited | 100% |
| 3 Wockhardt Bio AG [Formerly, Wockhardt EU Operations (Swiss) AG] | Switzerland | Wockhardt Limited | 85.85% |
| 4 Wockhardt Europe Limited | British Virgin Islands | Wockhardt Limited | 100% |
| Step-down subsidiaries | | | |
| 1 CP Pharmaceuticals Limited | England & Wales | Wockhardt Bio AG | 100% |
| 2 Wallis Group Limited | England & Wales | Wockhardt UK Holdings Limited | 100% |
| 3 The Wallis Laboratory Limited | England & Wales | Wallis Group Limited | 100% |
| 4 Wallis Licensing Limited | England & Wales | Wallis Group Limited | 100% |
| 5 Wockhardt Farmaceutica Do Brasil Ltda | Brazil | The Wallis Laboratory Limited | 90% |
| | | Wockhardt Europe Limited | 10% |
| 6 Z & Z Services GmbH (formerly, Esparma GmbH) | Germany | Wockhardt Bio AG | 100% |
| 7 Wockhardt UK Limited | England & Wales | Wockhardt Bio AG | 100% |
| 8 CP Pharma (Schweiz) AG | Switzerland | Wockhardt Bio AG | 100% |
| 9 Wockpharma Ireland Limited | Ireland | Wockhardt Bio AG | 100% |
| 10 Pinewood Healthcare Limited | England & Wales | Wockhardt Bio AG | 100% |
| 11 Pinewood Laboratories Limited | Ireland | Wockpharma Ireland Limited | 100% |
| 12 Wockhardt France (Holdings) S.A.S. | France | Wockhardt Bio AG | 100% |
| 13 Niverpharma S.A.S. | France | Wockhardt France (Holdings) S.A.S. | 100% |
| 14 Laboratoires Pharma 2000 S.A.S. | France | Wockhardt France (Holdings) S.A.S. | 100% |
| 15 Laboratoires Negma S.A.S. | France | Wockhardt France (Holdings) S.A.S. | 100% |
| 16 Negma Beneulex S.A. | Belgium | Wockhardt France (Holdings) S.A.S. | 53.97% |
| | | Laboratoires Negma S.A.S. | 46.03% |
| 17 Phytex S.A.S. | France | Wockhardt France (Holdings) S.A.S. | 100% |
| 18 Wockhardt Holding Corp. | USA | Wockhardt Bio AG | 100% |
| 19 Morton Grove Pharmaceuticals Inc. | USA | Wockhardt Holding Corp. | 100% |
| 20 MGP Inc | USA | Wockhardt Holding Corp. | 100% |
| 21 Wockhardt USA LLC | USA | Morton Grove Pharmaceuticals Inc. | 100% |
| 22 Wockhardt Farmaceutica SA DE CV | Mexico | Wockhardt Bio AG | 100% |
| 23 Wockhardt Services SA DE CV | Mexico | Wockhardt Bio AG | 100% |
| 24 Wockhardt Nigeria Limited | Nigeria | Wockhardt Europe Limited | 100% |
| 25 Wockhardt Bio (R) | Russia | Wockhardt Bio AG | 100% |
| 26 Wockhardt Bio Pty Ltd | Australia | Wockhardt Bio AG | 100% |
| 27 Wockhardt Bio Ltd # | New Zealand | Wockhardt Bio AG | 100% |

Wockhardt Bio Ltd is yet to commence the business.

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



2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

A. Statement of compliance

The Financial Statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) to comply with Section 133 of the Companies Act, 2013 ("the 2013 Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

B. Basis of preparation

The Financial Statements have been prepared on accrual basis under the historical cost convention except for the following material items in the statement of financial position:

- certain financial assets and liabilities (including derivative financial instruments) that are measured at fair value
- share-based payments
- Certain Property, Plant and Equipment measured at fair value as on date of transition to Ind AS, under Ind AS 101, which has been considered as deemed cost

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 March 31, 2018 and March 31, 2017 have been translated into United States dollars at the closing rate USD 1 = ₹ 65.180 (previous year: USD 1 = ₹ 64.875). 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. Basis of consolidation

Subsidiaries

Subsidiaries are all entities that are controlled by the Company. Control exists when the Company is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive. The Financial Statements of subsidiaries are included in these consolidated Financial Statements from the date that control commences until the date that control ceases. The Group combines the Financial Statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, income and expenses. For the purpose of preparing these consolidated Financial Statements, the accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Company.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in Equity and Consolidated Balance Sheet respectively.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in full while preparing these consolidated Financial Statements. Unrealized gains or losses arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Company's interest in the investee.

D. Use of Estimates and Judgements

The preparation of the Financial Statements in conformity with Ind AS requires the management to make judgements and estimates about the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The management believes that the judgements and estimates used in preparation of the Financial Statements are prudent and reasonable.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies:

The following are the critical judgements, apart from those involving estimations, that the management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the Financial Statements.

(i) Day 1 gain/loss on initial measurement:

As part of the Corporate Debt Restructuring Scheme in 2008-09, the Group has issued preference shares at below market rate in lieu of the then outstanding interest accrued and net derivative losses. The fair value of these preference shares at initial measurement is computed as the present value of all future cash payments discounted using the prevailing market rate of interest for a similar instrument (similar as to currency, term, type of interest rate, credit risk and other factors). The difference between the fair value and transaction amount at initial measurement has been recorded as day 1 gain in retained earnings and capital contribution, as the fair value has been computed based on valuation techniques, which uses data from observable markets. Significant judgement is involved in assessing whether all the data used for valuation has been derived from observable markets and it has been determined that use of certain unobservable data (minor adjustments to observable data to match the term, interest rate, credit risk and other factors of preference shares) in these valuations are insignificant to the entire day 1 gain. Accordingly, the entire day 1 gain on initial measurement has been recognised upfront (to retained earnings) and not deferred.

(ii) Leasehold land:

The Group has entered into several arrangements for lease of land from Government entities and other parties. Significant judgement is involved in assessing whether such arrangements are in the nature of finance or operating lease. In making such an assessment, the Group considers various factors which includes whether the present value of minimum lease payments

amounts to at least substantially all of the fair value of lease assets, renewal terms, purchase option, sub-lease options etc. Based on evaluation of above factors, leases are evaluated on case to case basis for the purpose of treating as in the nature of finance lease.

Key sources of estimation uncertainty:

(i) *Impairment of trade receivables:*

The impairment provisions for trade receivables are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

(ii) *Legal and other disputes:*

The Company provides for anticipated settlement costs where an outflow of resources is considered probable and a reliable estimate may be made of the likely outcome of the dispute and legal and other expenses arising from claims against the Company. These estimates take into account the specific circumstances of each dispute and relevant external advice which are inherently judgemental and could change substantially over time as new facts emerge and each dispute progresses.

(iii) *Post-employment benefits*

The costs of providing gratuity and other post-employment benefits are charged to the income statement in accordance with Ind AS 19 'Employee benefits' over the period during which benefit is derived from the employees' services. The costs are assessed on the basis of assumptions selected by management. These assumptions include future earnings and gratuity increases, discount rates, expected long-term rates of return on assets and mortality rates.

(iv) *Sales returns and rebates:*

Revenue is recognised when title and risk of loss is passed to the customer, reliable estimates can be made of relevant deductions and all relevant obligations have been fulfilled, such that the earnings process is regarded as being complete.

Gross turnover is reduced by rebates, discounts, allowances and product returns given or expected to be given, which vary by product arrangements and buying groups. These arrangements with purchasing organisations are dependent upon the submission of claims some time after the initial recognition of the sale. Accruals are made at the time of sale for the estimated rebates, discounts or allowances payable or returns to be made, based on available market information and historical experience.

Because the amounts are estimated they may not fully reflect the final outcome, and the amounts are subject to change dependent upon, amongst other things, the types of buying group and product sales mix.

The level of accrual for rebates and returns is reviewed and adjusted regularly in the light of contractual and legal obligations, historical trends, past experience and projected market conditions. Market conditions are evaluated using wholesaler and other third-party analyses, market research data and internally generated information.

Future events could cause the assumptions on which the accruals are based to change, which could affect the future results of the Company.

(v) Assumptions are also made by the management with respect to valuation of inventories, share based payments, evaluation of recoverability of deferred tax, contingencies, determination of useful lives of Property, Plant and Equipments and measurement of recoverable amounts of cash generation units.

3. SIGNIFICANT ACCOUNTING POLICIES OF THE GROUP:

(a) Property, Plant and Equipment and Depreciation

I. Recognition and Measurement:

Items of Property, Plant and Equipment are Measured at cost less accumulated depreciation and impairment losses, if any. The cost of an item of Property, Plant and Equipment comprises:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which the Company incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

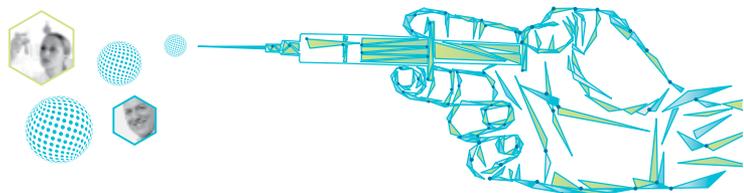
Income and expenses related to the incidental operations, not necessary to bring the item to the location and condition necessary for it to be capable of operating in the manner intended by management, are recognised in Statement of Profit and Loss. If significant parts of an item of Property, Plant and Equipment have different useful lives, then they are accounted for as separate items (major components) of Property, Plant and Equipment.

II. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Any gain or loss on disposal of an item of Property, Plant and Equipment is recognised in the Statement of Profit and Loss.

Capital work-in-progress in respect of assets which are not ready for their intended use are carried at cost, comprising of direct costs, related incidental expenses and attributable interest.



III. Depreciation and amortisation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation is provided, using the straight line method, pro-rata to the period of use of assets, in accordance with the requirements of Schedule II of the Companies Act, 2013, based on the useful lives of the assets determined through technical assessment by the management.

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

(b) Intangible assets

I. Recognition and Measurement:

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises of its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use.

Expenditure on development eligible for capitalisation are carried as Intangible assets under development where such assets are not yet ready for their intended use.

II. Subsequent Expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

III. Amortisation

Intangible assets except goodwill are amortised over their estimated useful life on Straight Line Method. The estimated useful life followed by the Company is upto 10 years.

The estimated useful lives of intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern, if any.

Goodwill is tested for impairment annually.

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

(d) Impairment of assets

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment if any indication of impairment exists.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss.

The recoverable amount is the greater of the fair value less cost of disposal and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss.

(e) Foreign Currency Transactions / Translations

- (i) Transactions in foreign currencies are translated to the reporting currency at exchange rates at the dates of the transactions.
- (ii) Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the reporting currency at the exchange rate at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.
- (iii) Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous Financial Statements are recognised in the Statement of Profit and Loss in the period in which they arise.
- (iv) The Company has availed an option of continuing the policy adopted for exchange differences arising from translation of long term foreign currency monetary items outstanding as on March 31, 2016. Accordingly, foreign exchange gain/losses on long term foreign currency monetary items relating to the acquisition of depreciable assets are added to or deducted from the cost of such assets and in other cases, such gains or losses are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" to be amortised over the remaining life of the concerned monetary item.

(f) Financial Instruments

I. Financial assets

(i) Classification of financial assets

The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Debt instruments at amortised cost:

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- (a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- (b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

Debt instruments at fair value through other comprehensive income (FVOCI):

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the EIR method. The Company does not have any instruments classified as fair value through other comprehensive income (FVOCI).

Debt instruments measured at fair value through profit and loss (FVTPL):

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the Statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

Equity investments:

Equity investments which are in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at fair value through other comprehensive income (FVOCI) or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

For equity instruments classified as FVOCI, all fair value changes on the instrument, excluding dividends, are recognised in other comprehensive income (OCI). There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of such investments.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

The Company does not have any equity investments designated at FVOCI.

Derivative financial instruments:

The Company uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to Statement of Profit and Loss.

(ii) Initial recognition and measurement

All financial assets are recognised initially at fair value and for those instruments that are not subsequently measured at FVTPL, plus/minus transaction costs that are attributable to the acquisition of the financial assets.

Trade receivables are carried at original invoice price as the sales arrangements do not contain any significant financing component. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Company commits to purchase or sell the asset.

(iii) Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's Balance Sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either:
 - (a) the Company has transferred substantially all the risks and rewards of the asset, or
 - (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates whether it has transferred substantially all the risks and rewards of ownership. In such cases, the financial asset is derecognised. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.



Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

(iv) **Impairment of financial assets**

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- (a) Financial assets that are debt instruments, measured at amortised cost e.g. loans, debt securities, deposits and bank balance.
- (b) Trade receivables.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, historical observed default rates are updated and changes in the forward-looking estimates are analysed.

II. **Financial Liabilities and equity instruments:**

Debt and equity instruments issued by an entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(i) **Equity instruments:**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by an entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

(ii) **Financial liabilities – Classification:**

Financial liabilities are classified as either 'at FVTPL' or 'other financial liabilities'. FVTPL liabilities consist of derivative financial instruments, wherein the gains/losses arising from remeasurement of these instruments is recognised in the Statement of Profit and Loss. Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

(iii) **Initial recognition and measurement:**

All financial liabilities are recognised initially at fair value and for those instruments that are not subsequently measured at FVTPL, plus/minus transaction costs that are attributable to issue of these instruments.

(iv) **Derecognition:**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

III. **Fair value:**

The Company determines the fair value of its financial instruments on the basis of the following hierarchy:

- (a) Level 1: The fair value of financial instruments quoted in active markets is based on their quoted closing price at the Balance Sheet date. Examples include exchange-traded commodity derivatives and other financial assets such as investments in equity and debt securities which are listed in a recognised stock exchange.
- (b) Level 2: The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques using observable market data. Such valuation techniques include discounted cash flows, standard valuation models based on market parameters for interest rates, yield curves or foreign exchange rates, dealer quotes for similar instruments and use of comparable arm's length transactions. For example, the fair value of forward exchange contracts, currency swaps and interest rate swaps is determined by discounting estimated future cash flows using a risk-free interest rate.
- (c) Level 3: The fair value of financial instruments that are measured on the basis of entity specific valuations using inputs that are not based on observable market data (unobservable inputs).

IV. **Accounting for day 1 differences:**

If the fair value of the financial asset at initial recognition differs from the transaction price, this difference if it is not consideration for goods or services or a deemed capital contribution or deemed distribution, is accounted as follows:

- if the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable market, the entire day 1 gain/loss is recorded immediately in the Statement of Profit and Loss; or
- in all other cases, the difference between the fair value at initial recognition and the transaction price is deferred. After initial recognition, the deferred difference is recorded as gain or loss in the Statement of Profit and Loss only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

In case the difference represents:

- (i) deemed capital contribution - it is recorded as an Investment in Subsidiary,
- (ii) deemed distribution – It is recorded in equity
- (iii) deemed consideration for goods and services – it is recorded as an asset or a liability. This amount is amortised/ accredited to the Statement of Profit and Loss as per the substance of the arrangement (generally straight-line basis over the duration of the arrangement).

V. Embedded derivatives

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in Statement of Profit and Loss, unless designated as effective hedging instruments. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows.

VI. Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

VII. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(g) Business combinations

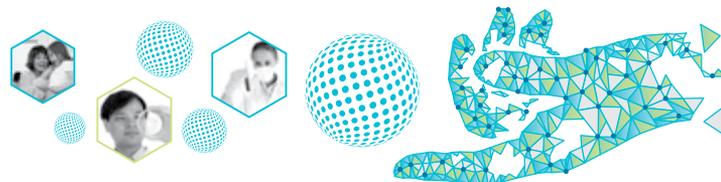
- (i) The Company accounts for each business combination by applying the acquisition method. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.
- (ii) Control exists when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive.
- (iii) The Company measures goodwill as of the applicable acquisition date at the fair value of the consideration transferred, including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount of the identifiable assets acquired and liabilities (including contingent liabilities in case such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably) assumed. When the fair value of the net identifiable assets acquired and liabilities assumed exceeds the consideration transferred, a bargain purchase gain is recognised as capital reserve.
- (iv) Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Company to the previous owners of the acquiree, and equity interests issued by the Company. Consideration transferred also includes the fair value of any contingent consideration. Consideration transferred does not include amounts related to settlement of pre-existing relationships.
- (v) Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise subsequent changes in the fair value of the contingent consideration are recognised in the Statement of Profit and Loss.
- (vi) Transaction costs that the Company incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees and other professional and consulting fees, are expensed as incurred.
- (vii) On an acquisition-by-acquisition basis, the Company recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.
- (viii) Any goodwill that arises on account of such business combination is tested annually for impairment.
- (ix) Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders. The difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity.

(h) Income tax

Income tax expense comprises current and deferred tax. It is recognised in Statement of Profit and Loss except to the extent that it relates items recognised directly in equity or in OCI.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured at the amount expected to be recovered from or paid to the taxation authorities using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends if any.



Current tax assets and liabilities are offset only if, the Company:

- a) has a legally enforceable right to set off the recognised amounts; and
- b) Intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if:

- (a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

(i) 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 realisable 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.

(j) Revenue Recognition

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

Revenue from the sale of goods includes excise duty and is measured at the fair value of the consideration received or receivable, net of returns, sales tax, goods and service tax and applicable trade discounts and allowances, chargebacks and rebates. Revenue includes shipping and handling costs billed to the customer. The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreements.

Sale of Services

Revenues from services is recognised in accordance with the terms of the relevant agreement(s) as generally accepted and agreed with the customers.

Export Incentive

Duty drawback, Merchandise Exports from India Scheme (MEIS) and Focus marketing scheme (FMS) benefits are recognised at the time of exports and the benefits in respect of advance license received by the Company against export made by it are recognised as and when goods are imported against them.

Royalties

Revenue is recognised on an accrual basis in accordance with the terms of the relevant agreement. Revenue is recognised when it is reasonable to expect that the ultimate collection will be made.

Insurance claims

Insurance claims are accounted on acceptance of the claim and when it can be measured reasonably, and it is reasonable to expect ultimate collection.

Interest income is recognised with reference to the Effective Interest Rate method. Dividend from investments is recognised as revenue when right to receive is established.

(k) Employee Benefits

Short term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurement of the net defined benefit liability / asset, which comprise actuarial gains and losses and the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income (OCI). Net interest expense / income on the net defined liability / assets is computed by applying the discount rate, used to measure the net defined liability / asset. Net interest expense and other expenses related to defined benefit plans are recognised in Statement of Profit and Loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in the Statement of Profit and Loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurement are recognised in Statement of Profit and Loss in the period in which they arise.

(l) Share-based payment transactions

Employees Stock Options Plans ("ESOPs"): The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The expense is recorded for each separately vesting portion of the award as if the award was, in substance, multiple awards. The increase in equity recognised in connection with share based payment transaction is presented as a separate component in equity under "Share Options Outstanding Account". The amount recognised as an expense is adjusted to reflect the actual number of stock options that vest.

(m) Leases

Determination of lease arrangement

An arrangement, which is not in the legal form of a lease, is accounted for as a lease, if:

- (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets and
- (b) the arrangement conveys a right to use the asset.

At inception of an arrangement, the Company determines whether the arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Company separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If it is impracticable to separate the payments reliably, then a finance lease receivable is recognised at an amount equal to the fair value of the underlying asset; subsequently, the receivable is reduced as payments are made and a finance income is recognised using the interest rate implicit in the lease.

Finance Lease

Agreements are classified as finance leases, if substantially all the risks and rewards incidental to ownership of the leased asset is transferred to the lessee.

Assets given under finance leases are recognised as a receivable at an amount equal to the net investment in the lease. Finance income is allocated over the lease term on a systematic and rational basis. This income allocation is based on a pattern reflecting a constant periodic return on the net investment in the finance lease.

Minimum lease payments, for assets taken under finance lease, are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating Lease

Agreements which are not classified as finance leases are considered as operating lease.

Payments made under operating leases are recognised in Statement of Profit and Loss on a straight line basis, unless the escalation clauses are in line with the expected inflation at the inception of the respective lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(n) Provisions, Contingent Liabilities and Contingent Assets

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.



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

Contingent assets are not recognised in the Financial Statements as this may result in the recognition of income that may never be realised. Contingent assets (if any) are disclosed in the notes to the Financial Statements.

(o) Borrowing costs

Borrowing costs are interest and other costs that the Company incurs in connection with the borrowing of funds and is measured with reference to the effective interest rate applicable to the respective borrowing. Borrowing costs include interest costs measured at EIR and exchange differences arising from foreign currency borrowings (other than long term foreign currency borrowings outstanding as of 31 March 2016) to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs, allocated to qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset up to the date of capitalisation of such asset are added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

(p) Government Grants

Government grants are initially recognised as deferred income at fair value if there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant;

- In case of capital grants, they are then recognised in Statement of Profit and Loss as other income on a systematic basis over the useful life of the asset.
- In case of grants that compensate the Company for expenses incurred are recognised in Statement of Profit and Loss on a systematic basis in the periods in which the expenses are recognised.

Export benefits available under prevalent schemes are accrued in the year in which the goods are exported and there is no uncertainty in receiving the same.

(q) Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax 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 the events for bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares). Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on conversion of all dilutive potential equity shares.

(r) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

(s) Cash Flow Statement

Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard (Ind AS 7) – "Cash Flow Statements".

(t) Operating cycle

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

4. Property, Plant and Equipment

| Particulars | Gross Block | | | | Accumulated Depreciation | | | | Net Block | | | | |
|---|----------------------|---------------|----------------|------------------------|--------------------------|----------------------------------|-------------------|----------------------|------------------------|----------------------|----------------------|----------------------|----------------------|
| | As at April 01, 2017 | Additions | Disposals | Exchange Gain / (Loss) | As at March 31, 2018 | Depreciation charge for the year | Impairment Losses | Deduction / Transfer | Exchange Gain / (Loss) | As at March 31, 2018 | As at March 31, 2018 | As at March 31, 2017 | As at March 31, 2017 |
| | ₹ 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 |
| Freehold Land | 149.18 | 0.53 | - | 0.43 | 150.14 | - | - | - | - | - | 150.14 | 149.18 | 22.99 |
| Leasehold Land | 281.13 | - | - | - | 281.13 | 6.84 | - | - | - | 12.53 | 268.60 | 274.29 | 42.28 |
| Buildings | 479.87 | 36.49 | - | 16.33 | 532.69 | 14.21 | - | - | 7.56 | 167.62 | 365.07 | 334.02 | 51.49 |
| Plant and Equipment | 2,105.09 | 69.44 | (10.26) | 46.42 | 2,210.69 | 101.71 | - | (6.74) | 34.88 | 1,098.62 | 1,112.07 | 1,136.32 | 175.15 |
| Furniture and Fixtures | 56.04 | 3.96 | (0.64) | 2.60 | 61.96 | 4.17 | - | (0.54) | 1.88 | 41.89 | 20.07 | 19.66 | 3.03 |
| Vehicles | 6.94 | 0.03 | (0.16) | 0.03 | 6.84 | 0.60 | - | (0.16) | 0.03 | 6.35 | 0.49 | 1.06 | 0.16 |
| Office Equipment | 32.54 | 7.44 | (0.62) | 2.10 | 41.46 | 4.07 | - | (0.54) | 1.04 | 17.27 | 24.19 | 19.84 | 3.06 |
| Information Technology Equipments | 81.37 | 6.90 | - | 2.80 | 91.07 | 7.63 | - | - | 2.46 | 83.78 | 7.29 | 7.68 | 1.18 |
| Total | 3,192.16 | 124.79 | (11.68) | 70.71 | 3,375.98 | 138.08 | - | (7.98) | 47.85 | 1,428.06 | 1,947.92 | 1,942.05 | 299.34 |
| Capital Work In Progress (Refer Note (a) below) | | | | | | | | | | | 1,039.13 | 971.29 | 149.72 |

| Particulars | Gross Block | | | | Accumulated Depreciation | | | | Net Block | | | | |
|---|----------------------|---------------|----------------|------------------------|--------------------------|----------------------------------|-------------------|----------------------|------------------------|----------------------|----------------------|----------------------|----------------------|
| | As at April 01, 2016 | Additions | Disposals | Exchange Gain / (Loss) | As at March 31, 2017 | Depreciation charge for the year | Impairment Losses | Deduction / Transfer | Exchange Gain / (Loss) | As at March 31, 2017 | As at March 31, 2017 | As at March 31, 2016 | As at March 31, 2016 |
| | ₹ 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 |
| Freehold Land | 150.40 | - | - | (1.22) | 149.18 | - | - | - | - | - | 149.18 | 150.40 | 22.70 |
| Leasehold Land | 281.13 | - | - | - | 281.13 | 3.76 | - | - | - | 6.84 | 274.29 | 278.05 | 41.96 |
| Buildings | 465.29 | 28.56 | (0.63) | (13.35) | 479.87 | 13.51 | - | (0.27) | (7.63) | 145.85 | 334.02 | 325.05 | 49.06 |
| Plant and Equipment | 2,013.54 | 146.89 | (5.24) | (50.10) | 2,105.09 | 102.41 | - | (4.42) | (37.39) | 968.77 | 1,136.32 | 1,105.37 | 166.82 |
| Furniture and Fixtures | 55.72 | 3.86 | (0.46) | (3.08) | 56.04 | 3.96 | - | (0.46) | (2.17) | 36.38 | 19.66 | 20.67 | 3.12 |
| Vehicles | 6.88 | 0.32 | (0.23) | (0.03) | 6.94 | 0.86 | - | (0.21) | (0.02) | 5.88 | 1.06 | 1.63 | 0.25 |
| Office Equipment | 45.44 | 1.70 | (11.18) | (3.42) | 32.54 | 3.36 | - | (11.14) | (2.13) | 12.70 | 19.84 | 22.83 | 3.45 |
| Information Technology Equipments | 78.86 | 4.20 | (0.03) | (1.66) | 81.37 | 9.59 | - | (0.03) | (1.48) | 73.69 | 7.68 | 13.25 | 2.00 |
| Total | 3,097.26 | 185.53 | (17.77) | (72.86) | 3,192.16 | 137.45 | - | (16.53) | (50.82) | 1,250.11 | 1,942.05 | 1,917.25 | 289.36 |
| Capital Work In Progress (Refer Note (a) below) | | | | | | | | | | | 971.29 | 928.18 | 140.08 |

**Notes:**

- (a) Addition to Capital Work-In-Progress includes expenditure incurred during construction period pending allocation aggregating ₹ 24.76 crore (Previous year: ₹ 16.83 crore). These expenses include Employee and material cost ₹ 1.30 crore (Previous year: ₹ 5.63 crore), Depreciation ₹ 0.11 crore (Previous year: ₹ Nil), Interest Cost ₹ 15.66 crore (Previous year: ₹ 5.30 crore) and Other operating cost ₹ 7.69 crore (Previous year: ₹ 5.90 crore) [Rates and taxes ₹ 0.05 crore (Previous year: ₹ 0.19 crore), Repairs and maintenance ₹ 0.40 crore (Previous year: ₹ 0.71 crore), Stores and spare parts consumed ₹ 0.05 crore (Previous year: ₹ 0.38 crore), legal and professional charges ₹ 0.02 crore (Previous year: ₹ 0.13 crore) and Other general expenses ₹ 7.17 crore (Previous year: ₹ 4.49 crore)].
- (b) Exchange differences arising on long term foreign currency monetary items relating to depreciable asset adjusted in additions above amount to ₹ 0.61 crore (Previous year: ₹ -4.18 crore).
- (c) The Group has chosen to value the above as per the requirements of Ind AS 101 "First time adoption of Indian Accounting Standards" retrospectively as applicable.
- (d) Measurement of Fair value
The Group has in accordance with provisions of Ind AS 101 "First time adoption of Indian Accounting Standards", considered fair value for certain properties viz. freehold and leasehold land as the deemed cost as on the transition date to Ind AS. Further disclosures are as under:
- (i) Fair value hierarchy:
The Fair value of freehold and leasehold land has been determined by external, independent property valuers, having appropriate recognised professional qualifications and experience in the category of the property being valued. The fair value measurement has been categorised as Level 2 fair value based on the inputs to the valuation technique used.
- (ii) Valuation technique:
Value of the property was arrived at using market approach using market corroborated inputs. Adjustments were made for factors specific to the assets valued including location and condition of the assets, the extent to which inputs relate to items that were comparable to the asset and the volume or level of activity in the markets within which the inputs were observed.
- (e) Charge has been created against the aforesaid assets for the borrowings taken by the Company and its subsidiary (Refer notes 17, 19 and 21).

5. GOODWILL

| Particulars | Gross Block | | | Accumulated Impairment | | | Net Block | | | | |
|---------------------------|----------------------|------------|------------|------------------------|----------------------|-------------------|----------------------|------------------------|----------------------|----------------------|----------------------|
| | As at April 01, 2017 | Additions | Disposals | Exchange Gain / (Loss) | As at March 31, 2018 | Impairment Losses | Deduction / Transfer | Exchange Gain / (Loss) | As at March 31, 2018 | As at March 31, 2017 | As at March 31, 2017 |
| | ₹ in crore | ₹ in crore | ₹ in crore | ₹ in crore | ₹ in crore | ₹ in crore | ₹ in crore | ₹ in crore | ₹ in crore | ₹ in crore | USD in million |
| Goodwill on consolidation | 1,781.18 | - | - | 106.93 | 1,888.11 | - | - | 2.86 | 1,047.53 | 840.58 | 736.51 |
| | | | | | 1,044.67 | | | | 128.96 | | 113.53 |
| Particulars | Gross Block | | | Accumulated Impairment | | | Net Block | | | | |
| | As at April 01, 2016 | Additions | Disposals | Exchange Gain / (Loss) | As at March 31, 2017 | Impairment Losses | Deduction / Transfer | Exchange Gain / (Loss) | As at March 31, 2017 | As at March 31, 2016 | As at March 31, 2016 |
| | ₹ in crore | ₹ in crore | ₹ in crore | ₹ in crore | ₹ in crore | ₹ in crore | ₹ in crore | ₹ in crore | ₹ in crore | ₹ in crore | USD in million |
| Goodwill on consolidation | 1,841.56 | - | - | (60.38) | 1,781.18 | - | - | (3.89) | 1,044.67 | 736.51 | 793.00 |
| | | | | | 1,048.56 | | | | 113.53 | | 119.68 |

OTHER INTANGIBLE ASSETS

| Particulars | Gross Block | | | Accumulated Amortization | | | Net Block | | | | |
|--|----------------------|--------------|------------|--------------------------|----------------------|-------------------|----------------------|------------------------|----------------------|----------------------|----------------------|
| | As at April 01, 2017 | Additions | Disposals | Exchange Gain / (Loss) | As at March 31, 2018 | Impairment Losses | Deduction / Transfer | Exchange Gain / (Loss) | As at March 31, 2018 | As at March 31, 2017 | As at March 31, 2017 |
| | ₹ in crore | ₹ in crore | ₹ in crore | ₹ in crore | ₹ in crore | ₹ in crore | ₹ in crore | ₹ in crore | ₹ in crore | ₹ in crore | USD in million |
| Brands / Trademarks / Technical know-how | 387.39 | 3.53 | - | 8.41 | 399.33 | - | - | 8.01 | 339.94 | 59.39 | 9.11 |
| Computer software | 95.67 | 12.88 | - | 0.32 | 108.87 | - | - | 0.21 | 68.80 | 40.07 | 6.15 |
| Total | 483.06 | 16.41 | - | 8.73 | 508.20 | - | - | 8.22 | 408.74 | 99.46 | 15.26 |
| Intangible assets under Development | | | | | | | | | | 393.44 | 272.66 |
| | | | | | | | | | | 60.36 | 42.03 |

| Particulars | Gross Block | | | Accumulated Amortization | | | Net Block | | | | |
|--|----------------------|-------------|---------------|--------------------------|----------------------|-------------------|----------------------|------------------------|----------------------|----------------------|----------------------|
| | As at April 01, 2016 | Additions | Disposals | Exchange Gain / (Loss) | As at March 31, 2017 | Impairment Losses | Deduction / Transfer | Exchange Gain / (Loss) | As at March 31, 2017 | As at March 31, 2016 | As at March 31, 2016 |
| | ₹ in crore | ₹ in crore | ₹ in crore | ₹ in crore | ₹ in crore | ₹ in crore | ₹ in crore | ₹ in crore | ₹ in crore | ₹ in crore | USD in million |
| Brands / Trademarks / Technical know-how | 396.51 | 3.05 | (0.48) | (11.69) | 387.39 | - | (0.48) | (9.41) | 326.12 | 61.27 | 66.42 |
| Computer software | 90.24 | 6.38 | - | (0.95) | 95.67 | - | - | (0.82) | 62.95 | 32.72 | 32.03 |
| Total | 486.75 | 9.43 | (0.48) | (12.64) | 483.06 | - | (0.48) | (10.23) | 389.07 | 93.99 | 14.85 |
| Intangible assets under Development | | | | | | | | | | 272.66 | 107.87 |
| | | | | | | | | | | 42.03 | 16.28 |

Note: The Group has chosen to value the above as per the requirements of Ind AS retrospectively as applicable.



5 GOODWILL ON CONSOLIDATION

Movement of carrying amount – Refer Schedule of Goodwill

Impairment testing of Goodwill on Consolidation

A. Pinewood Laboratories Limited

Pinewood Laboratories Limited (“Pinewood”), incorporated in Ireland, is a step down Subsidiary of the Company. The goodwill is majorly attributable to Pinewood.

For the purposes of impairment testing, carrying amount of goodwill has been allocated to the following Cash Generating Units (CGU's):

| | As at March 31, 2018 ₹ in crore | As at March 31, 2017 ₹ in crore |
|----------|---------------------------------------|---------------------------------------|
| Pinewood | 715.82 | 617.88 |
| | 715.82 | 617.88 |

The recoverable amounts of the above CGU's have been assessed using a value-in-use model. Value in use is generally calculated as the net present value of the projected post-tax cash flows plus a terminal value of the cash generating unit to which the goodwill is allocated. Initially a post-tax discount rate is applied to calculate the net present value of the post-tax cash flows.

The key assumptions used in the estimation of the recoverable amount are set out below.

The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources and future projections.

The cash flow projections included specific estimates for eight years developed using internal forecasts and a terminal growth rate thereafter. The planning horizon reflects the assumptions for short-to-mid term market developments.

Discount rate reflects the current market assessment of the risks specific to a CGU or group of CGUs. The discount rate is estimated based on the weighted average cost of capital for respective CGU or group of CGUs. Post-tax discount rates used was 10% (Previous year: 10.1%).

The management believes that any reasonably possible change in the key assumptions on which a recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

B. CP Pharmaceuticals Limited

CP Pharmaceuticals Limited (“CP Pharmaceuticals”), incorporated in UK, is a step down Subsidiary of the Company.

For the purposes of impairment testing, carrying amount of goodwill has been allocated to the following Cash Generating Units (CGU's):

| | As at March 31, 2018 ₹ in crore | As at March 31, 2017 ₹ in crore |
|--------------------|---------------------------------------|---------------------------------------|
| CP Pharmaceuticals | 49.74 | 43.94 |
| | 49.74 | 43.94 |

The recoverable amounts of the above CGU's have been assessed using a value-in-use model. Value in use is generally calculated as the net present value of the projected post-tax cash flows plus a terminal value of the cash generating unit to which the goodwill is allocated. Initially a post-tax discount rate is applied to calculate the net present value of the post-tax cash flows.

The key assumptions used in the estimation of the recoverable amount are set out below.

The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources and future projections.

The cash flow projections included specific estimates for five years developed using internal forecasts and a terminal growth rate thereafter. The planning horizon reflects the assumptions for short-to-mid term market developments.

Discount rate reflects the current market assessment of the risks specific to a CGU or group of CGUs. The discount rate is estimated based on the weighted average cost of capital for respective CGU or group of CGUs. Post-tax discount rates used was 9.8% (Previous year: 10.1%).

The management believes that any reasonably possible change in the key assumptions on which a recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

C. Morton Grove Pharmaceuticals Inc.

Morton Grove Pharmaceuticals Inc. (“Morton Grove”), incorporated in USA, is a step down Subsidiary of the Company.

For the purposes of impairment testing, carrying amount of goodwill has been allocated to the following Cash Generating Units (CGU's):

| | As at March 31, 2018 ₹ in crore | As at March 31, 2017 ₹ in crore |
|--------------|---------------------------------------|---------------------------------------|
| Morton Grove | 75.02 | 74.69 |
| | 75.02 | 74.69 |

The recoverable amounts of the above CGU's have been assessed using a value-in-use model. Value in use is generally calculated as the net present value of the projected post-tax cash flows plus a terminal value of the cash generating unit to which the goodwill is allocated. Initially a post-tax discount rate is applied to calculate the net present value of the post-tax cash flows.

The key assumptions used in the estimation of the recoverable amount are set out below.

The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources and future projections.

The cash flow projections included specific estimates for five years developed using internal forecasts and a terminal growth rate thereafter. The planning horizon reflects the assumptions for short-to-mid term market developments.

Discount rate reflects the current market assessment of the risks specific to a CGU or group of CGUs. The discount rate is estimated based on the weighted average cost of capital for respective CGU or group of CGUs. Post-tax discount rates used was 9.6% (Previous year: 9.6%).

The management believes that any reasonably possible change in the key assumptions on which a recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

6. NON-CURRENT FINANCIAL ASSETS – INVESTMENTS

| | As at March 31, 2018 ₹ in crore | As at March 31, 2018 USD in million | As at March 31, 2017 ₹ in crore | As at March 31, 2017 USD in million |
|---|---------------------------------------|---|---------------------------------------|---|
| Investments carried at fair value through profit or loss | | | | |
| Unquoted Equity Shares: | | | | |
| 443,482 (Previous year: 443,482) Equity Shares of Narmada Clean Tech Limited (formerly known as Bharuch Eco-Aqua Infrastructure Limited) of ₹ 10 each fully paid up (Transaction Value: ₹ 0.44 crore; Previous year: ₹ 0.44 crore) | 0.44 | 0.07 | 0.44 | 0.07 |
| 6,300 (Previous year: 6,300) Equity Shares of Bharuch Enviro Infrastructure Limited of ₹ 10 each fully paid up (Transaction Value: ₹ 0.01 crore; Previous year: ₹ 0.01 crore) | 0.01 | – | 0.01 | – |
| Total | 0.45 | 0.07 | 0.45 | 0.07 |
| Aggregate book value of unquoted investments | 0.45 | 0.07 | 0.45 | 0.07 |

7. NON-CURRENT FINANCIAL ASSETS – OTHERS

| | As at March 31, 2018 ₹ in crore | As at March 31, 2018 USD in million | As at March 31, 2017 ₹ in crore | As at March 31, 2017 USD in million |
|--|---------------------------------------|---|---------------------------------------|---|
| Margin money (under lien) | 2.97 | 0.46 | 1.47 | 0.23 |
| Security Deposits (includes deposits with Related parties ₹ 33.12 crore (Previous year: ₹ 30.93 crore) – Refer note 39) | 45.26 | 6.94 | 47.10 | 7.26 |
| Total | 48.23 | 7.40 | 48.57 | 7.49 |

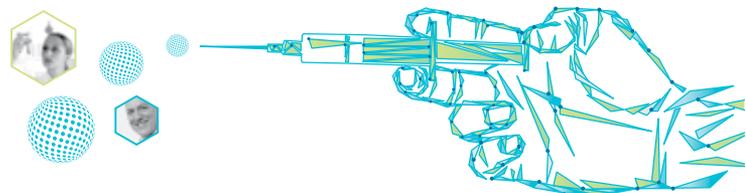
8. INCOME TAX

(a) Tax recognised in profit or loss

| | For the year ended March 31, 2018 ₹ in crore | For the year ended March 31, 2017 ₹ in crore |
|--|--|--|
| Current tax charge / (credit) | 50.79 | 10.37 |
| Deferred tax charge / (credit), net | | |
| Origination and reversal of temporary differences including Minimum Alternate Tax (MAT) credit entitlement | (55.93) | (26.92) |
| Change in tax rate | 30.84 | (4.56) |
| Deferred tax charge / (credit) | (25.09) | (31.48) |
| Tax charge / (credit) for the year | 25.70 | (21.11) |

The increase in Indian corporate tax rate from 33.063% to 34.944% for the financial year 2017-18 resulted in a remeasurement of deferred tax liability as of March 31, 2018. Consequently, a charge of ₹ 4.03 crore relating to such remeasurement was recognised in the income statement during the year ended March 31, 2018.

The decrease in US Federal Corporate Tax Rate from 35% to 21% w.e.f. January 01, 2018 resulted in remeasurement of deferred tax assets as of March 31, 2018. Consequently, a charge of ₹ 19.88 crore relating to such remeasurement was recognised in the income statement during the year ended March 31, 2018.

**(b) Tax recognised in other comprehensive income**

| | For the year ended March 31, 2018 | | | For the year ended March 31, 2017 | | |
|--|---|--|---|---|--|---|
| | Before tax (charge) / credit ₹ in crore | Tax (charge) / credit ₹ in crore | Net of tax (charge) / credit ₹ in crore | Before tax (charge) / credit ₹ in crore | Tax (charge) / credit ₹ in crore | Net of tax (charge) / credit ₹ in crore |
| Items that will not be reclassified to profit or loss | | | | | | |
| Remeasurements of the defined benefit plans | 32.16 | (9.10) | 23.06 | (33.65) | 3.80 | (29.85) |
| Total | 32.16 | (9.10) | 23.06 | (33.65) | 3.80 | (29.85) |

(c) Reconciliation of effective tax rate

| | For the year ended March 31, 2018 ₹ in crore | For the year ended March 31, 2017 ₹ in crore |
|---|--|--|
| Profit / (loss) before tax | (641.15) | (247.15) |
| Tax using the Company's domestic tax rate (Current year - 34.944% and Previous year: 33.063%) | (224.04) | (81.71) |
| Differences in tax rates of foreign jurisdictions / tax status | 94.05 | 67.91 |
| Adjustment of tax charge in respect of prior periods | 2.22 | 0.71 |
| Impact of changes in tax rates during the year | 30.84 | (4.56) |
| Non-deductible tax expenses | 17.81 | 13.56 |
| Current-year losses for which no deferred tax asset is recognised | 4.87 | 8.45 |
| Incremental deduction allowed for research and development costs | (25.27) | (81.64) |
| Recognition of tax effect of previously unrecognised tax losses | (0.29) | (1.86) |
| Effect of withholding tax paid at different tax rate | - | 4.28 |
| Investment allowance deduction | - | (5.43) |
| Tax / Deferred tax on intercompany adjustments | 112.38 | 52.34 |
| Other temporary differences | 13.13 | 6.84 |
| | 25.70 | (21.11) |
| Effective tax rate for the year | (4.01%) | 8.54% |

(d) Deferred tax assets and liabilities are attributable to the following:

| | Deferred tax assets | | Deferred tax (liabilities) | | Net deferred tax asset/ (liabilities) | |
|--|------------------------------|------------------------------|------------------------------|------------------------------|---------------------------------------|------------------------------|
| | March 31, 2018 ₹ in crore | March 31, 2017 ₹ in crore | March 31, 2018 ₹ in crore | March 31, 2017 ₹ in crore | March 31, 2018 ₹ in crore | March 31, 2017 ₹ in crore |
| Property, Plant and Equipment | (256.07) | (252.63) | (45.85) | (47.87) | (301.92) | (300.50) |
| Unabsorbed losses | 144.54 | 115.81 | - | - | 144.54 | 115.81 |
| Unrealised profit on inventory | 26.34 | 43.37 | 0.55 | 0.48 | 26.89 | 43.85 |
| Employee benefits | 28.90 | 24.34 | - | - | 28.90 | 24.34 |
| Deferred income / expenses | 37.61 | 51.27 | - | - | 37.61 | 51.27 |
| Allowance for credit loss | 36.97 | 42.39 | 0.02 | 0.27 | 36.99 | 42.66 |
| Other items | (1.76) | 3.15 | - | - | (1.76) | 3.15 |
| Minimum Alternate Tax (MAT) credit entitlement | 167.03 | 145.14 | 10.83 | 7.40 | 177.86 | 152.54 |
| Deferred tax assets / (liabilities) | 183.56 | 172.84 | (34.45) | (39.72) | 149.11 | 133.12 |

(e) Movement in deferred tax assets and liabilities

| | Net deferred tax asset / (liabilities) as on April 01, 2017 ₹ in crore | Recognised in profit or loss ₹ in crore | Recognised in other comprehensive income ₹ in crore | Recognised directly in equity ₹ in crore | Net deferred tax asset / (liabilities) as on March 31, 2018 ₹ in crore |
|--|---|--|--|---|---|
| Deferred tax asset / (liabilities) | | | | | |
| Property, Plant and Equipment | (300.50) | (1.42) | – | – | (301.92) |
| Unabsorbed losses | 115.81 | 28.73 | – | – | 144.54 |
| Unrealised profit on inventory | 43.85 | (16.96) | – | – | 26.89 |
| Employee benefits | 24.34 | 13.66 | (9.10) | – | 28.90 |
| Deferred income / expenses | 51.27 | (13.66) | – | – | 37.61 |
| Allowance for credit loss | 42.66 | (5.67) | – | – | 36.99 |
| Other items | 3.15 | (4.91) | – | – | (1.76) |
| Deferred tax assets / (liabilities) | (19.42) | (0.23) | (9.10) | – | (28.75) |
| Minimum Alternate Tax (MAT) credit entitlement | 152.54 | 25.32 | – | – | 177.86 |
| Net deferred tax assets / (liabilities) | 133.12 | 25.09 | (9.10) | – | 149.11 |

(f) Movement in deferred tax assets and liabilities

| | Net deferred tax asset / (liabilities) as on April 01, 2016 ₹ in crore | Recognised in profit or loss ₹ in crore | Recognised in other comprehensive income ₹ in crore | Recognised directly in equity ₹ in crore | Net deferred tax asset / (liabilities) as on March 31, 2017 ₹ in crore |
|--|---|--|--|---|---|
| Deferred tax asset / (liabilities) | | | | | |
| Property, Plant and Equipment | (267.69) | (32.81) | – | – | (300.50) |
| Unabsorbed losses | 72.71 | 43.10 | – | – | 115.81 |
| Unrealised profit on inventory | 48.78 | (4.93) | – | – | 43.85 |
| Employee benefits | 19.49 | 1.05 | 3.80 | – | 24.34 |
| Deferred income / expenses | 49.54 | 1.73 | – | – | 51.27 |
| Allowance for credit loss | 44.33 | (1.67) | – | – | 42.66 |
| Other items | 2.29 | 0.86 | – | – | 3.15 |
| Deferred tax assets / (liabilities) | (30.55) | 7.34 | 3.80 | – | (19.42) |
| Minimum Alternate Tax (MAT) credit entitlement | 128.40 | 24.14 | – | – | 152.54 |
| Net deferred tax assets / (liabilities) | 97.85 | 31.48 | 3.80 | – | 133.12 |

- (i) The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.
- (ii) Aggregate carried forward tax losses for which no deferred tax has been created, with respect to the subsidiaries amounted to ₹ 149.13 crore (Previous year: ₹ 775.77 crore). These tax losses are available for set off against future taxable profits, without any limitation of the number of years for set off.
- (iii) Minimum Alternative Tax (MAT) credit balance amounts to ₹ 177.86 crore (Previous year: ₹ 152.54 crore). The Company is reasonably certain of availing the said MAT credit in future years against the normal tax expected to be paid in those years.
- (iv) Significant management judgement is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income by each jurisdiction in which the relevant entity operates and the period over which deferred income tax assets will be recovered.
- (v) Given that the Company does not have any intention to dispose the land on an individual basis, hence deferred tax asset on the indexation benefit on land has not been recognised.
- (vi) No deferred tax asset has been created on the loss that would get reversed during the tax holiday period amounting ₹ 121.78 crore (Previous year: ₹ 121.78 crore).
- (vii) No deferred tax has been recognised in respect of temporary differences associated with investments in subsidiaries where the Company is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future. The aggregate amount of temporary differences associated with such investments in subsidiaries is represented by the contribution of those investments to the Company's retained earnings and amounted to ₹ 2,122.47 crore (Previous year: ₹ 2,650.40 crore).



9. OTHER NON-CURRENT ASSETS

| | As at March 31, 2018 ₹ in crore | As at March 31, 2018 USD in million | As at March 31, 2017 ₹ in crore | As at March 31, 2017 USD in million |
|--|---------------------------------------|---|---------------------------------------|---|
| Capital Advances | 9.03 | 1.39 | 22.05 | 3.40 |
| Security Deposits | 14.97 | 2.30 | 14.33 | 2.21 |
| Other advances | 73.87 | 11.33 | 77.91 | 12.01 |
| Includes advance rent with related parties ₹ 16.06 crore (Previous year: ₹ 20.73 crore) The above advances also include balances with government authorities amounting ₹ 52.50 crore (Previous year: ₹ 53.62 crore) | | | | |
| Total | 97.87 | 15.02 | 114.29 | 17.62 |

Note: The above amounts are net of provisions, if any.

10. Inventories

| | As at March 31, 2018 ₹ in crore | As at March 31, 2018 USD in million | As at March 31, 2017 ₹ in crore | As at March 31, 2017 USD in million |
|------------------------------|---------------------------------------|---|---------------------------------------|---|
| Raw Materials and components | 294.82 | 45.23 | 355.54 | 54.80 |
| Goods in transit | 6.37 | 0.98 | 10.63 | 1.64 |
| | 301.19 | 46.21 | 366.17 | 56.44 |
| Work-in-progress | 69.29 | 10.63 | 77.14 | 11.89 |
| Stock-in-trade | 144.19 | 22.12 | 151.42 | 23.33 |
| Goods in transit | 3.87 | 0.59 | – | – |
| | 148.06 | 22.71 | 151.42 | 23.33 |
| Finished goods | 279.20 | 42.84 | 450.87 | 69.50 |
| Stores and spares | 57.97 | 8.89 | 62.35 | 9.61 |
| Total | 855.71 | 131.28 | 1,107.95 | 170.77 |

Note:

- Inventories are valued at cost or net realizable value, whichever is lower.
- Write down of inventories to net realisable value for the year is ₹ 50.39 crore (Previous year: ₹ 34.25 crore). These have been recognised as an expense during the year and these provisions are included in cost of materials consumed or changes in inventory of finished goods, work-in-progress and stock-in-trade.

11. CURRENT FINANCIAL ASSETS – INVESTMENTS

| | As at March 31, 2018 ₹ in crore | As at March 31, 2018 USD in million | As at March 31, 2017 ₹ in crore | As at March 31, 2017 USD in million |
|--|---------------------------------------|---|---------------------------------------|---|
| Investments carried at fair value through profit or loss | | | | |
| Quoted | | | | |
| In Bonds | 25.75 | 3.95 | 31.20 | 4.81 |
| In Equity shares | 24.51 | 3.76 | 332.94 | 51.32 |
| In Bond Funds and Mutual Funds | 162.99 | 25.00 | 198.13 | 30.54 |
| Total | 213.25 | 32.71 | 562.27 | 86.67 |
| Aggregate amount of quoted investments and market value thereof | 213.25 | 32.71 | 562.27 | 86.67 |

12. TRADE RECEIVABLES

| | As at March 31, 2018 ₹ in crore | As at March 31, 2018 USD in million | As at March 31, 2017 ₹ in crore | As at March 31, 2017 USD in million |
|---------------------------------|---------------------------------------|---|---------------------------------------|---|
| Unsecured, considered good | 1,052.47 | 161.47 | 1,116.64 | 172.12 |
| Less: Allowance for credit loss | (90.02) | (13.81) | (82.19) | (12.67) |
| | 962.45 | 147.66 | 1,034.45 | 159.45 |
| Unsecured, considered doubtful | 63.00 | 9.67 | 72.47 | 11.17 |
| Less: Allowance for credit loss | (63.00) | (9.67) | (72.47) | (11.17) |
| | – | – | – | – |
| Total | 962.45 | 147.66 | 1,034.45 | 159.45 |

Note:

Trade receivables include dues from private companies in which any director is a partner, director or a member ₹ 3.14 crore (Previous year: ₹ 4.81 crore).

13. CASH AND BANK BALANCES

| | As at March 31, 2018 ₹ in crore | As at March 31, 2018 USD in million | As at March 31, 2017 ₹ in crore | As at March 31, 2017 USD in million |
|--|---------------------------------------|---|---------------------------------------|---|
| Cash and cash equivalents | | | | |
| Balances with banks | | | | |
| In current account | 896.90 | 137.60 | 474.29 | 73.11 |
| Deposits with maturity of less than 3 months | 0.24 | 0.04 | 489.16 | 75.40 |
| | 897.14 | 137.64 | 963.45 | 148.51 |
| Cash in hand | 0.10 | 0.02 | 0.19 | 0.03 |
| | 897.24 | 137.66 | 963.64 | 148.54 |
| Other bank balances | | | | |
| Deposits with original maturity of more than 3 months but less than 12 months (under lien - ₹ Nil; Previous year: ₹ 47.13 crore) | 132.38 | 20.31 | 380.32 | 58.62 |
| Deposits with original maturity equal to 12 months (under lien - ₹ 0.02 crore; Previous year: ₹ Nil) | 0.02 | - | 254.61 | 39.25 |
| Deposits with original maturity of more than 12 months (under lien - ₹ 45.80 crore; Previous year: ₹ 0.15 crore) | 45.80 | 7.03 | 0.15 | 0.02 |
| Margin money (under lien) | 4.88 | 0.75 | 2.86 | 0.44 |
| Unpaid dividend accounts | 1.93 | 0.30 | 2.03 | 0.31 |
| | 185.01 | 28.39 | 639.97 | 98.64 |
| Total | 1,082.25 | 166.05 | 1,603.61 | 247.18 |

14. OTHER CURRENT FINANCIAL ASSETS

| | As at March 31, 2018 ₹ in crore | As at March 31, 2018 USD in million | As at March 31, 2017 ₹ in crore | As at March 31, 2017 USD in million |
|-------------------|---------------------------------------|---|---------------------------------------|---|
| Other receivables | 8.31 | 1.27 | 29.24 | 4.51 |
| Total | 8.31 | 1.27 | 29.24 | 4.51 |

15. OTHER CURRENT ASSETS

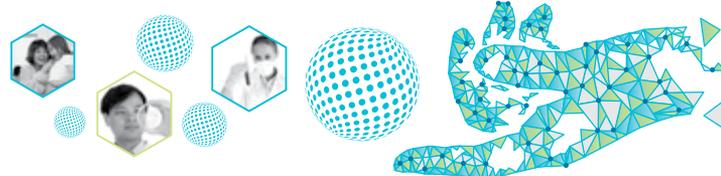
| | As at March 31, 2018 ₹ in crore | As at March 31, 2018 USD in million | As at March 31, 2017 ₹ in crore | As at March 31, 2017 USD in million |
|--|---------------------------------------|---|---------------------------------------|---|
| Advances to suppliers (Refer note (ii) below) | 42.79 | 6.56 | 39.99 | 6.16 |
| Balances with / receivable from statutory / government authorities | 178.16 | 27.33 | 139.70 | 21.53 |
| Other advances (Refer note (iii) below) | 36.68 | 5.63 | 18.06 | 2.78 |
| Total | 257.63 | 39.52 | 197.75 | 30.47 |

Note:

- The above amounts are net of provisions, if any.
- Advances to suppliers include dues from private companies in which any director is a partner, director or a member ₹ 0.42 crore (Previous year: ₹ 0.53 crore).
- Other advances includes amounts pertaining to related parties is ₹ 2.20 crore (Previous year: ₹ 2.63 crore).

16. EQUITY SHARE CAPITAL

| | As at March 31, 2018 | | | As at March 31, 2017 | | |
|---|----------------------|----------------------|--------------------------|----------------------|----------------------|--------------------------|
| | No. of Shares | Amount ₹ in crore | Amount USD in million | No. of Shares | Amount ₹ in crore | Amount USD in million |
| Authorised | | | | | | |
| Equity shares of ₹ 5/- each | 250,000,000 | 125.00 | 19.18 | 250,000,000 | 125.00 | 19.27 |
| Issued, Subscribed & Paid up | | | | | | |
| Equity shares of ₹ 5/- each fully paid up | | | | | | |
| Shares outstanding as at the beginning of the year | 110,548,028 | 55.27 | 8.48 | 110,508,903 | 55.25 | 8.52 |
| Add: Shares issued during the year pursuant to ESOS | 82,425 | 0.05 | 0.01 | 39,125 | 0.02 | - |
| Shares outstanding as at the end of the year | 110,630,453 | 55.32 | 8.49 | 110,548,028 | 55.27 | 8.52 |



- (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) **Shares reserved for issue under options**
Equity shares of 747,000 (Previous year: 883,125) of face value ₹ 5 each have been reserved for issue under Wockhardt Stock Option Scheme – 2011.
- (c) **Details of equity shares held by each shareholders holding more than 5% of total equity shares:**

| | As at March 31, 2018 | | As at March 31, 2017 | |
|---|----------------------|--------------|----------------------|--------------|
| | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| Themisto Trustee Company Private Limited which holds these shares in its capacity as the trustee of Habil Khorakiwala Trust which in turn holds these shares in its capacity as the partner of the partnership firm Humuza Consultants. | 60,497,757 | 54.68 | 60,497,757 | 54.73 |

During the previous year, Themisto Trustee Company Private Limited (which holds these shares in its capacity as the trustee of Habil Khorakiwala Trust which in turn holds these shares in its capacity as the partner of the partnership firm Humuza Consultants) has sold 5,400,000 Equity Shares of face value ₹ 5/- each to Amalthea Discretionary Trust, Lysithea Discretionary Trust and HNZ Discretionary Trust whose Trustees are Ananke Trustee Company Private Limited, Callirhoe Trustee Company Private Limited and Pasithee Trustee Company Private Limited respectively.

During the previous year, Themisto Trustee Company Private Limited in its capacity as a trustee of Habil Khorakiwala Trust has also acquired 5,400,000 Equity Shares of face value ₹ 5/- each from Ananke Trustee Company Private Limited (who were holding these shares in its capacity as the trustee of Amalthea Discretionary Trust which in turn holds these shares in its capacity as partner of partnership firm Amalthea Consultants), Callirhoe Trustee Company Private Limited (who were holding these shares in its capacity as the trustee of Lysithea Discretionary Trust which in turn holds these shares in its capacity as partner of partnership firm Lysithea Consultants) and Pasithee Trustee Company Private Limited (who were holding these shares in its capacity as the trustee of HNZ Discretionary Trust which in turn holds these shares in its capacity as partner of partnership firm HNZ Consultants).

All these Partnership Firms and Discretionary Trusts are part of Promoter Group.

- (d) The Company had declared and paid dividend of 200% i.e. ₹ 10 per share on equity shares of ₹ 5/- each, absorbing ₹ 110.55 crore during financial year 2016-17.

17. NON-CURRENT FINANCIAL LIABILITIES - BORROWINGS

| | As at | As at | As at | As at |
|--|------------------------------|----------------------------------|------------------------------|----------------------------------|
| | March 31, 2018 ₹ in crore | March 31, 2018 USD in million | March 31, 2017 ₹ in crore | March 31, 2017 USD in million |
| Secured | | | | |
| Term Loans: | | | | |
| from banks / financial institutions (Refer Note I to IV below) | 2,167.84 | 332.59 | 2,887.11 | 445.03 |
| | 2,167.84 | 332.59 | 2,887.11 | 445.03 |
| Unsecured | | | | |
| Deferred payment liabilities | | | | |
| Sales tax deferral loan (Refer note V below) | 0.01 | – | 0.24 | 0.04 |
| Loans from Others (Refer note VI below) | 5.26 | 0.81 | 2.07 | 0.32 |
| Preference share (Refer note X below) | – | – | 300.85 | 46.37 |
| | 5.27 | 0.81 | 303.16 | 46.73 |
| Total | 2,173.11 | 333.40 | 3,190.27 | 491.76 |

- (I) Term loan of USD 80 million (Previous year: USD 100 million) amounting to ₹ 521.44 crore (Previous year: ₹ 648.75 crore) is secured by first charge on pari passu basis on fixed assets, present and future, located at all locations other than Units at Baddi in Himachal Pradesh and Kadaiya in Daman. This term loan carries interest rate of 6 months USD LIBOR plus 325 BPS p.a. and is repayable in 16 equal quarterly instalments by January 2022.
Term loan of ₹ 225 crore (Previous year : ₹ 250 crore) from IDBI Bank is secured by first charge on pari passu basis on fixed assets, present and future, located at all locations other than Units at Baddi in Himachal Pradesh and Kadaiya in Daman. This term loan carries interest rate at Bank Base Rate plus 75 BPS p.a. and is repayable in 9 equal half yearly instalments by June 2022.
Further, term loan of ₹ 237.50 crore (Previous year : ₹ 250 crore) from Bank of Maharashtra ('BOM') is secured by first charge on pari passu basis on fixed assets, present and future, located at all locations other than Units at Baddi in Himachal Pradesh and Kadaiya in Daman. This term loan carries interest rate at One Year's MCLR plus 120 BPS p.a. and is repayable in 19 equal quarterly instalments by December 2022.
- (II) Term loan availed by Wockhardt France (Holdings) S.A.S. of Euro 40.92 million (Previous year: Euro 54.60 million) amounting to ₹ 328.58 crore (Previous year: ₹ 378.44 crore) is secured by pledge of shares of Negma Group of Companies. The loan carries interest of 6 months EURO LIBOR plus 175 BPS p.a. and is repayable in 6 half yearly instalments by November 2020.

- (III) Term loan availed by Wockpharma Ireland Limited of Euro 5 million (Previous year: Euro 10 million) amounting to ₹ 40.15 crore (Previous year: ₹ 69.31 crore) is secured by pledge of shares of Pinewood Laboratories Limited, all movable and immovable properties of Wockpharma Ireland Limited and Pinewood Laboratories Limited situated at Unit at M50, Business Park, Ballymount, Dublin 12 and Deerpark, Ballymacarbry, Co. Waterford by way of first fixed charge and floating charge.
- Further, this term loan is also secured by fixed and floating charges on all other assets of Wockpharma Ireland Limited & Pinewood Laboratories Limited. The loan carries an interest of 3 months EURIBOR plus 325 BPS p.a. and is repayable in 2 half yearly instalments by January 2019.
- (IV) Term Loan availed by Wockhardt Bio AG of USD 250 million (Previous year: USD 250 million) amounting to ₹ 1,629.50 crore (Previous year: ₹ 1621.88 crore) is secured as under:
- first ranking charge on fixed assets (excluding Intangible assets) and current assets of Wockhardt Bio AG and its subsidiaries (except Wockpharma Ireland Ltd. and its Subsidiaries and Wockhardt France (Holdings) S.A.S. and its Subsidiaries)
 - first ranking charge on fixed assets of Wockhardt Limited situated at Kadaiya in Daman and Baddi in Himachal Pradesh & on Fixed Deposits of ₹ 45 crore in India.
 - this term loan is also secured by Corporate Guarantee of USD 300 million from Wockhardt Limited.
- This term loan carrying interest rate of 6 months USD LIBOR plus 275 BPS p.a. is repayable in 8 equal half yearly instalments commencing from July 01, 2018.
- (V) Interest free sales tax deferral loan is repayable in the month of May every year. This loan is repayable by May 2019.
- (VI) Loans from others with interest rate of 3% p.a. is repayable in 10 equal annual instalments. Loan amounting ₹ 0.38 crore (Previous year: ₹ 0.57 crore) is repayable by June 2019, ₹ 1.70 crore (Previous year: ₹ 2.12 crore) by October 2021 and balance ₹ 3.80 crore is repayable commencing from March 2020.
- (VII) The Company has fully repaid its term loan taken from the Government of India under the Biotechnology Industry Partnership Programme (BIPP) and the release of security given is in process.
- (VIII) Refer Note 10 to Note 14 for carrying amount of current assets on which charge has been created.
- (IX) Current maturities of the above borrowings have been disclosed under Note 21.
- (X) **Preference Share**

(a) **Details of Preference Share**

| | As at March 31, 2018 | | | As at March 31, 2017 | | |
|---|----------------------|-----------------|----------------|----------------------|-------------------|----------------|
| | No. of Shares | Amount in crore | USD in million | No. of Shares | Amount ₹ in crore | USD in million |
| Authorised | | | | | | |
| Preference shares of ₹ 5/- each | 2,000,000,000 | 1,000.00 | 153.42 | 2,000,000,000 | 1,000.00 | 154.14 |
| Issued, Subscribed & Paid up | | | | | | |
| Optionally Convertible Cumulative Redeemable Preference shares (OCCRPS) of ₹ 5/- each fully paid up : | | | | | | |
| Shares outstanding as at the beginning of the year | 121,454,927 | 60.72 | 9.32 | 121,454,927 | 60.72 | 9.36 |
| Add: Shares issued during the year | – | – | – | – | – | – |
| Less: Shares redeemed during the year | – | – | – | – | – | – |
| Shares outstanding as at the end of the year | 121,454,927 | 60.72 | 9.32 | 121,454,927 | 60.72 | 9.36 |
| Non Convertible Cumulative Redeemable Preference shares (NCRPS) of ₹ 5/- each fully paid up: | | | | | | |
| Shares outstanding as at the beginning of the year | 475,659,941 | 237.83 | 36.49 | 475,659,941 | 237.83 | 36.66 |
| Add: Shares issued during the year | – | – | – | – | – | – |
| Less: Shares redeemed during the year | – | – | – | – | – | – |
| Shares outstanding as at the end of the year | 475,659,941 | 237.83 | 36.49 | 475,659,941 | 237.83 | 36.66 |

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

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

- 121,454,927 (Previous year: 121,454,927) 0.01% Optionally Convertible Cumulative Redeemable Preference shares (OCCRPS Series 2) issued bilaterally to various Banks, on the following terms and conditions:
The Preference Share holders shall have the right to convert OCCRPS Series 2 along with accumulated dividend, into fully paid equity shares of the Company, in one or more tranches, commencing July 4, 2016 till December 31, 2018, at conversion price as per the applicable SEBI formula on the relevant date i.e. June 04, 2016. The said shares, in case not converted, shall get redeemed along with accumulated dividend on December 31, 2018 without any redemption premium. No shareholders have exercised the right of conversion till date.
- 32,265,110 (Previous year : 32,265,110) 0.01% Non-Convertible Cumulative Redeemable Preference shares (NCRPS Series 2), redeemable at a premium of 20% of the face value along with cumulative dividend on December 31, 2018.
- 283,394,831 (Previous year: 283,394,831) 0.01% Non-Convertible Cumulative Redeemable Preference shares (NCRPS Series 3) issued bilaterally to various Banks, redeemable at a redemption premium calculated at 4% p.a. on simple basis along with cumulative dividend on December 31, 2018.



- (iv) 160,000,000 (Previous year: 160,000,000) 0.01% Non-Convertible Cumulative Redeemable Preference shares (NCRPS Series 5), redeemable at a premium of 20% of the face value along with cumulative dividend on March 31, 2019.
- (c) Effective interest rate on the above preference shares used for discounting is in the range of 10.8% - 12%.
- (d) Subject to the approval of shareholders at the Annual General Meeting, the Board of Directors have recommended dividend of 0.01% (at the rate of ₹ 0.0005 per share of ₹ 5/- each) on 475,659,941 NCRPS of ₹ 5/- each and 121,454,927 OCCRPS of ₹ 5/- each.
- (e) **Details of OCCRPS held by each shareholders holding more than 5% of total OCCRPS:**

| | As at March 31, 2018 | | As at March 31, 2017 | |
|--|----------------------|--------------|----------------------|--------------|
| | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| Indian Overseas Bank | 39,888,348 | 32.84 | 39,888,348 | 32.84 |
| Union Bank of India | 31,884,492 | 26.25 | 31,884,492 | 26.25 |
| Corporation Bank | 21,826,928 | 17.97 | 21,826,928 | 17.97 |
| Khorakiwala Holdings and Investments Private Limited | 18,528,540 | 15.26 | 18,528,540 | 15.26 |
| Punjab National Bank | 9,326,619 | 7.68 | 9,326,619 | 7.68 |

- (f) **Details of NCRPS held by each shareholders holding more than 5% of total NCRPS:**

| | As at March 31, 2018 | | As at March 31, 2017 | |
|--|----------------------|--------------|----------------------|--------------|
| | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| Khorakiwala Holdings and Investments Private Limited | 203,233,260 | 42.73 | 203,233,260 | 42.73 |
| Indian Overseas Bank | 104,563,437 | 21.98 | 104,563,437 | 21.98 |
| Union Bank of India | 74,397,151 | 15.64 | 74,397,151 | 15.64 |
| Corporation Bank | 50,929,498 | 10.71 | 50,929,498 | 10.71 |
| Punjab National Bank | 29,778,521 | 6.26 | 29,778,521 | 6.26 |

18. PROVISIONS (NON-CURRENT)

| | As at March 31, 2018 | | As at March 31, 2017 | |
|--|----------------------|----------------|----------------------|----------------|
| | ₹ in crore | USD in million | ₹ in crore | USD in million |
| Provision for employee benefits (Refer note 33) | | | | |
| Leave encashment (unfunded) | 29.58 | 4.54 | 23.73 | 3.66 |
| Gratuity (unfunded) | 23.54 | 3.61 | 22.40 | 3.45 |
| Provision for pension / other benefits | 11.77 | 1.81 | 48.10 | 7.41 |
| Total | 64.89 | 9.96 | 94.23 | 14.52 |

19. CURRENT FINANCIAL LIABILITIES - BORROWINGS

| | As at March 31, 2018 | | As at March 31, 2017 | |
|--|----------------------|----------------|----------------------|----------------|
| | ₹ in crore | USD in million | ₹ in crore | USD in million |
| Secured | | | | |
| Loans repayable on demand | | | | |
| Working capital facilities from banks (Refer Note I below) | 378.34 | 58.05 | 488.30 | 75.26 |
| Other Loans | | | | |
| Buyers' credit (Refer Note II below) | 58.75 | 9.01 | 174.50 | 26.90 |
| Total | 437.09 | 67.06 | 662.80 | 102.16 |

- (I) Working capital facilities availed by the Company from banks are secured by way of :
- First charge on pari passu basis on present and future stock of raw materials, consumables, spares, semi-finished goods, finished goods, book debts and other current assets.
 - Second charge on pari passu basis by way of mortgage of immovable properties and hypothecation of movable assets, both present and future, located at all locations (other than Units at Baddi in Himachal Pradesh and Kadaiya in Daman). Refer Note 11 to Note 14 for carrying amount of current financial assets on which charge has been created.
- (II) Buyers' credit availed by the Company from Yes Bank and IDBI Bank are secured by way of first pari passu charge on the entire current assets and second pari passu charge on all fixed assets located at all locations other than Units at Baddi in Himachal Pradesh and Kadaiya in Daman. Buyers' credit availed from SBI were secured by way of first charge on the specific assets and by way of second charge on the entire current assets and second subservient charges on all fixed assets, present and future, located at all locations other than Units at Baddi in Himachal Pradesh and Kadaiya in Daman. Refer Note 11 to Note 14 for carrying amount of current financial assets on which charge has been created.

20. CURRENT FINANCIAL LIABILITIES – TRADE PAYABLES

| | As at March 31, 2018 ₹ in crore | As at March 31, 2018 USD in million | As at March 31, 2017 ₹ in crore | As at March 31, 2017 USD in million |
|---|---------------------------------------|---|---------------------------------------|---|
| Trade payables | | | | |
| Total outstanding dues of micro enterprises and small enterprises | 19.73 | 3.03 | 17.21 | 2.65 |
| Others | 582.05 | 89.30 | 516.60 | 79.63 |
| Total | 601.78 | 92.33 | 533.81 | 82.28 |
| Note: | | | | |
| DETAILS OF DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES AS PER MSMED ACT, 2006: | | | | |
| (a) Principal amount due to suppliers under MSMED Act, 2006 | 19.73 | 3.03 | 17.21 | 2.65 |
| (b) Interest accrued, due to suppliers under MSMED Act on the above amount, and unpaid | 0.27 | 0.04 | 0.35 | 0.05 |
| (c) Payment made to suppliers (other than interest) beyond the appointed day during the year | 81.51 | 12.51 | 99.36 | 15.32 |
| (d) Interest paid to suppliers under MSMED Act (Section 16) | – | – | – | – |
| (e) Interest due and payable towards suppliers under MSMED Act for payments already made | 7.07 | 1.08 | 5.76 | 0.89 |
| (f) Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act (including interest mentioned in (e) above) | 7.34 | 1.13 | 6.11 | 0.94 |

The above information is given to the extent available with the Company and relied upon by the auditor.

21. CURRENT – OTHER FINANCIAL LIABILITIES

| | As at March 31, 2018 ₹ in crore | As at March 31, 2018 USD in million | As at March 31, 2017 ₹ in crore | As at March 31, 2017 USD in million |
|--|---------------------------------------|---|---------------------------------------|---|
| Current maturities of long-term debt (Refer note 17) | 1,137.62 | 174.54 | 306.68 | 47.27 |
| Unpaid dividends | 1.93 | 0.30 | 2.03 | 0.31 |
| Security Deposit | 18.36 | 2.82 | 17.38 | 2.68 |
| Employee liabilities | 79.51 | 12.20 | 71.59 | 11.04 |
| Payable for capital goods | 29.11 | 4.47 | 34.48 | 5.31 |
| Others | 220.61 | 33.84 | 220.64 | 34.00 |
| Total | 1,487.14 | 228.17 | 652.80 | 100.61 |

22. OTHER CURRENT LIABILITIES

| | As at March 31, 2018 ₹ in crore | As at March 31, 2018 USD in million | As at March 31, 2017 ₹ in crore | As at March 31, 2017 USD in million |
|---------------------------------|---------------------------------------|---|---------------------------------------|---|
| Payable for Statutory dues | 51.21 | 7.86 | 18.60 | 2.87 |
| Advance received from Customers | 9.78 | 1.50 | 18.73 | 2.89 |
| Total | 60.99 | 9.36 | 37.33 | 5.76 |

23. CURRENT PROVISIONS

| | As at March 31, 2018 ₹ in crore | As at March 31, 2018 USD in million | As at March 31, 2017 ₹ in crore | As at March 31, 2017 USD in million |
|--|---------------------------------------|---|---------------------------------------|---|
| Provision for employee benefits | | | | |
| Leave Encashment (unfunded) | 14.84 | 2.28 | 11.65 | 1.80 |
| Gratuity (unfunded) / Pension and other benefits (Refer note 33) | 13.78 | 2.12 | 12.61 | 1.94 |
| | 28.62 | 4.40 | 24.26 | 3.74 |
| Other provisions | | | | |
| Provision for sales return on date expiry [Refer note below] | 15.96 | 2.45 | 14.82 | 2.28 |
| | 15.96 | 2.45 | 14.82 | 2.28 |
| Total | 44.58 | 6.85 | 39.08 | 6.02 |
| Note: | | | | |
| Movement of provision for sales return on date expiry: | | | | |
| Opening Balance | 14.82 | 2.27 | 11.72 | 1.81 |
| Recognised during the year | 20.68 | 3.18 | 19.03 | 2.93 |
| Utilised during the year | (19.54) | (3.00) | (15.93) | (2.46) |
| Closing Balance | 15.96 | 2.45 | 14.82 | 2.28 |

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



24. REVENUE FROM OPERATIONS

| | For the year ended March 31, 2018 ₹ in crore | For the year ended March 31, 2018 USD in million | For the year ended March 31, 2017 ₹ in crore | For the year ended March 31, 2017 USD in million |
|--|--|--|--|--|
| Sale of products (including excise duty) | 3,936.43 | 603.94 | 3,986.79 | 614.53 |
| Sale of services | 0.47 | 0.07 | 1.00 | 0.15 |
| Other operating revenues | – | – | 26.82 | 4.13 |
| Total | 3,936.90 | 604.01 | 4,014.61 | 618.81 |

25. OTHER INCOME

| | For the year ended March 31, 2018 ₹ in crore | For the year ended March 31, 2018 USD in million | For the year ended March 31, 2017 ₹ in crore | For the year ended March 31, 2017 USD in million |
|--|--|--|--|--|
| Profit/(Loss) on sale of Investment including Mark to Market on current investment | 67.79 | 10.40 | 40.54 | 6.25 |
| Interest Income | 29.31 | 4.50 | 63.35 | 9.76 |
| Other non-operating income (Refer note below) | 23.13 | 3.55 | 10.36 | 1.59 |
| Total | 120.23 | 18.45 | 114.25 | 17.60 |

Note:

Other non-operating income includes : Liabilities no more payable of ₹ 9.46 crore (Previous year: ₹ 4.38 crore)

26. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

| | For the year ended March 31, 2018 ₹ in crore | For the year ended March 31, 2018 USD in million | For the year ended March 31, 2017 ₹ in crore | For the year ended March 31, 2017 USD in million |
|------------------------------------|--|--|--|--|
| Opening Inventories | | | | |
| Finished goods | 450.87 | 69.17 | 419.99 | 64.74 |
| Stock in trade | 151.42 | 23.23 | 143.79 | 22.16 |
| Work-in-progress | 77.14 | 11.83 | 89.26 | 13.76 |
| Less: Excise duty on opening stock | (4.35) | (0.67) | (3.83) | (0.59) |
| | 675.08 | 103.56 | 649.21 | 100.07 |
| Closing Inventories | | | | |
| Finished goods | (279.20) | (42.84) | (450.87) | (69.50) |
| Stock in trade | (148.06) | (22.71) | (151.42) | (23.34) |
| Work-in-progress | (69.29) | (10.63) | (77.14) | (11.89) |
| Less: Excise duty on closing stock | – | – | 4.35 | 0.67 |
| | (496.55) | (76.18) | (675.08) | (104.06) |
| (Increase)/Decrease in Inventories | 178.53 | 27.38 | (25.87) | (3.99) |

27. EMPLOYEE BENEFITS EXPENSE

| | For the year ended March 31, 2018 ₹ in crore | For the year ended March 31, 2018 USD in million | For the year ended March 31, 2017 ₹ in crore | For the year ended March 31, 2017 USD in million |
|---|--|--|--|--|
| Salaries and wages (Refer Note 33) | 778.41 | 119.42 | 794.19 | 122.42 |
| Contribution to provident and other funds (Refer Note 33) | 69.50 | 10.66 | 68.92 | 10.62 |
| Share based payments to employees (Refer Note 41) | 6.60 | 1.01 | 10.97 | 1.69 |
| Staff welfare expenses | 82.55 | 12.66 | 92.43 | 14.25 |
| Total | 937.06 | 143.75 | 966.51 | 148.98 |

28. FINANCE COSTS

| | For the year ended March 31, 2018 ₹ in crore | For the year ended March 31, 2018 USD in million | For the year ended March 31, 2017 ₹ in crore | For the year ended March 31, 2017 USD in million |
|--|--|--|--|--|
| Interest expense | | | | |
| on term loans | 180.47 | 27.69 | 139.45 | 21.50 |
| others | 90.54 | 13.89 | 89.28 | 13.76 |
| | 271.01 | 41.58 | 228.73 | 35.26 |
| Other borrowing costs | 2.42 | 0.37 | 3.81 | 0.59 |
| Net Loss on foreign currency transactions and translation | 5.72 | 0.88 | 3.02 | 0.47 |
| | 279.15 | 42.83 | 235.56 | 36.32 |
| Less: Borrowing cost capitalised* | (23.66) | (3.62) | (10.29) | (1.60) |
| *weighted average capitalisation rate - 6.86% (Previous year: 4.65%) | | | | |
| Total | 255.49 | 39.21 | 225.27 | 34.72 |

29. OTHER EXPENSES

| | For the year ended March 31, 2018 ₹ in crore | For the year ended March 31, 2018 USD in million | For the year ended March 31, 2017 ₹ in crore | For the year ended March 31, 2017 USD in million |
|--|--|--|--|--|
| Travelling and conveyance | 101.66 | 15.60 | 100.19 | 15.44 |
| Freight and forwarding | 90.20 | 13.84 | 96.91 | 14.94 |
| Sales promotion and other selling cost | 76.72 | 11.77 | 77.08 | 11.88 |
| Commission on sales | 41.97 | 6.44 | 31.31 | 4.83 |
| Power and fuel | 77.80 | 11.94 | 110.10 | 16.97 |
| Stores and spare parts consumed | 46.94 | 7.20 | 63.77 | 9.83 |
| Chemicals | 13.76 | 2.11 | 27.46 | 4.24 |
| Rent (Refer note 31) | 86.54 | 13.28 | 83.91 | 12.93 |
| Rates and taxes | 16.96 | 2.60 | 16.45 | 2.54 |
| Repairs and maintenance | | | | |
| – to Buildings | 7.95 | 1.22 | 10.91 | 1.68 |
| – to Plant and machinery | 28.05 | 4.30 | 36.01 | 5.55 |
| – to Others | 33.11 | 5.08 | 30.98 | 4.78 |
| Insurance | 22.34 | 3.43 | 25.61 | 3.95 |
| Legal and Professional charges | 246.91 | 37.88 | 277.54 | 42.78 |
| Directors' sitting fees | 0.83 | 0.13 | 0.73 | 0.11 |
| Material for test batches | 5.46 | 0.84 | 10.27 | 1.58 |
| Miscellaneous expenses | 360.54 | 55.31 | 360.58 | 55.57 |
| Total | 1,257.74 | 192.97 | 1,359.81 | 209.60 |

30. (a) EXPENDITURE ON RESEARCH AND DEVELOPMENT

| | For the year ended March 31, 2018 ₹ in crore | For the year ended March 31, 2018 USD in million | For the year ended March 31, 2017 ₹ in crore | For the year ended March 31, 2017 USD in million |
|----------|--|--|--|--|
| Capital* | 156.11 | 23.95 | 174.30 | 26.87 |
| Revenue | 287.20 | 44.06 | 397.13 | 61.21 |
| | 443.31 | 68.01 | 571.43 | 88.08 |

* Including Intangible Assets under Development

- (b) Cost of materials consumed includes excise duty ₹ 12.44 crore (Previous year: ₹ 48.25 crore)

31. LEASE

(a) Operating Lease

The Company has taken office premises on operating lease which are cancellable.

These lease and license agreements for the office premises 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 or any contingent rents payable. There are no subleases.

- (b) The Group has taken certain office premises, motor vehicles and plant and machinery on operating lease. There are no restrictions imposed by lease arrangements. There are no subleases.

Annual commitments for lease payments under non-cancellable operating leases for certain office premises, motor vehicles and plant and machinery:

| | For the year ended March 31, 2018 ₹ in crore | For the year ended March 31, 2018 USD in million | For the year ended March 31, 2017 ₹ in crore | For the year ended March 31, 2017 USD in million |
|--|--|--|--|--|
| Less than 1 year | 8.59 | 1.32 | 13.96 | 2.15 |
| More than 1 year but less than 5 years | 13.75 | 2.11 | 29.60 | 4.56 |
| More than 5 years | – | – | – | – |
| | 22.34 | 3.43 | 43.56 | 6.71 |

(c) Finance lease:

The Group has entered into finance lease for land. These leases are generally for a period ranging 95 years to 99 years. These leases can be extended for further 95 years to 99 years. Except for the initial payment, there are no material annual payments for the aforesaid leases. Refer Note 4 for carrying value.



32. 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:

| | For the year ended March 31, 2018 ₹ in crore | For the year ended March 31, 2018 USD in million | For the year ended March 31, 2017 ₹ in crore | For the year ended March 31, 2017 USD in million |
|---|--|--|--|--|
| Reconciliation of earnings | | | | |
| Profit / (loss) attributable to equity holders of the Company | (608.30) | (93.31) | (195.72) | (30.19) |
| Net Profit / (loss) for calculation of basic / diluted EPS | (608.30) | (93.31) | (195.72) | (30.19) |
| Reconciliation of number of shares | No. of Shares | | No. of Shares | |
| Weighted average number of shares in calculating Basic EPS | 110,575,864 | | 110,535,379 | |
| Add: | | | | |
| Weighted average number of shares under ESOS | 762,216 | | 859,529 | |
| Weighted average number of shares under Optionally Convertible Cumulative Redeemable Preference shares (OCCRPS) | 546,097 | | 403,962 | |
| Weighted average number of equity shares in calculating diluted EPS | 111,884,177 | | 111,798,870 | |
| Earnings per share (face value of ₹ 5/- each) | | | | |
| Earnings per share - Basic in ₹ / USD | (55.01) | (0.84) | (17.71) | (0.27) |
| Earnings per share - Diluted in ₹ / USD | (55.01) | (0.84) | (17.71) | (0.27) |

The holders of Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS) have the option of converting the aforesaid shares into fully paid equity shares of the Company, in one or more tranches, commencing July 04, 2016 till December 31, 2018, at conversion price as per the applicable SEBI formula on the relevant date i.e. June 04, 2016. The said shares, in case not converted, shall get redeemed along with accumulated dividend on December 31, 2018 without any redemption premium. No shareholders have exercised the right of conversion till date. However the same has been considered for calculation of diluted EPS.

33. EMPLOYEE BENEFITS

(I) Disclosure in respect of Wockhardt Limited

Gratuity liability is provided in accordance with the provisions of the Payment of Gratuity Act, 1972 based on actuarial valuation. The plan provides a lump sum gratuity payment to eligible employee at retirement or termination of their employment. The amounts are based on the respective employee's last drawn salary and the years of employment with the Company.

The most recent actuarial valuation of the defined benefit obligation was carried out at the Balance Sheet date. The present value of the defined benefit obligations and the related current service cost and past service cost were measured using the Projected Unit Credit Method.

Based on the actuarial valuation obtained in this respect, the following table sets out the details of the employee benefit obligation as at Balance Sheet date:

(A) Defined benefit plans -

| | For the year ended March 31, 2018 Gratuity (Non-funded) ₹ in crore | For the year ended March 31, 2017 Gratuity (Non-funded) ₹ in crore |
|--|--|--|
| I. Expenses recognised in Profit or Loss: | | |
| 1. Current Service Cost | 3.29 | 2.79 |
| 2. Interest cost | 2.08 | 2.00 |
| 3. Past Service Cost | 1.77 | - |
| Total Expenses | 7.14 | 4.79 |
| II. Expenses recognised in Other Comprehensive Income: | | |
| 1. Actuarial changes arising from changes in demographic assumptions | - | 0.20 |
| 2. Actuarial changes arising from changes in financial assumptions | (0.42) | 0.62 |
| 3. Actuarial changes arising from changes in experience adjustments | 0.15 | 1.58 |
| Total Expenses | (0.27) | 2.40 |
| III. Net Asset / (Liability) recognised as at Balance Sheet date: | | |
| 1. Present value of defined benefit obligation | 34.39 | 31.19 |
| 2. Net Asset / (Liability) | (34.39) | (31.19) |

| | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|--|---|---|
| | Gratuity (Non-funded) ₹ in crore | Gratuity (Non-funded) ₹ in crore |
| IV. Reconciliation of Net Asset / (Liability) recognised as at Balance Sheet date: | | |
| 1. Net Asset /(Liability) at the beginning of year | (31.19) | (26.79) |
| 2. Expense as per (I) & (II) above | (6.87) | (7.19) |
| 3. Benefit paid | 3.67 | 2.79 |
| 4. Net asset / (liability) at the end of the year | (34.39) | (31.19) |
| V. Maturity profile of defined benefit obligation | | |
| 1. Within the next 12 months (next annual reporting period) | 10.84 | 8.79 |
| 2. Between 2 and 5 years | 19.48 | 18.30 |
| 3. Between 6 and 10 years | 8.80 | 8.12 |
| 4. Beyond 10 years | 2.88 | 2.69 |
| VI. Quantitative sensitivity analysis for significant assumptions is as below: | | |
| 1. Increase/(decrease) on present value of defined benefit obligation at the end of the year | | |
| (i) One percent point increase in discount rate | (0.79) | (0.76) |
| (ii) One percent point decrease in discount rate | 0.84 | 0.81 |
| (iii) One percent point increase in rate of salary increase | 0.80 | 0.72 |
| (iv) One percent point decrease in rate of salary increase | (0.77) | (0.70) |
| (v) One percent point increase in attrition rate | (0.12) | (0.13) |
| (vi) One percent point decrease in attrition rate | 0.12 | 0.14 |
| 2. Sensitivity analysis method | | |
| Sensitivity analysis is determined based on the expected movement in liability if the assumptions were not proved to be true on different count. | | |
| VII. Expected contributions to the plan for the next annual reporting period. | 5.76 | 5.37 |
| VIII. Actuarial Assumptions: | | |
| | As at March 31, 2018 | As at March 31, 2017 |
| 1. Discount rate | 7.18% | 6.67% |
| 2. Expected rate of salary increase | 8.00% | 8.00% |
| 3. Attrition rate | 26.00% | 26.00% |
| 4. Mortality | Indian Assured Lives Mortality (2006-08) Ultimate | Indian Assured Lives Mortality (2006-08) Ultimate |

Notes:

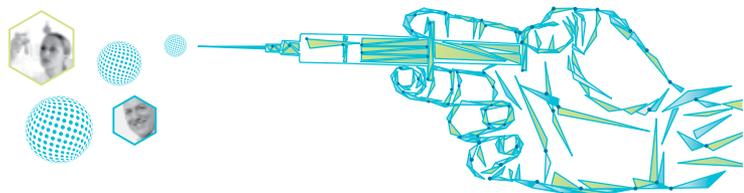
- (a) Amount recognised as an expense in the Statement of Profit and Loss and included in Note 27 under "Salaries and wages" : Gratuity ₹ 7.14 crore (Previous year: ₹ 4.79 crore) and Leave encashment ₹ 21.35 crore (Previous year: ₹ 15.46 crore)
- (b) The estimates of future salary increases considered in the actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.
- (c) The plan above is typically exposed to actuarial risk such as interest risk, mortality risk, Asset Liability Matching risk (ALM) and Salary risk
- (a) Interest risk: The decrease in the bond interest rate will increase the liability.
- (b) Mortality risk: The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
- (c) ALM risk: The plan faces the ALM risk as to the matching cash flow. The Company has to manage payout based on the pay as you go basis from own funds.
- (d) Salary risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

(B) Defined contribution plan -

The Company makes contributions towards provident fund and superannuation fund which are in the nature of defined contribution post employment benefit plans. Under the plan, the Company is required to contribute a specified percentage of payroll cost to fund the benefits.

Amount recognised as an expense in the Statement of Profit and Loss - included in Note 27 - "Contribution to provident and other funds" ₹ 23.00 crore (Previous year: ₹ 20.57 crore).

The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.



(II) Defined contribution plans (In respect of CP Pharmaceuticals Limited, Wockhardt UK Limited and Consolidated Wockpharma Ireland Limited)

During the year, the Group operated a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to ₹ 8.79 crore (Previous year: ₹ 7.86 crore). The outstanding pensions creditor is ₹ 1.14 crore (Previous year: ₹ 1.04 crore).

Defined benefit plans of CP Pharmaceuticals Limited:

The Company operates a funded defined pension scheme. The assets of the scheme are held separately from those of the Company.

The scheme closed to new entrants at the end of February 2004 and all pension accruals ceased on that date. The current service costs will increase as members approach retirement.

The trustees of the pension schemes are required by law to act in the interest of the fund and of all relevant stakeholders in the scheme and are responsible for the investment policy with regard to the assets of the schemes and all other governance matters. The board of trustees must be composed 50% representatives of the Company and plan participants in accordance with the plan's regulations.

Through its defined benefit plans, the Company is exposed to equity price risks, changes in bond yields, inflation risks and risks arising due to changes in life expectancy.

The Balance Sheet net defined benefit liability is determined as follows:

| | As at March 31, 2018 ₹ in crore | As at March 31, 2017 ₹ in crore |
|--|---------------------------------------|---------------------------------------|
| Present value of defined benefit obligations | (365.24) | (349.28) |
| Fair value of plan assets | 355.09 | 300.33 |
| | (10.15) | (48.95) |

Changes in the present value of the defined benefit obligations are as follows:

| | As at March 31, 2018 ₹ in crore | As at March 31, 2017 ₹ in crore |
|--|---------------------------------------|---------------------------------------|
| Defined benefit obligation, beginning of the year | 349.28 | 339.94 |
| Interest expense | 9.36 | 10.64 |
| Benefits paid | (10.79) | (5.30) |
| Remeasurements: Actuarial gains and losses | (28.68) | 58.82 |
| Foreign currency translation | 46.07 | (54.82) |
| Defined benefit obligation, end of the year | 365.24 | 349.28 |

Changes in the fair value of plan assets are as follows:

| | As at March 31, 2018 ₹ in crore | As at March 31, 2017 ₹ in crore |
|---|---------------------------------------|---------------------------------------|
| Fair value of plan assets, beginning of the year | 300.33 | 304.58 |
| Interest income | 8.20 | 9.75 |
| Benefits paid | (10.79) | (5.30) |
| Contributions by employer | 13.77 | 13.54 |
| Remeasurements: Actuarial gains and losses | 3.21 | 27.57 |
| Foreign currency translation | 40.37 | (49.81) |
| Fair value of plan assets, end of the year | 355.09 | 300.33 |

The total costs for the year in relation to defined benefit plans are as follows:

| | For the year ended March 31, 2018 ₹ in crore | For the year ended March 31, 2017 ₹ in crore |
|--|--|--|
| Recognised in profit or loss: | | |
| Net interest expense | 1.16 | 0.89 |
| | 1.16 | 0.89 |
| Recognised in other comprehensive income: | | |
| Remeasurement of the net defined benefit plan | (31.89) | 31.25 |
| | (31.89) | 31.25 |

The fair value of major categories of plan assets are as follows:

| | As at March 31, 2018 % | As at March 31, 2017 % |
|--------------------|------------------------------|------------------------------|
| Equity instruments | 46.00 | 51.90 |
| Debt instruments | 12.70 | 8.20 |
| Annuity policy | 24.30 | 26.10 |
| Other assets | 17.00 | 13.80 |

The return on plan assets are as follows:

| | For the year ended March 31, 2018 ₹ in crore | For the year ended March 31, 2017 ₹ in crore |
|--|--|--|
| Interest income | 8.20 | 9.75 |
| Remeasurements: Actuarial gains and losses | 3.21 | 27.57 |
| Return on assets of benefit plan | 11.41 | 37.32 |

The principal actuarial assumptions as at Balance Sheet date were:

| | As at March 31, 2018 % | As at March 31, 2017 % |
|-------------------------------------|------------------------------|------------------------------|
| Discount rate | 2.60 | 2.55 |
| Expected rate of increase in salary | 3.10 | 3.30 |
| Inflation rate | 2.15 | 2.40 |
| Mortality rates: | | |
| Current pensioners at 65 - male | 22.00 | 22.20 |
| Current pensioners at 65 - female | 24.00 | 24.30 |
| Future pensioners at 65 - male | 23.00 | 23.50 |
| Future pensioners at 65 - female | 25.20 | 25.80 |

Quantitative sensitivity analysis for significant assumptions is as below:

| | For the year ended March 31, 2018 ₹ in crore | For the year ended March 31, 2017 ₹ in crore |
|--|--|--|
| (Increase)/decrease on net defined benefit obligation at the end of the year | | |
| (i) One percent point increase in discount rate | 59.06 | 67.32 |
| (ii) One percent point decrease in discount rate | (81.70) | (93.97) |
| (iii) One percent point increase in inflation rate | (73.58) | (77.00) |
| (iv) One percent point decrease in inflation rate | 53.94 | 61.89 |

Sensitivity analysis method

Sensitivity analysis is determined based on the expected movement in liability if the assumptions were not proved to be true on different count.

34. SEGMENT INFORMATION

The Group is primarily engaged in pharmaceutical business which is considered as the only reportable business segment.

The Chief operating decision maker monitors the operating results of its pharmaceutical business as a whole for the purpose of making decisions about resource allocation and performance assessment.

Information about reportable segments:

| | For the year ended March 31, 2018 ₹ in crore | For the year ended March 31, 2018 USD in million | For the year ended March 31, 2017 ₹ in crore | For the year ended March 31, 2017 USD in million |
|---|--|--|--|--|
| External revenue in the above reportable business segment | 3,936.90 | 604.01 | 4,014.61 | 618.81 |

**Information about geographical areas:****(a) Revenue from external customers:**

| | For the year ended March 31, 2018 ₹ in crore | For the year ended March 31, 2018 USD in million | For the year ended March 31, 2017 ₹ in crore | For the year ended March 31, 2017 USD in million |
|---------------------------|--|--|--|--|
| India | 1,509.59 | 231.61 | 1,526.81 | 235.35 |
| USA | 661.00 | 101.41 | 726.24 | 111.94 |
| Europe | 1,329.06 | 203.91 | 1,392.55 | 214.64 |
| Rest of the world and CIS | 437.25 | 67.08 | 369.01 | 56.88 |
| Total | 3,936.90 | 604.01 | 4,014.61 | 618.81 |

(b) Non current assets (other than financial instruments and deferred tax assets)

| | As at March 31, 2018 ₹ in crore | As at March 31, 2018 USD in million | As at March 31, 2017 ₹ in crore | As at March 31, 2017 USD in million |
|---------------------------|---------------------------------------|---|---------------------------------------|---|
| India | 2,405.72 | 369.09 | 2,474.11 | 381.37 |
| USA | 368.61 | 56.55 | 362.05 | 55.81 |
| Europe | 1,472.90 | 225.97 | 1,214.94 | 187.27 |
| Rest of the world and CIS | 171.17 | 26.26 | 79.69 | 12.28 |
| Total | 4,418.40 | 677.87 | 4,130.79 | 636.73 |

(c) Information about major customer:

There are no major customers contributing to more than 10% of the total revenue.

35. FINANCIAL INSTRUMENTS – FAIR VALUES

(All amounts are in crore of Indian Rupees unless otherwise stated)

A. Accounting classifications and fair values

Carrying value and fair value of financial assets and financial liabilities, including their levels in the fair value hierarchy, are presented below:

| As at March 31, 2018 | Carrying Value | | | Total | Total Fair Value |
|---|-----------------------------------|---|-----------------|-----------------|------------------|
| | Fair value through profit or loss | Fair value through other comprehensive income | Amortised Cost | | |
| Financial Assets | | | | | |
| Non Current Investments | 0.45 | – | – | 0.45 | 0.45 |
| Other Non-Current Financial Assets | – | – | 48.23 | 48.23 | 56.45 |
| Current Investments | 213.25 | – | – | 213.25 | 213.25 |
| Trade receivables | – | – | 962.45 | 962.45 | 962.45 |
| Cash and cash equivalents | – | – | 897.24 | 897.24 | 897.24 |
| Bank balance (other than Cash and cash equivalents) | – | – | 185.01 | 185.01 | 185.01 |
| Other Current Financial Asset | – | – | 8.31 | 8.31 | 8.31 |
| Total | 213.70 | – | 2,101.24 | 2,314.94 | 2,323.16 |
| Financial Liabilities | | | | | |
| Borrowings | – | – | 2,610.20 | 2,610.20 | 2,610.20 |
| Trade payables | – | – | 601.78 | 601.78 | 601.78 |
| Other financial liabilities | – | – | 1,487.14 | 1,487.14 | 1,487.14 |
| Total | – | – | 4,699.12 | 4,699.12 | 4,699.12 |

| As at March 31, 2018 | Fair Value | | | Total |
|------------------------------------|---|---|---|-----------------|
| | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) | |
| Financial Assets | | | | |
| Non Current Investments | – | – | 0.45 | 0.45 |
| Other Non-Current Financial Assets | – | 56.45 | – | 56.45 |
| Current Investments | 213.25 | – | – | 213.25 |
| Total | 213.25 | 56.45 | 0.45 | 270.15 |
| Financial Liabilities | | | | |
| Borrowings | – | 2,610.20 | – | 2,610.20 |
| Total | – | 2,610.20 | – | 2,610.20 |

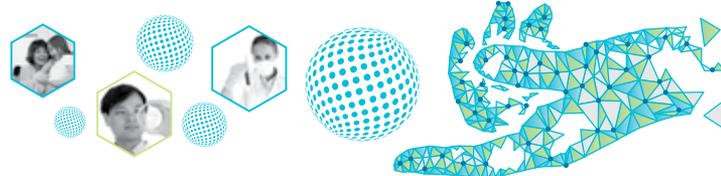
| As at March 31, 2017 | Carrying Value | | | Total | Total Fair Value |
|---|-----------------------------------|---|-----------------|-----------------|------------------|
| | Fair value through profit or loss | Fair value through other comprehensive income | Amortised Cost | | |
| Financial Assets | | | | | |
| Non Current Investments | 0.45 | – | – | 0.45 | 0.45 |
| Other Non-Current Financial Assets | – | – | 48.57 | 48.57 | 58.34 |
| Current Investments | 562.27 | – | – | 562.27 | 562.27 |
| Trade receivables | – | – | 1,034.45 | 1,034.45 | 1,034.45 |
| Cash and cash equivalents | – | – | 963.64 | 963.64 | 963.64 |
| Bank balance (other than Cash and cash equivalents) | – | – | 639.97 | 639.97 | 639.97 |
| Other Current Financial Asset | – | – | 29.24 | 29.24 | 29.24 |
| Total | 562.72 | – | 2,715.87 | 3,278.59 | 3,288.36 |
| Financial Liabilities | | | | | |
| Borrowings | – | – | 3,853.07 | 3,853.07 | 3,856.98 |
| Trade payables | – | – | 533.81 | 533.81 | 533.81 |
| Other financial liabilities (excluding Mark to Market on Derivatives) | – | – | 651.44 | 651.44 | 651.44 |
| Derivatives - Mark to market on Derivatives | 1.36 | – | – | 1.36 | 1.36 |
| Total | 1.36 | – | 5,038.32 | 5,039.68 | 5,043.59 |

| As at March 31, 2017 | Fair Value | | | Total |
|---|---|---|---|-----------------|
| | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) | |
| Financial Assets | | | | |
| Non Current Investments | – | – | 0.45 | 0.45 |
| Other Non-Current Financial Assets | – | 58.34 | – | 58.34 |
| Current Investments | 562.27 | – | – | 562.27 |
| Total | 562.27 | 58.34 | 0.45 | 621.06 |
| Financial Liabilities | | | | |
| Borrowings | – | 3,856.98 | – | 3,856.98 |
| Derivatives - Mark to market on Derivatives | – | 1.36 | – | 1.36 |
| Total | – | 3,858.34 | – | 3,858.34 |

Measurement of fair values:

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- The fair values of the loans taken from banks and other parties, and preference shares is estimated by discounting cash flows using rates currently available for debt/instruments on similar terms, credit risks and remaining maturities. Management regularly assesses a range of reasonably possible alternatives for those significant observable inputs and determines their impact on the total fair value.



- The fair value of Investment in Unquoted Equity shares of Narmada Clean Tech Limited (formerly known as Bharuch Eco-Aqua Infrastructure Limited) and Bharuch Enviro Infrastructure Limited are taken as cost of acquisition considering the statutory requirement of regulatory authorities relating to purchase and restriction on transfer. The change in the unobservable inputs for unquoted equity instruments does not have a significant impact in its value.

The following tables show the valuation techniques used in measuring Level 2 fair values, as well as the significant inputs used.

Financial instruments measured at fair value

| Type | Valuation technique |
|---------------------------------|--|
| Preference shares | Discounted cash flows: The valuation model considers the present value of expected receipt / payment discounted using appropriate discounting rates. |
| Security deposits against lease | |
| Mark to Market on Derivatives | Forward pricing: The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currency. |

36. FINANCIAL RISK MANAGEMENT

(All amounts are in crore of Indian Rupees unless otherwise stated)

The Group has exposure to the following risks arising from financial instruments:

- Credit risk ;
- Liquidity risk ; and
- Market risk

Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's Risk Management Framework encompasses practices relating to the identification, analysis, evaluation, treatment, mitigation and monitoring of the strategic, external and operational control risks in achieving key business objectives.

The Company has laid down the procedure for risk assessment and their mitigation through an Internal Risk Committee. Key risks and their mitigation arising out of periodic reviews by the Committee are assessed and reported to the Audit Committee, on a periodic basis.

The Company's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to policies and procedures.

The Company has an independent Internal Audit and assurance team. There is a practice of reviewing various key select risks and report to Audit Committee from time to time. The Company, has also, during the year, has adopted a co-sourced model for internal audit. The internal audit team carry out internal audit reviews in accordance with the approved internal audit plan. Internal audit team reviews the status of implementation of internal audit recommendations. Summary of Critical observations if any and recommendations under implementation are reported to the Audit Committee.

I. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investment securities. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. The Group establishes an allowance for doubtful debts and impairment that represents its estimate of incurred and expected losses in respect of trade and other receivables and investments.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business.

As at March 31, 2018 and March 31, 2017, the Group did not have any significant concentration of credit risk with any external customers.

Expected credit loss assessment for customers as at March 31, 2018 and March 31, 2017:

The Group allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of loss (e.g. timeliness of payments, available information etc.) and applying experienced credit judgement.

Exposures to customers outstanding at the end of each reporting period are reviewed by the Group to determine incurred and expected credit losses. Given that the macro economic indicators affecting customers of the Group have not undergone any substantial change, the Group expects the historical trend of minimal credit losses to continue.

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows.

| | As at March 31, 2018 | | As at March 31, 2017 | |
|-----------------------|----------------------|----------------------------|----------------------|----------------------------|
| | Net carrying amount | Weighted average loss rate | Net carrying amount | Weighted average loss rate |
| Not due not impaired | 669.18 | 1.46% | 602.40 | 2.34% |
| Past due 1-180 days | 265.73 | 5.77% | 152.20 | 6.12% |
| Past due 181-360 days | 17.57 | 40.26% | 77.22 | 33.01% |
| More than 360 days | 9.97 | 92.02% | 202.63 | 34.49% |
| | 962.45 | | 1,034.45 | |

The movement in the loss allowance in respect of trade and other receivables during the year was as follows:

| | As at March 31, 2018 | As at March 31, 2017 |
|----------------------------|-------------------------|-------------------------|
| Opening Balance | 154.66 | 161.22 |
| Impairment loss recognised | 2.39 | 8.15 |
| Bad debts | (4.03) | (14.71) |
| Closing Balance | 153.02 | 154.66 |

The Management believes that the unimpaired amounts that are past due by more than 180 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.

Cash and bank balances

The Group held cash and bank balances of ₹ 1,082.25 crore (Previous year: ₹ 1,603.61 crore). The cash and bank balances are held with bank and financial institution counterparties with good credit rating.

Derivatives

The forward contract has been entered into with banks / financial institution counterparties with good credit rating. There are no outstanding forward/derivative contracts as on March 31, 2018.

Others

Other than trade receivables reported above, the Group has no other financial assets that is past due but not impaired.

II. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities. The Group monitors the net liquidity position through forecasts on the basis of expected cash flows.

The Group has obtained fund and non-fund based working capital lines from various banks. Furthermore, the Group has access to funds from debt markets.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

| As at March 31, 2018 | Carrying amount | Contractual cash flows | | | |
|---|-----------------|------------------------|-----------------|-----------------|-------------------|
| | | Total | 0-12 months | 1- 5 years | More than 5 years |
| Non-derivative financial liabilities | | | | | |
| Term loans from banks/Financial Institutions (including interest) | 2,964.11 | 3,309.08 | 924.83 | 2,384.25 | - |
| Other borrowings (excluding preference shares) | 64.91 | 65.76 | 59.66 | 3.03 | 3.07 |
| Preference shares | 340.46 | 367.06 | 367.06 | - | - |
| Working capital loans from banks (repayable on demand) | 378.34 | 378.34 | 378.34 | - | - |
| Trade payables and Other Current Financial Liabilities | 951.30 | 951.30 | 951.30 | - | - |
| Derivative financial liabilities - for hedging | | | | | |
| Forward exchange contracts (gross settled) | | | | | |
| - Outflow | - | - | - | - | - |
| - Inflow | - | - | - | - | - |
| | 4,699.12 | 5,071.54 | 2,681.19 | 2,387.28 | 3.07 |

| As at March 31, 2017 | Carrying amount | Contractual cash flows | | | |
|---|-----------------|------------------------|-----------------|-----------------|-------------------|
| | | Total | 0-12 months | 1- 5 years | More than 5 years |
| Non-derivative financial liabilities | | | | | |
| Term loans from banks/Financial Institutions (including interest) | 3,192.39 | 3,672.69 | 449.16 | 3,158.52 | 65.01 |
| Other borrowings (excluding preference shares) | 178.21 | 179.17 | 176.72 | 2.45 | - |
| Preference shares | 300.85 | 367.06 | - | 367.06 | - |
| Working capital loans from banks (repayable on demand) | 488.30 | 488.30 | 488.30 | - | - |
| Trade payables and Other Current Financial Liabilities | 879.93 | 879.93 | 879.93 | - | - |
| Derivative financial liabilities - for hedging | | | | | |
| Forward exchange contracts (gross settled) | | | | | |
| - Outflow | (32.44) | (32.44) | (32.44) | - | - |
| - Inflow | 33.78 | 33.78 | 33.78 | - | - |
| | 5,041.02 | 5,588.49 | 1,995.45 | 3,528.03 | 65.01 |



III. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and other prices such as equity price. These will affect the Group's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. Financial instruments affected by market risk include loans, borrowings and deposits. The Market risk the Group is exposed can be classified as Currency risk and Interest rate risk .

(a) Currency risk:

The Group is exposed to currency risk on account of its operations in other countries. The functional currency of the Group is Indian Rupee. Exposure to currency risk is in respect of commercial transactions, assets and liabilities in each entity denominated in a currency other than its functional currency. The Foreign currency exchange rate exposure is partly balanced by foreign exchange contracts and through natural hedge. The Group evaluates exchange rate exposure arising from foreign currency transactions and follows established risk management policies.

As per the policy defined by the Board of Directors and monitored by a committee as nominated by Board, the Group enters into foreign currency forward contracts which are not intended for trading or speculative purposes but for hedge purposes to establish the amount of reporting currency required or available at the settlement date of certain payables/receivables.

The Group also enters into derivative contracts in order to hedge and manage its foreign currency exposures towards future loan repayment.

Exposure to currency risk

The Group's exposure to foreign currency risk (including intercompany receivables and payables) as at March 31, 2018 and March 31, 2017 are as below:

| | Currency | As at March 31, 2018 | | As at March 31, 2017 | |
|--|----------|---|------------|---|------------|
| | | Amount in Foreign Currency (in million) | ₹ in crore | Amount in Foreign Currency (in million) | ₹ in crore |
| Loan Aailed | EUR | 2.21 | 17.79 | 8.77 | 60.82 |
| | JPY | – | – | 183.00 | 10.61 |
| | USD | 87.29 | 568.99 | 116.84 | 757.99 |
| | GBP | – | – | 0.13 | 1.07 |
| Trade Receivables | EUR | 3.02 | 24.28 | 4.67 | 32.39 |
| | GBP | 52.67 | 482.14 | 9.05 | 73.21 |
| | USD | 86.32 | 562.64 | 19.97 | 129.55 |
| | RUB | 548.42 | 62.25 | 543.38 | 62.40 |
| | MXN | 101.63 | 36.42 | 83.93 | 29.04 |
| | AUD | 3.47 | 17.41 | – | – |
| Loans and Advances and Other Receivables | EUR | 15.44 | 123.99 | 9.94 | 68.90 |
| | USD | 4.15 | 27.07 | 9.80 | 63.58 |
| | CHF | 0.55 | 3.75 | 0.06 | 0.38 |
| | GBP | 0.02 | 0.14 | – | – |
| | AED | 0.28 | 0.50 | – | – |
| | MXN | 9.41 | 3.37 | 29.08 | 10.06 |
| Trade payables and Other Liabilities | EUR | 3.05 | 24.49 | 7.31 | 50.68 |
| | GBP | 2.47 | 22.58 | 10.17 | 82.22 |
| | MXN | 23.57 | 8.45 | 20.33 | 7.04 |
| | USD | 14.10 | 91.89 | 14.77 | 95.82 |
| | JPY | 15.29 | 0.94 | – | – |
| | AED | 4.35 | 7.70 | – | – |
| | RUB | 166.27 | 18.87 | 57.96 | 6.66 |
| Investment | CHF | 2.43 | 16.58 | 21.12 | 136.92 |
| | EUR | 0.02 | 0.18 | 12.39 | 85.87 |
| | GBP | – | – | 1.29 | 10.44 |
| | JPY | – | – | 225.20 | 13.06 |
| Bank | GBP | 10.75 | 98.39 | 2.35 | 19.02 |
| | EUR | 1.92 | 15.39 | 2.94 | 20.35 |
| | USD | 1.13 | 7.37 | 0.68 | 4.40 |
| Derivatives | USD | – | – | 5.00 | 33.78 |

Sensitivity analysis

A reasonably possible strengthening / (weakening) of the USD, GBP, EUR, RUB and MXN against all other currencies at March 31 would have affected the measurement of financial instruments denominated in foreign currencies and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

| Effect in ₹ | Profit or loss before tax Gain/(Loss) | | Equity, gross of tax Increase/(Decrease) | |
|-----------------------|--|-------------------------|---|-------------------------|
| | Strongening ₹ in crore | Weakening ₹ in crore | Strongening ₹ in crore | Weakening ₹ in crore |
| March 31, 2018 | | | | |
| 5% movement | | | | |
| USD | 25.26 | (25.26) | 6.84 | (6.84) |
| GBP | 27.90 | (27.90) | 27.90 | (27.90) |
| EUR | 6.08 | (6.08) | 6.08 | (6.08) |
| RUB | 2.17 | (2.17) | 2.17 | (2.17) |
| MXN | 1.57 | (1.57) | 1.57 | (1.57) |
| | 62.98 | (62.98) | 44.56 | (44.56) |

| Effect in ₹ | Profit or loss before tax Gain/(Loss) | | Equity, gross of tax Increase/(Decrease) | |
|-----------------------|--|-------------------------|---|-------------------------|
| | Strongening ₹ in crore | Weakening ₹ in crore | Strongening ₹ in crore | Weakening ₹ in crore |
| March 31, 2017 | | | | |
| 5% movement | | | | |
| USD | (2.06) | 2.06 | (34.50) | 34.50 |
| GBP | 0.97 | (0.97) | 0.97 | (0.97) |
| EUR | 4.80 | (4.80) | 4.80 | (4.80) |
| RUB | 2.79 | (2.79) | 2.79 | (2.79) |
| MXN | 1.60 | (1.60) | 1.60 | (1.60) |
| | 8.10 | (8.10) | (24.34) | 24.34 |

(b) Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing instruments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing instruments will fluctuate because of fluctuations in the interest rates.

Exposure to interest rate risk

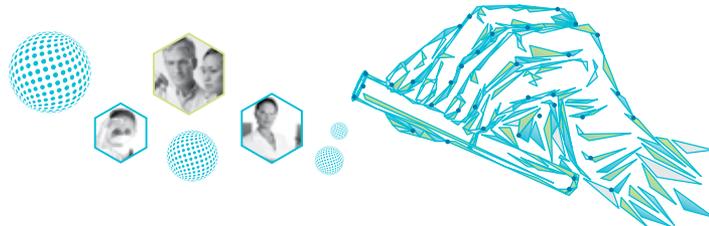
The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows:

| | Nominal amount | |
|----------------------------------|----------------------|----------------------|
| | As at March 31, 2018 | As at March 31, 2017 |
| Variable-rate instruments | | |
| Financial liabilities | 3,342.46 | 3,680.69 |
| | 3,342.46 | 3,680.69 |
| Fixed-rate instruments | | |
| Financial liabilities | 405.36 | 479.06 |
| | 405.36 | 479.06 |

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

| Variable-rate instruments | Impact on Profit / (loss) – Increase / (Decrease) in Profit (before tax) | |
|---------------------------|---|--------------------------------------|
| | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
| 100 bp increase | (33.42) | (36.81) |
| 100 bp decrease | 33.42 | 36.81 |



IV. Off-setting or similar agreements

The following table presents the recognised financial instruments that are offset, or subject to enforceable master netting arrangements and other similar agreements but not offset, as at March 31, 2018 and March 31, 2017.

| March 31, 2018 | Effects of offsetting on the Balance Sheet | | | Amounts subject to master netting | | |
|------------------------------|--|--|--|-----------------------------------|---------------------------------|------------|
| | Gross Amounts | Gross amounts set off in the Balance Sheet | Net amounts presented in the Balance Sheet | Related amounts not offset | Financial Instrument Collateral | Net amount |
| Financial liabilities | | | | | | |
| Borrowings | – | – | – | 1,629.50 | 45.00 | 1,584.50 |

| March 31, 2017 | Effects of offsetting on the Balance Sheet | | | Amounts subject to master netting | | |
|------------------------------|--|--|--|-----------------------------------|---------------------------------|------------|
| | Gross Amounts | Gross amounts set off in the Balance Sheet | Net amounts presented in the Balance Sheet | Related amounts not offset | Financial Instrument Collateral | Net amount |
| Financial liabilities | | | | | | |
| Borrowings | – | – | – | 1,621.88 | 45.00 | 1,576.88 |

(a) Offsetting arrangements

Borrowings

The Company is required to maintain fixed deposits on hypothecation for loan availed, by one of the subsidiary Wockhardt Bio AG, of USD 250 million. The cash cannot be withdrawn or used by the Company for liquidity purposes whilst the borrowing is outstanding. However, upon maturity of the borrowing, the Company and the lender do not intend to net settle. Hence the fixed deposit and the borrowing are not net settled.

37. CAPITAL MANAGEMENT

The Group's capital management is intended to create value for shareholders by facilitating the meeting of long-term and short-term goals of the Group.

The Group determines the amount of capital required on the basis of annual and long-term strategic plans. The Group's policy is aimed at combination of short-term and long-term borrowings.

The Group monitors the capital structure on the basis of 'adjusted net debt' to 'adjusted equity'. For this purpose adjusted net debt is defined as total liabilities comprising interest bearing loans and borrowings and obligations under finance lease, less cash and cash equivalents, bank balance and current investments. Adjusted equity comprises total Equity (other than amounts accumulated in the hedging reserve, if any).

The following table summarises the capital of the Group:

| | As at March 31, 2018 ₹ in crore | As at March 31, 2017 ₹ in crore |
|---|---------------------------------------|---------------------------------------|
| Total Borrowings | 3,747.82 | 4,159.75 |
| Less : Cash and cash equivalents, Bank balance and Current investment | 1,295.50 | 2,165.88 |
| Adjusted net debt | 2,452.32 | 1,993.87 |
| Adjusted equity | 3,197.88 | 3,718.65 |
| Adjusted net debt to adjusted equity ratio | 0.77 | 0.54 |

38. The Group's New Chemical Entity ('NCE') research program continued to progress in their Clinical Trials during the Financial Year 2017-18. Development Expenses incurred during the year ₹ 145.92 crore (Previous year: ₹ 122.54 crore) has been capitalised and included under 'Intangible assets under development' as at March 31, 2018.

Further, during the year, on a significant positive, the Company received approvals of PICS (Malaysia), COFEPRIS (Mexico Latam) and GCC audit approvals at Biotech API & Formulation plants in India. EU GMP Certification of Shendra Site at Aurangabad, India till February 2020 was also received.

Efforts towards remediation and compliances measures to address US FDA matters on the manufacturing facilities continue to be in place.

39. RELATED PARTY DISCLOSURES

As per Indian Accounting Standard 24, the disclosures of transactions with the related parties are given below:

(a) Parties where significant influence/control exists

Other parties exercising control

Humuza Consultants *

*Themisto Trustee Company Private Limited holds shares in the Company in its capacity as the trustee of Habil Khorakiwala Trust which in turn holds these shares in its capacity as the partner of the partnership firm Humuza Consultants.

Habil Khorakiwala Trust (w.e.f. March 22, 2017) **

** Themisto Trustee Company Private Limited holds shares in the Company in its capacity as the trustee of Habil Khorakiwala Trust.

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

Enterprises over which Key Managerial Personnel exercise significant influence/control

The Peace Mission Pvt Ltd w.e.f. December 28, 2016 (formerly Tohfaa Gifting Private Limited)
 Palanpur Holdings and Investments Private Limited
 Khorakiwala Holdings and Investments Private Limited
 Dartmour Holdings Private Limited
 Wockhardt Hospitals Limited
 Amalthea Consultants
 Lysithea Consultants
 HNZ Consultants
 Amalthea Discretionary Trust (w.e.f. March 23, 2017)
 Lysithea Discretionary Trust (w.e.f. March 23, 2017)
 HNZ Discretionary Trust (w.e.f. March 23, 2017)
 Merind Limited
 Wockhardt Foundation
 Carol Info Services Limited
 Dr. Habil Khorakiwala Education and Health Foundation (Trust)-[Wockhardt Global School]

Key managerial personnel

H.F. Khorakiwala – Chairman
 Shekhar Datta – Non-Executive Independent Director
 Aman Mehta – Non-Executive Independent Director
 D S Brar – Non-Executive Independent Director
 Sanjaya Baru – Non-Executive Independent Director
 Tasneem Mehta – Non-Executive Independent Director
 Baldev Raj Arora – Non-Executive Independent Director
 Vinesh Kumar Jairath – Additional, Non-Executive Independent Director (w.e.f. November 10, 2016)
 Zahabiya Khorakiwala – Non-Executive Non-Independent Director (w.e.f. October 30, 2017)
 Huzaifa Khorakiwala – Executive Director
 Murtaza Khorakiwala – Managing Director

Relatives of Key managerial personnel

N.H. Khorakiwala

(c) Transactions with related parties during the year

(All the amounts mentioned below for the disclosure are the contractual amounts based on the arrangement with respective parties)

| | For the year ended March 31, 2018 ₹ in crore | For the year ended March 31, 2018 USD in million | For the year ended March 31, 2017 ₹ in crore | For the year ended March 31, 2017 USD in million |
|---|--|--|--|--|
| Key managerial personnel | | | | |
| Remuneration paid/payable [Chairman ₹ 2.80 crore (Previous year: ₹ 1.32 crore), Managing Director ₹ 2.40 crore (Previous year: ₹ 1.33 crore), Executive Director ₹ 2.40 crore (Previous year: ₹ 1.33 crore)] | 7.60 | 1.17 | 3.98 | 0.62 |
| Contribution to Provident fund [Chairman ₹ 0.32 crore (Previous year: ₹ 0.16 crore), Managing Director ₹ 0.34 crore (Previous year: ₹ 0.16 crore), Executive Director ₹ 0.34 crore (Previous year: ₹ 0.16 crore)] | 1.00 | 0.15 | 0.48 | 0.07 |
| Remuneration paid by one of the Subsidiary | | | | |
| Chairman | 33.53 | 5.14 | 34.00 | 5.24 |
| Dividend paid by one of the Subsidiary | | | | |
| Chairman | – | – | 19.16 | 2.95 |
| Dividend paid [Chairman ₹ Nil (Previous year: ₹ 0.44 crore), Managing Director ₹ Nil (Previous year: ₹ 0.23 crore), Executive Director ₹ Nil (Previous year: ₹ 0.22 crore)] | – | – | 0.89 | 0.14 |
| Director sitting fee paid [Shekhar Datta ₹ 0.12 crore (Previous year: ₹ 0.09 crore), D S Brar ₹ 0.12 crore (Previous year: ₹ 0.12 crore), Sanjaya Baru ₹ 0.09 crore (Previous year: ₹ 0.12 crore), Tasneem Mehta ₹ 0.12 crore (Previous year: ₹ 0.12 crore), Baldev Raj Arora ₹ 0.12 crore (Previous year: ₹ 0.12 crore), Aman Mehta ₹ 0.12 crore (Previous year: ₹ 0.12 crore), Vinesh Kumar Jairath ₹ 0.12 crore (Previous year: ₹ 0.04 crore), Zahabiya Khorakiwala ₹ 0.02 crore (Previous year: ₹ Nil)] | 0.83 | 0.13 | 0.73 | 0.11 |



| | For the year ended March 31, 2018 ₹ in crore | For the year ended March 31, 2018 USD in million | For the year ended March 31, 2017 ₹ in crore | For the year ended March 31, 2017 USD in million |
|--|--|--|--|--|
| Reimbursement of Expenses [(D S Brar ₹ 0.005 crore (Previous year- ₹ Nil), Shekhar Datta ₹ 0.02 crore (Previous year: ₹ Nil) and Huzaifa Khorakiwala ₹ 0.01 crore (Previous year: ₹ Nil)] | 0.04 | 0.01 | – | – |
| Relatives of Key managerial personnel | | | | |
| Dividend paid | – | – | 0.003 | 0.00 |
| Other parties exercising control | | | | |
| Dividend paid to Humuza Consultants | – | – | 65.90 | 10.16 |
| Security deposit received from Humuza Consultants | 0.01 | 0.00 | – | – |
| Security deposit repaid to Humuza Consultants | 0.01 | 0.00 | – | – |
| Enterprise over which Key Managerial Personnel exercise significant influence/Control | | | | |
| Rent paid [Palanpur Holdings and Investments Private Limited ₹ 0.92 crore (Previous year: ₹ 0.92 crore), Wockhardt Hospitals Limited ₹ 0.72 crore (Previous year: ₹ 0.72 crore), Carol Info Services Limited ₹ 66.20 crore (Previous year: ₹ 62.25 crore)] | 67.84 | 10.41 | 63.89 | 9.85 |
| Contribution and reimbursement of expenses given to Wockhardt Foundation | 4.67 | 0.72 | 7.92 | 1.22 |
| Advance to Wockhardt Foundation | – | – | 0.39 | 0.06 |
| Donation paid to Habil Khorakiwala Education and Health Trust | 1.23 | 0.19 | 0.39 | 0.06 |
| Reimbursement of Expenses [Wockhardt Hospitals Limited ₹ 0.14 crore (Previous year: ₹ 0.17 crore), Carol Info Services Limited ₹ 1.78 crore (Previous year: ₹ 1.58 crore), The Peace Mission Private Limited (formerly Tohfaa Gifting Private Limited) ₹ 0.45 crore (Previous year: ₹ 0.34 crore)] | 2.37 | 0.36 | 2.09 | 0.32 |
| Rent income [Wockhardt Hospitals Limited ₹ 0.01 crore (Previous year: ₹ 0.02 crore), Wockhardt Foundation ₹ 0.01 crore (Previous year: ₹ 0.01 crore), Dr. Habil Khorakiwala Education and Health Foundation (Trust) ₹ 0.02 crore (Previous year: ₹ 0.01 crore)] | 0.04 | 0.01 | 0.04 | 0.01 |
| Recovery of expenses from Wockhardt Hospitals Limited ₹ 0.49 crore (Previous year: ₹ Nil), Palanpur Holdings and Investments Private Limited ₹ Nil (Previous year: ₹ 0.002 crore) | 0.49 | 0.08 | 0.002 | 0.00 |
| Dividend paid [Khorakiwala Holdings and Investments Private Limited ₹ 0.01 crore (Previous year: ₹ 0.01 crore), Amalthea Consultants ₹ Nil (Previous year: ₹ 5.00 crore), Lysithea Consultants ₹ Nil (Previous year: ₹ 5.00 crore), HNZ Consultants ₹ Nil (Previous year: ₹ 5.20 crore)] | 0.01 | 0.00 | 15.21 | 2.34 |

(d) Related party balances

(All the amounts mentioned below for the disclosure are the contractual amounts based on the arrangement with respective parties. Where such amounts are different from carrying amounts as per Ind AS Financial Statements, their carrying values have been separately disclosed in brackets)

| | As at March 31, 2018 ₹ in crore | As at March 31, 2018 USD in million | As at March 31, 2017 ₹ in crore | As at March 31, 2017 USD in million |
|--|---------------------------------------|---|---------------------------------------|---|
| Security deposit given to Carol Info Services Limited - Transaction value [Carrying amount ₹ 30.37 crore (Previous year: ₹ 28.18 crore)] | 55.50 | 8.51 | 55.50 | 8.55 |
| Payable to Enterprises over which Key Managerial Personnel exercise significant influence/control [Wockhardt Hospitals Limited ₹ Nil (Previous year: ₹ 0.68 crore), Carol Info Services Limited ₹ 25.49 crore (Previous year: ₹ 24.16 crore), Palanpur Holdings and Investments Private Limited ₹ 0.08 crore (Previous year: ₹ Nil)] | 25.57 | 3.92 | 24.84 | 3.83 |
| Receivable from/(Payable to) Key Managerial Personnel (Salary advance given to and fully recovered during the year from Managing Director ₹ 0.41 crore) | – | – | – | – |
| Receivable from Enterprises over which Key Managerial Personnel exercise significant influence/control [Wockhardt Hospitals Limited ₹ 0.30 crore (Previous year: ₹ Nil), Merind Limited ₹ 0.57 crore (Previous year: ₹ 0.57 crore), Wockhardt Foundation ₹ 0.01 crore (Previous year: ₹ 0.001 crore), Palanpur Holdings and Investments Private Limited ₹ Nil (Previous year: ₹ 0.002 crore), Dr. Habil Khorakiwala Education and Health Foundation (Trust) ₹ 0.04 crore (Previous year: ₹ Nil)] | 0.92 | 0.14 | 0.57 | 0.09 |
| Security deposit given to Palanpur Holdings and Investments Private Limited | 2.75 | 0.42 | 2.75 | 0.42 |
| Advance given to Wockhardt Foundation | – | – | 0.39 | 0.06 |

40. NON-CONTROLLING INTERESTS

The following table summarises the consolidated financial information relating to the Group's subsidiary that has material non-controlling interests:

| Name | Country of incorporation | As at March 31, 2018 | As at March 31, 2017 |
|------------------|--------------------------|----------------------|----------------------|
| Wockhardt Bio AG | Switzerland | 14.15% | 14.15% |

| | For the year ended March 31, 2018 ₹ in crore | For the year ended March 31, 2017 ₹ in crore |
|---|---|---|
| Revenue from operations | 2,167.83 | 2,242.10 |
| Profit / (Loss) for the year | (413.77) | (214.27) |
| Other comprehensive income / (loss) for the year | 157.87 | (177.18) |
| Total comprehensive income / (loss) for the year | (255.90) | (391.45) |
| Profit / (Loss) allocated to Non-Controlling Interests | (58.55) | (30.32) |
| Total comprehensive income / (loss) allocated to Non-Controlling Interests | (36.21) | (55.39) |

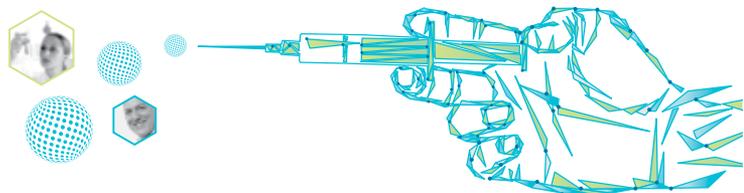
| | As at March 31, 2018 ₹ in crore | As at March 31, 2017 ₹ in crore |
|---|------------------------------------|------------------------------------|
| Non-current assets | 2,539.80 | 1,709.86 |
| Current assets | 2,900.20 | 3,644.34 |
| Non-current liabilities | 1,572.90 | 1,873.01 |
| Current liabilities | 1,423.79 | 764.49 |
| Net assets | 2,443.31 | 2,716.70 |
| Net assets attributable to Non-Controlling Interests | 345.73 | 381.94 |

| | As at March 31, 2018 ₹ in crore | As at March 31, 2017 ₹ in crore |
|--|------------------------------------|------------------------------------|
| Cash flows from/(used in) operating activities | (28.47) | 19.46 |
| Cash flows from/(used in) investing activities | (40.85) | (765.53) |
| Cash flows from/(used in) financing activities (Previous year: dividends to Non-controlling interests: ₹ 28.00 crore) | (158.94) | 1,135.31 |
| Foreign currency translation differences | 110.82 | (123.26) |
| Net increase/(decrease) in cash and cash equivalents | (117.44) | 265.98 |

41. SHARE BASED PAYMENTS TO EMPLOYEES

The Compensation Committee of the Board of Directors of the Company has, under Wockhardt Stock Option Scheme-2011 ('the Scheme' or 'ESOS') granted 60,000 options @ ₹ 397/- per option (Grant 1), another 60,000 options @ ₹ 365/- per option (Grant 2), 1,420,000 options @ ₹ 5/- per option (Grant 3), 350,000 options @ ₹ 5/- per option (Grant 4), 8,500 options @ ₹ 5/- per option (Grant 5), 200,000 options @ ₹ 5/- per option (Grant 6) and 223,500 options @ ₹ 5/- per options (Grant 7) in accordance with the provisions of Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014, to the selected employees (including Independent Directors) of the Company and its Subsidiaries. The method of settlement is by issue of equity shares to the selected employees (including Independent Directors) who have exercised the options. The scheme shall be administered by the compensation committee of Board of Directors.

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



Employee stock option activity under Scheme 2011 is as follows:

| | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|--|--------------------------------------|--------------------------------------|
| (a) Outstanding at beginning of the year | 883,125 | 698,750 |
| (b) Granted during the year* | – | 223,500 |
| (c) Lapsed during the year (re-issuable) | 53,700 | – |
| (d) Exercised during the year | 82,425 | 39,125 |
| (e) Outstanding at the end of the year : | 747,000 | 883,125 |
| of which | | |
| Options vested and exercisable at the end of the year | 403,600 | 389,275 |
| Range of weighted average share price on the date of exercise per share | ₹ 584.90 - ₹ 742.02 | ₹ 948.70 |
| Weighted average share price for the period | 700.19 | 828.57 |
| Range of weighted average fair value of options on the date of grant per share | ₹ 106.47 – ₹ 1,949.76 | |
| No option has been forfeited during the year or in the previous year. | | |

| | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|--------------------------------------|--------------------------------------|
| Net profit / (loss) as reported in Statement of Profit and Loss (₹ in crore) | (608.30) | (195.72) |
| Basic earnings per share as reported (₹) | (55.01) | (17.71) |
| Diluted earnings per share as reported (₹) | (55.01) | (17.71) |
| Fair value of the options have been computed as per the Black Scholes Pricing Model | | |
| The key assumptions used to estimate the fair value of options are : | | |
| Range of stock price at the time of option grant (₹ Per share) | ₹ 414 - ₹ 1,954.20 | ₹ 414 - ₹ 1,954.20 |
| Range of expected life | 1.50 years - 7.75 years | 1.50 years - 7.75 years |
| Range of risk free interest rate | 7.43% - 8.64 % | 7.43% - 8.64 % |
| Range of Volatility | 36% - 88% | 36% - 88% |
| Range of weighted average exercise price (₹ Per share) | ₹ 5.00 - ₹ 37.65 | ₹ 5.00 - ₹ 37.65 |
| Range of weighted average remaining contractual life | 2.01 years - 9.03 years | 4.01 years - 10.46 years |
| The working of price relatives has been done by taking historical price movement of the closing prices which includes change in price due to dividend, hence dividend is not factored separately. Volatility is based on the movement of stock price on NSE based on the price data for last 12 months upto the grant date. | | |

| | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|--|--------------------------------------|--------------------------------------|
| *The key assumptions used to estimate the fair value of options granted: | | |
| Range of stock price at the time of option grant (₹ Per share) | – | 970.80 |
| Range of expected life | – | 2 to 6.5 |
| Range of risk free interest rate | – | 7.43% |
| Range of Volatility | – | 59% |

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

- Demands by Central Excise authorities in respect of Classification/ Valuation/ Cenvat Credit related disputes; stay orders have been obtained by the Company in case of demands which have been confirmed ₹ 51.97 crore (Previous year: ₹ 34.84 crore).
- Demand by Income tax authorities ₹ 211.40 crore (Previous year: ₹ 207.63 crore) disputed by the Company.
- Demand by Sales Tax authorities ₹ 69.09 crore (Previous year: ₹ 60.46 crore) disputed by the Company.
- Demand by Service tax authorities in respect of non-payment of Service Tax on Import of certain services disputed by the Company ₹ 1.03 crore (Previous year: ₹ Nil).
- Commercial dispute on a supply contract filed with London Court of International Arbitration disputed by the Company ₹ 45.77 crore (5 million GBP) (Previous year: ₹ Nil).

- (f) Claims against Company not acknowledged as debt in respect of electricity expense ₹ 6.17 crore (Previous year: ₹ 5.85 crore), interest expense ₹ Nil (Previous year: ₹ 4.59 crore) and remediation against the pollution of ground water ₹ 0.85 crore (Previous year: ₹ Nil).
- (g) Demand from National Pharmaceutical Pricing Authority (NPPA) in respect of overcharging of certain products disputed by the Company ₹ 71.96 crore (Previous year: ₹ 7.30 crore).
- (h) The Group is involved in other disputes, lawsuits, claims, inquiries 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.
- (i) Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 118.73 crore (Previous year: ₹ 323.41 crore) after deducting advance on capital account of ₹ 9.03 crore (Previous year: ₹ 22.05 crore).

43. Reconciliation of the opening and closing balances of liabilities arising from Financing Activities:

| | As at March 31, 2018 | As at April 01, 2017 | Non cash changes | | Other items considered separately | Cash flows- inflow/ (Outflow) |
|-----------------------------|-------------------------|-------------------------|-------------------------|------------------------------------|---|-------------------------------------|
| | | | Exchange fluctuation | Fair value / Ind AS adjustments | | |
| Long-term borrowings (Net) | 3,310.73 | 3,496.95 | (72.37) | (47.27) | 0.19 | (305.67) |
| Short-term borrowings (Net) | 437.09 | 662.80 | (6.22) | - | 1.16 | (230.77) |

44. As part of Corporate Social Responsibility (CSR), the Company had made voluntary contribution of ₹ 4.67 crore (Previous year: ₹ 7.92 crore) during the year for spending on CSR activities to Wockhardt Foundation and included the same in Note 29 under 'Miscellaneous expenses,' being contribution and other expenses (Also Refer note 39).
45. Exchange fluctuation for the year includes Mark to market loss of ₹ Nil (Previous year: ₹ 1.36 crore) accounted for on the forward contract.
46. Donations for Political purpose made during the year and included in Note 29 under "Miscellaneous expenses":
Prudent Electoral Trust ₹ 6.00 crore (Previous year: ₹ Nil)
47. In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Amendment Rules, 2018, notifying Ind AS 115 'Revenue from Contracts with Customers' (New Revenue Standard) w.e.f. April 01, 2018, which replaces Ind AS 11 'Construction Contracts' and Ind AS 18 'Revenue'. The New Revenue Standard establishes principles for recognising revenue upon the transfer of promised goods or services to customers, in an amount that reflects the expected consideration received in exchange for those goods or services. The New Revenue Standard provides additional guidance on areas such as multiple-element arrangements, measurement approaches for variable consideration, specific guidance for licensing of intellectual property along with significant additional disclosures in relation to revenue. The New Revenue Standard also provides two broad alternative transition options – Retrospective Method and Cumulative Effect Method – with certain practical expedients available under the Retrospective Method. The Company continues to evaluate the impact of the New Revenue Standard on the present and future arrangements and shall determine the appropriate transition option once the said evaluation has been completed.
48. Exceptional item: During the year ended March 31, 2018, the on-going commercial litigation between the Company and two of its subsidiaries namely Wockhardt UK Holdings Limited and CP Pharmaceuticals Limited (CP) in relation to a supply contract with Cephalon Inc, (Cephalon) an affiliate of Teva Pharmaceuticals USA, Inc. (Teva) before the High Court in London, United Kingdom, was settled at cost of GBP 43 million amounting to ₹ 358.19 crore to the Group. The amount receivable from Teva of GBP 20 million amounting to ₹ 166.66 crore is adjusted against it.
The High Court has accepted the settlement between the parties and a Consent Order was issued on June 21, 2017. Pursuant to this settlement the ongoing litigation stands closed.

49. Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary / Associates / Joint Ventures

| Name of the Entity | Net Assets i.e. total assets minus total liabilities | | Share in profit or loss | | Share in other comprehensive income | | Share in total comprehensive income | |
|--|---|----------------------|---|----------------------|---|----------------------|---|----------------------|
| | As % of consolidated net assets | Amount ₹ in crore | As % of consolidated profit or loss | Amount ₹ in crore | As % of consolidated other comprehensive income | Amount ₹ in crore | As % of total comprehensive income | Amount ₹ in crore |
| Parent | | | | | | | | |
| Wockhardt Limited | 40.49 | 1,294.69 | (10.30) | 68.66 | (0.01) | (0.01) | (13.01) | 68.65 |
| SUBSIDIARIES | | | | | | | | |
| Indian | | | | | | | | |
| Wockhardt Infrastructure Development Limited | 5.63 | 180.20 | (2.19) | 14.63 | - | - | (2.77) | 14.63 |



| Name of the Entity | Net Assets i.e. total assets minus total liabilities | | Share in profit or loss | | Share in other comprehensive income | | Share in total comprehensive income | |
|--|--|-------------------|-------------------------------------|-------------------|---|-------------------|-------------------------------------|-------------------|
| | As % of consolidated net assets | Amount ₹ in crore | As % of consolidated profit or loss | Amount ₹ in crore | As % of consolidated other comprehensive income | Amount ₹ in crore | As % of total comprehensive income | Amount ₹ in crore |
| Foreign | | | | | | | | |
| 1. Z&Z Services GmbH | (0.04) | (1.39) | 0.01 | (0.05) | – | – | 0.01 | (0.05) |
| 2. Wockhardt Europe Limited | 0.29 | 9.16 | (0.05) | 0.35 | – | – | (0.07) | 0.35 |
| 3. Wockhardt Nigeria Limited | – | 0.01 | (0.02) | 0.15 | – | – | (0.03) | 0.15 |
| 4. Wockhardt UK Holdings Limited | 2.95 | 94.47 | – | (0.03) | – | – | 0.01 | (0.03) |
| 5. CP Pharmaceuticals Limited | 5.66 | 180.93 | 54.74 | (365.04) | 16.55 | 23.07 | 64.83 | (341.97) |
| 6. CP Pharma (Schweiz) AG | 0.04 | 1.14 | 0.01 | (0.08) | – | – | 0.02 | (0.08) |
| 7. Wallis Group Limited | 0.82 | 26.27 | – | – | – | – | – | – |
| 8. The Wallis Laboratory Limited | (0.06) | (2.05) | – | (0.03) | – | – | 0.01 | (0.03) |
| 9. Wockhardt Farmaceutica do Brasil Ltda | (0.01) | (0.27) | 0.04 | (0.28) | – | – | 0.05 | (0.28) |
| 10. Wallis Licensing Limited | (0.32) | (10.34) | – | – | – | – | – | – |
| 11. Wockhardt USA LLC | 1.81 | 58.00 | (1.33) | 8.90 | – | – | (1.69) | 8.90 |
| 12. Wockhardt Bio AG | 71.59 | 2,289.43 | 18.00 | (120.00) | – | – | 22.75 | (120.00) |
| 13. Wockhardt UK Limited | 3.50 | 111.84 | (2.46) | 16.39 | – | – | (3.11) | 16.39 |
| 14. Wockpharma Ireland Limited | 2.46 | 78.58 | 2.96 | (19.76) | – | – | 3.75 | (19.76) |
| 15. Pinewood Laboratories Limited | 12.82 | 410.12 | (6.13) | 40.86 | – | – | (7.75) | 40.86 |
| 16. Wockhardt Holding Corp | 4.93 | 157.55 | 0.45 | (3.00) | – | – | 0.57 | (3.00) |
| 17. Morton Grove Pharmaceuticals Inc | 15.37 | 491.61 | (0.36) | 2.39 | – | – | (0.45) | 2.39 |
| 18. MGP Inc | 0.54 | 17.29 | (0.35) | 2.33 | – | – | (0.44) | 2.33 |
| 19. Wockhardt France (Holdings) S.A.S | (10.37) | (331.71) | (7.89) | 52.63 | – | – | (9.98) | 52.63 |
| 20. Laboratoires Pharma 2000 S.A.S | (0.96) | (30.67) | (0.56) | 3.72 | – | – | (0.71) | 3.72 |
| 21. Laboratoires Negma S.A.S | 8.18 | 261.73 | (0.87) | 5.81 | – | – | (1.10) | 5.81 |
| 22. Niverpharma S.A.S | (0.90) | (28.75) | 0.06 | (0.38) | – | – | 0.07 | (0.38) |
| 23. Negma Beneulex S.A | 0.02 | 0.55 | 0.03 | (0.20) | – | – | 0.04 | (0.20) |
| 24. Phytex S.A.S | 0.02 | 0.63 | – | (0.02) | – | – | – | (0.02) |
| 25. Wockhardt Farmaceutica SA DE CV | (2.87) | (91.63) | 1.55 | (10.32) | – | – | 1.96 | (10.32) |
| 26. Wockhardt Services SA DE CV | (0.06) | (1.79) | 0.01 | (0.06) | – | – | 0.01 | (0.06) |
| 27. Pinewood Healthcare Limited | – | 0.13 | – | (0.02) | – | – | – | (0.02) |
| 28. Wockhardt Bio (R) | – | 0.14 | 0.18 | (1.19) | – | – | 0.23 | (1.19) |
| 29. Wockhardt Bio Pty Ltd | 0.04 | 1.13 | (0.15) | 0.98 | – | – | (0.19) | 0.98 |
| 30. Wockhardt Bio Ltd # | – | – | – | – | – | – | – | – |
| Non-controlling interests in all subsidiaries | 10.81 | 345.73 | 8.78 | (58.55) | 16.03 | 22.34 | 6.86 | (36.21) |
| Sub Total | 172.38 | 5,512.73 | 54.16 | (361.21) | 32.57 | 45.40 | 59.87 | (315.81) |
| Add / (Less): Effect of Inter Company elimination / adjustment | (72.38) | (2,314.85) | 45.84 | (305.64) | 67.43 | 93.96 | 40.13 | (211.68) |
| Total | 100.00 | 3,197.88 | 100.00 | (666.85) | 100.00 | 139.36 | 100.00 | (527.49) |

Wockhardt Bio Ltd, incorporated in New Zealand, is yet to commence the business.

50. There are no significant subsequent events that would require adjustments or disclosures in the Financial Statements as on the Balance Sheet date.

51. Previous year figures have been regrouped wherever necessary to conform to the current year classification.

As per our attached report of even date

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 103523W / W100048

Bhavik L. Shah

Partner

Membership No. 122071

Place : Mumbai

Date : May 04, 2018

Narendra Singh
Company Secretary

Manas Datta
Chief Financial Officer

For and on behalf of the Board of Directors

H. F. Khorakiwala

Chairman

DIN: 00045608

Huzaifa Khorakiwala

Executive Director

DIN: 02191870

Murtaza Khorakiwala

Managing Director

DIN: 00102650

Zahabiya Khorakiwala

Non Executive Director

DIN: 00102689

Shekhar Datta

DIN: 00045591

Aman Mehta

DIN: 00009364

D. S. Brar

DIN: 00068502

Sanjaya Baru

DIN: 05344208

Tasneem Mehta

DIN: 05009664

Baldev Raj Arora

DIN: 00194168

Vinesh Kumar Jairath

DIN: 00391684

Directors

INDEPENDENT AUDITOR'S REPORT

To the Members of Wockhardt Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Wockhardt Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information, (hereinafter referred to as "Ind AS Financial Statements").

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the (state of affairs) financial position, profit (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant rules issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls and ensuring their operating effectiveness and the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

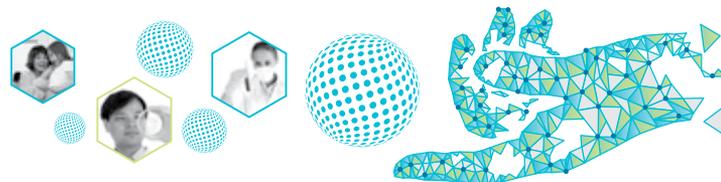
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at March 31, 2018, its profit (financial performance including other comprehensive income), its cash flows and changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- (1) As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in "Annexure 1", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- (2) As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;



- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c. The Balance Sheet, the Statement of Profit and Loss, Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- d. In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with relevant rules issued thereunder;
- e. On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act;
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, we give our separate Report in "Annexure 2";
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 45 on Contingent Liabilities to the standalone Ind AS financial statements;
 - (ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 18 & 25 to the standalone Ind AS financial statements;
 - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Registration No.103523W /W100048

Bhavik L. Shah

Partner

Membership No. 122071

Place : Mumbai

Date : May 04, 2018

ANNEXURE 1 TO INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Wockhardt Limited on the standalone Ind AS financial statements for the year ended March 31, 2018]

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (b) During the year, Property, Plant and Equipment have been physically verified by the management as per the regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
- (c) According to the information & explanation given to us, the title deeds of immovable properties other than self-constructed properties recorded as Property, Plant and Equipment in the books of account of the Company as on March 31, 2018 are held in the name of the Company, except for the details given below:
In respect of Freehold land with gross block and net block of ₹ 0.31 Crore and Building comprising of certain flats with gross block of ₹ 0.94 Crore and net block of ₹ 0.58 Crore, relevant transfer in the name of the Company is pending.
- (ii) The inventory (excluding stock lying 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. As informed, no material discrepancies were noticed on physical verification carried out during the year.
- (iii) As informed, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3 (iii)(a), 3 (iii)(b) and 3 (iii)(c) of the Order are not applicable to the Company.
- (iv) Based on information and explanation given to us in respect of loans, investments, guarantees and securities, the Company has complied with the provisions of Section 185 and 186 of the Act.
- (v) 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 provisions of Sections 73 to 76 of the Act and the rules framed there under.
- (vi) We have broadly reviewed the books of account maintained by the Company in respect of products where the maintenance of cost records has been specified by the Central Government under sub-section (1) of Section 148 of the Act and the rules framed there under and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (vii) (a) According to the information and explanation given to us and 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, income tax, sales tax, service tax, value added tax, goods and services tax, customs duty, excise duty, cess and any other material statutory dues applicable to it.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, service tax, value added tax, goods and services tax, customs duty, excise duty, cess and any other material statutory dues applicable to it, were outstanding, at the year end, for a period of more than six months from the date they became payable.

- (b) According to the information and explanation given to us, the dues outstanding with respect to, income tax, sales tax, service tax, value added tax, goods and services tax, customs duty, excise duty on account of any dispute, are 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 | Demand and Penalty for Classification | 1.10 | February 2001 to February 2003 | CESTAT, Mumbai |
| | Demand and Penalty for Classification | 4.44 | April 2005 to March 2009 | CESTAT, Mumbai |
| | Demand, Interest and Penalty towards exemption availed in EOU unit | 21.22 | May 2004 to March 2007 | CESTAT, Mumbai |
| | EPO Formulation matter | 6.25 | February 2001 to February 2003 | CESTAT, Mumbai |
| | Demand, Interest and Penalty for exempted goods cleared | 18.96 | November 2006 to April 2013 | CESTAT, Mumbai |

ANNEXURE 1 TO INDEPENDENT AUDITOR'S REPORT



| Name of the statute | Nature of dues | Amount (₹ in crore) | Period to which the amount relates | Forum where the dispute is pending |
|-------------------------------------|--|------------------------|------------------------------------|---|
| UP VAT/CST Act | Demand under Section 28 & Section 9(2) | 0.25 | April 2009 to March 2010 | Addl. Commissioner Grade 2 (Appeals), U.P. |
| | Sales Tax Due to under Invoicing and late deposit of tax | 0.08 | 2003-04 to 2005-06 | Joint Commissioner (Appeals), U.P. |
| | Demand under Section 28 & Section 9(2) | 0.29 | April 2008 to March 2009 | Addl. Commissioner Grade 2 (Appeals) first, Ghaziabad |
| | Demand under Section 28(2) | 5.15 | April 2014 to March 2015 | Addl. Commissioner Grade 2 (Appeals) first, Ghaziabad |
| WB VAT/CST Act | Demand under various Sections | 2.44 | 2005-06 to 2015-16 | Addl. Commissioner (Appeals) and Appellate & Revision Board, W.B. |
| Kerala VAT Act | Demand under Section 21 | 0.07 | April 2011 to March 2012 | Commissioner (Appeals), Kerala |
| Central Sales Tax/ VAT Act | Demand under Section 9(2) | 0.30 | April 2005 to March 2006 | Deputy Commissioner of Sales Tax (Appeals III), Maharashtra |
| | Demand under CST and Goa VAT Act | 1.25 | 2006-2007 | Addl. Commissioner of Commercial Tax, Goa |
| | Demand under MVAT Act | 3.04 | April 2009 to March 2010 | Appeal to be filed with The Maharashtra Sales Tax Tribunal |
| | Demand under CST Act | 0.41 | April 2009 to March 2010 | Appeal to be filed with The Maharashtra Sales Tax Tribunal |
| | Demand and Penalty under MVAT Act | 0.71 | April 2009 to March 2010 | Appeal to be filed with The Maharashtra Sales Tax Tribunal |
| | Demand and Penalty under MVAT Act | 22.06 | April 2010 to March 2011 | The Maharashtra Sales Tax Tribunal |
| | Demand and Penalty under CST Act | 2.59 | April 2010 to March 2011 | The Maharashtra Sales Tax Tribunal |
| | Demand under CST Act | 6.28 | April 2011 to March 2012 | Appeal to be filed with The Maharashtra Sales Tax Tribunal |
| | Demand under MVAT Act | 7.85 | April 2011 to March 2012 | Appeal to be filed with The Maharashtra Sales Tax Tribunal |
| | Demand and Penalty under MVAT Act | 10.64 | April 2012 to March 2013 | Joint Commissioner (Appeals), Maharashtra |
| | Demand under MVAT Act | 1.66 | April 2012 to March 2013 | Joint Commissioner (Appeal), Maharashtra |
| | Demand under MVAT Act | 5.45 | April 2013 to March 2014 | Appeal to be filed with Joint Commissioner (Appeals) |
| | Demand under CST Act | 0.99 | April 2013 to March 2014 | Appeal to be filed with Joint Commissioner (Appeals) |
| The Finance Act, 1994 (Service Tax) | Interest and penalty on non-payment of Service Tax on Import of certain services | 0.98 | April 2005 to March 2010 | Appeal to be filed with Commissioner (Appeals) |
| | Interest on non-payment of Service Tax on Import of certain services | 0.07 | April 2011 to March 2012 | Appeal to be filed with Commissioner (Appeals) |
| Income Tax Act, 1961 | Demand under Section 143(3) | 4.04 | FY 2003-04 | High Court |
| | Demand under Section 143(3) | 12.8 | FY 2006-07 | Income Tax Appellate Tribunal |
| | Demand under Section 143(3) | 0.46 | FY 2007-08 | Income Tax Appellate Tribunal |

ANNEXURE 1 TO INDEPENDENT AUDITOR'S REPORT

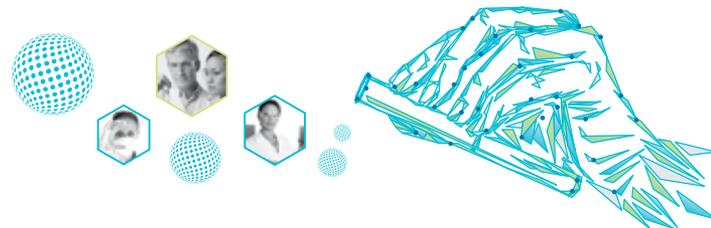
| Name of the statute | Nature of dues | Amount (₹ in crore) | Period to which the amount relates | Forum where the dispute is pending |
|---------------------|---|---------------------|------------------------------------|---|
| | TDS Assessment order u/s 201/201(A) | 0.14 | January 2007 to March 2009 | Commissioner of Income Tax (Appeals) / TDS Officers |
| | TDS (TRACES) | 0.31 | April 2011 to March 2017 | TDS Officers |
| | Demand under Section 143(3) read with Section 148 | 75.05 | FY 2009-10 | Commissioner of Income Tax (Appeals) |
| | TDS Assessment order u/s 201/201(A) | 54.25 | FY 2009-10 | Commissioner of Income Tax (Appeals) – TDS |
| | Demand under Section 143(3) | 0.62 | FY 2011-12 | Commissioner of Income Tax (Appeals) |
| | Demand under Section 143(3) | 67.30 | FY 2012-13 | Commissioner of Income Tax (Appeals) |
| | TDS Assessment order u/s 201/201(A) | 36.66 | FY 2010-11 | Commissioner of Income Tax (Appeals) – TDS |
| | Demand under Section 143(3) | 21.00 | FY 2013-14 | Commissioner of Income Tax (Appeals) |

Note: Out of the above, amount paid under protest by the Company for Excise, VAT and Income-tax is ₹ 0.47 Crore, ₹ 4.48 Crore and ₹ 23.38 Crore respectively.

- (viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institutions, banks, or dues to debenture holders.
- (ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. According to the information and explanations given to us, the Company has obtained term loan of ₹ 3.80 Crore during the year, which as explained, pending utilization has been kept in cash credit account.
- (x) 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 material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such instance by the management.
- (xi) According to the information and explanations given to us, managerial remuneration has been paid in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Therefore, paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanation given to us and based on our examination of the records of the Company, transactions entered into by the Company with the related parties are in compliance with Sections 177 and 188 of Act, where applicable.
The details of related party transactions have been disclosed in the Financial Statements as required under Indian Accounting Standards (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act, read with relevant rules issued thereunder.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Therefore, paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him during the year.
- (xvi) According to the information and explanation given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Haribhakti & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.103523W /W100048

Bhavik L. Shah
Partner
Membership No. 122071
Place : Mumbai
Date : May 04, 2018



ANNEXURE 2 TO INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Wockhardt Limited on the standalone Ind AS financial statements for the year ended March 31, 2018.]

Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Wockhardt Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing specified under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For **Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Registration No.103523W /W100048

Bhavik L. Shah

Partner

Membership No. 122071

Place : Mumbai

Date : May 04, 2018

BALANCE SHEET

As at March 31, 2018

(All amounts in Crore of Indian Rupees unless otherwise stated)

| | Notes | As at March 31, 2018 | As at March 31, 2017 |
|---|-------|-------------------------|-------------------------|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, Plant and Equipment | 4 | 1,394.74 | 1,437.90 |
| Capital work-in-progress | 5 | 653.34 | 665.34 |
| Intangible assets | 6 | 27.99 | 26.61 |
| Financial assets | | | |
| Investments in subsidiaries | 7 | 296.77 | 296.77 |
| Other Investments | 7 | 0.45 | 0.45 |
| Non-current Financial assets | 8 | 74.43 | 57.65 |
| Non-current tax assets (Net) | | 124.40 | 119.14 |
| Deferred tax assets (Net) | 19 | 44.35 | 58.01 |
| Other non-current assets | 9 | 102.37 | 110.11 |
| | | 2,718.84 | 2,771.98 |
| CURRENT ASSETS | | | |
| Inventories | 10 | 377.07 | 534.72 |
| Financial Assets | | | |
| Trade receivables | 11 | 799.76 | 342.83 |
| Cash and cash equivalents | 12 | 67.83 | 21.56 |
| Bank balance (other than above) | 12 | 184.90 | 638.22 |
| Loans given | 13 | — | 9.22 |
| Other Current Financial assets | 14 | 5.95 | 60.00 |
| Other current assets | 15 | 231.61 | 190.22 |
| | | 1,667.12 | 1,796.77 |
| TOTAL | | 4,385.96 | 4,568.75 |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| Equity Share capital | 16 | 55.32 | 55.27 |
| Other Equity | | 1,239.37 | 1,164.05 |
| | | 1,294.69 | 1,219.32 |
| LIABILITIES | | | |
| NON-CURRENT LIABILITIES | | | |
| Financial Liabilities | | | |
| Borrowings | 17 | 758.39 | 1,282.62 |
| Provisions | 18 | 53.12 | 46.13 |
| Other non-current liabilities | 20 | 490.73 | 426.66 |
| | | 1,302.24 | 1,755.41 |
| CURRENT LIABILITIES | | | |
| Financial Liabilities | | | |
| Borrowings | 21 | 437.09 | 661.86 |
| Trade payables | 22 | 445.79 | 346.35 |
| Other financial liabilities | 23 | 715.13 | 302.17 |
| Other current liabilities | 24 | 99.21 | 216.48 |
| Provisions | 25 | 41.64 | 35.26 |
| Current tax Liabilities (Net) | | 50.17 | 31.90 |
| | | 1,789.03 | 1,594.02 |
| TOTAL | | 4,385.96 | 4,568.75 |
| Significant accounting policies | 3 | | |
| The accompanying notes form an integral part of these Financial Statements. | | | |

As per our attached report of even date

For Haribhakti & Co. LLP

Chartered Accountants
ICAI Firm Registration No. 103523W / W100048

Bhavik L. Shah

Partner
Membership No. 122071

Place : Mumbai
Date : May 04, 2018

Narendra Singh
Company Secretary

Manas Datta
Chief Financial Officer

For and on behalf of the Board of Directors

H. F. Khorakiwala
Chairman
DIN: 00045608

Huzaifa Khorakiwala
Executive Director
DIN: 02191870

Murtaza Khorakiwala
Managing Director
DIN: 00102650

Zahabiya Khorakiwala
Non Executive Director
DIN: 00102689

Shekhar Datta
DIN: 00045591

Aman Mehta
DIN: 00009364

D. S. Brar
DIN: 00068502

Sanjaya Baru
DIN: 05344208

Tasneem Mehta
DIN: 05009664

Baldev Raj Arora
DIN: 00194168

Vinesh Kumar Jairath
DIN: 00391684

Directors



STATEMENT OF PROFIT AND LOSS

For the Year Ended March 31, 2018

(All amounts in Crore of Indian Rupees unless otherwise stated)

| | Notes | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|-------|--------------------------------------|--------------------------------------|
| REVENUE | | | |
| Revenue from operations | 26 | 2,477.29 | 2,297.52 |
| Other income | 27 | 56.85 | 248.31 |
| TOTAL | | 2,534.14 | 2,545.83 |
| EXPENSES | | | |
| Cost of materials consumed | | 457.12 | 535.22 |
| Purchases of stock-in-trade | | 391.15 | 428.66 |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | 28 | 127.09 | (14.32) |
| Employee benefits expense | 29 | 506.44 | 523.22 |
| Finance costs | 30 | 169.58 | 168.72 |
| Depreciation and amortisation expense | 4 & 6 | 106.24 | 105.66 |
| Exchange fluctuation loss/(gain), net | 48 | 5.51 | (11.40) |
| Other expenses | 31 | 667.09 | 691.29 |
| TOTAL | | 2,430.22 | 2,427.05 |
| PROFIT BEFORE TAX | | 103.92 | 118.78 |
| Tax expense: | | | |
| Current tax | 19 | 21.89 | 25.30 |
| Deferred tax (credit)/charge | 19 | 13.37 | (43.64) |
| PROFIT AFTER TAX BEFORE OTHER COMPREHENSIVE INCOME | | 68.66 | 137.12 |
| Other Comprehensive Income | | | |
| Items that will not be reclassified to profit or loss - (charge)/credit (Consisting of re-measurement of net defined benefit (liability)/asset) | | 0.28 | (2.40) |
| Income tax relating to items that will not be reclassified to profit or loss - (charge)/credit | | (0.29) | 0.79 |
| Other Comprehensive Income (Net of Tax) | | (0.01) | (1.61) |
| TOTAL COMPREHENSIVE INCOME | | 68.65 | 135.51 |
| Earnings per equity share of face value of ₹ 5 each | | | |
| Basic ₹ | 32 | 6.21 | 12.40 |
| Diluted ₹ | 32 | 6.14 | 12.26 |
| Significant accounting policies | | | |
| The accompanying notes form an integral part of these Financial Statements. | | | |

As per our attached report of even date

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 103523W / W100048

Bhavik L. Shah

Partner

Membership No. 122071

Place : Mumbai

Date : May 04, 2018

Narendra Singh
Company Secretary

Manas Datta
Chief Financial Officer

For and on behalf of the Board of Directors

H. F. Khorakiwala

Chairman

DIN: 00045608

Huzaiifa Khorakiwala

Executive Director

DIN: 02191870

Murtaza Khorakiwala

Managing Director

DIN: 00102650

Zahabiya Khorakiwala

Non Executive Director

DIN: 00102689

Shekhar Datta

DIN: 00045591

Aman Mehta

DIN: 00009364

D. S. Brar

DIN: 00068502

Sanjaya Baru

DIN: 05344208

Tasneem Mehta

DIN: 05009664

Baldev Raj Arora

DIN: 00194168

Vinesh Kumar Jairath

DIN: 00391684

Directors

STATEMENT OF CHANGES IN EQUITY

For the Year Ended March 31, 2018

(All amounts in Crore of Indian Rupees unless otherwise stated)

Equity Share Capital

| As at April 01, 2016 ₹ in crore | Changes in equity share capital during the year ₹ in crore | As at March 31, 2017 ₹ in crore | Changes in equity share capital during the year ₹ in crore | As at March 31, 2018 ₹ in crore |
|---------------------------------------|--|---------------------------------------|--|---------------------------------------|
| 55.25 | 0.02 | 55.27 | 0.05 | 55.32 |

Other equity

| | Reserves and Surplus | | | | | | | Total | |
|---|---|----------------------|----------------------------|--------------------|-----------------------------------|-----------------|------------------------|---------------|-------------------|
| | Capital Reserve | | Capital Redemption Reserve | Securities Premium | Share Options Outstanding Account | General Reserve | Other Reserves-FCMITDA | | Retained Earnings |
| | Capital Reserve (other than capital contribution) | Capital Contribution | | | | | | | |
| Balance as on April 01, 2016 | 172.78 | 43.96 | 489.35 | 47.40 | 28.65 | 259.83 | (21.82) | 92.56 | 1,112.71 |
| Profit for the year | - | - | - | - | - | - | - | 137.12 | 137.12 |
| Other Comprehensive income for the year (Re-measurement of net defined benefit liability/asset) | - | - | - | - | - | - | - | (1.61) | (1.61) |
| Total comprehensive Income | - | - | - | - | - | - | - | 135.51 | 135.51 |
| Net additions on ESOP options (also refer note 40) | - | - | - | 3.08 | 8.36 | - | - | - | 11.44 |
| Additions in Foreign Currency Monetary Items Translation Difference Account (FCMITDA) | - | - | - | - | - | - | 9.67 | - | 9.67 |
| Amortisation from Foreign Currency Monetary Items Translation Difference Account (FCMITDA) | - | - | - | - | - | - | 5.27 | - | 5.27 |
| Dividend paid | - | - | - | - | - | - | - | (110.55) | (110.55) |
| Balance as on April 01, 2017 | 172.78 | 43.96 | 489.35 | 50.48 | 37.01 | 259.83 | (6.88) | 117.52 | 1,164.05 |
| Profit for the year | - | - | - | - | - | - | - | 68.66 | 68.66 |
| Other Comprehensive income for the year (Re-measurement of net defined benefit liability/asset) | - | - | - | - | - | - | - | (0.01) | (0.01) |
| Total comprehensive Income | - | - | - | - | - | - | - | 68.65 | 68.65 |
| Net additions/(deductions) on ESOP options (also refer note 40) | - | - | - | 6.00 | (0.29) | 0.88 | - | - | 6.59 |
| Additions in Foreign Currency Monetary Items Translation Difference Account (FCMITDA) | - | - | - | - | - | - | (1.40) | - | (1.40) |
| Amortisation from Foreign Currency Monetary Items Translation Difference Account (FCMITDA) | - | - | - | - | - | - | 1.48 | - | 1.48 |
| Balance as on March 31, 2018 | 172.78 | 43.96 | 489.35 | 56.48 | 36.72 | 260.71 | (6.80) | 186.17 | 1,239.37 |

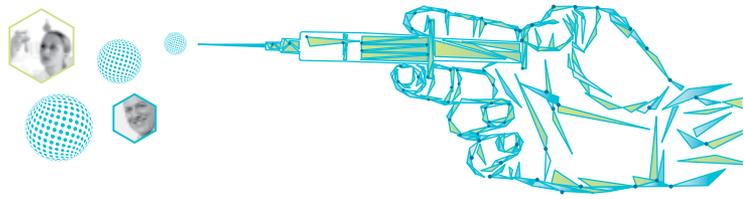
Notes: Nature and purpose of reserves:

Capital Reserve (other than capital contribution)

The reserve comprises of reserve created on amalgamation of the subsidiaries with the Company and redemption of certain preference shares at 25% of the face value pursuant to modification in the terms of issue.

Capital redemption reserve

Capital redemption reserve was created during redemption of preference shares out of the profits of the Company in accordance with the requirements of Companies Act.



Capital Contribution

Under Ind AS, preference shares have been measured at fair value at inception with reference to market rates and the difference to the extent pertaining to the promoters have been recognised as capital contribution.

Securities premium

Securities premium is used to record the premium received on issue of shares. It shall be utilised in accordance with the provisions of the Companies Act, 2013.

Share Options Outstanding Account

The Company has adopted various equity-settled share based payment plans for certain categories of employees. Refer Note 40 for further details.

Foreign Currency Monetary Items Translation Difference Account (FCMITDA)

Under previous GAAP, paragraph 46A of Accounting Standard for 'The Effects of Changes in Foreign Exchange Rates' (AS 11) provided an alternative accounting treatment whereby exchange differences arising on long term foreign currency monetary items relating to depreciable asset are adjusted in fixed assets and depreciated over the remaining life of such assets and in other cases are accumulated in Foreign Currency Monetary item Translation Difference Account (FCMITDA) to be amortised over balance period of long term asset/liability. Ind AS 101 includes an optional exemption that allows a first-time adopter to continue the above accounting treatment in respect of the long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period.

General Reserve

General reserve forms part of the retained earnings and is permitted to be distributed to shareholders as part of dividend.

As per our attached report of even date

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 103523W / W100048

Bhavik L. Shah

Partner

Membership No. 122071

Place : Mumbai

Date : May 04, 2018

Narendra Singh
Company Secretary

Manas Datta
Chief Financial Officer

For and on behalf of the Board of Directors

H. F. Khorakiwala

Chairman

DIN: 00045608

Huzaifa Khorakiwala

Executive Director

DIN: 02191870

Murtaza Khorakiwala

Managing Director

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Zahabiya Khorakiwala

Non Executive Director

DIN: 00102689

Shekhar Datta

DIN: 00045591

Aman Mehta

DIN: 00009364

D. S. Brar

DIN: 00068502

Sanjaya Baru

DIN: 05344208

Tasneem Mehta

DIN: 05009664

Baldev Raj Arora

DIN: 00194168

Vinesh Kumar Jairath

DIN: 00391684

Directors

CASH FLOW STATEMENT

For the Year Ended March 31, 2018

| | For the year ended March 31, 2018 ₹ in crore | For the year ended March 31, 2017 ₹ in crore |
|---|---|---|
| CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES: | | |
| Net profit before taxation | 103.92 | 118.78 |
| Adjustments for: | | |
| Depreciation and amortisation expense | 106.24 | 105.66 |
| Liabilities no more payable | (9.46) | (4.38) |
| Advances no more recoverable | – | 0.08 |
| Allowance for credit loss | 2.22 | (0.27) |
| Provision for doubtful advances | 5.25 | – |
| Bad Debts | 4.66 | 3.68 |
| Exchange fluctuation loss/(gain), net | 5.51 | (11.40) |
| Loss on assets sold/write off of fixed assets (net) | 2.23 | 0.30 |
| Finance costs | 169.58 | 168.72 |
| Interest income | (31.16) | (60.50) |
| Fair valuation impact on certain financial instruments | 3.66 | 3.33 |
| Dividend income | – | (171.11) |
| Guarantee fees | (14.00) | (9.36) |
| Share based payments to Employees | 6.60 | 10.97 |
| Operating profit before Working Capital changes | 355.25 | 154.50 |
| Movement in working capital: | | |
| (Increase) / Decrease in Inventories | 157.65 | 1.69 |
| (Increase) / Decrease in Trade receivables | (461.41) | (77.64) |
| (Increase) / Decrease in Loans and Advances and other assets | 5.21 | (85.85) |
| Increase / (Decrease) in Liabilities and provisions | (29.42) | (224.22) |
| Increase / (Decrease) in Trade payables | 102.15 | 21.51 |
| Cash from/ (used in) Operations | 129.43 | (210.01) |
| Income taxes paid | (10.05) | (25.01) |
| Net cash from/(used in) Operating Activities (A) | 119.38 | (235.02) |
| CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES: | | |
| Purchase of Property, Plant and Equipment, Capital work-in-progress and Intangible assets | (45.08) | (162.37) |
| Proceeds relating to Property, Plant and Equipment | 0.99 | 1.87 |
| Repayment by / (Loans to) subsidiary (net) | 9.22 | 9.05 |
| Guarantee commission received | – | 108.89 |
| Margin money under lien and Bank balances (other than cash and cash equivalents) | 453.69 | 176.62 |
| Interest received | 31.92 | 63.74 |
| Dividend received | – | 171.11 |
| Net cash from Investing Activities (B) | 450.74 | 368.91 |



| | For the year ended March 31, 2018 ₹ in crore | For the year ended March 31, 2017 ₹ in crore |
|--|---|---|
| CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES (Refer note 47) : | | |
| Proceeds from Issuance of share capital | 0.05 | 0.02 |
| Proceeds from long-term borrowings | 3.80 | – |
| Repayment of long-term borrowings | (169.61) | (1.55) |
| Short-term borrowings (net) | (229.84) | 119.58 |
| Finance costs | (128.14) | (140.93) |
| Dividend paid (including dividend distribution tax if any) | (0.10) | (110.18) |
| Net cash used in Financing Activities (C) | (523.84) | (133.06) |
| NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C) | 46.28 | 0.83 |
| CASH AND CASH EQUIVALENTS, at beginning of year | 21.56 | 20.81 |
| Unrealised gain/(loss) on Foreign Currency Cash and Cash equivalents | (0.01) | (0.08) |
| CASH AND CASH EQUIVALENTS, at end of year | 67.83 | 21.56 |
| Component of cash and cash equivalents, as at March 31, 2018 | | |
| Cash | 0.09 | 0.19 |
| Balance with banks: | | |
| – in current account | 67.74 | 21.37 |
| TOTAL | 67.83 | 21.56 |
| Notes: | | |
| 1. All figures in bracket are outflow. | | |
| 2. Income taxes paid are treated as arising from operating activities and are not bifurcated between investing and financing activities. | | |

As per our attached report of even date

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 103523W / W100048

Bhavik L. Shah

Partner
Membership No. 122071

Place : Mumbai
Date : May 04, 2018

Narendra Singh
Company Secretary

Manas Datta
Chief Financial Officer

For and on behalf of the Board of Directors

H. F. Khorakiwala
Chairman
DIN: 00045608

Huzaifa Khorakiwala
Executive Director
DIN: 02191870

Murtaza Khorakiwala
Managing Director
DIN: 00102650

Zahabiya Khorakiwala
Non Executive Director
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DIN: 00068502

Sanjaya Baru
DIN: 05344208

Tasneem Mehta
DIN: 05009664

Baldev Raj Arora
DIN: 00194168

Vinesh Kumar Jairath
DIN: 00391684

Directors

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended March 31, 2018

1. CORPORATE INFORMATION

Wockhardt Limited (the 'Company') is a public limited Company incorporated in India and has its registered office at D-4, MIDC, Chikalthana, Maharashtra, India.

The Company and its subsidiaries (the 'Group') is a Global Pharmaceutical and Biotech Company with presence in USA, UK, Switzerland, Ireland, Mexico, Russia and many other countries. It has manufacturing and research facilities in India, USA & UK and a manufacturing facility in Ireland. The Company has a significant presence in USA, Europe and India. The financial statements were approved by the Board of Directors and authorised for issue on May 04, 2018.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

A. Statement of compliance

The Financial Statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) to comply with the Section 133 of the Companies Act, 2013 ("the 2013 Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

B. Basis of preparation

The Financial Statements have been prepared on accrual basis under the historical cost convention except for the following material items in the statement of financial position:

- certain financial assets and liabilities (including derivative financial instruments) that are measured at fair value.
- share-based payments.
- Certain Property, Plant and Equipments measured at fair value which has been considered as deemed cost.

C. Use of Estimates and Judgements

The preparation of the financial statements in conformity with Ind AS requires the management to make judgements and estimates about the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The management believes that the judgements and estimates used in preparation of the Financial Statements are prudent and reasonable.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies:

The following are the critical judgements, apart from those involving estimations, that the management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

(i) *Day 1 gain/loss on initial measurement:*

As part of the Corporate Debt Restructuring Scheme in 2008-09, the Company has issued preference shares at below market rate in lieu of the then outstanding interest accrued and net derivative losses. The fair value of these preference shares at initial measurement is computed as the present value of all future cash payments discounted using the prevailing market rate of interest for a similar instrument (similar as to currency, term, type of interest rate, credit risk and other factors). The difference between the fair value and transaction amount at initial measurement has been recorded as day 1 gain in retained earnings and capital contribution, as the fair value has been computed based on valuation techniques, which uses data from observable markets. Significant judgement is involved in assessing whether all the data used for valuation has been derived from observable markets and it has been determined that use of certain unobservable data (minor adjustments to observable data to match the term, interest rate, credit risk and other factors of preference shares) in these valuations are insignificant to the entire day 1 gain. Accordingly, the entire day 1 gain on initial measurement has been recognised upfront (to retained earnings) and not deferred.

(ii) *Leasehold land:*

The Company has entered into several arrangements for lease of land from Government entities and other parties. Significant judgement is involved in assessing whether such arrangements are in the nature of finance or operating lease. In making such an assessment, the Company considers various factors which includes whether the present value of minimum lease payments amounts to at least substantially all of the fair value of lease assets, renewal terms, purchase option, sub-lease options etc. Based on evaluation of above factors, leases are evaluated on case to case basis for the purpose of treating as in the nature of finance lease.

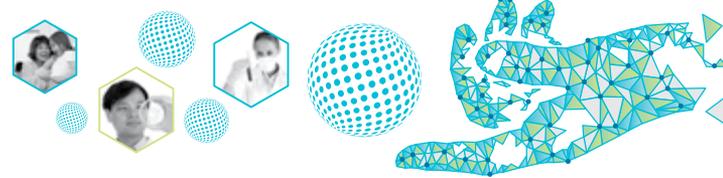
Key sources of estimation uncertainty:

(i) *Impairment of trade receivables:*

The impairment provisions for trade receivables are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

(ii) *Legal and other disputes:*

The Company provides for anticipated settlement costs where an outflow of resources is considered probable and a reliable estimate may be made of the likely outcome of the dispute and legal and other expenses arising from claims against the Company. These estimates take into account the specific circumstances of each dispute and relevant external advice are inherently judgemental and could change substantially over time as new facts emerge and each dispute progresses.



(iii) *Post-employment benefits*

The costs of providing gratuity and other post-employment benefits are charged to the income statement in accordance with Ind AS 19 'Employee benefits' over the period during which benefit is derived from the employees' services. The costs are assessed on the basis of assumptions selected by management. These assumptions include future earnings and salary increases, discount rates, expected long-term rates of return on assets and mortality rates.

(iv) *Sales returns and rebates:*

Revenue is recognised when title and risk of loss is passed to the customer, reliable estimates can be made of relevant deductions and all relevant obligations have been fulfilled, such that the earnings process is regarded as being complete.

Gross turnover is reduced by rebates, discounts, allowances and product returns given or expected to be given, which vary by product arrangements and buying groups. These arrangements with purchasing organisations are dependent upon the submission of claims some time after the initial recognition of the sale. Accruals are made at the time of sale for the estimated rebates, discounts or allowances payable or returns to be made, based on available market information and historical experience.

Because the amounts are estimated they may not fully reflect the final outcome, and the amounts are subject to change dependent upon, amongst other things, the types of buying group and product sales mix.

The level of accrual for rebates and returns is reviewed and adjusted regularly in the light of contractual and legal obligations, historical trends, past experience and projected market conditions. Market conditions are evaluated using wholesaler and other third-party analyses, market research data and internally generated information.

Future events could cause the assumptions on which the accruals are based to change, which could affect the future results of the Company.

(v) Assumptions are also made by the management with respect to valuation of inventories, share based payments, evaluation of recoverability of deferred tax, contingencies, determination of useful lives of Property, Plant and Equipments and measurement of recoverable amounts of cash generation units.

3. SIGNIFICANT ACCOUNTING POLICIES:

a) **Property, Plant and Equipment and Depreciation**

I. Recognition and Measurement:

Items of Property, Plant and Equipment are measured at cost less accumulated depreciation and impairment losses, if any. The cost of an item of Property, Plant and Equipment comprises:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which the Company incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Income and expenses related to the incidental operations, not necessary to bring the item to the location and condition necessary for it to be capable of operating in the manner intended by management, are recognised in Statement of Profit and Loss. If significant parts of an item of Property, Plant and Equipment have different useful lives, then they are accounted for as separate items (major components) of Property, Plant and Equipment.

II. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Any gain or loss on disposal of an item of Property, Plant and Equipment is recognised in the Statement of Profit and Loss.

Capital work-in-progress in respect of assets which are not ready for their intended use are carried at cost, comprising of direct costs, related incidental expenses and attributable interest.

III. Depreciation and amortisation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation is provided, using the straight line method, pro-rata to the period of use of assets, in accordance with the requirements of Schedule II of the Companies Act, 2013, based on the useful lives of the assets determined through technical assessment by the management. The estimated useful lives followed by the Company are as follows:

| Assets | Estimated useful life |
|-----------------------------------|--------------------------|
| Leasehold land | Over the period of lease |
| Buildings | 30 - 61 years |
| Plant and Machinery | 15 - 21 years |
| Furniture and Fixtures | 16 years |
| Office Equipments | 4 years |
| Information Technology Equipments | 3 - 5 years |
| Vehicles | 3 - 5 years |

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

b) Intangible assets

I. Recognition and Measurement:

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises of its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use.

Expenditure on development eligible for capitalisation are carried as Intangible assets under development where such assets are not yet ready for their intended use.

II. Subsequent Expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

III. Amortisation

Intangible assets are amortised over their estimated useful life on Straight Line Method. The estimated useful lives followed by the Company upto 10 years.

The estimated useful lives of intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern, if any.

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

d) Impairment of assets

The carrying values of assets/cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss.

The recoverable amount is the greater of the fair value less cost of disposal and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss.

e) Foreign Currency Transactions / Translations

- i) Transactions in foreign currencies are translated to the reporting currency at exchange rates at the dates of the transactions.
- ii) Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the reporting currency at the exchange rate at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.
- iii) Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in the Statement of Profit and Loss in the period in which they arise.
- iv) The Company has availed an option of continuing the policy adopted for exchange differences arising from translation of long term foreign currency monetary items outstanding as on March 31, 2016. Accordingly, foreign exchange gain/losses on long term foreign currency monetary items relating to the acquisition of depreciable assets are added to or deducted from the cost of such assets and in other cases, such gains or losses are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" to be amortised over the remaining life of the concerned monetary item.

f) Financial Instruments

I. Financial assets

(i) Classification of financial assets

The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Debt instruments at amortised cost:

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium and fees or costs that



are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

Debt instruments at fair value through other comprehensive income (FVOCI):

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the EIR method. The Company does not have any instruments classified as fair value through other comprehensive income (FVOCI).

Debt instruments measured at fair value through profit and loss (FVTPL):

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

Equity investments:

Investment in subsidiaries, associates and joint ventures are measured at cost.

All other equity investments which are in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at fair value through other comprehensive income (FVTOCI) or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

For equity instruments classified as FVOCI, all fair value changes on the instrument, excluding dividends, are recognised in other comprehensive income (OCI). There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of such investments.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

The Company does not have any equity investments designated at FVOCI.

Derivative financial instruments:

The Company uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to Statement of Profit and Loss.

(ii) Initial recognition and measurement

All financial assets are recognised initially at fair value and for those instruments that are not subsequently measured at FVTPL, plus/minus transaction costs that are attributable to the acquisition of the financial assets.

Trade receivables are carried at original invoice price as the sales arrangements do not contain any significant financing component. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Company commits to purchase or sell the asset.

(iii) Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
 - (a) the Company has transferred substantially all the risks and rewards of the asset, or
 - (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates whether it has transferred substantially all the risks and rewards of ownership. In such cases, the financial asset is derecognised. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

(iv) Impairment of financial assets

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, measured at amortised cost e.g. loans, debt securities, deposits, and bank balance.
- b) Trade receivables.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, historical observed default rates are updated and changes in the forward-looking estimates are analysed.

II. Financial Liabilities and equity instruments:

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(i) Equity instruments:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

(ii) Financial liabilities - Classification:

Financial liabilities are classified as either 'at FVTPL' or 'other financial liabilities'. FVTPL liabilities consist of derivative financial instruments, wherein the gains/losses arising from remeasurement of these instruments is recognised in the Statement of Profit and Loss. Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

(iii) Initial recognition and measurement:

All financial liabilities are recognised initially at fair value and for those instruments that are not subsequently measured at FVTPL, plus/minus transaction costs that are attributable to issue of these instruments.

(iv) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

III. Fair value:

The Company determines the fair value of its financial instruments on the basis of the following hierarchy:

- (a) Level 1: The fair value of financial instruments quoted in active markets is based on their quoted closing price at the balance sheet date. Examples include exchange-traded commodity derivatives and other financial assets such as investments in equity and debt securities which are listed in a recognised stock exchange.
- (b) Level 2: The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques using observable market data. Such valuation techniques include discounted cash flows, standard valuation models based on market parameters for interest rates, yield curves or foreign exchange rates, dealer quotes for similar instruments and use of comparable arm's length transactions. For example, the fair value of forward exchange contracts, currency swaps and interest rate swaps is determined by discounting estimated future cash flows using a risk-free interest rate.
- (c) Level 3: The fair value of financial instruments that are measured on the basis of entity specific valuations using inputs that are not based on observable market data (unobservable inputs).

IV. Accounting for day 1 differences:

If the fair value of the financial asset at initial recognition differs from the transaction price, this difference if it is not consideration for goods or services or a deemed capital contribution or deemed distribution, is accounted as follows:

- if the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable market, the entire day 1 gain/loss is recorded immediately in the Statement of Profit and Loss; or
- in all other cases, the difference between the fair value at initial recognition and the transaction price is deferred. After initial recognition, the deferred difference is recorded as gain or loss in the Statement of Profit and Loss only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability



In case the difference represents:

- (i) deemed capital contribution - it is recorded as an Investment in Subsidiary
- (ii) deemed distribution - It is recorded in equity
- (iii) deemed consideration for goods and services - it is recorded as an asset or a liability. This amount is amortised/ accredited to the Statement of Profit and Loss as per the substance of the arrangement (generally straight-line basis over the duration of the arrangement).

V. Embedded derivatives

If the hybrid contract contains a host that is a financial asset within the scope Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in Statement of Profit and Loss, unless designated as effective hedging instruments. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows.

VI. Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

VII. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

g) Business combinations

- i) The Company accounts for each business combination by applying the acquisition method. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.
- ii) Control exists when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive.
- iii) The Company measures goodwill as of the applicable acquisition date at the fair value of the consideration transferred, including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount of the identifiable assets acquired and liabilities (including contingent liabilities in case such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably) assumed. When the fair value of the net identifiable assets acquired and liabilities assumed exceeds the consideration transferred, a bargain purchase gain is recognised as capital reserve.
- iv) Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Company to the previous owners of the acquiree, and equity interests issued by the Company. Consideration transferred also includes the fair value of any contingent consideration. Consideration transferred does not include amounts related to settlement of pre-existing relationships.
- v) Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise subsequent changes in the fair value of the contingent consideration are recognised in the Statement of Profit and Loss.
- vi) Transaction costs that the Company incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees and other professional and consulting fees, are expensed as incurred.
- vii) On an acquisition-by-acquisition basis, the Company recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.
- viii) Any goodwill that arises on account of such business combination is tested annually for impairment.
- ix) Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders. The difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity.

h) Income tax

Income tax expense comprises current and deferred tax. It is recognised in Statement of Profit and Loss except to the extent that it relates items recognised directly in equity or in OCI.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured at the amount expected to be recovered from or paid to the taxation authorities using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends if any.

Current tax assets and liabilities are offset only if, the Company:

- a) has a legally enforceable right to set off the recognised amounts; and
- b) Intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if:

- a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- b) The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

i) 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 realisable 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.

j) Revenue Recognition

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

Revenue from the sale of goods includes excise duty and is measured at the fair value of the consideration received or receivable, net of returns, sales tax/Goods and Service Tax and applicable trade discounts and allowances, chargebacks and rebates. Revenue includes shipping and handling costs billed to the customer. The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreements.

Sale of Services, Outlicensing fees and Assignment of New Chemical Entity

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

Export Incentive

Duty drawback and Focus marketing scheme (FMS) benefits are recognised at the time of exports and the benefits in respect of advance license received by the Company against export made by it are recognised as and when goods are imported against them.

Royalties

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

Revenue is recognised when it is reasonable to expect that the ultimate collection will be made.

Insurance claims

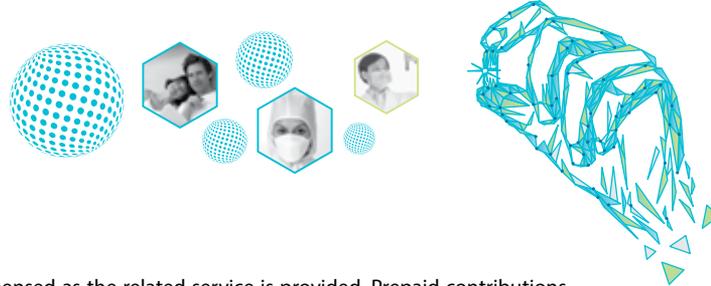
Insurance claims are accounted on acceptance of the claim and when it can be measured reasonably, and it is reasonable to expect ultimate collection.

Interest income is recognised with reference to the Effective Interest Rate method. Dividend from investments is recognised as revenue when right to receive is established.

k) Employee Benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.



Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses and the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income (OCI). Net interest expense/(income) on the net defined liability/(assets) is computed by applying the discount rate, used to measure the net defined liability/(asset). Net interest expense and other expenses related to defined benefit plans are recognised in Statement of Profit and Loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in the Statement of Profit and Loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurement are recognised in Statement of Profit and Loss in the period in which they arise.

l) Share-based payment transactions

Employees Stock Options Plans ("ESOPs"): The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The expense is recorded for each separately vesting portion of the award as if the award was, in substance, multiple awards. The increase in equity recognised in connection with share based payment transaction is presented as a separate component in equity under "Share Options Outstanding Account". The amount recognised as an expense is adjusted to reflect the actual number of stock options that vest.

m) Leases

Determination of lease arrangement

An arrangement, which is not in the legal form of a lease, is accounted for as a lease, if:

- a) fulfilment of the arrangement is dependent on the use of a specific asset or assets; and
- b) the arrangement conveys a right to use the asset.

At inception of an arrangement, the Company determines whether the arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Company separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If it is impracticable to separate the payments reliably, then a finance lease receivable is recognised at an amount equal to the fair value of the underlying asset; subsequently, the receivable is reduced as payments are made and a finance income is recognised using the interest rate implicit in the lease.

Finance Lease

Agreements are classified as finance leases, if substantially all the risks and rewards incidental to ownership of the leased asset is transferred to the lessee.

Assets given under finance leases are recognised as a receivable at an amount equal to the net investment in the lease. Finance income is allocated over the lease term on a systematic and rational basis. This income allocation is based on a pattern reflecting a constant periodic return on the net investment in the finance lease.

Minimum lease payments, for assets taken under finance lease, are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating Lease

Agreements which are not classified as finance leases are considered as operating lease.

Payments made under operating leases are recognised in Statement of Profit and Loss on a straight line basis, unless the escalation clauses are in line with the expected inflation at the inception of the respective lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

n) Provisions, Contingent Liabilities and Contingent Assets

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

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

Contingent assets are not recognised in the financial statements as this may result in the recognition of income that may never be realised. Contingent assets (if any) are disclosed in the notes to the financial statements.

o) Borrowing costs

Borrowing costs are interest and other costs that the Company incurs in connection with the borrowing of funds and is measured with reference to the effective interest rate applicable to the respective borrowing. Borrowing costs include interest costs measured at EIR and exchange differences arising from foreign currency borrowings (other than long term foreign currency borrowings outstanding as of March 31, 2016) to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs, allocated to qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset up to the date of capitalisation of such asset are added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

All other borrowing costs are recognised as an expense in the period which they are incurred.

p) Government Grants

Government grants are initially recognised as deferred income at fair value if there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant;

- In case of capital grants, they are then recognised in Statement of Profit and Loss as other income on a systematic basis over the useful life of the asset.
- In case of grants that compensate the Company for expenses incurred are recognised in Statement of Profit and Loss on a systematic basis in the periods in which the expenses are recognised.

Export benefits available under prevalent schemes are accrued in the year in which the goods are exported and there is no uncertainty in receiving the same.

q) Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax 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 the events for bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares). Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on conversion of all dilutive potential equity shares.

r) Segment reporting

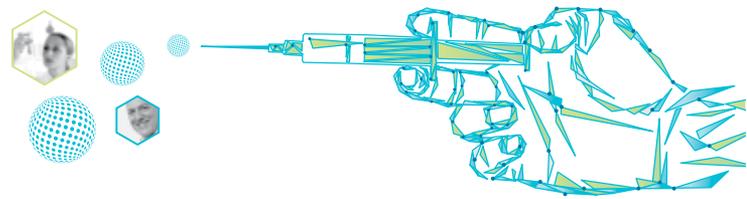
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

s) Cash Flow statement

Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard (Ind AS 7) - "Cash Flow Statements".

t) Operating cycle

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



4. Property, Plant and Equipment

(₹ in Crore)

| Particulars | GROSS BLOCK | | | ACCUMULATED DEPRECIATION/AMORTISATION | | | | NET BLOCK | | |
|-----------------------------------|----------------------|--------------|------------------------------|---------------------------------------|----------------------|---------------|------------------------------|----------------------|----------------------|----------------------|
| | As at April 01, 2017 | Additions | Deduction/ Other Adjustments | As at March 31, 2018 | As at April 01, 2017 | For the year | Deduction/ Other Adjustments | As at March 31, 2018 | As at March 31, 2018 | As at March 31, 2017 |
| Freehold Land | 98.91 | – | – | 98.91 | – | – | – | – | 98.91 | 98.91 |
| Leasehold land | 99.24 | – | – | 99.24 | 2.55 | 1.42 | – | 3.97 | 95.27 | 96.69 |
| Buildings | 266.57 | 6.25 | – | 272.82 | 60.90 | 8.82 | – | 69.72 | 203.10 | 205.67 |
| Plant and Equipment | 1,637.15 | 44.66 | 9.47 | 1,672.34 | 625.92 | 82.53 | 6.39 | 702.06 | 970.28 | 1,011.23 |
| Furniture and Fixtures | 28.02 | 2.33 | 0.55 | 29.80 | 14.84 | 1.90 | 0.47 | 16.27 | 13.53 | 13.18 |
| Vehicles | 6.92 | 0.03 | – | 6.95 | 5.86 | 0.60 | – | 6.46 | 0.49 | 1.06 |
| Office equipment | 10.70 | 2.51 | 0.05 | 13.16 | 9.01 | 1.27 | 0.05 | 10.23 | 2.93 | 1.69 |
| Information Technology Equipments | 56.80 | 6.46 | – | 63.26 | 47.33 | 5.70 | – | 53.03 | 10.23 | 9.47 |
| TOTAL | 2,204.31 | 62.24 | 10.07 | 2,256.48 | 766.41 | 102.24 | 6.91 | 861.74 | 1,394.74 | 1,437.90 |

(₹ in Crore)

| Particulars | GROSS BLOCK | | | ACCUMULATED DEPRECIATION/AMORTISATION | | | | NET BLOCK | | |
|-----------------------------------|----------------------|---------------|------------------------------|---------------------------------------|----------------------|---------------|------------------------------|----------------------|----------------------|----------------------|
| | As at April 01, 2016 | Additions | Deduction/ Other Adjustments | As at March 31, 2017 | As at April 01, 2016 | For the year | Deduction/ Other Adjustments | As at March 31, 2017 | As at March 31, 2017 | As at March 31, 2016 |
| Freehold Land | 98.91 | – | – | 98.91 | – | – | – | – | 98.91 | 98.91 |
| Leasehold land | 99.24 | – | – | 99.24 | 0.93 | 1.62 | – | 2.55 | 96.69 | 98.31 |
| Buildings | 239.63 | 27.56 | 0.62 | 266.57 | 52.94 | 8.22 | 0.26 | 60.90 | 205.67 | 186.69 |
| Plant and Equipment | 1,512.75 | 128.23 | 3.83 | 1,637.15 | 547.23 | 81.69 | 3.00 | 625.92 | 1,011.23 | 965.52 |
| Furniture and Fixtures | 25.10 | 2.97 | 0.05 | 28.02 | 13.34 | 1.55 | 0.05 | 14.84 | 13.18 | 11.76 |
| Vehicles | 6.60 | 0.32 | – | 6.92 | 5.00 | 0.86 | – | 5.86 | 1.06 | 1.60 |
| Office equipment | 10.17 | 0.55 | 0.02 | 10.70 | 8.03 | 1.00 | 0.02 | 9.01 | 1.69 | 2.14 |
| Information Technology Equipments | 53.28 | 3.55 | 0.03 | 56.80 | 40.28 | 7.08 | 0.03 | 47.33 | 9.47 | 13.00 |
| TOTAL | 2,045.68 | 163.18 | 4.55 | 2,204.31 | 667.75 | 102.02 | 3.36 | 766.41 | 1,437.90 | 1,377.93 |

Notes:

- The Company has chosen to value the above as per the requirements of Ind AS 101 “First time adoption of Indian Accounting Standards” retrospectively as applicable.
- Exchange differences arising on long term foreign currency monetary items relating to depreciable asset adjusted in additions above amounts to ₹ 0.61 crore (Previous year- ₹ -4.18 crore)
- Measurement of Fair value

The Company has in accordance with provisions of Ind AS 101 “First time adoption of Indian Accounting Standards”, considered fair value for certain properties viz. freehold and leasehold land as the deemed cost as on the transition date to Ind AS. Further disclosures are as under:

i) Fair value hierarchy:

The Fair value of freehold and leasehold land was determined by external, independent property valuers, having appropriate recognised professional qualifications and experience in the category of the property being valued.

The fair value measurement was categorised as Level 2 fair value based on the inputs to the valuation technique used.

ii) Valuation technique:

Value of the property was arrived at using market approach using market corroborated inputs. Adjustments were made for factors specific to the assets valued including location and condition of the assets, the extent to which inputs relate to items that were comparable to the asset and the volume or level of activity in the markets within which the inputs were observed.

- Charge has been created against the aforesaid assets for the borrowings taken by the Company (Refer note 17, 21 and 23) and its subsidiary.

5. CAPITAL WORK-IN-PROGRESS (Refer Notes below)

| | As at March 31, 2018 ₹ in crore | As at March 31, 2017 ₹ in crore |
|----------------------------|---------------------------------------|---------------------------------------|
| Capital Work -in -progress | 653.34 | 665.34 |
| TOTAL | 653.34 | 665.34 |

- a) Addition to Capital Work-in-Progress includes expenditure incurred during construction period pending allocation aggregating ₹ 19.16 crore (Previous year - ₹ 29.34 crore). These expenses include Material and Employee Cost ₹ 1.30 crore (Previous year - ₹ 5.63 crore), Depreciation ₹ 0.11 crore (Previous year - ₹ Nil), Interest Cost ₹ 7.12 crore (Previous year - ₹ 5.30 crore) and Other operating cost ₹ 10.63 crore (Previous year - ₹ 18.41 crore) [Rent ₹ 7.03 crore (Previous year - ₹ 12.42 crore), Rates and taxes ₹ 0.05 crore (Previous year - ₹ 0.03 crore), Repairs and maintenance ₹ 0.40 crore (Previous year - ₹ 0.71 crore), Stores and spare parts consumed ₹ 0.05 crore (Previous year - ₹ 0.38 crore), legal and professional charges ₹ Nil (Previous year - ₹ 0.13 crore), Utility charges ₹ 2.54 crore (Previous year - ₹ 3.17 crore) and Other general expenses ₹ 0.56 crore (Previous year - ₹ 1.57 crore)].
- b) Charge has been created against the aforesaid assets for the borrowings taken by the Company (Refer note 17, 21 and 23) and its subsidiary.

6. INTANGIBLE ASSETS

(₹ in Crore)

| Particulars | GROSS BLOCK | | | | ACCUMULATED DEPRECIATION/AMORTISATION | | | | NET BLOCK | |
|-------------------------------|----------------------------|-------------|------------------------------------|----------------------------|---------------------------------------|--------------|------------------------------------|----------------------------|----------------------------|----------------------------|
| | As at April 01, 2017 | Additions | Deduction/ Other Adjustments | As at March 31, 2018 | As at April 01, 2017 | For the year | Deduction/ Other Adjustments | As at March 31, 2018 | As at March 31, 2018 | As at March 31, 2017 |
| Trademarks/Technical know-how | 121.58 | – | – | 121.58 | 121.58 | – | – | 121.58 | – | – |
| Computer software | 44.96 | 5.38 | – | 50.34 | 18.35 | 4.00 | – | 22.35 | 27.99 | 26.61 |
| TOTAL | 166.54 | 5.38 | – | 171.92 | 139.93 | 4.00 | – | 143.93 | 27.99 | 26.61 |

(₹ in Crore)

| Particulars | GROSS BLOCK | | | | ACCUMULATED DEPRECIATION/AMORTISATION | | | | NET BLOCK | |
|-------------------------------|----------------------------|-------------|------------------------------------|----------------------------|---------------------------------------|--------------|------------------------------------|----------------------------|----------------------------|----------------------------|
| | As at April 01, 2016 | Additions | Deduction/ Other Adjustments | As at March 31, 2017 | As at April 01, 2016 | For the year | Deduction/ Other Adjustments | As at March 31, 2017 | As at March 31, 2017 | As at March 31, 2016 |
| Trademarks/Technical know-how | 121.58 | – | – | 121.58 | 121.58 | – | – | 121.58 | – | – |
| Computer software | 38.58 | 6.38 | – | 44.96 | 14.71 | 3.64 | – | 18.35 | 26.61 | 23.87 |
| TOTAL | 160.16 | 6.38 | – | 166.54 | 136.29 | 3.64 | – | 139.93 | 26.61 | 23.87 |

Note: The Company has chosen to value the above as per the requirements of Ind AS retrospectively as applicable.



7. NON-CURRENT INVESTMENTS

| | As at March 31, 2018 ₹ in crore | As at March 31, 2017 ₹ in crore |
|--|---------------------------------------|---------------------------------------|
| A. Investments in Subsidiaries: | | |
| a) Investment in Wholly owned Subsidiaries at cost | | |
| Unquoted Equity Shares | | |
| 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 of 1p each fully paid up | 75.27 | 75.27 |
| 2,000,000 (Previous year - 2,000,000) Equity Shares of ₹ 10 each fully paid up in Wockhardt Infrastructure Development Limited (including six fully paid up share of par value held in the name of the nominees of the Company) | 3.50 | 3.50 |
| | 87.15 | 87.15 |
| b) Investment in Subsidiary at cost | | |
| Unquoted Equity Shares | | |
| 44,600,000 (Previous year - 44,600,000) Equity shares of Wockhardt Bio AG of CHF 1 each fully paid up. | 209.62 | 209.62 |
| | 209.62 | 209.62 |
| | 296.77 | 296.77 |
| Aggregate book value of unquoted investments | 296.77 | 296.77 |
| B. Other Investments - Fair value through Profit or Loss | | |
| Unquoted Equity Shares: | | |
| 443,482 (Previous year - 443,482) Equity Shares of Narmada Clean Tech Limited (formerly known as Bharuch Eco-Aqua Infrastructure Limited) of ₹ 10 each fully paid up (Transaction value : ₹ 0.44 crore; Previous year - ₹ 0.44 crore) | 0.44 | 0.44 |
| 6,300 (Previous year - 6,300) Equity Shares of Bharuch Enviro Infrastructure Limited of ₹ 10 each fully paid up (Transaction value : ₹ 0.01 crore; Previous year - ₹ 0.01 crore) | 0.01 | 0.01 |
| | 0.45 | 0.45 |
| Aggregate book value of unquoted investments | 0.45 | 0.45 |
| TOTAL | 297.22 | 297.22 |

8. NON-CURRENT FINANCIAL ASSETS

| | As at March 31, 2018 ₹ in crore | As at March 31, 2017 ₹ in crore |
|--|---------------------------------------|---------------------------------------|
| Security Deposits | 49.62 | 47.00 |
| Includes deposits with Related parties ₹ 37.79 crore (Previous year - ₹ 35.25 crore) -Refer note 41. | | |
| Margin money (under Lien) | 1.10 | 1.47 |
| Guarantee fees receivable from related party (Refer note 41) | 23.71 | 9.18 |
| TOTAL | 74.43 | 57.65 |

9. OTHER NON-CURRENT ASSETS

| | As at March 31, 2018 ₹ in crore | As at March 31, 2017 ₹ in crore |
|--|---------------------------------------|---------------------------------------|
| Capital Advances | 5.46 | 5.69 |
| Security Deposits | 14.97 | 14.33 |
| Other advances | 81.94 | 90.09 |
| Includes advance rent with related parties ₹ 26.18 crore (Previous year - ₹ 32.53 crore) The above advances also include balances with Government authorities amounting ₹ 52.50 crore (Previous year - ₹ 53.62 crore) | | |
| TOTAL | 102.37 | 110.11 |

Note: The above amounts are net of provisions, if any.

10. INVENTORIES

| | As at March 31, 2018 ₹ in crore | As at March 31, 2017 ₹ in crore |
|---|---------------------------------------|---------------------------------------|
| Raw Materials, Packing materials and components | 141.70 | 154.73 |
| Goods in transit | 6.37 | 10.63 |
| | 148.07 | 165.36 |
| Work-in-progress | 59.27 | 69.19 |
| Finished goods | 58.27 | 151.76 |
| Stock-in-trade | 69.71 | 97.74 |
| Stores and spares | 41.75 | 50.67 |
| TOTAL | 377.07 | 534.72 |

Notes:

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

Write down of inventories to net realisable value for the year ₹ 31.47 crore (Previous year - ₹ 14.69 crore). These have been recognised as an expense during the year and these provisions are included in cost of materials consumed or changes in inventory of finished goods, work-in-progress and stock-in-trade.

11. TRADE RECEIVABLES

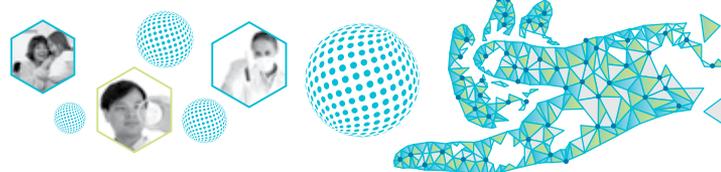
| | As at March 31, 2018 ₹ in crore | As at March 31, 2017 ₹ in crore |
|---------------------------------|---------------------------------------|---------------------------------------|
| Unsecured, considered good | 821.37 | 357.39 |
| Less: Allowance for credit loss | (21.61) | (14.56) |
| | 799.76 | 342.83 |
| Unsecured, considered doubtful | 44.54 | 49.37 |
| Less: Allowance for credit loss | (44.54) | (49.37) |
| | - | - |
| TOTAL | 799.76 | 342.83 |

Note:

Trade receivables include dues from private companies in which any director is a partner, director or a member ₹ 3.14 crore (Previous year - ₹ 4.81 crore)

12. CASH AND BANK BALANCES

| | As at March 31, 2018 ₹ in crore | As at March 31, 2017 ₹ in crore |
|---|---------------------------------------|---------------------------------------|
| Cash and cash equivalents | | |
| Balances with banks | | |
| In current account | 67.74 | 21.37 |
| | 67.74 | 21.37 |
| Cash in hand | 0.09 | 0.19 |
| | 67.83 | 21.56 |
| Other bank balances | | |
| Deposits with original maturity more than 3 months but less than 12 months [Under Lien - ₹ Nil (Previous year - ₹ 47.13 crore)] | 132.38 | 380.32 |
| Deposits with original maturity equal to 12 months [under lien - ₹ 0.02 crore (Previous year - ₹ Nil)] | 0.02 | 254.61 |
| Deposits with original maturity more than 12 months [Under lien ₹ 45.80 crore (Previous year - ₹ 0.15 crore)] | 45.80 | 0.15 |
| Margin money (under lien) | 4.77 | 1.11 |
| Unpaid dividend accounts | 1.93 | 2.03 |
| | 184.90 | 638.22 |
| TOTAL | 252.73 | 659.78 |



13. LOANS GIVEN

| | As at March 31, 2018 ₹ in crore | As at March 31, 2017 ₹ in crore |
|--|---------------------------------------|---------------------------------------|
| Loans to related parties (given to Subsidiary - Refer note 36 and 41) | | |
| Unsecured, considered good | – | 9.22 |
| TOTAL | – | 9.22 |

14. OTHER CURRENT FINANCIAL ASSETS

| | As at March 31, 2018 ₹ in crore | As at March 31, 2017 ₹ in crore |
|--|---------------------------------------|---------------------------------------|
| Receivables [Receivable from related party ₹ Nil (Previous year - ₹ 49.74 crore)]- Refer note 41 | 5.95 | 60.00 |
| TOTAL | 5.95 | 60.00 |

15. OTHER CURRENT ASSETS

| | As at March 31, 2018 ₹ in crore | As at March 31, 2017 ₹ in crore |
|--|---------------------------------------|---------------------------------------|
| Advances to suppliers (Refer note (iii) below) | 26.42 | 16.04 |
| Balances with/Receivable from Statutory/Government Authorities | 176.77 | 139.66 |
| Other advances (Refer note (ii) below) | 28.42 | 34.52 |
| TOTAL | 231.61 | 190.22 |

Notes:

- (i) The above amounts are net of provisions, if any.
- (ii) Includes amount pertaining to related parties ₹ 6.84 crore (Previous year - ₹ 8.72 crore)
- (iii) Advances due from private companies in which any director is a partner, director or a member ₹ 0.42 crore (Previous year - ₹ 0.53 crore)

16. EQUITY SHARE CAPITAL

| | As at March 31, 2018 | | As at March 31, 2017 | |
|---|----------------------|----------------------|----------------------|----------------------|
| | No. of Shares | Amount ₹ in crore | No. of Shares | Amount ₹ in crore |
| AUTHORISED | | | | |
| Equity shares of ₹ 5/- each | 250,000,000 | 125.00 | 250,000,000 | 125.00 |
| | | 125.00 | | 125.00 |
| ISSUED, SUBSCRIBED AND PAID UP | | | | |
| Equity shares of ₹ 5/- each fully paid up: | | | | |
| Shares outstanding as at the beginning of the year | 110,548,028 | 55.27 | 110,508,903 | 55.25 |
| Add: Shares issued during the year pursuant to ESOS | 82,425 | 0.05 | 39,125 | 0.02 |
| Shares outstanding as at the end of the year | 110,630,453 | 55.32 | 110,548,028 | 55.27 |

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) **Shares reserved for issue under options:**
747,000 (Previous year - 883,125) equity shares of face value ₹ 5 each have been reserved for issue under Wockhardt Stock Option Scheme-2011.

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

| | As at March 31, 2018 | | As at March 31, 2017 | |
|---|----------------------|--------------|----------------------|--------------|
| | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| Themisto Trustee Company Private Limited which holds these shares in its capacity as the trustee of Habil Khorakiwala Trust which in turn holds these shares in its capacity as the partner of the partnership firm Humuza Consultants. | 60,497,757 | 54.68 | 60,497,757 | 54.73 |

During previous year, Themisto Trustee Company Private Limited (which holds these shares in its capacity as the trustee of Habil Khorakiwala Trust which in turn holds these shares in its capacity as the partner of the partnership firm Humuza Consultants) has sold 5,400,000 Equity Shares of face value ₹ 5/- each to Amalthea Discretionary Trust, Lysithea Discretionary Trust and HNZ Discretionary Trust whose Trustees are Ananke Trustee Company Private Limited, Callirhoe Trustee Company Private Limited and Pasithee Trustee Company Private Limited respectively.

During previous year, Themisto Trustee Company Private Limited in its capacity as a trustee of Habil Khorakiwala Trust had also acquired 5,400,000 Equity Shares of face value ₹ 5/- each from Ananke Trustee Company Private Limited (who were holding these shares in its capacity as the trustee of Amalthea Discretionary Trust which in turn holds these shares in its capacity as partner of partnership firm Amalthea Consultants), Callirhoe Trustee Company Private Limited (who were holding these shares in its capacity as the trustee of Lysithea Discretionary Trust which in turn holds these shares in its capacity as partner of partnership firm Lysithea Consultants) and Pasithee Trustee Company Private Limited (who were holding these shares in its capacity as the trustee of HNZ Discretionary Trust which in turn holds these shares in its capacity as partner of partnership firm HNZ Consultants).

All these Partnership Firms and Discretionary Trusts are part of Promoter Group.

- d) The Company had declared and paid dividend of 200% i.e. ₹ 10 per share on the equity shares of ₹ 5/- each absorbing ₹ 110.55 crore during FY 2016-17

17. NON-CURRENT FINANCIAL LIABILITIES- BORROWINGS

| | As at March 31, 2018 ₹ in crore | As at March 31, 2017 ₹ in crore |
|--|---------------------------------------|---------------------------------------|
| Secured | | |
| Term Loans | | |
| Financial institutions (Refer note (1) below) | 391.08 | 519.00 |
| Banks (Refer note (2) below) | 362.04 | 460.46 |
| | 753.12 | 979.46 |
| Unsecured | | |
| Deferred payment liabilities | | |
| Sales tax deferral loan (Refer note (4) below) | 0.01 | 0.24 |
| Loans from Others (Refer note (5) below) | 5.26 | 2.07 |
| Preference shares (Refer note (6) below) | — | 300.85 |
| | 5.27 | 303.16 |
| TOTAL | 758.39 | 1,282.62 |

Notes:

- The term loan of USD 80.00 million (Previous year - USD 100 million) amounting to ₹ 521.44 crore (Previous year - ₹ 648.75 crore) is secured by first charge on pari passu basis on fixed assets, present and future, located at all locations other than Units at Baddi in Himachal Pradesh and Kadaiya in Daman. This term loan carries interest rate of 6 months USD LIBOR plus 325 BPS p.a. and is repayable in 16 equal quarterly instalments by January 2022.
- The term loan of ₹ 225.00 crore (Previous year - ₹ 250.00 crore) from IDBI Bank is secured by first charge on pari passu basis on fixed assets, present and future, located at all locations other than Units at Baddi in Himachal Pradesh and Kadaiya in Daman. This term loan carries interest rate at Bank Base Rate plus 75 BPS p.a. and is repayable in 9 equal half yearly instalments by June 2022.
Further, the term loan of ₹ 237.50 crore (Previous year - ₹ 250.00 crore) from Bank of Maharashtra ('BOM') is secured by first charge on pari passu basis on fixed assets, present and future, located at all locations other than Units at Baddi in Himachal Pradesh and Kadaiya in Daman. This term loan carries interest rate at One year's MCLR plus 120 BPS p.a. and is repayable in 19 equal quarterly instalments by December 2022.
- The Company has fully repaid its term loan taken from the Government of India under the Biotechnology Industry Partnership Programme (BIPP) and the release of security given is in process.
- Interest free sales tax deferral loan is repayable in the month of May every year. This loan is repayable by May 2019.
- Loans from others with interest rate of 3% p.a. is repayable in 10 equal annual instalments. Loan amounting ₹ 0.38 crore (Previous year - ₹ 0.57 crore) is repayable by June 2019, ₹ 1.70 crore (Previous year - ₹ 2.12 crore) by October 2021 and balance ₹ 3.80 crore is repayable commencing from March 2020.
- Current maturities of the above borrowings have been disclosed under Note 23.



7) **Preference share**

a) **Details of preference share :**

| | As at March 31, 2018 | As at March 31, 2018 | As at March 31, 2017 | As at March 31, 2017 |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
| AUTHORISED | | | | |
| Preference shares of ₹ 5/- each | 2,000,000,000 | 1,000.00 | 2,000,000,000 | 1,000.00 |
| ISSUED, SUBSCRIBED AND PAID UP | | | | |
| Optionally Convertible Cumulative Redeemable Preference shares (OCCRPS) of ₹ 5/- each fully paid up : | | | | |
| Shares outstanding as at the beginning of the year | 121,454,927 | 60.72 | 121,454,927 | 60.72 |
| Add: Shares Issued during the year | — | — | — | — |
| Less: Shares redeemed during the year | — | — | — | — |
| Shares outstanding as at the end of the year | 121,454,927 | 60.72 | 121,454,927 | 60.72 |
| Non-Convertible Cumulative Redeemable Preference shares (NCRPS) of ₹ 5/- each fully paid up: | | | | |
| Shares outstanding as at the beginning of the year | 475,659,941 | 237.83 | 475,659,941 | 237.83 |
| Add: Shares Issued during the year | — | — | — | — |
| Less: Shares redeemed during the year | — | — | — | — |
| Shares outstanding as at the end of the year | 475,659,941 | 237.83 | 475,659,941 | 237.83 |

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

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

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

The Preference Share holders shall have the right to convert OCCRPS Series 2 along with accumulated dividend, into fully paid equity shares of the Company, in one or more tranches, commencing July 04, 2016 till December 31, 2018, at conversion price as per the applicable SEBI formula on the relevant date i.e. June 04, 2016. The said shares, in case not converted, shall get redeemed along with accumulated dividend on December 31, 2018 without any redemption premium. No shareholders have exercised the right of conversion till date.

- ii) 32,265,110 (Previous year - 32,265,110) 0.01% Non - Convertible Cumulative Redeemable Preference shares (NCRPS Series 2), redeemable at a premium of 20% of the face value along with cumulative dividend on December 31, 2018.
- iii) 283,394,831 (Previous year - 283,394,831) 0.01% Non - Convertible Cumulative Redeemable Preference shares (NCRPS Series 3) issued bilaterally to various Banks, redeemable at a redemption premium calculated at 4% p.a. on simple basis along with cumulative dividend on December 31, 2018.
- iv) 160,000,000 (Previous year - 160,000,000) 0.01% Non - Convertible Cumulative Redeemable Preference shares (NCRPS Series 5), redeemable at a premium of 20% of the face value along with cumulative dividend on March 31, 2019.

- c) Effective interest rate on the above preference shares used for discounting is in the range of 10.8%-12%

- d) Subject to the approval of shareholders at the Annual General Meeting, the Board of Directors has recommended dividend of 0.01% (at the rate of ₹ 0.0005 per share of ₹ 5/- each) on 475,659,941 NCRPS of ₹ 5/- each and 121,454,927 OCCRPS of ₹ 5/- each.

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

| | As at March 31, 2018 | | As at March 31, 2017 | |
|--|-----------------------|-----------------|-----------------------|-----------------|
| | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| Khorakiwala Holdings and Investments Private Limited | 203,233,260 | 42.73 | 203,233,260 | 42.73 |
| Indian Overseas Bank | 104,563,437 | 21.98 | 104,563,437 | 21.98 |
| Union Bank of India | 74,397,151 | 15.64 | 74,397,151 | 15.64 |
| Corporation Bank | 50,929,498 | 10.71 | 50,929,498 | 10.71 |
| Punjab National Bank | 29,778,521 | 6.26 | 29,778,521 | 6.26 |

f) **Details of OCCRPS held by each shareholders holding more than 5% of total OCCRPS:**

| | As at March 31, 2018 | | As at March 31, 2017 | |
|--|-----------------------|-----------------|-----------------------|-----------------|
| | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| Indian Overseas Bank | 39,888,348 | 32.84 | 39,888,348 | 32.84 |
| Union Bank of India | 31,884,492 | 26.25 | 31,884,492 | 26.25 |
| Corporation Bank | 21,826,928 | 17.97 | 21,826,928 | 17.97 |
| Khorakiwala Holdings and Investments Private Limited | 18,528,540 | 15.26 | 18,528,540 | 15.26 |
| Punjab National Bank | 9,326,619 | 7.68 | 9,326,619 | 7.68 |

18. PROVISIONS (Non-current)

| | As at March 31, 2018 ₹ in crore | As at March 31, 2017 ₹ in crore |
|--|---------------------------------------|---------------------------------------|
| Provision for employee benefits (Refer note 39) | | |
| Gratuity (unfunded) | 23.54 | 22.40 |
| Leave Encashment (unfunded) | 29.58 | 23.73 |
| TOTAL | 53.12 | 46.13 |

19. INCOME TAX
(a) Tax recognised in profit or loss

| | For the year ended March 31, 2018 ₹ in crore | For the year ended March 31, 2017 ₹ in crore |
|--|--|--|
| Current tax charge/(credit) | 21.89 | 25.30 |
| Deferred tax charge/(credit), net | | |
| Origination and reversal of temporary differences including Minimum Alternate Tax (MAT) credit entitlement | 9.34 | (39.08) |
| (Reduction)/Increase in tax rate | 4.03 | (4.56) |
| Deferred tax charge/(credit) | 13.37 | (43.64) |
| Tax charge/(credit) for the year | 35.26 | (18.34) |

(b) Tax recognised in other comprehensive income

| | For the year ended March 31, 2018 ₹ in crore | For the year ended March 31, 2017 ₹ in crore |
|--|--|--|
| Items that will not be reclassified to profit or loss | | |
| Remeasurements of the defined benefit plans -(charge)/credit | (0.29) | 0.79 |
| TOTAL | (0.29) | 0.79 |

(c) Reconciliation of effective tax rate

| | For the year ended March 31, 2018 ₹ in crore | For the year ended March 31, 2017 ₹ in crore |
|--|--|--|
| Profit/(Loss) before tax (a) | 103.92 | 118.78 |
| Tax using the Company's domestic tax rate (Current year 34.944% and Previous year 33.063%) | 36.31 | 39.27 |
| Non-deductible tax expenses | 17.50 | 13.38 |
| Incremental deduction allowed for research and development costs | (22.58) | (77.40) |
| Recognition of tax effect of previously unrecognised tax losses (FCMITDA) | - | 7.21 |
| Effect of withholding tax paid at different tax rate | - | 4.28 |
| Impact of changes in tax rate during the year | 4.03 | - |
| Investment allowance deduction | - | (5.08) |
| Tax expense as per profit or loss (b) | 35.26 | (18.34) |
| Effective average tax rate for the year (b)/(a) | 33.93% | 15.44% |

The effective tax rate for the year ended March 31, 2018 was lower primarily as a result of a weighted deduction on research and development expenses under Section 35(2AB) of the Income Tax Act, 1961. The decrease is off set by increase in the tax rate from 33.063% to 34.944%



(d) Movement in deferred tax asset/(liabilities)

(₹ in Crore)

| | Net balance April 01, 2017 | Recognised in profit or loss | Recognised in Other Comprehensive Income | Recognised directly in equity | March 31, 2018 | | |
|--|----------------------------------|------------------------------------|---|-------------------------------------|--|-----------------------|---------------------------|
| | | | | | Net Deferred tax asset/ (liability) | Deferred tax asset | Deferred tax liability |
| Deferred tax asset/(liabilities) | | | | | | | |
| Property, Plant and Equipment | (240.39) | (2.88) | – | – | (243.27) | – | (243.27) |
| Tax losses | 105.24 | (39.74) | – | – | 65.50 | 65.50 | – |
| Loans and borrowings | (0.85) | 0.99 | – | – | 0.14 | 0.14 | – |
| Employee benefits | 22.99 | 4.99 | (0.29) | – | 27.69 | 27.69 | – |
| Guarantee fees | 0.03 | 1.11 | – | – | 1.14 | 1.14 | – |
| Allowance for credit loss | 24.95 | (1.83) | – | – | 23.12 | 23.12 | – |
| Other items | 0.90 | 2.10 | – | – | 3.00 | 3.00 | – |
| Tax assets/(Liabilities) | (87.13) | (35.26) | (0.29) | – | (122.68) | 120.59 | (243.27) |
| Minimum Alternate Tax (MAT) credit entitlement | 145.14 | 21.89 | – | – | 167.03 | 167.03 | – |
| Net tax assets/(Liabilities) | 58.01 | (13.37) | (0.29) | – | 44.35 | 287.62 | (243.27) |

(e) Movement in deferred tax asset/(liabilities)

(₹ in Crore)

| | Net balance April 01, 2016 | Recognised in profit or loss | Recognised in Other Comprehensive Income | Recognised directly in equity | March 31, 2017 | | |
|--|-------------------------------|---------------------------------|---|-------------------------------------|---|-----------------------|---------------------------|
| | | | | | Net Deferred tax asset/ (liability) | Deferred tax asset | Deferred tax liability |
| Deferred tax asset/(liabilities) | | | | | | | |
| Property, Plant and Equipment | (213.04) | (27.35) | – | – | (240.39) | – | (240.39) |
| Tax losses | 54.76 | 50.48 | – | – | 105.24 | 105.24 | – |
| Loans and borrowings | 0.04 | (0.89) | – | – | (0.85) | – | (0.85) |
| Employee benefits | 21.15 | 1.05 | 0.79 | – | 22.99 | 22.99 | – |
| Guarantee fees | 0.03 | – | – | – | 0.03 | 0.03 | – |
| Allowance for credit loss | 25.20 | (0.25) | – | – | 24.95 | 24.95 | – |
| Other items | 1.32 | (0.42) | – | – | 0.90 | 0.90 | – |
| Tax assets/(Liabilities) | (110.54) | 22.62 | 0.79 | – | (87.13) | 154.11 | (241.24) |
| Minimum Alternate Tax (MAT) credit entitlement | 124.12 | 21.02 | – | – | 145.14 | 145.14 | – |
| Net tax assets/(Liabilities) | 13.58 | 43.64 | 0.79 | – | 58.01 | 299.25 | (241.24) |

- i) The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.
Minimum Alternative Tax (MAT credit) balance as on March 31, 2018 amounts to ₹ 167.03 crore (Previous year - ₹ 145.14 crore). The Company is reasonably certain of availing the said MAT credit in future years against the normal tax expected to be paid in those years.
- ii) Significant management judgement is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income by each jurisdiction in which the relevant entity operates and the period over which deferred income tax assets will be recovered.
- iii) Given that the Company does not have any intention to dispose investments in subsidiaries in the foreseeable future, deferred tax asset on indexation benefit in relation to such investments has not been recognised. Further, the Company does not have any intention to dispose the land on an individual basis, hence deferred tax asset on the indexation benefit on land has not been recognised.
- iv) No deferred tax asset has been created on the loss that would get reversed during the tax holiday period amounting ₹ 121.78 crore (Previous year - ₹ 121.78 crore)

20. OTHER NON-CURRENT LIABILITIES

| | As at March 31, 2018 ₹ in crore | As at March 31, 2017 ₹ in crore |
|--|---------------------------------------|---------------------------------------|
| Advance from Subsidiary against supplies | 490.73 | 426.66 |
| TOTAL | 490.73 | 426.66 |

21. CURRENT FINANCIAL LIABILITIES- BORROWINGS

| | As at March 31, 2018 ₹ in crore | As at March 31, 2017 ₹ in crore |
|--|---------------------------------------|---------------------------------------|
| SECURED | | |
| Loans repayable on demand | | |
| Working capital facilities from banks (Refer note (1) below) | 378.34 | 487.37 |
| | 378.34 | 487.37 |
| Other Loans | | |
| Buyers' credit (Refer note (2) below) | 58.75 | 174.49 |
| | 58.75 | 174.49 |
| TOTAL | 437.09 | 661.86 |

Notes:

- 1) Working capital facilities from Banks are secured by way of :
 - i) First charge on pari passu basis on present and future stock of raw materials, consumables, spares, semi-finished goods, finished goods, book debts and other current assets.
 - ii) Second charge on pari passu basis by way of mortgage of immovable properties and hypothecation of movable fixed assets, both present and future, located at all locations (other than Units at Baddi in Himachal Pradesh and Kadaiya in Daman).

Refer Note 11 to Note 14 for carrying amount of current financial assets on which charge has been created.
- 2) Buyers' credit availed from Yes Bank and IDBI Bank are secured by way of first pari passu charge on the entire current assets and second pari passu charge on all fixed assets located at all locations other than Units at Baddi in Himachal Pradesh and Kadaiya in Daman. Buyers' credit availed from SBI were secured by way of first charge on the specific assets and by way of second charge on the entire current assets and second subservient charges on all fixed assets, present and future, located at all locations other than Units at Baddi in Himachal Pradesh and Kadaiya in Daman . Refer Note 11 to Note 14 for carrying amount of current financial assets on which charge has been created.

22. TRADE PAYABLES

| | As at March 31, 2018 ₹ in crore | As at March 31, 2017 ₹ in crore |
|--|---------------------------------------|---------------------------------------|
| Trade Payables: | | |
| Total outstanding dues of Micro enterprises and Small enterprises | 19.73 | 17.21 |
| Others | 426.06 | 329.14 |
| TOTAL | 445.79 | 346.35 |
| DETAILS OF DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES AS PER MSMED ACT, 2006: | | |
| a) Principal amount due to suppliers under MSMED Act, 2006 | 19.73 | 17.21 |
| b) Interest accrued, due to suppliers under MSMED Act on the above amount, and unpaid | 0.27 | 0.35 |
| c) Payment made to suppliers (other than interest) beyond the appointed day during the year | 81.51 | 99.36 |
| d) Interest paid to suppliers under MSMED Act (Section 16) | - | - |
| e) Interest due and payable towards suppliers under MSMED Act for payments already made | 7.07 | 5.76 |
| f) Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act (including interest mentioned in (e) above) | 7.34 | 6.11 |

The above information is given to the extent available with the Company and relied upon by the auditor.



23. OTHER CURRENT FINANCIAL LIABILITIES

| | As at March 31, 2018 ₹ in crore | As at March 31, 2017 ₹ in crore |
|--|---------------------------------------|---------------------------------------|
| Current maturities of long-term debt (Refer note 17) | 577.78 | 175.41 |
| Unpaid dividends | 1.93 | 2.03 |
| Other payables | | |
| Security deposits | 18.36 | 17.38 |
| Employee liabilities | 55.60 | 45.66 |
| Payables for capital goods | 21.38 | 20.07 |
| Other liabilities | 40.08 | 41.62 |
| TOTAL | 715.13 | 302.17 |

24. OTHER CURRENT LIABILITIES

| | As at March 31, 2018 ₹ in crore | As at March 31, 2017 ₹ in crore |
|---|---------------------------------------|---------------------------------------|
| Payable for Statutory dues | 18.80 | 10.24 |
| Advance received from Customers/Subsidiary against supplies | 80.41 | 206.24 |
| TOTAL | 99.21 | 216.48 |

25. PROVISIONS

| | As at March 31, 2018 ₹ in crore | As at March 31, 2017 ₹ in crore |
|---|---------------------------------------|---------------------------------------|
| Provision for employee benefits (Refer note 39) | | |
| Gratuity (unfunded) | 10.84 | 8.79 |
| Leave Encashment (unfunded) | 14.84 | 11.65 |
| | 25.68 | 20.44 |
| Other provisions | | |
| Provision for sales return on date expiry (Refer note below) | 15.96 | 14.82 |
| TOTAL | 41.64 | 35.26 |
| Movement of Provision for Sales return on date expiry: | | |
| Opening Balance | 14.82 | 11.72 |
| Recognised during the year | 20.68 | 19.03 |
| Utilised during the year | (19.54) | (15.93) |
| Closing Balance | 15.96 | 14.82 |

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

26. REVENUE FROM OPERATIONS

| | For the year ended March 31, 2018 ₹ in crore | For the year ended March 31, 2017 ₹ in crore |
|--|--|--|
| Sale of products (Including excise duty) | 2,034.35 | 2,146.00 |
| Sale of services | 62.24 | 37.11 |
| Outlicensing fees | 22.21 | 114.41 |
| Assignment of New Chemical Entity | 358.49 | — |
| TOTAL | 2,477.29 | 2,297.52 |

27. OTHER INCOME

| | For the year ended March 31, 2018 ₹ in crore | For the year ended March 31, 2017 ₹ in crore |
|---|--|--|
| Interest Income | 31.16 | 60.50 |
| Dividend Income from subsidiaries | – | 171.11 |
| Other non-operating income (Refer note below) | 25.69 | 16.70 |
| TOTAL | 56.85 | 248.31 |

Notes:

Other non-operating income includes :

- (a) Liabilities no more payable of ₹ 9.46 crore (Previous year - ₹ 4.38 crore); and
- (b) Guarantee fees ₹ 14.00 crore (Previous year - ₹ 9.36 crore) (Refer note 41)

28. CHANGE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

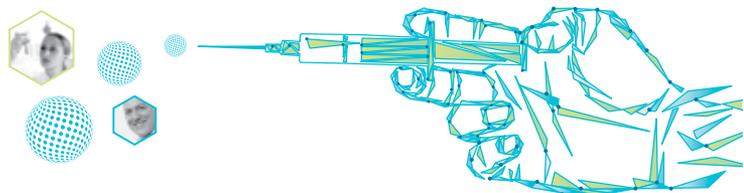
| | For the year ended March 31, 2018 ₹ in crore | For the year ended March 31, 2017 ₹ in crore |
|---|--|--|
| Opening Inventories | | |
| Finished goods | 151.76 | 144.18 |
| Work-in-progress | 69.19 | 75.03 |
| Stock-in-trade | 97.74 | 84.64 |
| Less: Excise duty on opening stock | (4.35) | (3.83) |
| | 314.34 | 300.02 |
| Closing Inventories | | |
| Finished goods | (58.27) | (151.76) |
| Work-in-progress | (59.27) | (69.19) |
| Stock-in-trade | (69.71) | (97.74) |
| Less: Excise duty on closing stock | – | 4.35 |
| | (187.25) | (314.34) |
| (Increase)/Decrease in Inventories | 127.09 | (14.32) |

29. EMPLOYEE BENEFITS EXPENSE

| | For the year ended March 31, 2018 ₹ in crore | For the year ended March 31, 2017 ₹ in crore |
|---|--|--|
| Salaries and wages (Refer note 39) | 404.84 | 410.62 |
| Contribution to provident and other funds (Refer note 39) | 23.00 | 20.57 |
| Share based payments to employees (Refer note 40) | 6.60 | 10.97 |
| Staff welfare expenses | 72.00 | 81.06 |
| TOTAL | 506.44 | 523.22 |

30. FINANCE COSTS

| | For the year ended March 31, 2018 ₹ in crore | For the year ended March 31, 2017 ₹ in crore |
|--|--|--|
| Interest expense | | |
| on term loans | 79.42 | 79.65 |
| others | 89.14 | 87.54 |
| Other borrowing costs | 2.42 | 3.81 |
| Net Loss on foreign currency transactions and translation | 5.72 | 3.02 |
| | 176.70 | 174.02 |
| Less: Borrowing cost capitalised* | (7.12) | (5.30) |
| * weighted average capitalisation rate 10.62% (Previous year - 10.30%) | | |
| TOTAL | 169.58 | 168.72 |



31. OTHER EXPENSES

| | For the year ended March 31, 2018 ₹ in crore | For the year ended March 31, 2017 ₹ in crore |
|---|--|--|
| Travelling and conveyance | 88.52 | 87.94 |
| Freight and forwarding charges | 43.58 | 49.93 |
| Sales promotion and other selling cost | 62.34 | 55.66 |
| Commission on sales | 24.77 | 25.27 |
| Power and fuel | 55.91 | 83.31 |
| Stores and spare parts consumed | 22.47 | 37.37 |
| Chemicals | 13.76 | 27.46 |
| Rent (Refer note 35) | 86.62 | 79.07 |
| Rates and taxes | 3.87 | 6.82 |
| Repairs and maintenance | | |
| – to Building | 4.38 | 7.38 |
| – to Plant and machinery | 16.44 | 19.94 |
| – to Others | 17.53 | 19.24 |
| Insurance | 8.34 | 9.52 |
| Legal and Professional Charges | 38.87 | 15.22 |
| Directors' sitting fees (Refer note 41) | 0.83 | 0.73 |
| Material for test batches | 5.46 | 10.27 |
| Equipment/Utility hire charges (Refer note 41) | 19.57 | 16.38 |
| Miscellaneous expenses (Refer note 33, 49 and 50) | 153.83 | 139.78 |
| TOTAL | 667.09 | 691.29 |

32. 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:

| | For the year ended March 31, 2018 ₹ in crore | For the year ended March 31, 2017 ₹ in crore |
|---|--|--|
| Reconciliation of earnings | | |
| Profit after tax | 68.66 | 137.12 |
| Net Profit for calculation of basic/diluted EPS | 68.66 | 137.12 |
| Reconciliation of number of shares | No. of Shares | No. of Shares |
| Weighted average number of shares in calculating Basic EPS | 110,575,864 | 110,535,379 |
| Add: | | |
| Weighted average number of shares under ESOS | 762,216 | 859,529 |
| Weighted average number of shares under Optionally Convertible Cumulative Redeemable Preference shares (OCCRPS) | 546,097 | 403,962 |
| Weighted average number of equity shares in calculating diluted EPS | 111,884,177 | 111,798,870 |
| Earnings per share (face value ₹ 5/- each) | | |
| Earnings per share - Basic in ₹ | 6.21 | 12.40 |
| Earnings per share - Diluted in ₹ | 6.14 | 12.26 |

The holders of Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS) have the option of converting the aforesaid shares into fully paid equity shares of the Company, in one or more tranches, commencing July 04, 2016 till December 31, 2018, at conversion price as per the applicable SEBI formula on the relevant date i.e June 04, 2016. The said shares, in case not converted, shall get redeemed along with accumulated dividend on December 31, 2018 without any redemption premium. No shareholders have exercised the right of conversion till date. However the same has been considered for calculation of diluted EPS.

33. AUDITOR'S REMUNERATION (EXCLUDING SERVICE TAX/GOODS AND SERVICES TAX)

| | For the year ended March 31, 2018 ₹ in crore | For the year ended March 31, 2017 ₹ in crore |
|-------------------------|--|--|
| Audit Fees* | 0.74 | 1.00 |
| Tax Audit Fees | 0.16 | 0.16 |
| Other services ** | 0.52 | 0.61 |
| Out of pocket expenses# | – | 0.03 |
| TOTAL | 1.42 | 1.80 |

* includes audit fees pertaining to FY 2015-16 ₹ 0.26 crore in previous year

** includes other services pertaining to FY 2015-16 ₹ 0.06 crore in previous year

during the year ₹ 0.001 crore

34. SEGMENT 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.

35. LEASE

Operating Lease

The Company has taken land and office premises on operating lease which are cancellable.

These lease and license agreements for the office premises 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 or any contingent rents payable. There are no subleases.

The land lease is for a period of 10 to 30 years and are renewable by mutual consent on mutually agreeable terms. There are no escalation in the lease amounts. There are no restrictions imposed by lease arrangements or contingent rent payable. Certain portion of the land has been subleased.

Finance Lease

The Company has entered into finance lease for land. These leases are generally for a period ranging 95 years to 99 years. These leases can be extended for further 95 years to 99 years. No part of the land has been sub leased. Except for the initial payment, there are no material annual payments for the aforesaid leases. Refer Note 4 for carrying value.

36. INFORMATION PERTAINING TO LOANS AND GUARANTEES GIVEN TO SUBSIDIARIES (INFORMATION PURSUANT TO REGULATION 34(3) OF SEBI (LISTING OBLIGATION AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 AND SECTION 186 (4) OF THE COMPANIES ACT, 2013):

(A) Loans and advances in the nature of loans to subsidiaries:

| | Outstanding as at the beginning of the year | Given during the year | Adjusted/repaid during the year | Closing at the end of the year | Maximum amount outstanding during the year | Purpose |
|--|---|-----------------------|---------------------------------|--------------------------------|--|---------------------------|
| Wockhardt Infrastructure Development Limited | 9.22 | 11.83 | (21.05) | – | 10.06 | General Corporate purpose |
| (Previous year) | 18.27 | 17.29 | (26.34) | 9.22 | 20.89 | |

(B) Guarantees given to subsidiaries:

| | As at March 31, 2018 | | As at March 31, 2017 | | Purpose |
|------------------|----------------------|------------|----------------------|------------|---|
| | USD in Million | ₹ in Crore | USD in Million | ₹ in Crore | |
| Wockhardt Bio AG | 300.00 | 1,955.40 | 300.00 | 1,946.25 | Against the loan taken by the subsidiary. (Also Refer note 46) |

| | For the year ended March 31, 2018 ₹ in crore | For the year ended March 31, 2017 ₹ in crore |
|--|--|--|
| 37 a. Capital expenditure on Research and Development | 0.94 | 20.77 |



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

| | For the year ended March 31, 2018 ₹ in crore | For the year ended March 31, 2017 ₹ in crore |
|---|--|--|
| Chemicals and consumables | 19.79 | 30.38 |
| Employee cost | 98.87 | 123.19 |
| Travelling expenses | 7.59 | 9.14 |
| Power and fuel | 13.81 | 18.86 |
| Repair and maintenance | 3.95 | 6.93 |
| Printing and stationery | 0.51 | 0.92 |
| Communication expenses | 0.65 | 0.82 |
| Clinical trial expenses | 4.45 | 4.42 |
| Analysis expenses | 4.11 | 3.35 |
| Legal and professional expenses | 1.10 | 8.57 |
| Other Research and Development expenses | 34.24 | 31.20 |
| TOTAL | 189.07 | 237.78 |

38. Cost of materials consumed includes excise duty ₹ 12.44 crore (Previous year - ₹ 48.25 crore)

39. EMPLOYEE BENEFITS

Gratuity liability is provided in accordance with the provisions of the Payment of Gratuity Act, 1972 based on actuarial valuation. The plan provides a lump sum gratuity payment to eligible employee at retirement or termination of their employment. The amounts are based on the respective employee's last drawn salary and the years of employment with the Company.

The most recent actuarial valuation of the defined benefit obligation was carried out at the balance sheet date. The present value of the defined benefit obligations and the related current service cost and past service cost were measured using the Projected Unit Credit Method.

Based on the actuarial valuation obtained in this respect, the following table sets out the details of the employee benefit obligation as at balance sheet date:

(A) Defined benefit plans –

| | For the year ended March 31, 2018 Gratuity (Non-funded) | For the year ended March 31, 2017 Gratuity (Non-funded) |
|--|--|--|
| I Expenses recognised in Profit or Loss : | | |
| 1 Current Service Cost | 3.29 | 2.79 |
| 2 Interest cost | 2.08 | 2.00 |
| 3 Past service cost | 1.77 | – |
| Total Expenses | 7.14 | 4.79 |
| II Expenses recognised in Other Comprehensive income: | | |
| 1 Actuarial changes arising from changes in demographic assumptions | – | 0.20 |
| 2 Actuarial changes arising from changes in financial assumptions | (0.42) | 0.62 |
| 3 Actuarial changes arising from changes in experience adjustments | 0.15 | 1.58 |
| Total Expenses | (0.27) | 2.40 |
| III Net Asset/(Liability) recognised as at Balance Sheet date: | | |
| 1 Present value of defined benefit obligation | 34.39 | 31.19 |
| 2 Net Asset/(Liability) | (34.39) | (31.19) |
| IV Reconciliation of Net Asset / (Liability) recognised as at Balance Sheet date: | | |
| 1 Net Asset/(Liability) at the beginning of year | (31.19) | (26.79) |
| 2 Expense as per (I) & (II) above | (6.87) | (7.19) |
| 3 Benefit paid | 3.67 | 2.79 |
| 4 Net asset / (liability) at the end of the year | (34.39) | (31.19) |
| V Maturity profile of defined benefit obligation | | |
| 1 Within the next 12 months (next annual reporting period) | 10.84 | 8.79 |
| 2 Between 2 and 5 years | 19.48 | 18.30 |
| 3 Between 6 and 10 years | 8.80 | 8.12 |
| 4 Beyond 10 years | 2.88 | 2.69 |

(A) Defined benefit plans –

| | | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|-------------|---|--|---|
| | | Gratuity (Non-funded) | Gratuity (Non-funded) |
| VI | Quantitative sensitivity analysis for significant assumptions is as below: | | |
| 1 | Increase/(decrease) on present value of defined benefit obligation at the end of the year | | |
| | (i) One percent point increase in discount rate | (0.79) | (0.76) |
| | (ii) One percent point decrease in discount rate | 0.84 | 0.81 |
| | (iii) One percent point increase in rate of salary increase | 0.80 | 0.72 |
| | (iv) One percent point decrease in rate of salary increase | (0.77) | (0.70) |
| | (v) One percent point increase in attrition rate | (0.12) | (0.13) |
| | (vi) One percent point decrease in attrition rate | 0.12 | 0.14 |
| 2 | Sensitivity analysis method Sensitivity analysis is determined based on the expected movement in liability if the assumptions were not proved to be true on different count. | | |
| VII | Expected contributions to the plan for the next annual reporting period. | 5.76 | 5.37 |
| VIII | Actuarial Assumptions: | | |
| 1 | Discount rate | 7.18% | 6.67% |
| 2 | Expected rate of salary increase | 8.00% | 8.00% |
| 3 | Attrition rate | 26.00% | 26.00% |
| 4 | Mortality | Indian Assured Lives Mortality (2006-08) Ultimate | Indian Assured Lives Mortality (2006-08) Ultimate |

Notes:

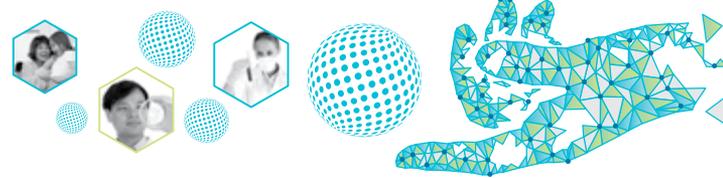
- a) Amount recognised as an expense in the Statement of Profit and Loss and included in Note 29 under “Salaries and wages” - Gratuity ₹ 7.14 crore (Previous year - ₹ 4.79 crore) and Leave encashment ₹ 21.35 crore (Previous year - ₹ 15.46 crore)
- b) The estimates of future salary increases considered in the actuarial valuation take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- c) The plan above is typically exposed to actuarial risk such as interest risk, Mortality risk, Asset Liability Matching risk (ALM) and Salary risk
 - Interest risk: The decrease in the bond interest rate will increase the liability.
 - Mortality risk: The present value of the Defined benefit plan liability is calculated by reference to the best estimate of the mortality plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
 - ALM risk: The plan faces the ALM risk as to the matching cash flow. The Company has to manage payout based on the pay as you go basis from own funds.
 - Salary risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

(B) Defined contribution plan –

The Company makes contributions towards provident fund and superannuation fund which are in the nature of defined contribution post employment benefit plans. Under the plan, the Company is required to contribute a specified percentage of payroll cost to fund the benefits.

Amount recognised as an expense in the Statement of Profit and Loss - included in Note 29- “Contribution to provident and other funds” ₹ 23.00 crore (Previous year - ₹ 20.57 crore).

The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.



40. SHARE BASED PAYMENTS TO EMPLOYEES

The Compensation Committee of the Board of Directors has, under Wockhardt Stock Option Scheme -2011 ('the Scheme' or 'ESOS') granted 60,000 options @ ₹ 397/- per option (Grant 1), another 60,000 options @ ₹ 365/- per option (Grant 2), 1,420,000 options @ ₹ 5/- per option (Grant 3), 350,000 options @ ₹ 5/- per option (Grant 4), 8,500 options @ ₹ 5/- per option (Grant 5), 200,000 options @ ₹ 5/- per option (Grant 6), and 223,500 options @ ₹ 5/- per option (Grant 7) in accordance with the provisions of Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014, to the selected employees (including Independent Directors) of the Company and its Subsidiaries. The method of settlement is by issue of equity shares to the selected employees (including Independent Directors) who have exercised the options. The scheme shall be administered by the compensation committee of Board of Directors.

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

Employee stock option activity under Scheme 2011 is as follows:

| | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|--|--------------------------------------|--------------------------------------|
| a) Outstanding at beginning of the year | 883,125 | 698,750 |
| b) Granted during the year * | – | 223,500 |
| c) Lapsed during the year (re -issuable) | 53,700 | – |
| d) Exercised during the year | 82,425 | 39,125 |
| e) Outstanding at the end of the year : | 747,000 | 883,125 |
| of which Options vested and exercisable at the end of the year | 403,600 | 389,275 |
| Range of weighted average share price on the date of exercise per share | ₹ 584.96 - ₹ 742.02 | ₹ 948.70 |
| Weighted average share price for the period | ₹ 700.19 | ₹ 828.57 |
| Range of weighted average fair value of options on the date of grant per share | ₹ 106.47 - ₹ 1,949.76 | ₹ 106.47 - ₹ 1,949.76 |
| No option has been forfeited during the year or in the previous year. | | |

| | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|--------------------------------------|--------------------------------------|
| Net profit as reported in Statement of Profit and Loss (₹ crore) | 68.66 | 137.12 |
| Basic earnings per share as reported (₹) | 6.21 | 12.40 |
| Diluted earnings per share as reported (₹) | 6.14 | 12.26 |
| Fair value of the options have been computed as per the Black Scholes Pricing Model | | |
| The key assumptions used to estimate the fair value of options are : | | |
| Range of stock price at the time of option grant (₹ Per share) | ₹ 414 – ₹ 1,954.20 | ₹ 414 – ₹ 1,954.20 |
| Range of expected life | 1.50 years – 7.75 years | 1.50 years – 7.75 years |
| Range of risk free interest rate | 7.43% – 8.64 % | 7.43% – 8.64 % |
| Range of Volatility | 36% – 88% | 36% – 88% |
| Range of weighted average exercise price (₹ Per share) | ₹ 5.00 – ₹ 37.65 | ₹ 5.00 – ₹ 37.65 |
| Range of Weighted average remaining contractual life | 2.01 years – 9.03 years | 4.01 years – 10.46 years |

The working of price relatives has been done by taking historical price movement of the closing prices which includes change in price due to dividend, hence dividend is not factored separately. Volatility is based on the movement of stock price on NSE based on the price data for last 12 months upto the grant date.

| *The key assumptions used to estimate the fair value of options granted | Current year | Previous year |
|---|--------------|---------------|
| Range of stock price at the time of option grant (₹ Per share) | – | 970.80 |
| Range of expected life | – | 2 to 6.5 |
| Range of risk free interest rate | – | 7.43% |
| Range of Volatility | – | 59% |

41. RELATED PARTY DISCLOSURES

As per Ind AS 24, the disclosure of transactions with the related parties are given below:

a) Parties where control /significant influence exists

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 Infrastructure Development Limited
- 9 Z & Z Services (formerly esparma GmbH)
- 10 Wockhardt Europe Limited
- 11 Wockhardt Nigeria Limited
- 12 Wockhardt USA LLC (formerly Wockhardt USA Inc.,)
- 13 Wockhardt UK Limited
- 14 Wockpharma Ireland Limited
- 15 Pinewood Laboratories Limited
- 16 Pinewood Healthcare Limited
- 17 Laboratoires Negma S.A.S. (formerly Negma Lerads S.A.S.)
- 18 Wockhardt France (Holdings) S.A.S.
- 19 Wockhardt Holding Corp
- 20 Morton Grove Pharmaceuticals, Inc.
- 21 MGP Inc.
- 22 Laboratoires Pharma 2000 S.A.S. (formerly Pharma 2000 S.A.S.)
- 23 Niverpharma S.A.S.
- 24 Negma Beneulex S.A.
- 25 Phytex S.A.S.
- 26 Wockhardt Farmaceutica SA DE CV
- 27 Wockhardt Services SA DE CV
- 28 Wockhardt Bio AG (formerly Wockhardt EU Operations (Swiss) AG)
- 29 Wockhardt Bio (R) LLC
- 30 Wockhardt Bio Pty Limited
- 31 Wockhardt Bio Limited

Other parties exercising control

Humuza Consultants *

* Themisto Trustee Company Private Limited holds shares in the Company in its capacity as the trustee of Habil Khorakiwala Trust which in turn holds these shares in its capacity as the partner of the partnership firm Humuza Consultants.

Habil Khorakiwala Trust (w.e.f. March 22, 2017) **

** Themisto Trustee Company Private Limited holds shares in the Company in its capacity as the trustee of Habil Khorakiwala Trust.

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

Enterprises over which Key Managerial Personnel exercise significant influence/control

The Peace Mission Private Limited w.e.f December 28, 2016 (formerly Tohfaa Gifting Private Limited)
 Palanpur Holdings and Investments Private Limited
 Khorakiwala Holdings and Investments Private Limited
 Dartmour Holdings Private Limited
 Wockhardt Hospitals Limited
 Amalthea Consultants
 Lysithea Consultants
 HNZ Consultants



Amalthea Discretionary Trust (w.e.f March 23, 2017)
 Lysithea Discretionary Trust (w.e.f March 23, 2017)
 HNZ Discretionary Trust (w.e.f March 23, 2017)
 Merind Limited
 Wockhardt Foundation
 Carol Info Services Limited
 Dr. Habil Khorakiwala Education and Health Foundation (Trust)-[Wockhardt Global School]

Key managerial personnel

H.F.Khorakiwala- Chairman
 Shekhar Datta-Non-Executive Independent Director
 Aman Mehta-Non-Executive Independent Director
 D S Brar-Non-Executive Independent Director
 Sanjaya Baru-Non-Executive Independent Director
 Tasneem Mehta-Non-Executive Independent Director
 Baldev Raj Arora-Non-Executive Independent Director
 Vinesh Kumar Jairath-Additional, Non-Executive Independent Director (w.e.f. November 10, 2016)
 Zahabiya Khorakiwala - Non-Executive Non- Independent Director (w.e.f. October 30, 2017)
 Huzaifa Khorakiwala - Executive Director
 Murtaza Khorakiwala - Managing Director

Relatives of Key managerial personnel

N.H. Khorakiwala

c) Transactions with related parties during the year :

(All the amounts mentioned below for the disclosure are the contractual amounts based on the arrangement with respective parties)

| | For the year ended March 31, 2018 ₹ in crore | For the year ended March 31, 2017 ₹ in crore |
|--|--|--|
| Management and Technical fees [CP Pharmaceuticals Limited ₹ 0.28 crore (Previous year - ₹ 0.36 crore), Wockhardt UK Limited ₹ 0.32 crore (Previous year - ₹ Nil), Wockhardt USA LLC ₹ 0.35 crore (Previous year - ₹ 0.24 crore), Wockhardt Bio AG ₹ 2.80 crore (Previous year - ₹ 2.72 crore), Pinewood Laboratories Limited ₹ 0.57 crore (Previous year - ₹ 0.54 crore), Wockhardt Farmaceutica SA DE CV. ₹ Nil (Previous year - ₹ 0.03 crore), Morton Grove Pharmaceuticals, Inc. ₹ 0.90 crore (Previous year - ₹ 0.27 crore)] | 5.22 | 4.16 |
| Sales [CP Pharmaceuticals Limited ₹ 0.66 crore (Previous year - ₹ 5.27 crore), Wockhardt Bio AG ₹ 234.31 crore (Previous year - ₹ 290.68 crore), Pinewood Laboratories Limited ₹ 49.49 crore (Previous year - ₹ 67.54 crore), Laboratoires Negma S.A.S. ₹ 0.93 crore (Previous year - ₹ 2.08 crore), Wockhardt Farmaceutica SA DE CV ₹ Nil (Previous year - ₹ 1.59 crore), Wockhardt Bio (R) LLC ₹ 42.47 crore (Previous year - ₹ 23.49 crore)] | 327.86 | 390.65 |
| Interest Income from Wockhardt Infrastructure Development Limited | 0.27 | 1.07 |
| Rent and Utility fees to Wockhardt Infrastructure Development Limited | 35.81 | 33.86 |
| Outlicensing fees income from Wockhardt Bio AG | 22.21 | 114.41 |
| Research and Development service income from Wockhardt Bio AG | 56.61 | 31.11 |
| Assignment of New Chemical Entity to Wockhardt Bio AG | 358.49 | — |
| Guarantee fees income from Wockhardt Bio AG | 15.54 | 10.72 |
| Dividend income from Wockhardt Bio AG | — | 171.11 |
| Land Premium to Wockhardt Infrastructure Development Limited | 0.09 | 0.16 |
| Purchase of fixed assets from Morton Grove Pharmaceuticals, Inc. | 10.82 | — |
| Expenses recovered [Morton Grove Pharmaceuticals, Inc. ₹ 0.23 crore (Previous year- ₹ Nil), Wockhardt USA LLC ₹ 0.02 crore (Previous year - ₹ 0.02 crore), Wockhardt Bio AG ₹ 0.53 crore (Previous year - ₹ 50.03 crore), Wockhardt Farmaceutica SA DE CV. ₹ 0.02 crore (Previous year - ₹ 0.24 crore), CP Pharmaceuticals Limited ₹ 0.16 crore (Previous year - ₹ 0.03 crore), Wockhardt UK Limited ₹ 0.02 crore (Previous year- ₹ Nil), Pinewood Laboratories Limited ₹ 0.02 crore (Previous year - ₹ 0.02 crore), Wockhardt Bio (R) LLC ₹ 0.02 crore (Previous year - ₹ 0.02 crore), Wockhardt Bio Pty Limited ₹ 0.02 crore (Previous year- ₹ Nil), Laboratoires Negma S.A.S. ₹ 0.02 crore (Previous year - ₹ 0.02 crore)] | 1.06 | 50.38 |

| | For the year ended March 31, 2018 ₹ in crore | For the year ended March 31, 2017 ₹ in crore |
|---|--|--|
| Reimbursement of expenses [Wockhardt Bio AG ₹ 0.45 crore (Previous year - ₹ 0.44 crore), CP Pharmaceuticals Limited ₹ 0.21 crore (Previous year - ₹ 1.13 crore), Wockhardt UK Limited ₹ Nil (Previous year - ₹ 0.14 crore), Wockhardt USA LLC ₹ 0.01 crore (Previous year - ₹ 18.00 crore)] | 0.67 | 19.71 |
| Commission to Wockhardt Bio (R) LLC | 17.27 | 2.67 |
| Purchase of raw material from Pinewood Laboratories Limited | 0.63 | - |
| Loans/Advances given to Wockhardt Infrastructure Development Limited | 11.83 | 17.29 |
| Loans/Advances recovered from Wockhardt Infrastructure Development Limited | 21.05 | 26.34 |
| Security Deposit given to Wockhardt Infrastructure Development Limited | - | 0.01 |
| Security Deposit repaid by Wockhardt Infrastructure Development Limited | - | 0.01 |
| Advances Received against Export of Goods and Services from Wockhardt Bio AG | 75.24 | 57.61 |
| Advances adjusted against export of Goods and Services/repaid to Wockhardt Bio AG | 139.74 | 258.61 |
| Corporate guarantees/comfort for financial assistance given on behalf of subsidiaries/step down subsidiaries - Refer note 45(h) and 46 | | |
| Key managerial personnel | | |
| Remuneration paid/payable [Chairman ₹ 2.80 crore (Previous year - ₹ 1.32 crore), Managing Director ₹ 2.40 crore (Previous year - ₹ 1.33 crore), Executive Director ₹ 2.40 crore (Previous year - ₹ 1.33 crore)] | 7.60 | 3.98 |
| Contribution to Provident fund [Chairman ₹ 0.32 crore (Previous year - ₹ 0.16 crore), Managing Director ₹ 0.34 crore (Previous year - ₹ 0.16 crore), Executive Director ₹ 0.34 crore (Previous year - ₹ 0.16 crore)] | 1.00 | 0.48 |
| Dividend paid [Chairman ₹ Nil (Previous year - ₹ 0.44 crore), Managing Director ₹ Nil (Previous year - ₹ 0.23 crore), Executive Director ₹ Nil (Previous year - ₹ 0.22 crore)] | - | 0.89 |
| Director sitting fee paid [Shekhar Datta ₹ 0.12 crore (Previous year - ₹ 0.09 crore), D S Brar ₹ 0.12 crore (Previous year - ₹ 0.12 crore), Sanjaya Baru ₹ 0.09 crore (Previous year - ₹ 0.12 crore), Tasneem Mehta ₹ 0.12 crore (Previous year - ₹ 0.12 crore), Baldev Raj Arora ₹ 0.12 crore (Previous year - ₹ 0.12 crore), Aman Mehta ₹ 0.12 crore (Previous year - ₹ 0.12 crore), Vinesh Kumar Jairath ₹ 0.12 crore (Previous year - ₹ 0.04 crore), Zahabiya Khorakiwala ₹ 0.02 crore (Previous year - ₹ Nil)] | 0.83 | 0.73 |
| Reimbursement of Expenses [(D S Brar ₹ 0.005 crore (Previous year - ₹ Nil), Shekhar Datta ₹ 0.02 crore (Previous year - ₹ Nil) and Huzaifa Khorakiwala ₹ 0.01 crore (Previous year - ₹ Nil)] | 0.04 | - |
| Relatives of Key managerial personnel | | |
| Dividend paid | - | 0.003 |
| Other parties exercising control | | |
| Dividend paid to Humuza Consultants | - | 65.90 |
| Security deposit received from Humuza Consultants | 0.01 | - |
| Security deposit repaid to Humuza Consultants | 0.01 | - |
| Enterprise over which Key Managerial Personnel exercise significant influence/Control | | |
| Rent paid [Palanpur Holdings and Investments Private Limited ₹ 0.92 crore (Previous year - ₹ 0.92 crore), Wockhardt Hospitals Limited ₹ 0.72 crore (Previous year - ₹ 0.72 crore), Carol Info Services Limited ₹ 66.20 crore (Previous year - ₹ 62.25 crore)] | 67.84 | 63.89 |
| Contribution and reimbursement of expenses given to Wockhardt Foundation | 4.67 | 7.92 |
| Advance to Wockhardt Foundation | - | 0.39 |
| Donation paid to Dr. Habil Khorakiwala Education and Health Foundation (Trust) | 1.23 | 0.39 |
| Reimbursement of Expenses [Wockhardt Hospitals Limited ₹ 0.14 crore (Previous year - ₹ 0.17 crore), Carol Info Services Limited ₹ 1.78 crore (Previous year - ₹ 1.58 crore), The Peace Mission Private Limited (formerly Tohfaa Gifting Private Limited) ₹ 0.45 crore (Previous year - ₹ 0.34 crore)] | 2.37 | 2.09 |
| Rent income [Wockhardt Hospitals Limited ₹ 0.01 crore (Previous year - ₹ 0.02 crore), Wockhardt Foundation ₹ 0.01 crore (Previous year - ₹ 0.01 crore), Dr. Habil Khorakiwala Education and Health Foundation (Trust) ₹ 0.02 crore (Previous year - ₹ 0.01 crore)] | 0.04 | 0.04 |
| Recovery of expenses from Wockhardt Hospitals Limited ₹ 0.49 crore (Previous year - ₹ Nil), Palanpur Holdings and Investments Private Limited ₹ Nil (Previous year - 0.002 crore) | 0.49 | 0.002 |
| Dividend paid [Khorakiwala Holdings and Investments Private Limited ₹ 0.01 crore (Previous year - ₹ 0.01 crore), Amalthea Consultants ₹ Nil (Previous year - ₹ 5.00 crore), Lysithea Consultants ₹ Nil (Previous year - ₹ 5.00 crore), HNZ Consultants ₹ Nil (Previous year - ₹ 5.20 crore)] | 0.01 | 15.21 |



d) Related party balances

(All the amounts mentioned below for the disclosure are the contractual amounts based on the arrangement with respective parties. Where such amounts are different from carrying amounts as per Ind AS financial statements, their carrying values have been separately disclosed in brackets)

| | As at March 31, 2018 ₹ in crore | As at March 31, 2017 ₹ in crore |
|--|---------------------------------------|---------------------------------------|
| Receivable from subsidiary companies- net [Z&Z Services GmbH ₹ 0.08 crore (Previous year - ₹ 0.07 crore), Wockhardt Infrastructure Development Limited ₹ 0.32 crore (Previous year - ₹ 18.67 crore), Pinewood Laboratories Limited ₹ 0.57 crore (Previous year - ₹ Nil), Laboratoires Negma S.A.S. ₹ 1.72 crore (Previous year - ₹ 0.58 crore), Wockhardt Bio (R) LLC ₹ 36.99 crore (Previous year - ₹ 20.29 crore), Wockhardt Bio Pty Limited ₹ 0.02 crore (Previous year - ₹ Nil), Wockhardt Farmaceutica SA DE CV. ₹ 4.86 crore (Previous year - ₹ 4.82 crore)] | 44.56 | 44.43 |
| Payable to subsidiary companies - net [CP Pharmaceuticals Limited ₹ 11.66 crore (Previous year - ₹ 10.51 crore), Wockhardt UK Limited ₹ 4.72 crore (Previous year - ₹ 4.21 crore), Wockhardt USA LLC ₹ 5.68 crore (Previous year - ₹ 23.49 crore), Pinewood Laboratories Limited ₹ Nil (Previous year - ₹ 3.08 crore), Morton Grove Pharmaceuticals, Inc. ₹ 11.09 crore (Previous year - ₹ 1.32 crore)] | 33.15 | 42.61 |
| Payable to Wockhardt Bio AG - net [Carrying amount ₹ 148.48 crore (Previous year - ₹ 567.22 crore)] | 146.09 | 566.00 |
| Security deposit given to Wockhardt Infrastructure Development Limited - Transaction value [Carrying amount ₹ 4.67 crore (Previous year - ₹ 4.32 crore)] | 16.85 | 16.85 |
| Security deposit given to Carol Info Services Limited - Transaction value [Carrying amount ₹ 30.37 crore (Previous year - ₹ 28.18 crore)] | 55.50 | 55.50 |
| Payable to Enterprises over which Key Managerial Personnel exercise significant influence/control [Wockhardt Hospitals Limited ₹ Nil (Previous year - ₹ 0.68 crore), Carol Info Services Limited ₹ 25.49 crore (Previous year - ₹ 24.16 crore), Palanpur Holdings and Investments Private Limited ₹ 0.08 crore (Previous year - ₹ Nil)] | 25.57 | 24.84 |
| Receivable from/(Payable to)Key Managerial Personnel (Salary advance given to and fully recovered during the year from Managing Director ₹ 0.41 crore) | — | — |
| Receivable from Enterprises over which Key Managerial Personnel exercise significant influence/control [Wockhardt Hospitals Limited ₹ 0.30 crore (Previous year - ₹ Nil), Merind Limited ₹ 0.57 crore (Previous year - ₹ 0.57 crore), Wockhardt Foundation ₹ 0.01 crore (Previous year - ₹ 0.001 crore), Palanpur Holdings and Investments Private Limited ₹ Nil (Previous year - ₹ 0.002 crore), Dr. Habil Khorakiwala Education and Health Foundation (Trust) ₹ 0.04 crore (Previous year - ₹ Nil)] | 0.92 | 0.57 |
| Security deposit given to Palanpur Holdings and Investments Private Limited | 2.75 | 2.75 |
| Advance given to Wockhardt Foundation | — | 0.39 |

42. FINANCIAL INSTRUMENTS - FAIR VALUES

A. Accounting classification and fair values

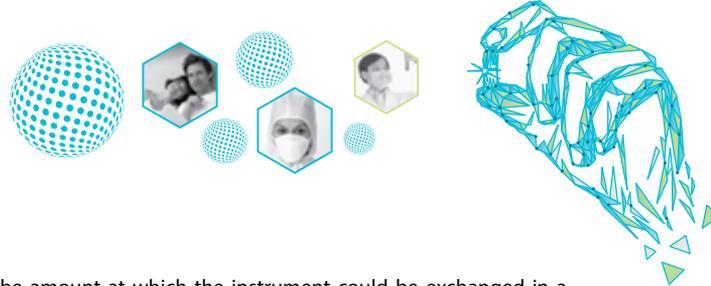
Carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, are presented below.

| March 31, 2018 | Carrying amount | | | | Total Fair value |
|------------------------------------|-----------------------------------|---|-----------------|-----------------|------------------|
| | Fair value through profit or loss | Fair value through other comprehensive income | Amortised Cost | Total | Total |
| Financial Assets | | | | | |
| Investments | 0.45 | — | — | 0.45 | 0.45 |
| Other Non-Current Financial Assets | — | — | 74.43 | 74.43 | 79.73 |
| Trade receivables | — | — | 799.76 | 799.76 | 799.76 |
| Cash and cash equivalents | — | — | 67.83 | 67.83 | 67.83 |
| Bank balance (other than above) | — | — | 184.90 | 184.90 | 184.90 |
| Other Current Financial Assets | — | — | 5.95 | 5.95 | 5.95 |
| TOTAL | 0.45 | — | 1,132.87 | 1,133.32 | 1,138.62 |
| Financial Liabilities | | | | | |
| Borrowings | — | — | 1,195.48 | 1,195.48 | 1,195.48 |
| Trade payables | — | — | 445.79 | 445.79 | 445.79 |
| Other Financial Liabilities | — | — | 715.13 | 715.13 | 715.13 |
| TOTAL | — | — | 2,356.40 | 2,356.40 | 2,356.40 |

| March 31, 2018 | Fair value | | | Total |
|------------------------------------|---|---|---|----------|
| | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) | |
| Financial Assets | | | | |
| Investments | – | – | 0.45 | 0.45 |
| Other Non-Current Financial Assets | – | 79.73 | – | 79.73 |
| Trade receivables | – | – | – | – |
| Cash and cash equivalents | – | – | – | – |
| Bank balance (other than above) | – | – | – | – |
| Other Current Financial Assets | – | – | – | – |
| TOTAL | – | 79.73 | 0.45 | 80.18 |
| Financial Liabilities | | | | |
| Borrowings | – | 1,195.48 | – | 1,195.48 |
| Trade payables | – | – | – | – |
| Other Financial Liabilities | – | – | – | – |
| TOTAL | – | 1,195.48 | – | 1,195.48 |

| March 31, 2017 | Carrying amount | | | | Total Fair value |
|---|-----------------------------------|---|----------------|----------|------------------|
| | Fair value through profit or loss | Fair value through other comprehensive income | Amortised Cost | Total | Total |
| Financial Assets | | | | | |
| Investments | 0.45 | – | – | 0.45 | 0.45 |
| Other Non-Current Financial Assets | – | – | 57.65 | 57.65 | 71.09 |
| Trade receivables | – | – | 342.83 | 342.83 | 342.83 |
| Cash and cash equivalents | – | – | 21.56 | 21.56 | 21.56 |
| Bank balance (other than above) | – | – | 638.22 | 638.22 | 638.22 |
| Loans | – | – | 9.22 | 9.22 | 9.22 |
| Other Current Financial Assets | – | – | 60.00 | 60.00 | 60.00 |
| TOTAL | 0.45 | – | 1,129.48 | 1,129.93 | 1,143.37 |
| Financial Liabilities | | | | | |
| Borrowings | – | – | 1,944.48 | 1,944.48 | 1,948.39 |
| Trade payables | – | – | 346.35 | 346.35 | 346.35 |
| Other Financial Liabilities (excluding Mark to Market on Derivatives) | – | – | 300.81 | 300.81 | 300.81 |
| Derivatives - Mark to market on Derivatives | 1.36 | – | – | 1.36 | 1.36 |
| TOTAL | 1.36 | – | 2,591.64 | 2,593.00 | 2,596.91 |

| March 31, 2017 | Fair value | | | Total |
|---|---|---|---|----------|
| | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) | |
| Financial Assets | | | | |
| Investments | – | – | 0.45 | 0.45 |
| Other Non-Current Financial Assets | – | 71.09 | – | 71.09 |
| Trade receivables | – | – | – | – |
| Cash and cash equivalents | – | – | – | – |
| Bank balance (other than above) | – | – | – | – |
| Loans | – | – | – | – |
| Other Current Financial Assets | – | – | – | – |
| TOTAL | – | 71.09 | 0.45 | 71.54 |
| Financial Liabilities | | | | |
| Borrowings | – | 1,948.39 | – | 1,948.39 |
| Trade payables | – | – | – | – |
| Other Financial Liabilities (excluding Mark to Market on Derivatives) | – | – | – | – |
| Derivatives - Mark to market on Derivatives | – | 1.36 | – | 1.36 |
| TOTAL | – | 1,949.75 | – | 1,949.75 |



B. Measurement of fair values:

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- The fair values of the loans taken from banks and other parties, and preference shares is estimated by discounting cash flows using rates currently available for debt/instruments on similar terms, credit risks and remaining maturities. Management regularly assesses a range of reasonably possible alternatives for those significant observable inputs and determines their impact on the total fair value.
- The fair value of Investment in Unquoted Equity shares of Narmada Clean Tech Limited (formerly known as Bharuch Eco-Aqua Infrastructure Limited) and Bharuch Enviro Infrastructure Limited are taken as cost of acquisition considering the statutory requirement of regulatory authorities relating to purchase and restriction on transfer. The change in the unobservable inputs for unquoted equity instruments does not have a significant impact in its value.

The following tables show the valuation techniques used in measuring Level 2 fair values, as well as the significant inputs used.

Financial instruments measured at fair value

| Type | Valuation technique |
|---------------------------------|--|
| Preference shares | Discounted cash flows: The valuation model considers the present value of expected receipt/payment discounted using appropriate discounting rates. |
| Security deposits against lease | |
| Guarantee commission | |
| Mark to Market on Derivatives | Forward pricing: The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currency. |

43. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks arising from financial instruments:

- Credit risk ;
- Liquidity risk ; and
- Market risk

Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's Risk Management Framework encompasses practices relating to the identification, analysis, evaluation, treatment, mitigation and monitoring of the strategic, external and operational control risks in achieving key business objectives.

The Company has laid down the procedure for risk assessment and their mitigation through an internal Risk Committee. Key risks and their mitigation arising out of periodic reviews by the Committee are assessed and reported to the Audit Committee, on a periodic basis.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to policies and procedures

The Company has an independent Internal Audit and assurance team. There is a practice of reviewing various key select risks and report to Audit Committee from time to time. The Company, has also, during the year, adopted a co-sourced model for internal audit. The internal audit team carry out internal audit reviews in accordance with the approved internal audit plan. Internal audit team reviews the status of implementation of internal audit recommendations. Summary of Critical observations if any and recommendations under implementation are reported to the Audit Committee.

i. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of incurred and expected losses in respect of trade and other receivables and investments.

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

As at March 31, 2018 and March 31, 2017, the Company did not have any significant concentration of credit risk with any external customers.

Expected credit loss assessment for customers as at March 31, 2018 and March 31, 2017:

The Company allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of loss (e.g. timeliness of payments, available information etc.) and applying experienced credit judgement.

Exposures to customers outstanding at the end of each reporting period are reviewed by the Company to determine incurred and expected credit losses. Given that the macro economic indicators affecting customers of the Company have not undergone any substantial change, the Company expects the historical trend of minimal credit losses to continue.

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows.

| | March 31, 2018 | | March 31, 2017 | |
|-----------------------|---------------------|----------------------------|---------------------|----------------------------|
| | Net carrying amount | Weighted average loss rate | Net carrying amount | Weighted average loss rate |
| Not due | 594.79 | 0.27% | 181.83 | 0.89% |
| Past due 1-180 days | 160.56 | 1.88% | 48.39 | 5.25% |
| Past due 181-360 days | 21.30 | 7.71% | 68.53 | 19.91% |
| More than 360 days | 23.11 | 72.11% | 44.08 | 93.28% |
| TOTAL | 799.76 | | 342.83 | |

The movement in the loss allowance in respect of trade and other receivables during the year was as follows:

| | For the year ended March 31, 2018 ₹ in crore | For the year ended March 31, 2017 ₹ in crore |
|----------------------------|--|--|
| Opening balance | 63.93 | 64.20 |
| Impairment loss recognised | 6.88 | 3.41 |
| Impairment loss reversed | (4.66) | (3.68) |
| Closing balance | 66.15 | 63.93 |

The Management believes that the unimpaired amounts that are past due by more than 180 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.

Cash and bank balances

The Company held cash and bank balances of ₹ 252.73 crore (Previous year - ₹ 659.78 crore). These balances are held with banks and financial institution counterparties with good credit rating.

Derivatives

The forward contract has been entered into with banks /financial institution counterparties with good credit rating. There are no outstanding forward/derivative contracts as on March 31, 2018.

Others

Other than trade receivables reported above, the Company has no other financial assets that is past due but not impaired.

ii. Liquidity risk

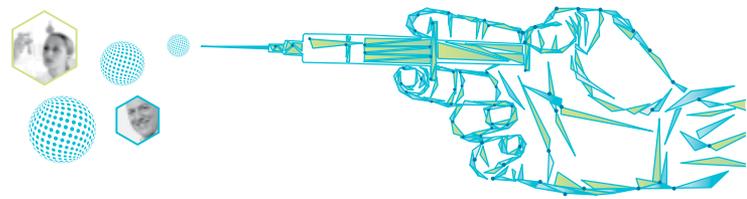
Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities. The Company monitors the net liquidity position through forecasts on the basis of expected cash flows.

The Company has obtained fund and non-fund based working capital lines from various banks. Furthermore, the Company has access to funds from debt markets. The Company invests its surplus funds in bank fixed deposit.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

| March 31, 2018 | Carrying amount | Contractual cash flows | | | |
|---|-----------------|------------------------|-----------------|---------------|-------------------|
| | | Total | 0-12 months | 1- 5 years | More than 5 years |
| Non-derivative financial liabilities | | | | | |
| Term loans from banks/Financial Institutions (including interest) | 989.55 | 1,151.64 | 296.81 | 854.83 | — |
| Other borrowings (excluding preference shares) | 64.91 | 65.76 | 59.66 | 3.03 | 3.07 |
| Preference shares | 340.46 | 367.06 | 367.06 | — | — |
| Working capital loans from banks (repayable on demand) | 378.34 | 378.34 | 378.34 | — | — |
| Trade payables and other Current Financial Liabilities | 583.14 | 583.14 | 583.14 | — | — |
| TOTAL | 2,356.40 | 2,545.94 | 1,685.01 | 857.86 | 3.07 |

Also issued financial guarantee of ₹ 1,955.40 crore for loan taken by its subsidiary which is repayable by January 2022 *



March 31, 2017

| | Carrying amount | Contractual cash flows | | | |
|---|-----------------|------------------------|-----------------|-----------------|-------------------|
| | | Total | 0-12 months | 1- 5 years | More than 5 years |
| Non-derivative financial liabilities | | | | | |
| Term loans from banks/Financial Institutions (including interest) | 1,153.46 | 1,388.62 | 244.98 | 1,078.63 | 65.01 |
| Other borrowings (excluding preference shares) | 178.21 | 179.17 | 176.72 | 2.45 | — |
| Preference shares | 300.85 | 367.06 | — | 367.06 | — |
| Working capital loans from banks (repayable on demand) | 487.37 | 487.37 | 487.37 | — | — |
| Trade payables and other Current Financial Liabilities | 473.11 | 473.11 | 473.11 | — | — |
| Forward exchange contracts (gross settled) | | | | | |
| – Outflow | (32.44) | (32.44) | (32.44) | — | — |
| – Inflow | 33.78 | 33.78 | 33.78 | — | — |
| TOTAL | 2,594.34 | 2,896.67 | 1,383.52 | 1,448.14 | 65.01 |

Also issued financial guarantee of ₹ 1,946.25 crore for loan taken by its subsidiary which is repayable by January 2022 *

* Guarantees issued by the Company on behalf of subsidiaries are with respect to borrowings raised by the respective subsidiary. These amounts will be payable on default by the concerned subsidiary. As of the reporting date, none of the subsidiary have defaulted and hence, the Company does not have any present obligation to third parties in relation to such guarantees.

iii. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and other prices such as equity price. These will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. Financial instruments affected by market risk include loans, borrowings and deposits. The Market risk the Company is exposed can be classified as Currency risk and Interest rate risk.

a) Currency risk:

The Company is exposed to currency risk on account of its operations in other countries. The functional currency of the Company is Indian Rupee. The Foreign currency exchange rate exposure is partly balanced by foreign exchange contracts and through natural hedge. The Company evaluates exchange rate exposure arising from foreign currency transactions and follows established risk management policies.

As per the policy defined by the Board of Directors and monitored by a committee as nominated by Board, the Company enters into foreign currency forward contracts which are not intended for trading or speculative purposes but for hedge purposes to establish the amount of reporting currency required or available at the settlement date of certain payables/receivables.

The Company also enters into derivative contracts in order to hedge and manage its foreign currency exposures towards future loan repayment.

Exposure to currency risk

The currency profile of financial assets and financial liabilities as at March 31, 2018 and March 31, 2017 are as below:

| | Currency | As at March 31, 2018 | | As at March 31, 2017 | |
|--|----------|---|------------|---|------------|
| | | Amount in Foreign Currency (in million) | ₹ in crore | Amount in Foreign Currency (in million) | ₹ in crore |
| Loan Availed | EUR | 2.21 | 17.79 | 8.77 | 60.82 |
| | JPY | — | — | 183.06 | 10.61 |
| | USD | 87.29 | 568.99 | 116.84 | 757.98 |
| | GBP | — | — | 0.13 | 1.07 |
| Trade Receivables | ACU | 0.08 | 0.55 | — | — |
| | AUD | 0.02 | 0.09 | 0.01 | 0.07 |
| | CHF | 0.03 | 0.21 | 0.03 | 0.20 |
| | EUR | 1.69 | 13.56 | 0.87 | 6.03 |
| | GBP | 1.49 | 13.62 | 3.34 | 26.99 |
| | USD | 85.84 | 559.50 | 19.68 | 127.70 |
| | RUB | 548.42 | 62.25 | 543.38 | 62.40 |
| Loans and Advances and Other Receivables | USD | 4.00 | 26.10 | 9.63 | 62.44 |

| | Currency | As at March 31, 2018 | | As at March 31, 2017 | |
|--------------------------------------|----------|---|--------------|---|------------|
| | | Amount in Foreign Currency (in million) | ₹ in crore | Amount in Foreign Currency (in million) | ₹ in crore |
| | CHF | – | – | 0.05 | 0.34 |
| Trade payables and Other Liabilities | ACU | 0.01 | 0.08 | 0.005 | 0.03 |
| | CHF | 0.02 | 0.10 | 0.02 | 0.11 |
| | EUR | 1.50 | 12.01 | 3.99 | 27.67 |
| | GBP | 2.12 | 19.44 | 2.24 | 18.10 |
| | JPY | 15.29 | 0.94 | 0.93 | 0.05 |
| | USD | 13.25 | 86.39 | 13.65 | 88.56 |
| | RUB | 166.27 | 18.87 | 57.96 | 6.66 |
| | SGD | 0.0002 | 0.001 | 0.0002 | 0.001 |
| Bank | GBP | – | – | 0.000003 | 0.00002 |
| | USD | – | – | 0.04 | 0.28 |
| Derivatives | USD | – | – | 5.00 | 33.78 |

Sensitivity analysis

A reasonably possible strengthening/(weakening) of the Indian Rupee against foreign currency at March 31 would have affected the measurement of financial instruments denominated in that foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

| Effect in ₹ | Profit or loss before tax Gain/(Loss) | | Equity, gross of tax Increase/(Decrease) | |
|-----------------------|---------------------------------------|----------------|--|----------------|
| | Strengthening of ₹ | Weakening of ₹ | Strengthening of ₹ | Weakening of ₹ |
| March 31, 2018 | | | | |
| 5 % movement | | | | |
| USD | (22.91) | 22.91 | (4.49) | 4.49 |
| GBP | 0.29 | (0.29) | 0.29 | (0.29) |
| EUR | 0.81 | (0.81) | 0.81 | (0.81) |
| RUB | (2.17) | 2.17 | (2.17) | 2.17 |
| Others | 0.01 | (0.01) | 0.01 | (0.01) |
| TOTAL | (23.97) | 23.97 | (5.55) | 5.55 |

| Effect in ₹ | Profit or loss before tax Gain/(Loss) | | Equity, gross of tax Increase/(Decrease) | |
|-----------------------|---------------------------------------|----------------|--|----------------|
| | Strengthening of ₹ | Weakening of ₹ | Strengthening of ₹ | Weakening of ₹ |
| March 31, 2017 | | | | |
| 5 % movement | | | | |
| USD | (0.35) | 0.35 | 32.09 | (32.09) |
| EUR | 3.28 | (3.28) | 3.28 | (3.28) |
| GBP | (0.39) | 0.39 | (0.39) | 0.39 |
| RUB | (2.79) | 2.79 | (2.79) | 2.79 |
| Others | 0.51 | (0.51) | 0.51 | (0.51) |
| TOTAL | 0.26 | (0.26) | 32.70 | (32.70) |



b) Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing instruments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing instruments will fluctuate because of fluctuations in the interest rates.

Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows:

| | Nominal amount | |
|----------------------------------|----------------------|----------------------|
| | As at March 31, 2018 | As at March 31, 2017 |
| Variable-rate instruments | | |
| Financial liabilities | 1,367.90 | 1,640.83 |
| TOTAL | 1,367.90 | 1,640.83 |
| Fixed-rate instruments | | |
| Financial liabilities | 405.36 | 479.06 |
| TOTAL | 405.36 | 479.06 |

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

| Variable-rate instruments | Impact on Profit/ (loss)- Increase /(Decrease) in Profit (before tax) | |
|---------------------------|---|-----------------------------------|
| | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
| 100 bp increase | (13.68) | (16.32) |
| 100 bp decrease | 13.68 | 16.32 |

44. CAPITAL MANAGEMENT

The Company's capital management is intended to create value for shareholders by facilitating the meeting of long-term and short-term goals of the Company.

The Company determines the amount of capital required on the basis of annual and long-term strategic plans. The Company's policy is aimed at combination of short-term and long-term borrowings.

The Company monitors the capital structure on the basis of 'adjusted net debt' to 'adjusted equity'. For this purpose adjusted net debt is defined as total liabilities comprising interest bearing loans and borrowings and obligations under finance lease, less cash and cash equivalents, bank balance and current investments. Adjusted equity comprises Total equity (other than amounts accumulated in the hedging reserve, if any.)

The following table summarises the capital of the Company:

| | As at March 31, 2018 ₹ in crore | As at March 31, 2017 ₹ in crore |
|--|------------------------------------|------------------------------------|
| Total liabilities | 1,773.26 | 2,119.89 |
| Less : Cash and cash equivalents and other bank balances | 252.73 | 659.78 |
| Adjusted net debt | 1,520.53 | 1,460.11 |
| Total equity | 1,294.69 | 1,219.32 |
| Adjusted equity | 1,294.69 | 1,219.32 |
| Adjusted net debt to adjusted equity ratio | 1.17 | 1.20 |

45. 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 ₹ 51.97 crore (Previous year - ₹ 34.84 crore).
- (b) Demand by Income tax authorities ₹ 211.40 crore (Previous year - ₹ 207.63 crore) disputed by the Company.
- (c) Demand by Sales Tax authorities ₹ 69.09 crore (Previous year - ₹ 60.46 crore) disputed by the Company.
- (d) Demand by Service tax authorities in respect of non-payment of Service Tax on Import of certain services disputed by the Company ₹ 1.03 crore (Previous year - ₹ Nil).
- (e) Commercial dispute on a supply contract filed with London Court of International Arbitration disputed by the Company ₹ 45.77 crore (5 million GBP) [Previous year - ₹ Nil].
- (f) Claims against Company not acknowledged as debt in respect of electricity expense ₹ 6.17 crore (Previous year - ₹ 5.85 crore), interest expense ₹ Nil (Previous year - ₹ 4.59 crore) and remediation against the pollution of ground water ₹ 0.85 crore (Previous year - ₹ Nil).
- (g) Demand from National Pharmaceutical Pricing Authority (NPPA) in respect of overcharging of certain products disputed by the Company ₹ 71.96 crore (Previous year - ₹ 7.30 crore).
- (h) Comfort to extend financial support, subject to certain approvals, to one of its subsidiaries towards credit facilities availed by the Subsidiary, the impact of which is currently not ascertainable.
- (i) The Company is involved in other disputes, lawsuits, claims, inquiries and proceedings including commercial matters that arise from time to time in the ordinary course of business. The Company 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.
- (j) Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 30.93 crore (Previous year - ₹ 49.75 crore) after deducting advance on capital account of ₹ 5.46 crore (Previous year - ₹ 5.69 crore).

46. The Company has given corporate guarantee of ₹ 1,955.40 crore (Previous year - ₹ 1,946.25 crore) on behalf of its Subsidiary 'Wockhardt Bio AG' for the loan of USD 250 million (₹ 1,629.50 crore)[Previous year - USD 250 million (₹ 1,621.88 crore)] which is secured as under:

- i) First ranking charge on fixed assets (excluding Intangible assets) and current assets of Wockhardt Bio AG and its subsidiaries (except Wockpharma Ireland Limited. and its Subsidiaries and Wockhardt France (Holdings) S.A.S. and its Subsidiaries)
- ii) First ranking charge on fixed assets of Wockhardt Limited situated at Kadaiya in Daman and Baddi in Himachal Pradesh and on Fixed Deposits of ₹ 45.00 crores (excluding interest) in India.

47. Reconciliation of the opening and closing balances of liabilities arising from Financing Activities:

| | As at March 31, 2018 | As at April 01, 2017 | Non cash changes | | Other items considered separately | Cash flows- inflow/ (Outflow) |
|-----------------------------|-------------------------|-------------------------|-------------------------|----------------------------------|---|-------------------------------------|
| | | | Exchange fluctuation | Fair value/Ind AS adjustments | | |
| Long-term borrowings (Net) | 1,336.17 | 1,458.03 | (3.44) | (41.19) | 0.68 | (165.81) |
| Short-term borrowings (Net) | 437.09 | 661.86 | (6.22) | - | 1.15 | (229.84) |

48. Exchange fluctuation for the year includes Mark to market loss of ₹ Nil (Previous year - ₹ 1.36 crore) accounted for on the forward contract.

49. Donations for Political purpose made during the year and included in Note 31 under "Miscellaneous expenses" :

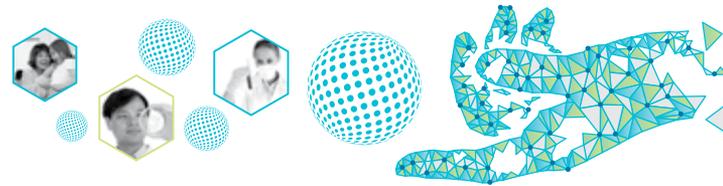
Prudent Electoral Trust ₹ 6.00 crore (Previous year - ₹ Nil)

50. As part of Corporate Social Responsibility (CSR), the Company had made voluntary contribution of ₹ 4.67 crore (Previous year - ₹ 7.92 crore) during the year for spending on CSR activities to Wockhardt Foundation and included the same in Note 31 under 'Miscellaneous expenses,' being contribution and other expenses (Also Refer note 41).

51. The Company's New Chemical Entity ('NCE') research program continued to progress in their Clinical Trials.

Further, during the year, on a significant positive, the Company received approvals of PICS (Malaysia), COFEPRIS (Mexico Latam) & GCC audit approvals at Biotech API & Formulation. EU GMP Certification of Shendra Site till February 2020 was also received.

Efforts towards remediation and compliances measures to address US FDA matters on the manufacturing facilities continue to be in place.



- 52.** In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Amendment Rules, 2018, notifying Ind AS 115 'Revenue from Contracts with Customers' (New Revenue Standard) w.e.f. April 01, 2018, which replaces Ind AS 11 'Construction Contracts' and Ind AS 18 'Revenue'. The New Revenue Standard establishes principles for recognising revenue upon the transfer of promised goods or services to customers, in an amount that reflects the expected consideration received in exchange for those goods or services. The New Revenue Standard provides additional guidance on areas such as multiple-element arrangements, measurement approaches for variable consideration, specific guidance for licensing of intellectual property along with significant additional disclosures in relation to revenue. The New Revenue Standard also provides two broad alternative transition options – Retrospective Method and Cumulative Effect Method – with certain practical expedients available under the Retrospective Method. The Company continues to evaluate the impact of the New Revenue Standard on the present and future arrangements and shall determine the appropriate transition option once the said evaluation has been completed.
- 53.** There are no significant subsequent events that would require adjustments or disclosures in the financial statements as on the Balance Sheet date.
- 54.** Previous year figures have been regrouped wherever necessary to conform to current year classification.

As per our attached report of even date

For Haribhakti & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 103523W / W100048

Bhavik L. Shah
Partner
Membership No. 122071
Place : Mumbai
Date : May 04, 2018

Narendra Singh
Company Secretary

Manas Datta
Chief Financial Officer

For and on behalf of the Board of Directors

H. F. Khorakiwala
Chairman
DIN: 00045608

Huzaifa Khorakiwala
Executive Director
DIN: 02191870

Murtaza Khorakiwala
Managing Director
DIN: 00102650

Zahabiya Khorakiwala
Non Executive Director
DIN: 00102689

Shekhar Datta
DIN: 00045591
Aman Mehta
DIN: 00009364

D. S. Brar
DIN: 00068502
Sanjaya Baru
DIN: 05344208

Tasneem Mehta
DIN: 05009664
Baldev Raj Arora
DIN: 00194168

Vinesh Kumar Jairath
DIN: 00391684

Directors

CONSOLIDATED FINANCIAL HIGHLIGHTS

(₹ in crore except ratios, dividend and earnings per share)

| Year-end Financial Position | 2017-18 | 2016-17 | 2015-16 | 2014-15 | 2013-14 | 2012-13 | 2011-12 | 2010-11 | 2009-10 | 2008 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|--------------|
| Net Fixed Assets (incl. CWIP) | 4,321 | 4,017 | 3845 | 3149 | 3024 | 2,523 | 3,506 | 3,468 | 3,237 | 3,630 |
| Deferred Tax Assets/(Liabilities) | 149 | 133 | 98 | (53) | (7) | 24 | (101) | 73 | 47 | 41 |
| Investments | – | – | – | 3 | 3 | 3 | 91 | 90 | 95 | 93 |
| Total | 4,470 | 4,150 | 3,943 | 3,099 | 3,020 | 2,550 | 3,496 | 3,631 | 3,379 | 3,764 |
| Current Assets and other non current assets – (1) | 3,658 | 4,831 | 4131 | 3788 | 3597 | 3,490 | 2,656 | 2,073 | 2,172 | 2,964 |
| Current Liabilities and other non current liabilities – (2) | 1,193 | 1,115 | 1157 | 1017 | 994 | 1,265 | 1,189 | 912 | 862 | 1,475 |
| Net Current Assets | 2,465 | 3,716 | 2,974 | 2,771 | 2,603 | 2,225 | 1,467 | 1,161 | 1,310 | 1,489 |
| Sub-Total | 6,935 | 7,866 | 6,917 | 5,870 | 5,623 | 4,775 | 4,963 | 4,792 | 4,689 | 5,253 |
| Foreign Currency Translation Reserve | (268) | (171) | (301) | (145) | (197) | (2) | 24 | 183 | 158 | 144 |
| Profit & Loss Account | – | – | – | – | – | – | – | – | 6 | – |
| TOTAL CAPITAL EMPLOYED | 6,667 | 7,695 | 6,616 | 5,725 | 5,426 | 4,773 | 4,987 | 4,975 | 4,853 | 5,397 |
| Capital | | | | | | | | | | |
| – Equity | 55 | 55 | 55 | 55 | 55 | 55 | 55 | 55 | 55 | 55 |
| – Preference | – | – | – | 299 | 298 | 298 | 761 | 745 | 668 | – |
| Total | 55 | 55 | 55 | 354 | 353 | 353 | 816 | 800 | 723 | 55 |
| Reserves | 2,529 | 3,111 | 3419 | 3217 | 3031 | 2,349 | 679 | 326 | 112 | 1,107 |
| NET WORTH – (4) | 2,584 | 3,166 | 3,474 | 3,571 | 3,384 | 2,702 | 1,495 | 1,126 | 835 | 1,162 |
| Minority Interest | 346 | 382 | 465 | 144 | 136 | – | – | – | – | – |
| Borrowings | | | | | | | | | | |
| – Secured | 3,391 | 3,843 | 2402 | 2004 | 1900 | 2,054 | 3,271 | 3,379 | 3,552 | 3,161 |
| – Unsecured (Includes Preference Capital from FY 2014-15 onwards) | 346 | 304 | 275 | 6 | 6 | 17 | 221 | 470 | 466 | 1,074 |
| Total – (3) | 3,737 | 4,147 | 2,677 | 2,010 | 1,906 | 2,071 | 3,492 | 3,849 | 4,018 | 4,235 |
| TOTAL SOURCES | 6,667 | 7,695 | 6,616 | 5,725 | 5,426 | 4,773 | 4,987 | 4,975 | 4,853 | 5,397 |
| Summary of Operations (including discontinued operations) | | | | | | | | | | |
| Sales | 3,937 | 4,015 | 4453 | 4481 | 4830 | 5,721 | 4,614 | 3,751 | 4,501 | 3,590 |
| Other Income | 120 | 114 | 66 | 67 | 39 | 51 | 23 | 16 | 30 | 35 |
| TOTAL INCOME | 4,057 | 4,129 | 4,519 | 4,548 | 4,869 | 5,772 | 4,637 | 3,767 | 4,531 | 3,625 |
| Material Consumed | 1,797 | 1,662 | 1614 | 1488 | 1806 | 1,814 | 1,682 | 1,516 | 1,973 | 1,360 |
| Personnel Cost | 937 | 967 | 951 | 869 | 769 | 663 | 589 | 550 | 735 | 632 |
| Other expenses | 1,258 | 1,360 | 1379 | 1298 | 1276 | 1,128 | 903 | 776 | 970 | 812 |
| EBITDA (Including other income) | 65 | 140 | 575 | 893 | 1,018 | 2,167 | 1,463 | 925 | 853 | 821 |
| Interest Expense (Including exchange fluctuation) | 198 | 238 | 144 | 173 | 37 | 243 | 290 | 130 | 395 | 378 |
| Depreciation | 150 | 149 | 142 | 145 | 140 | 125 | 122 | 117 | 149 | 113 |
| Profit Before Tax & Exceptional Items | (283) | (247) | 289 | 575 | 841 | 1,799 | 1,051 | 678 | 309 | 330 |
| Exceptional Items – loss/(gain) | 358 | – | – | – | (50) | (62) | 474 | 574 | 1,295 | 581 |
| PBT | (641) | (247) | 289 | 575 | 891 | 1,861 | 577 | 104 | (986) | (251) |
| Tax (Expense)/Credit | (26) | 21 | (38) | (162) | (48) | (266) | (235) | (8) | (16) | 92 |
| PROFIT AFTER TAX BEFORE SHARE OF PROFIT / (LOSS) OF ASSOCIATES AND MINORITY INTEREST | (667) | (226) | 251 | 413 | 843 | 1,595 | 342 | 96 | (1,002) | (159) |
| Share in Profit/(Loss) of Associate Companies | – | – | 1 | – | – | (1) | 1 | (5) | 2 | 21 |
| Minority Interest – Profit/(Loss) | (59) | (30) | (1) | (8) | (2) | – | – | – | – | – |
| PROFIT AFTER TAX AFTER SHARE OF PROFIT / (LOSS) OF ASSOCIATES AND MINORITY INTEREST | (608) | (196) | 251 | 405 | 841 | 1,594 | 343 | 91 | (1,000) | (138) |
| IMPORTANT RATIOS | | | | | | | | | | |
| Current Assets : Liabilities – [(1)/(2)] | 3.07 | 4.33 | 3.57 | 3.72 | 3.62 | 2.76 | 2.23 | 2.27 | 2.50 | 2.01 |
| Debt : Equity – [(3)/(4)] | 1.45 | 1.31 | 0.77 | 0.56 | 0.56 | 0.77 | 2.34 | 3.42 | 4.81 | 3.65 |
| PBT/Turnover % | (16.3%) | (6.2%) | 6.5% | 12.8% | 18.4% | 32.5% | 12.5% | 2.8% | (21.9%) | (7.0%) |
| Return (PBIT) on Capital Employed % | (6.4%) | (0.1%) | 6.3% | 12.7% | 16.5% | 44.1% | 17.5% | 4.9% | (12.6%) | 2.4% |
| No. of Equity Shares (in crore) | 11.06 | 11.05 | 11.05 | 11.01 | 10.97 | 10.96 | 10.94 | 10.94 | 10.94 | 10.94 |
| Dividend (per share) | – | 10.00 | – | 20.00 | 10.00 | 5.00 | – | – | – | – |
| Basic Earnings (per share) | (55.01) | (17.71) | 22.71 | 36.81 | 76.6 | 145.6 | 31.3 | 8.3 | (91.4) | (12.7) |
| Net Worth (per share) | 233.6 | 286.5 | 314.4 | 324.3 | 308.5 | 246.6 | 136.6 | 102.9 | 76.3 | 106.1 |

NOTES:

- (1) The Figures for 2009-10 are for 15 month period ended March 31, 2010.
- (2) The Figures from FY 2015-16 onwards are as per Ind AS.



ANNEXURE I TO THE BOARD'S REPORT

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,

Wockhardt Limited

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Wockhardt Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provides me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Wockhardt Limited statutory registers, papers, minute books, forms and returns filed with the ROC and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company, during the audit period covering the financial year ended on March 31, 2018, has prima facie complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the statutory registers, papers, minute books, forms and returns filed with the ROC and other records maintained by the Company for the financial year ended on March 31, 2018 according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

Though the following laws are prescribed in the format of Secretarial Audit Report by the Government, the same were not applicable to the Company for the financial year ended 31st March, 2018:-

- (a) The Securities and Exchange Board of India (Issue and listing of Debt securities) Regulations, 2008;
 - (b) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
 - (c) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
 - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client.
- (vi) I further report that, based on the Compliance Report of various Laws submitted by Department Heads of the Company, the Company has inter-alia complied with the following laws:
 - (a) The Drug and Cosmetic Act, 1945 and Rules
 - (b) The Drug and Magic Remedies Act, 1954
 - (c) Narcotic Drugs and Psychotropic Substances Act, 1985
 - (d) Factories Act, 1948 and rules framed there under
 - (e) The Hazardous Waste (Management & Handling) Rules 1989 under the Environment Protection Act, 1986
 - (f) The Pharmacy Act, 1948
 - (g) Bio-Medical Waste (Management and Handling) Rules, 1998
 - (h) Food Standard and Security Authority of India, 2006 and rules
 - (i) Applicable Labour Laws

(vii) I have also examined compliance with the applicable clauses of the following:

- (a) The Listing agreements entered into by the Company with Stock Exchanges read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (b) Secretarial Standards 1 & 2 issued by the Institute of Company Secretaries of India.

During the period under review, I am of the opinion that the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that I have not examine the Financial Statement, financial Books & related financial Act like Income Tax, Sales Tax, Value Added Tax, Goods and Service Tax Act, ESIC, Provident Fund & Professional Tax, etc. For these matters, I rely on the report of statutory auditor's for Financial Statement for the year ended 31st March, 2018.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non- Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

I further report that as per the information provided prima facie adequate notice is given to all directors to schedule the Board Meetings; agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on agenda items before the meeting and for meaningful participation at the meeting.

I further report that as per the minutes of the meetings, majority decisions of the Board were unanimous and no dissenting views were found as part of the minutes.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that the management is responsible for compliances of all business laws. This responsibility includes maintenance of statutory registers/ records required by the concerned authorities and internal control of the concerned department.

I further report that during the audit period, there were no instances of:

- i) Public/Rights/Preferential issue of shares/debentures/sweat equity, except allotment of shares under Employee Stock Option scheme.
- ii) Redemption/buy-back of securities.
- iii) Major decisions taken by the Members in pursuance to Section 180 of the Companies Act, 2013 which would have major bearing on the Company's affairs.
- iv) Merger/reconstruction etc.
- v) Foreign Technical Collaborations.

I further report that:

1. Maintenance of Secretarial record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these Secretarial Records based on our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in the Secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. Where ever required, I have obtained the Management representation about the compliance of Laws, Rules and Regulations and happening of events etc.
4. The compliance of the provisions of Corporate and other applicable Laws, Rules, Regulations, Standards is the responsibility of the Management. My examination was limited to the verification of procedures on test basis.
5. The Secretarial Audit report is neither an assurance as to the future viability of the company nor the efficacy or effectiveness with which the Management has conducted the affairs of the company.

Virendra Bhatt

ACS No – 1157

COP No – 124

Place : Mumbai

Date : 4th May, 2018



ANNEXURE II TO THE BOARD'S REPORT

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2018

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

| | | |
|-------|--|--|
| (i) | CIN | L24230MH1999PLC120720 |
| (ii) | Registration Date | 8 th July, 1999 |
| (iii) | Name of the Company | Wockhardt Limited |
| (iv) | Category/Sub-Category of the Company | Public Company limited by shares |
| (v) | Address of the Registered office and Contact details | D-4 MIDC, Chikalhana, Aurangabad – 431006. Tel: 91-240-6694444; Fax: 91-240-2489219 |
| (vi) | Whether listed company (Yes/No) | Yes |
| (vii) | Name, Address and Contact details of Registrar and Transfer Agent, if any | Link Intime India Private Limited C-101, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai - 400 083 Tel No : +91 22 49186270 Fax No : +91 22 49186060 Email id : wockhardt@linkintime.co.in |

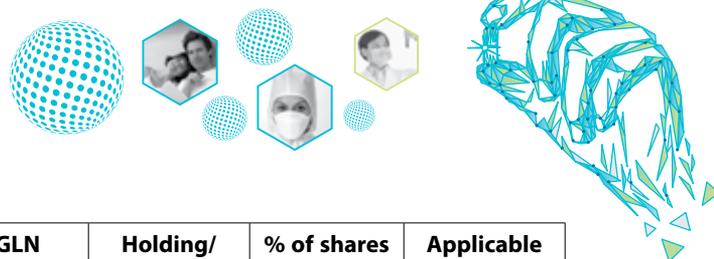
II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

| Sl. No. | Name and Description of main products/services | NIC Code of the Product/ service | % to total turnover of the Company |
|---------|--|----------------------------------|------------------------------------|
| 1. | Pharmaceuticals | 210 | 100% |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sl. No. | Name and Address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held [Refer Notes 1 & 2] | Applicable Section of Companies Act, 2013 |
|---------|--|---------------------------|--------------------------------|--------------------------------------|---|
| 1. | Wockhardt Infrastructure Development Limited Wockhardt Towers, Bandra- Kurla Complex, Bandra (East), Mumbai – 400 051 | U24230MH1991 PLC060162 | Subsidiary (Direct) | 100% | 2(87) |
| 2. | Wockhardt UK Holdings Limited Ash Road North, Wrexham Industrial Estate, Wrexham LL13 9UF, Wales, United Kingdom | N.A | Subsidiary (Direct) | 100% | 2(87) |
| 3. | CP Pharmaceuticals Limited@ Ash Road North, Wrexham Industrial Estate, Wrexham LL13 9UF, Wales, United Kingdom | N.A | Subsidiary (Indirect) | 85.85% | 2(87) |
| 4. | CP Pharma (Schweiz) AG @ Grafenauweg 6, 6300 ZUG, Switzerland | N.A | Subsidiary (Indirect) | 85.85% | 2(87) |
| 5. | Wallis Group Limited Ash Road North, Wrexham Industrial Estate, Wrexham LL13 9UF, Wales, United Kingdom | N.A | Subsidiary (Indirect) | 100% | 2(87) |

| Sl. No. | Name and Address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held [Refer Notes 1 & 2] | Applicable Section of Companies Act, 2013 |
|----------------|--|----------------|---------------------------------------|---|--|
| 6. | The Wallis Laboratory Limited Ash Road North, Wrexham Industrial Estate, Wrexham LL13 9UF, Wales, United Kingdom | N.A | Subsidiary (Indirect) | 100% | 2(87) |
| 7. | Pinewood Healthcare Limited@ Ash Road North, Wrexham Industrial Estate, Wrexham LL13 9UF, Wales, United Kingdom | N.A | Subsidiary (Indirect) | 85.85% | 2(87) |
| 8. | Wockhardt Farmaceutica Do Brasil Ltda Rua Antonio Loureiro, No. 346 - Room 18, Neighbourhood - Vila Santa Catarina, São Paulo, Brazil CEP - 04376-110 | N.A | Subsidiary (Indirect) | 100% | 2(87) |
| 9. | Wallis Licensing Limited Ash Road North, Wrexham Industrial Estate, Wrexham LL13 9UF, Wales, United Kingdom | N.A | Subsidiary (Indirect) | 100% | 2(87) |
| 10. | Z&Z Services GmbH@ Seepark 7, D-39116 Magdeburg, Germany | N.A | Subsidiary (Indirect) | 85.85% | 2(87) |
| 11. | Wockhardt Europe Limited Trident Chambers, P O Box 146, Wickham's Cay 1, Road Town, Tortola British Virgin Islands | N.A | Subsidiary (Direct) | 100% | 2(87) |
| 12. | Wockhardt Nigeria Limited 38, Fatai Irawo Street, Ajao Estate, Lagos, Nigeria | N.A | Subsidiary (Indirect) | 100% | 2(87) |
| 13. | Wockhardt USA LLC@ 20 Waterview Boulevard, Parsippany NJ 07054 – U.S.A | N.A | Subsidiary (Indirect) | 85.85% | 2(87) |
| 14. | Wockhardt Bio AG Grafenauweg 6 6300 ZUG, Switzerland | N.A | Subsidiary (Direct) | 85.85% | 2(87) |
| 15. | Wockhardt UK Limited@ Ash Road North, Wrexham Industrial Estate, Wrexham LL13 9UF, Wales, United Kingdom | N.A | Subsidiary (Indirect) | 85.85% | 2(87) |
| 16. | Wockpharma Ireland Limited@ Ballymacarbry Clonmel Co. Tipperary, Ireland | N.A | Subsidiary (Indirect) | 85.85% | 2(87) |
| 17. | Pinewood Laboratories Limited@ Ballymacarbry Clonmel Co. Tipperary, Ireland | N.A | Subsidiary (Indirect) | 85.85% | 2(87) |
| 18. | Laboratoires Negma S.A.S.@ Buroplus 3 – Zac De La Clef St Pierre 1Bis Avenue Jean D'alembert – CS 80563 78996 Elancourt Cedex, France | N.A | Subsidiary (Indirect) | 85.85% | 2(87) |
| 19. | Wockhardt France (Holdings) S.A.S.@ Buroplus 3 – Zac De La Clef St Pierre 1Bis Avenue Jean D'alembert – CS 80563 78996 Elancourt Cedex, France | N.A | Subsidiary (Indirect) | 85.85% | 2(87) |
| 20. | Wockhardt Holding Corp.@ 6451 West Main St, Morton Grove, IL 60053 | N.A | Subsidiary (Indirect) | 85.85% | 2(87) |



| Sl. No. | Name and Address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held [Refer Notes 1 & 2] | Applicable Section of Companies Act, 2013 |
|---------|---|---------|--------------------------------|--------------------------------------|---|
| 21. | Morton Grove Pharmaceuticals, Inc. @ 6451, West Main Street, Morton Grove Illinois 60053- U.S.A | N.A | Subsidiary (Indirect) | 85.85% | 2(87) |
| 22. | MGP Inc., U.S.A @ 6451 West Main St, Morton Grove, IL 60053 | N.A | Subsidiary (Indirect) | 85.85% | 2(87) |
| 23. | Laboratoires Pharma 2000 S.A.S. @ Buroplus 3 – Zac De La Clef St Pierre 1bis Avenue Jean D’alembert – CS 80563 78996 Elancourt Cedex, France | N.A | Subsidiary (Indirect) | 85.85% | 2(87) |
| 24. | Niverpharma S.A.S @ Buroplus 3 – Zac De La Clef St Pierre 1Bis Avenue Jean D’alembert – CS 80563 78996 Elancourt Cedex, France | N.A | Subsidiary (Indirect) | 85.85% | 2(87) |
| 25. | Negma Beneulex S.A. @ Rue du Cours d’eau, 10 1428 Lillois Belgium | N.A | Subsidiary (Indirect) | 85.85% | 2(87) |
| 26. | Phytex S.A.S. @ Buroplus 3 – Zac De La Clef St Pierre 1Bis Avenue Jean D’alembert – CS 80563 78996 Elancourt Cedex, France | N.A | Subsidiary (Indirect) | 85.85% | 2(87) |
| 27. | Wockhardt Farmaceutica SA DE CV. @ VitoAlessio Robles 53 bis Colonia Ex Hacienda Guadalupe Chimalistac CP 01050 , Álvaro Obregón, Distrito Federal, Mexico | N.A | Subsidiary (Indirect) | 85.85% | 2(87) |
| 28. | Wockhardt Services SA DE CV. @, VitoAlessio Robles 53 bis, Colonia Ex Hacienda Guadalupe Chimalistac CP, 01050, Álvaro Obregón, Distrito Federal, Mexico | N.A | Subsidiary (Indirect) | 85.85% | 2(87) |
| 29. | Wockhardt Bio (R) @ Russia, 121471, Moscow, Ryabinovaya ul., 43, Building 1 | N.A | Subsidiary (Indirect) | 85.85% | 2(87) |
| 30. | Wockhardt Bio Pty Ltd @ R Nurlendi Road, Vermont, Melbourne Victoria, 3133 | N.A | Subsidiary (Indirect) | 85.85% | 2(87) |
| 31. | Wockhardt Bio Limited* 58 Richard Pearse Drive, Airport Oaks, Mangere, Auckland 2022, New Zealand | N.A | Subsidiary (Indirect) | — | 2(87) |

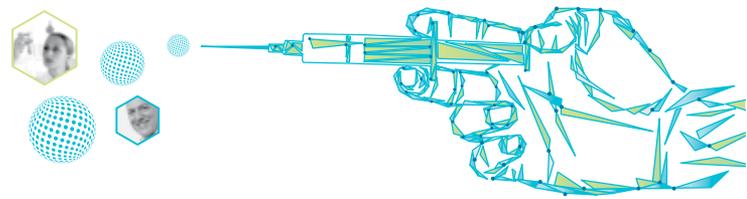
Notes:

1. Wockhardt Ltd., the Company holds directly or indirectly 100% shareholding in all the subsidiaries except as mentioned in Note 2 below.
2. @ The Company holds 85.85% shareholding in the Wockhardt Bio AG which in turn holds 100% shareholding in these subsidiaries.
3. *The immediate Holding Company (i.e. Wockhardt Bio AG) has yet to infuse the share capital.

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year (as on 1 st April, 2017) | | | | No. of Shares held at the end of the year (as on 31 st March, 2018) | | | | % Change during the year |
|--|--|--------------|-------------------|-------------------|---|--------------|-------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| (a) Individual/HUF | 887,625 | 0 | 887,625 | 0.80 | 887,625 | 0 | 887,625 | 0.80 | 0 |
| (b) Central Govt. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (c) State Govt.(s) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (d) Bodies Corporates | 70,297,757 | 0 | 70,297,757 | 63.59 | 70,297,757 | 0 | 70,297,757 | 63.55 | (0.04) |
| (e) Banks/Fls | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (f) Any Other | | | | | | | | | |
| i) Trust | 10,800,000 | 0 | 10,800,000 | 9.77 | 10,800,000 | 0 | 10,800,000 | 9.76 | (0.01) |
| Sub-total (A)(1) | 81,985,382 | 0 | 81,985,382 | 74.16 | 81,985,382 | 0 | 81,985,382 | 74.11 | (0.05) |
| (2) Foreign | | | | | | | | | |
| (a) NRIs - Individuals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (b) Other - Individuals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (c) Bodies Corp. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (d) Banks/Fl | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (e) Any Other.... | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sub-total (A)(2) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total shareholding of Promoter (A) = (A)(1)+(A)(2) | 81,985,382 | 0 | 81,985,382 | 74.16 | 81,985,382 | 0 | 81,985,382 | 74.11 | (0.05) |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| (a) Mutual Funds | 1,555,866 | 900 | 1,556,766 | 1.41 | 4,056,207 | 900 | 4,057,107 | 3.67 | 2.26 |
| (b) Banks/Fls | 110,121 | 500 | 110,621 | 0.10 | 70,566 | 500 | 71,066 | 0.06 | (0.04) |
| (c) Central Govt. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (d) State Govt.(s) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (e) Venture Capital Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (f) Insurance Companies | 1,326,871 | 1,400 | 1,328,271 | 1.20 | 1,326,871 | 1,400 | 1,328,271 | 1.20 | 0 |
| (g) Fls | 753,792 | 2,400 | 756,192 | 0.68 | 3,696 | 2,400 | 6,096 | 0.01 | (0.67) |
| (h) Foreign Venture Capital Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (i) Others (specify) | | | | | | | | | |
| Foreign Portfolio Investor | 4,262,563 | 0 | 4,262,563 | 3.86 | 6,027,262 | 0 | 6,027,262 | 5.45 | 1.59 |
| Foreign Company | 9,709 | 0 | 9,709 | 0.01 | 0 | 0 | 0 | 0 | (0.01) |
| Alternative Investment Fund | 0 | 0 | 0 | 0 | 62,200 | 0 | 62,200 | (0.05) | 0.05 |
| Sub-total (B)(1) | 8,018,922 | 5,200 | 8,024,122 | 7.26 | 11,546,802 | 5,200 | 11,552,002 | 10.44 | 3.18 |
| 2. Non-Institutions | | | | | | | | | |
| (a) Bodies Corporate | | | | | | | | | |
| (i) Indian | 2,013,423 | 3,443 | 2,016,866 | 1.82 | 1,491,914 | 19,043 | 1,510,957 | 1.37 | (0.45) |
| (ii) Overseas | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (b) Individuals | | | | | | | | | |
| (i) Individual Shareholders Holding nominal share capital upto ₹ 1 lakh | 13,766,608 | 909,649 | 14,676,257 | 13.28 | 11,869,971 | 877,823 | 12,747,794 | 11.52 | (1.76) |
| (ii) Individual Shareholders Holding nominal share capital in excess of ₹ 1 lakh | 910,429 | 0 | 910,429 | 0.82 | 878,960 | 0 | 878,960 | 0.80 | (0.02) |



| Category of Shareholders | No. of Shares held at the beginning of the year (as on 1 st April, 2017) | | | | No. of Shares held at the end of the year (as on 31 st March, 2018) | | | | % Change during the year |
|--|--|----------------|--------------------|-------------------|---|----------------|--------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| (c) Others (specify) | | | | | | | | | |
| (i) Non-Resident Indian (Repat) | 814,735 | 2,700 | 817,435 | 0.74 | 834,821 | 2,700 | 837,521 | 0.76 | 0.02 |
| (ii) Non-Resident Indian (Non-Repat) | 194,333 | 2,400 | 196,733 | 0.18 | 183,662 | 2,400 | 186,062 | 0.17 | (0.01) |
| (iii) Foreign Nationals | 350 | 0 | 350 | 0 | 600 | 0 | 600 | 0 | 0.00 |
| (iv) Clearing Member | 1,101,197 | 0 | 1,101,197 | 1.00 | 346,127 | 0 | 346,127 | 0.31 | (0.69) |
| (v) Directors/Relatives of Directors | 57,600 | 0 | 57,600 | 0.05 | 57,600 | 0 | 57,600 | 0.05 | 0.00 |
| (vi) Trusts | 1,309 | 0 | 1,309 | 0 | 24,800 | 0 | 24,800 | 0.02 | 0.02 |
| (vii) Hindu Undivided Family | 626,128 | 0 | 626,128 | 0.57 | 502,648 | 0 | 502,648 | 0.45 | (0.12) |
| Sub-total (B)(2) | 19,486,112 | 918,192 | 20,404,304 | 18.46 | 16,191,103 | 901,966 | 17,093,069 | 15.45 | (3.01) |
| Total Public Shareholding (B)=(B)(1)+(B)(2) | 27,505,034 | 923,392 | 28,428,426 | 25.72 | 27,737,905 | 907,166 | 28,645,071 | 25.89 | 0.17 |
| C. Shares held by Custodian for GDRs & ADRs | 118,620 | 15,600 | 134,220 | 0.12 | 0 | 0 | 0 | 0 | (0.12) |
| Grand Total (A+B+C) | 109,609,036 | 938,992 | 110,548,028 | 100.00 | 109,723,287 | 907,166 | 110,630,453 | 100.00 | 0.00 |

Notes:

- The shares appearing under "Promoter- Bodies Corporates" are held by the companies appearing under Sl. Nos. 1 to 4 of the below table titled (ii) "Shareholding of Promoters" in capacity as a Trustee of Trusts being partner in respective Partnership Firms.
- The shares appearing under "Promoter- Trust" are held by the companies appearing under Sl. Nos. 5 to 8 of the below table titled (ii) "Shareholding of Promoters" in capacity as a Trustee of respective Trusts.
- % change during the year in the category of Promoters is due to increase in total paid up equity share capital.

(ii) Shareholding of Promoters

| Sl. No. | Shareholder's Name | Shareholding at the beginning of the year (as on 1st April, 2017) | | | Shareholding at the end of the Year (as on 31 st March, 2018) | | | % change in share holding during the year |
|---------|---|--|----------------------------------|--|---|----------------------------------|--|---|
| | | No. of Shares | % of total Shares of the Company | % of Shares Pledged/encumbered to total shares | No. of Shares | % of total Shares of the Company | % of Shares Pledged/encumbered to total shares | |
| 1. | Themisto Trustee Company Private Limited* | 60,497,757 | 54.73 | Nil | 60,497,757 | 54.69 | Nil | (0.04) |
| 2. | Ananke Trustee Company Private Limited* | 3,200,000 | 2.89 | Nil | 3,200,000 | 2.89 | Nil | Nil |
| 3. | Callirhoe Trustee Company Private Limited* | 3,200,000 | 2.89 | Nil | 3,200,000 | 2.89 | Nil | Nil |
| 4. | Pasithe Trustee Company Private Limited* | 3,400,000 | 3.08 | Nil | 3,400,000 | 3.07 | Nil | (0.01) |
| 5. | Themisto Trustee Company Private Limited** | 5,400,000 | 4.88 | Nil | 5,400,000 | 4.88 | Nil | Nil |
| 6. | Ananke Trustee Company Private Limited** | 1,800,000 | 1.63 | Nil | 1,800,000 | 1.63 | Nil | Nil |
| 7. | Callirhoe Trustee Company Private Limited** | 1,800,000 | 1.63 | Nil | 1,800,000 | 1.63 | Nil | Nil |
| 8. | Pasithe Trustee Company Private Limited** | 1,800,000 | 1.63 | Nil | 1,800,000 | 1.63 | Nil | Nil |
| 9. | Dr. H.F. Khorakiwala | 442,785 | 0.40 | Nil | 442,785 | 0.40 | Nil | Nil |
| 10. | Dr. Huzaifa Khorakiwala | 216,000 | 0.20 | Nil | 216,000 | 0.20 | Nil | Nil |
| 11. | Dr. Murtaza Khorakiwala | 226,200 | 0.20 | Nil | 226,200 | 0.20 | Nil | Nil |
| 12. | Ms. Nafisa Khorakiwala | 2,640 | 0.00 | Nil | 2,640 | 0.00 | Nil | Nil |
| | Total | 81,985,382 | 74.16 | Nil | 81,985,382 | 74.11 | Nil | (0.05) |

Notes:

- * The shares are held by the said companies in capacity as a Trustee of Trusts being partner in respective Partnership Firms.
- ** The shares are held by the said companies in capacity as a Trustee of respective Trusts.
- ** The shares held by the said companies in capacity as a Trustee of respective Trusts have been acquired from Promoters appearing under Sl. Nos. 1 to 4 by inter-se transfer of shares through Block deal which took place amongst Promoters in March 2017.

(iii) Change in Promoters' Shareholding

During the financial year 2017-18, there was no change in Promoters' Shareholding other than minor changes in percentage due to increase in total paid up equity share capital of the Company.

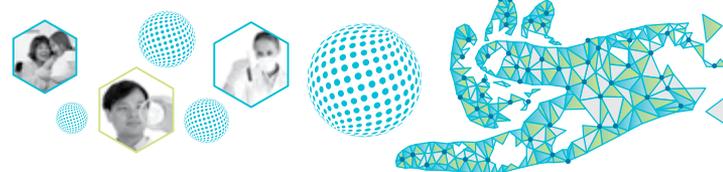
(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

| Sl. No. | For Each of the Top 10 Shareholders | Shareholding at the beginning of the year (as on 1 st April, 2017) / Date wise Increase/(Decrease) during the year | | Cumulative shareholding during the year | | Shareholding at the end of the year (as on 31 st March, 2018) | |
|--------------------------|--|---|--------------------------------------|---|--------------------------------------|--|--------------------------------------|
| | | No. of shares | % of the total shares of the Company | No. of shares | % of the total shares of the Company | No. of shares | % of the total shares of the Company |
| 1 | Life Insurance Corporation of India | 1,326,946 | 1.20 | | | 1,326,946 | 1.20 |
| | Date wise increase/(Decrease) | Number | % age | | | | |
| | Nil | Nil | Nil | Nil | Nil | | |
| 2 | Delaware Group Global and International Funds-Delaware Emerging Markets Fund* | 0 | 0.00 | | | 12,00,000 | 1.08 |
| | Date wise increase/(Decrease) | Number | % age | | | | |
| | 11.12.2017 to 15.12.2017 | 308,000 | 0.28 | 308,000 | 0.28 | | |
| | 18.12.2017 to 22.12.2017 | 501,000 | 0.45 | 809,000 | 0.73 | | |
| | 25.12.2017 to 29.12.2017 | 113,946 | 0.10 | 922,946 | 0.83 | | |
| | 01.01.2018 to 05.01.2018 | 277,054 | 0.25 | 1,200,000 | 1.08 | | |
| 3 | Aditya Birla Sun Life Trustee Private Limited A/c Aditya Birla Sun Life Pure Value Fund * | 151,200 | 0.14 | | | 1,071,600 | 0.97 |
| | Date wise increase/(Decrease) | Number | % age | | | | |
| | 03.04.2017 to 07.04.2017 | 53,400 | 0.05 | 204,600 | 0.19 | | |
| | 24.04.2017 to 28.04.2017 | (12,000) | (0.01) | 192,600 | 0.17 | | |
| | 22.05.2017 to 26.05.2017 | (7,200) | (0.01) | 185,400 | 0.17 | | |
| | 19.06.2017 to 23.06.2017 | (185,400) | (0.17) | 0 | 0.00 | | |
| | 03.07.2017 to 07.07.2017 | 92,800 | 0.08 | 92,800 | 0.08 | | |
| | 31.07.2017 to 04.08.2017 | 6,400 | 0.01 | 99,200 | 0.09 | | |
| | 11.09.2017 to 15.09.2017 | 18,400 | 0.02 | 117,600 | 0.11 | | |
| | 18.09.2017 to 22.09.2017 | (60,800) | (0.05) | 56,800 | 0.05 | | |
| | 25.09.2017 to 29.09.2017 | (14,400) | (0.01) | 42,400 | 0.04 | | |
| | 23.10.2017 to 27.10.2017 | 143,925 | 0.13 | 186,325 | 0.17 | | |
| | 30.10.2017 to 03.11.2017 | 127,275 | 0.12 | 313,600 | 0.28 | | |
| | 06.11.2017 to 10.11.2017 | 410,000 | 0.37 | 723,600 | 0.65 | | |
| | 27.11.2017 to 01.12.2017 | 70,000 | 0.06 | 793,600 | 0.72 | | |
| | 18.12.2017 to 22.12.2017 | 100,000 | 0.09 | 893,600 | 0.81 | | |
| | 26.12.2017 to 29.12.2017 | (1,300) | (0.00) | 892,300 | 0.81 | | |
| | 05.02.2018 to 09.02.2018 | 93,300 | 0.08 | 985,600 | 0.89 | | |
| | 12.02.2018 to 16.02.2018 | 50,000 | 0.05 | 1,035,600 | 0.94 | | |
| | 05.03.2018 to 09.03.2018 | (39,000) | (0.04) | 996,600 | 0.90 | | |
| 12.03.2018 to 16.03.2018 | 75,000 | 0.07 | 1,071,600 | 0.97 | | | |
| 4 | Government Pension Fund Global | 748,116 | 0.68 | | | 819,394 | 0.74 |
| | Date wise increase/(Decrease) | Number | % age | | | | |
| | 10.04.2017 to 14.04.2017 | 376,995 | 0.34 | 1,125,111 | 1.02 | | |
| | 17.04.2017 to 21.04.2017 | 5 | 0.00 | 1,125,116 | 1.02 | | |
| | 19.06.2017 to 23.06.2017 | (799,193) | (0.72) | 325,923 | 0.29 | | |
| | 26.06.2017 to 30.06.2017 | (180,695) | (0.16) | 145,228 | 0.13 | | |
| | 26.02.2018 to 02.03.2018 | 331,026 | 0.30 | 476,254 | 0.43 | | |
| | 05.03.2018 to 09.03.2018 | 343,140 | 0.31 | 819,394 | 0.74 | | |



| Sl. No. | For Each of the Top 10 Shareholders | Shareholding at the beginning of the year (as on 1 st April, 2017) / Date wise Increase/(Decrease) during the year | | Cumulative shareholding during the year | | Shareholding at the end of the year (as on 31 st March, 2018) | |
|--------------------------|--|---|--------------------------------------|---|--------------------------------------|--|--------------------------------------|
| | | No. of shares | % of the total shares of the Company | No. of shares | % of the total shares of the Company | No. of shares | % of the total shares of the Company |
| 5 | HDFC Trustee Company Ltd – A/c HDFC MID-CAP Opportunities Fund | 468,855 | 0.42 | | | 754,555 | 0.68 |
| | Date wise increase/(Decrease) | Number | % age | | | | |
| | 03.04.2017 to 07.04.2017 | 65,000 | 0.06 | 533,855 | 0.48 | | |
| | 26.06.2017 to 30.06.2017 | (1,200) | (0.00) | 532,655 | 0.48 | | |
| | 03.07.2017 to 07.07.2017 | 32,000 | 0.03 | 564,655 | 0.51 | | |
| | 28.08.2017 to 01.09.2017 | 73,600 | 0.07 | 638,255 | 0.58 | | |
| | 16.10.2017 to 20.10.2017 | 3,200 | 0.00 | 641,455 | 0.58 | | |
| | 06.11.2017 to 10.11.2017 | 176,800 | 0.16 | 818,255 | 0.74 | | |
| | 20.11.2017 to 24.11.2017 | (15,200) | (0.01) | 803,055 | 0.73 | | |
| | 04.12.2017 to 08.12.2017 | (4,000) | (0.00) | 799,055 | 0.72 | | |
| | 26.12.2017 to 29.12.2017 | (4,000) | (0.00) | 795,055 | 0.72 | | |
| | 01.01.2018 to 05.01.2018 | 11,700 | 0.01 | 806,755 | 0.73 | | |
| | 08.01.2018 to 12.01.2018 | 43,200 | 0.04 | 849,955 | 0.77 | | |
| | 15.01.2018 to 19.01.2018 | (37,800) | (0.03) | 812,155 | 0.73 | | |
| | 05.02.2018 to 09.02.2018 | (57,600) | (0.05) | 754,555 | 0.68 | | |
| 6 | Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds | 599,983 | 0.54 | | | 647,283 | 0.59 |
| | Date wise increase/(Decrease) | Number | % age | | | | |
| | 03.04.2017 to 07.04.2017 | 6,540 | 0.01 | 606,523 | 0.55 | | |
| | 24.04.2017 to 28.04.2017 | 600 | 0.00 | 607,123 | 0.55 | | |
| | 02.05.2017 to 05.05.2017 | 4,800 | 0.00 | 611,923 | 0.55 | | |
| | 08.05.2017 to 12.05.2017 | 1,500 | 0.00 | 613,423 | 0.55 | | |
| | 15.05.2017 to 19.05.2017 | 3,240 | 0.00 | 616,663 | 0.56 | | |
| | 29.05.2017 to 02.06.2017 | 1,320 | 0.00 | 617,983 | 0.56 | | |
| | 03.07.2017 to 07.07.2017 | 2,100 | 0.00 | 620,083 | 0.56 | | |
| | 10.07.2017 to 14.07.2017 | 1,500 | 0.00 | 621,583 | 0.56 | | |
| | 31.07.2017 to 04.08.2017 | 1,320 | 0.00 | 622,903 | 0.56 | | |
| | 07.08.2017 to 11.08.2017 | 1,740 | 0.00 | 624,643 | 0.56 | | |
| | 28.08.2017 to 01.09.2017 | 2,160 | 0.00 | 626,803 | 0.57 | | |
| | 04.09.2017 to 08.09.2017 | 3,060 | 0.00 | 629,863 | 0.57 | | |
| | 11.09.2017 to 15.09.2017 | 2,760 | 0.00 | 632,623 | 0.57 | | |
| | 03.10.2017 to 06.10.2017 | 1,800 | 0.00 | 634,423 | 0.57 | | |
| | 09.10.2017 to 13.10.2017 | 1,860 | 0.00 | 636,283 | 0.58 | | |
| | 16.10.2017 to 20.10.2017 | 1,380 | 0.00 | 637,663 | 0.58 | | |
| | 23.10.2017 to 27.10.2017 | 1,260 | 0.00 | 638,923 | 0.58 | | |
| | 18.12.2017 to 22.12.2017 | (1,430) | (0.00) | 637,493 | 0.58 | | |
| | 22.01.2018 to 25.01.2018 | 5,170 | 0.00 | 642,663 | 0.58 | | |
| 29.01.2018 to 02.02.2018 | 4,620 | 0.00 | 647,283 | 0.59 | | | |
| 7 | DSP Blackrock AIF Pharma Fund | 393,963 | 0.36 | | | 578,452 | 0.52 |
| | Date wise increase/(Decrease) | Number | % age | | | | |
| | 03.04.2017 to 07.04.2017 | 65,952 | 0.06 | 459,915 | 0.42 | | |
| | 29.05.2017 to 02.06.2017 | 39,702 | 0.04 | 499,617 | 0.45 | | |
| | 05.06.2017 to 09.06.2017 | 30,298 | 0.03 | 529,915 | 0.48 | | |
| | 01.01.2018 to 05.01.2018 | (46,602) | (0.04) | 483,313 | 0.44 | | |
| | 08.01.2018 to 12.01.2018 | (2,178) | (0.00) | 481,135 | 0.44 | | |
| | 19.02.2018 to 23.02.2018 | 14,810 | 0.01 | 495,945 | 0.45 | | |
| | 05.03.2018 to 09.03.2018 | 52,255 | 0.05 | 548,200 | 0.50 | | |
| | 31.03.2018 to 31.03.2018 | 30,252 | 0.03 | 578,452 | 0.52 | | |

| Sl. No. | For Each of the Top 10 Shareholders | Shareholding at the beginning of the year (as on 1 st April, 2017) / Date wise Increase/(Decrease) during the year | | Cumulative shareholding during the year | | Shareholding at the end of the year (as on 31 st March, 2018) | |
|--------------------------|--|---|--------------------------------------|---|--------------------------------------|--|--------------------------------------|
| | | No. of shares | % of the total shares of the Company | No. of shares | % of the total shares of the Company | No. of shares | % of the total shares of the Company |
| 8 | Vanguard Total International Stock Index Fund | 419,199 | 0.38 | | | 419,199 | 0.38 |
| | Date wise increase/(Decrease) | Number | % age | | | | |
| | Nil | Nil | Nil | Nil | Nil | | |
| 9 | Ishares Core Emerging Markets Mauritius Co * | 235,322 | 0.21 | | | 389,710 | 0.35 |
| | Date wise increase/(Decrease) | Number | % age | | | | |
| | 03.04.2017 to 07.04.2017 | 3,012 | 0.00 | 238,334 | 0.22 | | |
| | 10.04.2017 to 14.04.2017 | 251 | 0.00 | 238,585 | 0.22 | | |
| | 17.04.2017 to 21.04.2017 | 2,510 | 0.00 | 241,095 | 0.22 | | |
| | 24.04.2017 to 28.04.2017 | 6,158 | 0.01 | 247,253 | 0.22 | | |
| | 02.05.2017 to 05.05.2017 | 2,520 | 0.00 | 249,773 | 0.23 | | |
| | 08.05.2017 to 12.05.2017 | 9,101 | 0.01 | 258,874 | 0.23 | | |
| | 15.05.2017 to 19.05.2017 | 8,035 | 0.01 | 266,909 | 0.24 | | |
| | 29.05.2017 to 02.06.2017 | 18,019 | 0.02 | 284,928 | 0.26 | | |
| | 05.06.2017 to 09.06.2017 | 2,992 | 0.00 | 287,920 | 0.26 | | |
| | 12.06.2017 to 16.06.2017 | 5,168 | 0.00 | 293,088 | 0.27 | | |
| | 26.06.2017 to 30.06.2017 | 1,355 | 0.00 | 294,443 | 0.27 | | |
| | 03.07.2017 to 07.07.2017 | 1,084 | 0.00 | 295,527 | 0.27 | | |
| | 10.07.2017 to 14.07.2017 | 271 | 0.00 | 295,798 | 0.27 | | |
| | 17.07.2017 to 21.07.2017 | 1,626 | 0.00 | 297,424 | 0.27 | | |
| | 24.07.2017 to 28.07.2017 | 2,439 | 0.00 | 299,863 | 0.27 | | |
| | 31.07.2017 to 04.08.2017 | 4,878 | 0.00 | 304,741 | 0.28 | | |
| | 07.08.2017 to 11.08.2017 | 2,710 | 0.00 | 307,451 | 0.28 | | |
| | 28.08.2017 to 01.09.2017 | 1,355 | 0.00 | 308,806 | 0.28 | | |
| | 04.09.2017 to 08.09.2017 | 813 | 0.00 | 309,619 | 0.28 | | |
| | 11.09.2017 to 15.09.2017 | 3,523 | 0.00 | 313,142 | 0.28 | | |
| | 18.09.2017 to 22.09.2017 | 1,897 | 0.00 | 315,039 | 0.28 | | |
| | 03.10.2017 to 06.10.2017 | 7,514 | 0.01 | 322,553 | 0.29 | | |
| | 09.10.2017 to 13.10.2017 | 8,033 | 0.01 | 330,586 | 0.30 | | |
| | 16.10.2017 to 20.10.2017 | 4,709 | 0.00 | 335,295 | 0.30 | | |
| | 30.10.2017 to 03.11.2017 | 1,108 | 0.00 | 336,403 | 0.30 | | |
| | 20.11.2017 to 24.11.2017 | 1,385 | 0.00 | 337,788 | 0.31 | | |
| | 27.11.2017 to 01.12.2017 | 1,385 | 0.00 | 339,173 | 0.31 | | |
| | 11.12.2017 to 15.12.2017 | 1,662 | 0.00 | 340,835 | 0.31 | | |
| | 18.12.2017 to 22.12.2017 | 554 | 0.00 | 341,389 | 0.31 | | |
| | 26.12.2017 to 29.12.2017 | 1,365 | 0.00 | 342,754 | 0.31 | | |
| | 08.01.2018 to 12.01.2018 | 10,101 | 0.01 | 352,855 | 0.32 | | |
| 15.01.2018 to 19.01.2018 | 7,644 | 0.01 | 360,499 | 0.33 | | | |
| 22.01.2018 to 25.01.2018 | 2,457 | 0.00 | 362,956 | 0.33 | | | |
| 29.01.2018 to 02.02.2018 | 4,368 | 0.00 | 367,324 | 0.33 | | | |
| 19.02.2018 to 23.02.2018 | 10,101 | 0.01 | 377,425 | 0.34 | | | |
| 26.02.2018 to 02.03.2018 | 1,365 | 0.00 | 378,790 | 0.34 | | | |
| 05.03.2018 to 09.03.2018 | 546 | 0.00 | 379,336 | 0.34 | | | |
| 12.03.2018 to 16.03.2018 | 7,917 | 0.01 | 387,253 | 0.35 | | | |
| 19.03.2018 to 23.03.2018 | 819 | 0.00 | 388,072 | 0.35 | | | |
| 31.03.2018 to 31.03.2018 | 1,638 | 0.00 | 389,710 | 0.35 | | | |



| Sl. No. | For Each of the Top 10 Shareholders | Shareholding at the beginning of the year (as on 1 st April, 2017) / Date wise Increase/(Decrease) during the year | | Cumulative shareholding during the year | | Shareholding at the end of the year (as on 31 st March, 2018) | |
|--------------------------|--|---|--------------------------------------|---|--------------------------------------|--|--------------------------------------|
| | | No. of shares | % of the total shares of the Company | No. of shares | % of the total shares of the Company | No. of shares | % of the total shares of the Company |
| 10 | Emerging Markets Core Equity Portfolio (the Portfolio) of DFA Investment Dimensions Group INC. (DFAIDG) | 257,262 | 0.23 | | | 300,554 | 0.27 |
| | Date wise increase/(Decrease) | Number | % age | | | | |
| | 03.10.2017 to 06.10.2017 | 41,294 | 0.04 | 298,556 | 0.27 | | |
| | 11.12.2017 to 15.12.2017 | 1,998 | 0.00 | 300,554 | 0.27 | | |
| 11 | Dimensional Emerging Markets Value Fund # | 276,374 | 0.25 | | | 276,374 | 0.25 |
| | Date wise increase/(Decrease) | Number | % age | | | | |
| | Nil | Nil | Nil | Nil | Nil | | |
| 12 | Citibank N.A. # | 435,631 | 0.39 | | | Nil | 0.00 |
| | Date wise increase/(Decrease) | Number | % age | | | | |
| | 03.04.2017 to 07.04.2017 | (435,631) | (0.39) | 0 | 0.00 | | |
| | 24.04.2017 to 28.04.2017 | 115,200 | 0.10 | 115,200 | 0.10 | | |
| | 02.05.2017 to 05.05.2017 | (115,180) | (0.10) | 20 | 0.00 | | |
| | 08.05.2017 to 12.05.2017 | (20) | (0.00) | 0 | 0.00 | | |
| | 22.05.2017 to 26.05.2017 | 18,600 | 0.02 | 18,600 | 0.02 | | |
| | 29.05.2017 to 02.06.2017 | (18,600) | (0.02) | 0 | 0.00 | | |
| | 19.06.2017 to 23.06.2017 | 310,893 | 0.28 | 310,893 | 0.28 | | |
| | 26.06.2017 to 30.06.2017 | (310,493) | (0.28) | 400 | 0.00 | | |
| | 03.07.2017 to 07.07.2017 | (400) | (0.00) | 0 | 0.00 | | |
| | 10.07.2017 to 14.07.2017 | 26,821 | 0.02 | 26,821 | 0.02 | | |
| | 17.07.2017 to 21.07.2017 | (26,821) | (0.02) | 0 | 0.00 | | |
| | 24.07.2017 to 28.07.2017 | 12,800 | 0.01 | 12,800 | 0.01 | | |
| | 31.07.2017 to 04.08.2017 | (12,800) | (0.01) | 0 | 0.00 | | |
| | 14.08.2017 to 18.08.2017 | 240 | 0.00 | 240 | 0.00 | | |
| | 21.08.2017 to 25.08.2017 | (240) | (0.00) | 0 | 0.00 | | |
| | 28.08.2017 to 01.09.2017 | 54,400 | 0.05 | 54,400 | 0.05 | | |
| | 04.09.2017 to 08.09.2017 | (54,400) | (0.05) | 0 | 0.00 | | |
| | 25.09.2017 to 29.09.2017 | 75,324 | 0.07 | 75,324 | 0.07 | | |
| | 03.10.2017 to 06.10.2017 | (75,324) | (0.07) | 0 | 0.00 | | |
| | 23.10.2017 to 27.10.2017 | 141,676 | 0.13 | 141,676 | 0.13 | | |
| | 30.10.2017 to 03.11.2017 | (133,676) | (0.12) | 8,000 | 0.01 | | |
| | 06.11.2017 to 10.11.2017 | (8,000) | (0.01) | 0 | 0.00 | | |
| | 20.11.2017 to 24.11.2017 | 16,800 | 0.02 | 16,800 | 0.02 | | |
| | 27.11.2017 to 01.12.2017 | (16,800) | (0.02) | 0 | 0.00 | | |
| | 04.12.2017 to 08.12.2017 | 2,400 | 0.00 | 2,400 | 0.00 | | |
| | 11.12.2017 to 15.12.2017 | (1,600) | (0.00) | 800 | 0.00 | | |
| | 18.12.2017 to 22.12.2017 | 9,600 | 0.01 | 10,400 | 0.01 | | |
| | 26.12.2017 to 29.12.2017 | (8,600) | (0.01) | 1,800 | 0.00 | | |
| | 15.01.2018 to 19.01.2018 | (900) | (0.00) | 900 | 0.00 | | |
| | 29.01.2018 to 02.02.2018 | 900 | 0.00 | 1,800 | 0.00 | | |
| | 05.02.2018 to 09.02.2018 | (814) | (0.00) | 986 | 0.00 | | |
| 12.02.2018 to 16.02.2018 | (86) | (0.00) | 900 | 0.00 | | | |
| 19.02.2018 to 23.02.2018 | 170,100 | 0.15 | 171,000 | 0.15 | | | |
| 26.02.2018 to 02.03.2018 | (169,200) | (0.15) | 1,800 | 0.00 | | | |
| 05.03.2018 to 09.03.2018 | (1,713) | (0.00) | 87 | 0.00 | | | |
| 12.03.2018 to 16.03.2018 | (87) | (0.00) | 0 | 0.00 | | | |

| Sl. No. | For Each of the Top 10 Shareholders | Shareholding at the beginning of the year (as on 1 st April, 2017) / Date wise Increase/(Decrease) during the year | | Cumulative shareholding during the year | | Shareholding at the end of the year (as on 31 st March, 2018) | |
|---------|-------------------------------------|---|--------------------------------------|---|--------------------------------------|--|--------------------------------------|
| | | No. of shares | % of the total shares of the Company | No. of shares | % of the total shares of the Company | No. of shares | % of the total shares of the Company |
| 13 | TIMF Holdings # | 349,704 | 0.32 | | | Nil | 0.00 |
| | Date wise increase/(Decrease) | Number | % age | | | | |
| | 08.05.2017 to 12.05.2017 | (100,000) | (0.09) | 249,704 | 0.23 | | |
| | 05.06.2017 to 09.06.2017 | (100,000) | (0.09) | 149,704 | 0.14 | | |
| | 03.07.2017 to 07.07.2017 | (105,722) | (0.10) | 43,982 | 0.04 | | |
| | 10.07.2017 to 14.07.2017 | (43,982) | (0.04) | 0 | 0.00 | | |

Notes:

- The above increase/decrease is due to buy/sell transaction(s) as per weekly BENPOS.
- * Represents shareholders not in the list of Top 10 shareholders as on 1st April 2017. However, the same has been reflected above since the shareholder was one of the Top 10 shareholders as on 31st March, 2018.
- # Represents shareholders that ceased to be in the list of Top 10 shareholders as on 31st March 2018. However, the same is reflected above since the shareholder was one of the Top 10 shareholders as on 1st April, 2017.

(v) Shareholding of Directors and Key Managerial Personnel:

| Sl. No. | For Each of the Directors and KMP | Shareholding at the beginning of the year (as on 1 st April, 2017) | | Cumulative Shareholding during the year | | Shareholding at the end of the year (as on 31 st March, 2018) | |
|--|---|--|----------------------------------|---|----------------------------------|--|---------------------------------|
| | | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company | No. of shares | % of total share of the Company |
| a. | Dr. H. F. Khorakiwala, Chairman | 442,785 | 0.40 | 4,42,785 | 0.40 | 442,785 | 0.40 |
| b. | Mr. Shekhar Datta, Independent Director | 4,100 | 0.004 | 4,100 | 0.004 | 4,100 | 0.004 |
| c. | Mr. Aman Mehta, Independent Director | 2,500 | 0.002 | 2,500 | 0.002 | 2,500 | 0.002 |
| d. | Mr. Davinder Singh Brar, Independent Director | 500 | 0.0005 | 500 | 0.0005 | 500 | 0.0005 |
| e. | Dr. Sanjaya Baru, Independent Director | 500 | 0.0005 | 500 | 0.0005 | 500 | 0.0005 |
| f. | Ms. Tasneem Mehta, Independent Director | Nil | Nil | Nil | Nil | Nil | Nil |
| g. | Mr. Baldev Raj Arora, Independent Director | Nil | Nil | Nil | Nil | Nil | Nil |
| h. | Mr. Vinesh Kumar Jairath, Independent Director | Nil | Nil | Nil | Nil | Nil | Nil |
| i. | Dr. Huzaifa Khorakiwala, Executive Director | 2,16,000 | 0.20 | 2,16,000 | 0.20 | 2,16,000 | 0.20 |
| j. | Dr. Murtaza Khorakiwala, Managing Director | 2,26,200 | 0.20 | 2,26,200 | 0.20 | 2,26,200 | 0.20 |
| k. | Ms. Zahabiya Khorakiwala, Additional, Non-Executive Non-Independent Director* | N.A | N.A | Nil | Nil | Nil | Nil |
| l. | Mr. Manas Datta, Chief Financial Officer | Nil | Nil | 2000 [#] | 0.002 | Nil | Nil |
| m. | Mr. Narendra Singh, Company Secretary | Nil | Nil | Nil | Nil | Nil | Nil |
| Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc.): | | *On 28/11/2017, 2000 Nos. of Equity shares were allotted to Mr. Manas Datta pursuant to exercise of Stock Options. Further, he sold these 2000 Nos. of shares on 08/12/2017. | | | | | |

* Ms. Zahabiya Khorakiwala is the daughter of Dr. H.F. Khorakiwala, Chairman of the Company; and sister of Dr. Huzaifa Khorakiwala, Executive Director & Dr. Murtaza Khorakiwala, Managing Director.



V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/ accrued but not due for payment

(Amount in ₹ crore)

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|-------------------------------------|-----------------|------------|--------------------|
| Indebtedness at the beginning of the financial year (i.e., 1 st April, 2017) | | | | |
| i) Principal Amount | 1,815.65 | 304.24 | Nil | 2,119.89 |
| ii) Interest due but not paid | Nil | Nil | Nil | Nil |
| iii) Interest accrued but not due | * | * | Nil | Nil |
| Total (i+ii+iii) | 1,815.65 | 304.24 | Nil | 2,119.89 |
| Change in Indebtedness during the financial year 2017-18 | | | | |
| i) Addition | 11.58** | 43.45*** | Nil | 55.03 |
| ii) Reduction | (400.58) | (1.08) | Nil | (401.66) |
| Net Change | (389.00) | 42.37 | Nil | (346.63) |
| Indebtedness at the end of the financial year (i.e., 31 st March, 2018) | | | | |
| i) Principal Amount | 1,426.65 | 346.61 | Nil | 1,773.26 |
| ii) Interest due but not paid | Nil | Nil | Nil | Nil |
| iii) Interest accrued but not due | **** | **** | Nil | Nil |
| Total (i+ii+iii) | 1,426.65 | 346.61 | Nil | 1,773.26 |

* Interest accrued but not due is re-grouped to principal amount as per Ind AS requirement and is not to be disclosed separately in Financial Statements.

** Includes Ind AS impact, impact of exchange fluctuation and interest accrued.

*** Includes Ind AS impact and interest accrued.

**** Interest accrued but not due is included in principal amount as per Ind AS requirement and shall not be disclosed separately in Financial Statements.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Amount in ₹ crore

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/Manager | | | Total Amount |
|---------|---|--------------------------------|---|--|--------------|
| | | Dr. H.F. Khorakiwala, Chairman | Dr. Huzaifa Khorakiwala, Executive Director | Dr. Murtaza Khorakiwala, Managing Director | |
| 1. | Gross salary | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 2.80 | 2.40 | 2.40 | 7.60 |
| | (b) Value of perquisites u/s 17(2) of Income-tax Act, 1961 | | | | |
| | (c) Profits in lieu of salary under u/s 17(3) Income-tax Act, 1961 | Nil | Nil | Nil | Nil |
| 2. | Stock Option | | | | |
| 3. | Sweat Equity | | | | |
| 4. | Commission – as % of profit – others, specify... | Nil | Nil | Nil | Nil |
| 5. | Others, please specify | | | | |
| | Total (A)* | 2.80 | 2.40 | 2.40 | 7.60 |
| | Ceiling as per the Act* | 2.80 | 2.40 | 2.40 | 7.60 |

Note: *The amount mentioned in ceiling is as per the approval accorded by the Shareholders of the Company by way of Special resolution passed through Postal ballot on 12th January, 2017.

B. Remuneration to other directors:

Amount in ₹ crore

| Sl. No. | Particulars of Remuneration | Name of Directors | | | | | | | | Total Amount |
|---------|---|-------------------|----------------|-------------------------|------------------|-------------------|----------------------|--------------------------|--------------------------|--------------|
| | | Mr. Shekhar Datta | Mr. Aman Mehta | Mr. Davinder Singh Brar | Dr. Sanjaya Baru | Ms. Tasneem Mehta | Mr. Baldev Raj Arora | Mr. Vinesh Kumar Jairath | Ms. Zahabiya Khorakiwala | |
| 1. | Independent Directors | | | | | | | | | |
| | • Fee for attending board/ committee meetings | 0.12 | 0.12 | 0.12 | 0.09 | 0.12 | 0.12 | 0.12 | N.A. | 0.81 |
| | • Commission | Nil | | | | | | | | N.A. |
| | • Others, please specify | | | | | | | | | Nil |
| | Total (1) | 0.12 | 0.12 | 0.12 | 0.09 | 0.12 | 0.12 | 0.12 | N.A. | 0.81 |
| 2. | Other Non-Executive Directors | | | | | | | | | |
| | • Fee for attending board/ committee meetings | N.A. | | | | | | | | 0.02 |
| | • Commission | N.A. | | | | | | | | Nil |
| | • Others, please specify | | | | | | | | | Nil |
| | Total (2) | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | 0.02 | 0.02 |
| | Total (B)=(1+2) | 0.12 | 0.12 | 0.12 | 0.09 | 0.12 | 0.12 | 0.12 | 0.02 | 0.83 |
| | Total Managerial Remuneration** | | | | | | | | | 7.60 |
| | Overall Ceiling as per the Act | | | | | | | | | 7.60 |

Notes:

- ** Total Managerial Remuneration consists of remuneration paid to Whole-time Directors of the Company as detailed in point VI A above. Independent Directors and Non-Executive Director have been paid only sitting fees during the year 2017-18.
- Ms. Zahabiya Khorakiwala is Non-Independent, Non-Executive Director.

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:

Amount in ₹ lacs

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | | |
|---------|---|--------------------------|-------------------|-------------------------|---------------|
| | | CEO | Company Secretary | Chief Financial Officer | Total |
| 1. | Gross salary | N.A. | | | |
| | (a) Salary as per provisions contained in section 17(1) of Income-tax Act, 1961 | | 55.65 | 93.25 | 148.90 |
| | (b) Value of perquisites u/s 17(2) of Income-tax Act, 1961 | | 0.47 | 0.65 | 1.12 |
| | (c) Profits in lieu of salary under section 17(3) of Income-tax Act, 1961 | | Nil | Nil | Nil |
| 2. | Stock Option | | Nil | 12.92 | 12.92 |
| 3. | Sweat Equity | | | | |
| 4. | Commission | NIL | | | |
| | – as % of profit – others, specify... | | | | |
| 5. | Others, please specify | | | | |
| | Total | N.A. | 56.12 | 106.82 | 162.94 |

Note: The above remuneration includes remuneration paid to CFO and CS during the year 2017-18.

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

| Type | Section of the Companies Act | Brief Description | Details of Penalty/Punishment/ Compounding fees imposed | Authority [RD/ NCLT/COURT] | Appeal made, if any (give Details) |
|-------------------------------------|------------------------------|-------------------|---|----------------------------|------------------------------------|
| A. COMPANY | | | | | |
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |
| B. DIRECTORS | | | | | |
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |

For and on behalf of the Board of Directors

Dr. H. F. KHORAKIWALA

Chairman

DIN: 00045608



ANNEXURE III TO THE BOARD'S REPORT

Disclosures pursuant to SEBI (Share Based Employee Benefits) Regulations, 2014 regarding stock options are given hereunder and a web link thereto: <http://www.wockhardt.com/investor-connect/other-shareholders-services.aspx>

Wockhardt Employees' Stock Option Scheme-2011 ('Wockhardt ESOS-2011') – General terms and conditions:

| | |
|---|--|
| Date of Shareholders' approval | 12 th September, 2011 |
| Total number of options approved under ESOS | 25,00,000 options |
| Vesting requirements | Option granted would vest after the expiry of one year from the date of grant of options and not later than the expiry of 10 years from the date of grant of options. |
| Exercise price or pricing formula | The exercise price shall be at such discount, if any, to the market price on the date of grant as may be decided by the ESOS Compensation Committee at the time of each grant and the price shall not be less than the face value of shares. |
| Maximum term of options granted | 10 years from the date of grant of options |
| Source of shares | Primary |
| Variation in terms of options | Not Applicable |
| Method used to account for ESOS | Fair Value Method |

Option movement during the year ended 31st March, 2018:

| Sl. No. | Description | Wockhardt ESOS-2011 |
|---------|---|---|
| 1 | Number of options outstanding as on 1 st April, 2017 | 8,83,125 |
| 2 | Number of options granted during the year | Nil |
| 3 | Number of options forfeited/lapsed during the year | 53,700 |
| 4 | Number of options vested during the year | 1,10,450 |
| 5 | Number of options exercised during the year | 82,425 |
| 6 | Number of shares arising as a result of exercise of options | 82,425 Equity Shares |
| 7 | Money realized by exercise of options (INR), if scheme is implemented directly by the company | ₹ 4,12,125 |
| 8 | Loan repaid by the Trust during the year from exercise price received | Not Applicable |
| 9 | Number of options outstanding as on 31 st March, 2018 | 7,47,000 |
| 10 | Number of options exercisable as on 31 st March, 2018 | 4,03,600 |
| 11 | Details of options granted to Key Managerial Personnel | Nil |
| 12 | Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year. | 4 employees have been granted 1,30,000 Nos of Options |
| 13 | Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant | Nil |
| 14 | Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of options during the year calculated in accordance with Accounting Standard (AS-20) | ₹ 6.14 |
| 15 | 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 | N.A. |

| Sl. No. | Description | Wockhardt ESOS-2011 |
|---------|--|---|
| 16 | Weighted Average Exercise Price and weighted average fair values of options disclosed separately for options whose exercise price either equals or exceeds or is less than market price of the stock | <p>Weighted Average Exercise Price: Relating to Grant made in FY 2011-12: ₹ 37.65 Relating to Grant made in FY 2012-13, 2014-15 & 2016-17: ₹ 5</p> <p>Weighted Average Fair value of options:</p> <p>Relating to FY 2011-12</p> <ul style="list-style-type: none"> 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 14,20,000 options having exercise price of ₹ 5 per option is ₹ 410.14 <p>Relating to FY 2012-13</p> <ul style="list-style-type: none"> For 3,50,000 options having exercise price of ₹ 5 per option is ₹ 894.56 For 8,500 options having exercise price of ₹ 5 per option is ₹ 1,949.76 <p>Relating to FY 2014-15</p> <ul style="list-style-type: none"> For 2,00,000 options having exercise price of ₹ 5 per option is ₹ 588.29 <p>Relating to FY 2016-17</p> <ul style="list-style-type: none"> For 2,23,500 options having exercise price of ₹ 5 per option is ₹ ₹ 967.27 |

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

- The weighted-average values of share price at the time of grant are in the range of ₹ 414 to ₹ 1,954.20.
- Exercise price was of ₹ 5 to ₹ 397
- Fair value is calculated by using Black-Scholes option pricing formula.
- Stock Price: The closing price on National Stock Exchange of India Limited (NSE) as on the date prior to the date of grant has been considered for valuing the options granted.
- Volatility amount: This is the amount by which stock price is fluctuated or is expected to fluctuate. The method used in the model is the annualized standard deviation of the continuously compounded rates of return on the stock over a period of 12 months.
- Risk free interest rate: The yield on government securities at the time of grant of options is the basis of this rate and has been taken as 7.43% - 8.64%.
- Expected Life: 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.
- The early exercise part is incorporated in the assumption of 'years to maturity' which is an assumption of average time for exercise of options.
- The market price volatility is based on share price variation for the year prior to the date of grant.
- No other feature has been considered for fair valuation of options.

Note: The details about Stock Options are also provided under Note No. 40 of Notes to Financial Statements.

For and on behalf of the Board of Directors

Dr. H. F. KHORAKIWALA

Chairman

DIN: 00045608



ANNEXURE IV TO THE BOARD'S REPORT REPORT ON CSR ACTIVITIES/INITIATIVES

[Pursuant to Section 135 of the Companies Act, 2013 and Rules made thereunder]

1. A brief outline of the Company's CSR policy, including overview of the projects or programs proposed to be undertaken and reference to the web-link to the CSR Policy and projects or programs.

Pursuant to the requirement of the Companies Act, 2013 and the Rules made thereunder, the Company has well framed CSR Policy and web link thereto is <http://www.wockhardt.com/files/csr-policy.pdf>

The Company's CSR Policy aims at excellence through service to local communities wherein the Company operates with the involvement of employees. The focus areas for CSR are Healthcare, Education, Infrastructure development and Promoting social causes. Various CSR projects being undertaken as part of CSR activities are as under:

- a) **Mobile 1000** – The project aims at running mobile vans and provide free primary healthcare in rural areas all over India.
- b) **Little Hearts** – To save life of children born with heart defects.
- c) **Pronto Toilet & Pronto Bio Toilet** – Pronto Toilet & Pronto Bio-toilet are 2 sanitation solutions of Wockhardt Foundation that aim to improve hygiene among the masses and curtail ailments caused on account of dearth of proper sanitation facilities in the country. These initiatives include the construction and installation of toilets in communities, schools & educational institutions that ensure proper & eco-friendly disposal of human waste.
- d) **E-Learning** – Promoting academic excellence in rural areas through quality and innovative teaching methods.
- e) **Khel Khel Mein** – Promoting values and good habits through fun and play in urban slum localities. Khel Khel Mein develops the child's spiritual and emotional quotient which in turn helps the holistic development. A transformation from the undesirable human development to a positive one by:
 - Teaching human values and good habits
 - Educational toys for the underprivileged children
 - Books for basic learning and reading
 - Inculcating civic sense
- f) **SHUDHU** – Shudhu is a Water Purification Tablets which provides clean drinking water to the masses. One Shudhu tablet purifies up to 20 litres of water in 30 minutes and prevents all communicable water borne diseases like Jaundice, Diarrhea, Dysentery, Cholera, Polio, Giardia etc.
- g) **Adarsh Gram Yojna** – The project aims at adoption of village for its upliftment.

The CSR activities are implemented through Wockhardt Foundation, CSR arm of the Company under visionary leadership of its Trustee & CEO, Dr. Huzaifa Khorakiwala. A robust implementation structure, monitoring process and a team of Programme Heads and Warriors are in place for each CSR Project.

2. The Composition of the CSR Committee: The CSR Committee comprises of:

- Dr. H. F. Khorakiwala – Chairman (Executive)
- Mr. Aman Mehta – Member (Independent Director)
- Mr. Davinder Singh Brar – Member (Independent Director)
- Dr. Huzaifa Khorakiwala – Member (Executive)

3. Average Net Profit of the Company for last 3 financial years: Average Net Profit of the Company for the last three financial years as per Section 198 of the Companies Act, 2013 was ₹ (36.27) crores.

4. Prescribed CSR expenditure (2% of the amount as in item 3 above): Not applicable

5. Details of CSR spent during the financial year:

- a) **Total amount to be spent for the financial year:** During the financial year 2017-18, it was not mandatory for the Company to spend on CSR activities since the Average Net Profits for the immediately preceding 3 financial year calculated as per section 198 of the Companies Act 2013 stood negative. However, as continuing corporate governance practice over the period, the Company has voluntarily contributed an amount of ₹ 4.67 crores to Wockhardt Foundation, CSR arm of the Company, for spending on the CSR activities. Details of spending are provided in point (c) below:
- b) **Amount un-spent, if any:** Not applicable

c) Manner in which the amount spent during financial year is detailed below:

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|--------|-----------------------------------|--|--|--|--|---|---|
| Sl. No | CSR project/ activity identified | Sector in which the Project is covered | Projects/ Programs 1. Local area/ others 2. Specify the state/ district where project/ programs was undertaken | Amount outlay (budget) project/ programs-wise (₹ in crore) | Amount spent on the project/ programs (₹ in crore) Sub-heads: 1. Direct expenditure on project/ programs 2. Overheads: | Cumulative expenditure upto the reporting period (₹ in crore) | Amount spent: Direct/ through implementing agency |
| 1. | Mobile 1000 | Health Awareness | Delhi Eye Van – 1 Aurangabad – 1 Ankleshwar -1 Mobile 1000 VAN | 0.82 | 0.82 | 0.82 | Direct |
| 2 | Shudhu | Water | Mumbai | 0.04 | 0.04 | 0.04 | Direct |
| 3 | E-LEARNING | Education | Maharashtra 40, Jaipur 10 Locations | 0.80 | 0.80 | 0.80 | Direct |
| 4. | Khel Khel Mein | Education | Delhi (7 locations) Mumbai (10 locations). | 0.86 | 0.86 | 0.86 | Direct |
| 5. | Pronto Toilet & Pronto Bio Toilet | Sanitation | Bio Toilets Maharashtra (74 Toilets). | 1.54 | 1.54 | 1.54 | Direct |
| 6. | Adarsh Gram Yojna | Health/ Education/ Sanitation | Abdimandi Village Maharashtra | 0.61 | 0.61 | 0.61 | Direct |

6. In case the company has failed to spend the 2% of the Average Net Profit of the last 3 financial years or any part thereof, reasons for not spending the amount in its Board's Report: Not applicable

The CSR Committee confirms that the implementation and monitoring of the CSR Policy is in compliance with CSR objectives and Policy of the Company.

Dr. HUZAIFA KHORAKIWALA

Executive Director

DIN: 02191870

Dr. H. F. KHORAKIWALA

Chairman of CSR Committee

DIN: 00045608

ANNEXURE V TO THE BOARD'S REPORT

Form No. AOC-2

[Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis: NIL

2. Details of material contracts or arrangements or transactions at arm's length basis:

| | | |
|-----|--|--|
| (a) | Name(s) of the related party and nature of relationship | Wockhardt Bio AG, subsidiary of the Company. |
| (b) | Nature of contracts/ arrangements/ transactions | Transfer or receipt of products, goods, materials, services etc. |
| (c) | Duration of the contracts/ arrangements/ transactions | Continuous basis |
| (d) | Salient terms of the contracts or arrangements or transactions including the value, if any | During the year 2017-18, transactions relating to management fees, outlicensing fees, sale of goods, guarantee fees, loans/ advances/ export advances, dividend income etc. were done with Wockhardt Bio AG aggregating to ₹ 905.92 crore. |
| (e) | Date(s) of approval by the Board, if any: | Please refer Note below |
| (f) | Amount paid as advances, if any | N.A. |

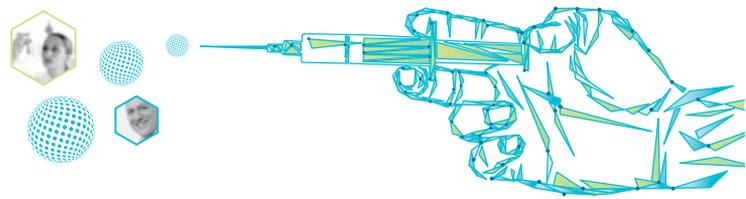
Note: As per Regulation 23 of the SEBI Listing Regulations, transactions with Wockhardt Bio AG were considered material and approval of shareholders has been obtained at the Annual General Meeting held on 15th September, 2014 for an estimated amount around USD 500 million every financial year.

For and on behalf of the Board of Directors

Dr. H. F. KHORAKIWALA

Chairman

DIN: 00045608



ANNEXURE VI TO THE BOARD'S REPORT

[Disclosure pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014]

(i) Ratio of the remuneration of each director to the median remuneration of the employees of the Company for the year 2017-18:

| Name of Director | Designation | Ratio of the remuneration of director to the median remuneration of the employees for the year 2017-18 |
|--------------------------|------------------------|--|
| Dr. H. F. Khorakiwala | Chairman | 79.8:1 |
| Mr. Shekhar Datta | Independent Director | 3.4:1 |
| Mr. Aman Mehta | Independent Director | 3.4:1 |
| Mr. Davinder Singh Brar | Independent Director | 3.4:1 |
| Dr. Sanjaya Baru | Independent Director | 2.6:1 |
| Ms. Tasneem Mehta | Independent Director | 3.4:1 |
| Mr. Baldev Raj Arora | Independent Director | 3.4:1 |
| Mr. Vinesh Kumar Jairath | Independent Director | 3.4:1 |
| Dr. Huzaifa Khorakiwala | Executive Director | 68.4:1 |
| Dr. Murtaza Khorakiwala | Managing Director | 68.4:1 |
| Ms. Zahabiya Khorakiwala | Non-Executive Director | 0.57:1 |

Note: Remuneration of Independent Directors and Non-Executive Director consists of only the sitting fees paid to them for attending Board/ Committee Meetings.

(ii) The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:

The Independent Directors and Non-Executive Director are being paid sitting fee of ₹ 1,00,000 per meeting for attending Board/ certain Committee meetings. There is no increase in payment of sitting fees to Independent Directors/ Non-Executive Director as compared to previous year.

The details of %age increase in remuneration of the Executive Chairman, Executive Director and Managing Director is as under:

| Name of Director | Designation | % increase |
|-------------------------|--------------------|------------|
| Dr. H. F. Khorakiwala | Chairman | 112 |
| Dr. Huzaifa Khorakiwala | Executive Director | 81 |
| Dr. Murtaza Khorakiwala | Managing Director | 81 |

The remuneration of (i) Mr. Manas Datta, Chief Financial Officer (CFO) of the Company and (ii) Mr. Narendra Singh, Company Secretary (CS) of the Company remain unchanged during FY 2017-18 i.e. percentage increase in remuneration is Nil.

(iii) The percentage increase in the median remuneration of employees in the financial year: 3.13%

(iv) The number of permanent employees on the rolls of Company: 6,254 as on 31st March, 2018

(v) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.

The Company has increased the remuneration of (i) Dr. H. F. Khorakiwala, Chairman to ₹ 2.80 crore p.a. w.e.f. 1st April, 2017; and (ii) Dr. Huzaifa Khorakiwala, Executive Director and Dr. Murtaza Khorakiwala, Managing Director to ₹ 2.40 crore p.a. each w.e.f. 31st March, 2017. The increase in remuneration have been benchmarked with the remuneration being drawn by peers in similar capacity in pharmaceuticals companies of comparable size. The revision in remunerations of Dr. H. F. Khorakiwala, Chairman, Dr. Huzaifa Khorakiwala, Executive Director and Dr. Murtaza Khorakiwala, Managing Director are in accordance with the requisite approvals of the shareholders obtained by way of postal ballot.

The increase in remuneration of others are based on the Company's market competitiveness in the comparator group as well as overall business performance of the Company. The performance pay is also linked to the organization performance and team performance apart from an individual performance.

Median salary of the employees other than managerial personnel has been increased by 3.13%.

It is hereby affirmed that the remuneration paid during the year 2017-18 is as per the Remuneration Policy of the Company.

For and on behalf of the Board of Directors

Dr. H. F. KHORAKIWALA
Chairman
DIN: 00045608

ANNEXURE VII TO THE BOARD'S REPORT

Your Company operates in a safe and environmentally responsible manner for the long-term benefit of all stakeholders. The Company is committed to take appropriate measures to conserve energy and drive energy efficiency in its operations.

Particulars of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo required under Rule 8 of the Companies (Accounts) Rules, 2014 are provided below:

(A) CONSERVATION OF ENERGY:

(1) Steps Taken or impact on Conservation of Energy

- Phase wise replacement of old low efficiency motor with high efficiency motors.
- 35 CFM air compressor used for water system instead of 300 CFM air compressor on plant off days.
- RO, UF and Purified reject water used in cooling tower and boiler water use instead of raw water.
- VFD installed in pressure water pump.
- Split AC removed from production office and connected with nearby AHU.
- Reduction in set temperature of chilled water on basis of production plan and environmental condition.
- Installation of temperature Controller for optimizing the performance of Cooling Tower fans.
- Boiler feed water to be heated up to 95-97 Deg. with the help of Solar energy and then feed to the boiler.
- Common cooling tower utilized for chiller and air compressor to save energy and pumping cost.
- Installed natural ventilator fan at engineering office for energy saving purpose.
- Utilization of Waste heat of cooling water (Discharge of Condenser chiller) as hot water in HVAC System.
- CFL Lamps replaced by LED lamps in phased manner.
- Installation of motion sensors for corridor lighting system as a measure of automation.

The Company had earlier formulated 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.

(2) Steps taken by the Company for utilizing alternate sources of energy

- Use of Briquette Boiler in place of furnace oil boiler.
- Replacement of AHU electrical heater with Warm water heating coil for energy saving.
- Use of industrial diesel in place of high speed diesel in boiler.
- Replacement of direct expansion unit with chiller water cooling coil.

(3) The capital investment on energy conservation equipments

The investment on energy conservation equipments is ₹ 0.64 Crore during the financial year 2017-18.

(B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

1. The efforts made towards technology absorption:

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 like product improvement, cost reduction, product development or import substitution:

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

The details of Research & Development have been provided in Management Discussion & Analysis forming part of this Annual Report.

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

The Company has not imported any technology.

4. The expenditure incurred on Research and Development:

| Particulars | Consolidated (₹ In crore) | Standalone (₹ In crore) |
|--------------|---------------------------|-------------------------|
| Capital | 156.11 | 0.94 |
| Revenue | 287.20 | 189.07 |
| Total | 443.31 | 190.01 |

(C) FOREIGN EXCHANGE EARNINGS & OUTGO

During the year, the Foreign Exchange earnings was ₹ 980.71 crore and Foreign Exchange Outgo was ₹ 178.86 crore.

For and on behalf of the Board of Directors

Dr. H. F. KHORAKIWALA

Chairman

DIN: 00045608



**ANNEXURE VIII TO THE BOARD'S REPORT
FORM AOC - 1**

(Pursuant to first proviso to sub-section(3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014
Statement containing salient features of financial statement of subsidiaries/associate companies/ joint ventures (Information in respect of each subsidiary to be represented with amount in ₹ Crore)

Part A "Subsidiaries"

| Sr. No. | Name of Subsidiary | The date since when subsidiary was acquired | Reporting currency | Exchange rate as on the last date of relevant financial year | Share Capital | Reserves & Surplus | Total Assets | Total Liabilities | Investments | Turnover | Profit/(Loss) before taxation | Provision for taxation | Profit / (Loss) after taxation | Proposed dividend | Extent of shareholding (in percentage) |
|---------|--|---|--------------------|--|---------------|--------------------|--------------|-------------------|-------------|----------|-------------------------------|------------------------|--------------------------------|-------------------|--|
| 1. | Wockhardt Infrastructure Development Limited | 14/4/2006 | INR | 1.000 | 2.00 | 178.20 | 239.35 | 59.15 | - | 36.54 | 16.16 | 1.53 | 14.63 | - | 100.00 |
| 2. | Z&Z Services GmbH @ | 21/4/2004 | EUR | 80.299 | 0.20 | (1.59) | (0.76) | 0.63 | - | - | (0.05) | - | (0.05) | - | 85.85 |
| 3. | Wockhardt Europe Limited | 11/8/1999 | GBP | 91.539 | 11.97 | (2.81) | 9.24 | 0.08 | - | - | 0.35 | - | 0.35 | - | 100.00 |
| 4. | Wockhardt Nigeria Limited | 10/1/2006 | USD | 65.180 | 0.52 | (0.51) | 0.13 | 0.12 | - | - | 0.15 | - | 0.15 | - | 100.00 |
| 5. | Wockhardt UK Holdings Limited | 1/12/2003 | GBP | 91.539 | 2.52 | 91.95 | 67.02 | 0.01 | 27.46 | - | (0.03) | - | (0.03) | - | 100.00 |
| 6. | CP Pharmaceuticals Limited @ | 1/12/2003 | GBP | 91.539 | 22.27 | 158.66 | 498.59 | 317.66 | - | 325.58 | (444.23) | (79.19) | (365.04) | - | 85.85 |
| 7. | CP Pharma (Schweiz) AG @ | 1/12/2003 | CHF | 68.324 | 1.71 | (0.57) | 1.17 | 0.03 | - | - | (0.08) | - | (0.08) | - | 85.85 |
| 8. | Wallis Group Limited | 18/2/1998 | GBP | 91.539 | 12.89 | 13.38 | - | 0.02 | 26.29 | - | - | - | - | - | 100.00 |
| 9. | The Wallis Laboratory Limited | 18/2/1998 | GBP | 91.539 | 0.04 | (2.09) | - | 2.05 | - | - | (0.03) | - | (0.03) | - | 100.00 |
| 10. | Wockhardt Farmaceutica do Brazil Ltda | 28/1/2004 | USD | 65.180 | 2.40 | (2.67) | 0.01 | 0.28 | - | - | (0.28) | - | (0.28) | - | 100.00 |
| 11. | Wallis Licensing Limited | 18/2/1998 | GBP | 91.539 | - | (10.34) | 26.49 | 36.84 | - | - | - | - | - | - | 100.00 |
| 12. | Wockhardt USA LLC @ | 26/2/2004 | USD | 65.180 | 13.04 | 44.96 | 993.30 | 935.30 | - | 681.93 | 14.99 | 6.09 | 8.90 | - | 85.85 |
| 13. | Wockhardt Bio AG | 17/10/2005 | USD | 65.180 | 366.39 | 1,923.04 | 3,673.97 | 2,611.66 | 1,227.12 | 1,465.38 | (120.33) | (0.33) | (120.00) | - | 85.85 |
| 14. | Wockhardt UK Limited @ | 2/6/2006 | GBP | 91.539 | 0.46 | 111.38 | 600.84 | 489.00 | - | 812.98 | 20.96 | 4.57 | 16.39 | - | 85.85 |
| 15. | Wockpharma Ireland Limited @ | 1/9/2006 | EUR | 80.299 | 80.31 | (1.73) | 0.01 | 798.31 | 876.88 | - | (19.76) | - | (19.76) | - | 85.85 |
| 16. | Pinewood Laboratories Limited @ | 1/10/2006 | EUR | 80.299 | 3.00 | 407.12 | 512.90 | 102.79 | - | 461.52 | 46.44 | 5.58 | 40.86 | - | 85.85 |
| 17. | Wockhardt Holding Corp @ | 17/10/2007 | USD | 65.180 | 0.01 | 157.54 | 48.99 | 161.73 | 270.30 | - | (3.00) | - | (3.00) | - | 85.85 |
| 18. | Morton Grove Pharmaceuticals Inc @ | 23/10/2007 | USD | 65.180 | 222.65 | 268.96 | 696.21 | 230.69 | 26.09 | 425.96 | 30.88 | 28.49 | 2.39 | - | 85.85 |
| 19. | MGP Inc @ | 23/10/2007 | USD | 65.180 | - | 17.29 | 69.10 | 51.82 | - | 31.53 | 2.33 | - | 2.33 | - | 85.85 |
| 20. | Wockhardt France (Holdings) S.A.S @ | 9/5/2007 | EUR | 80.299 | 482.60 | (814.31) | 4.42 | 651.09 | 314.96 | 0.54 | 48.89 | (3.74) | 52.63 | - | 85.85 |
| 21. | Laboratoires Pharma 2000 S.A.S @ | 17/5/2007 | EUR | 80.299 | 1.46 | (32.13) | 10.05 | 40.72 | - | 1.95 | 3.72 | - | 3.72 | - | 85.85 |
| 22. | Laboratoires Negma S.A.S @ | 17/5/2007 | EUR | 80.299 | 231.81 | 29.92 | 283.57 | 22.69 | 0.85 | 60.05 | 9.67 | 3.86 | 5.81 | - | 85.85 |
| 23. | Niverpharma S.A.S @ | 17/5/2007 | EUR | 80.299 | 1.28 | (30.03) | 3.80 | 32.54 | - | 0.55 | (0.38) | - | (0.38) | - | 85.85 |
| 24. | Negma Beneulex S.A @ | 17/5/2007 | EUR | 80.299 | 0.60 | (0.05) | 0.55 | - | - | - | (0.20) | - | (0.20) | - | 85.85 |
| 25. | Phytex S.A.S @ | 17/5/2007 | EUR | 80.299 | 8.60 | (7.97) | 0.65 | 0.02 | - | - | (0.02) | - | (0.02) | - | 85.85 |

| Sr. No. | Name of Subsidiary | The date since when subsidiary was acquired | Reporting currency | Exchange rate as on the last date of relevant financial year | Share Capital | Reserves & Surplus | Total Assets | Total Liabilities | Investments | Turnover | Profit/(Loss) before taxation | Provision for taxation | Profit / (Loss) after taxation | Proposed dividend | Extent of shareholding (in percentage) |
|---------|-----------------------------------|---|--------------------|--|---------------|--------------------|--------------|-------------------|-------------|----------|-------------------------------|------------------------|--------------------------------|-------------------|--|
| 26. | Wockhardt Farmaceutica SA DE CV @ | 21/6/2012 | USD | 65.180 | 18.81 | (110.44) | 5.48 | 97.11 | - | 10.67 | (10.32) | - | (10.32) | - | 85.85 |
| 27. | Wockhardt Services SA DE CV @ | 17/12/2012 | USD | 65.180 | 0.03 | (1.82) | 6.50 | 8.29 | - | 0.33 | (0.06) | - | (0.06) | - | 85.85 |
| 28. | Pinewood Healthcare Limited @ | 1/10/2006 | GBP | 91.539 | 0.92 | (0.79) | 0.15 | 0.02 | - | - | (0.02) | - | (0.02) | - | 85.85 |
| 29. | Wockhardt Bio (R) @ | 25/8/2015 | RUB | 1.135 | 0.58 | (0.44) | 55.28 | 55.14 | - | 47.77 | (1.49) | (0.30) | (1.19) | - | 85.85 |
| 30. | Wockhardt Bio Pty Ltd @ | 19/8/2015 | AUD | 50.129 | 0.05 | 1.08 | 27.54 | 26.41 | - | 22.48 | 1.41 | 0.43 | 0.98 | - | 85.85 |
| 31. | Wockhardt Bio Ltd | 11/11/2015 | - | - | - | - | - | - | - | - | - | - | - | - | - |

Notes:

- Reporting period of the subsidiaries is April to March.
- Wockhardt Limited, the Company, holds directly or indirectly 100% shareholding in all the subsidiaries except as mentioned in Note 3 below.
- @ The Company holds 85.85% shareholding in Wockhardt Bio AG which in turn holds 100% shareholding in these subsidiaries.
- Wockhardt Bio Ltd. is yet to commence operations.
- The investments made by all the subsidiary companies are only in their step-down subsidiaries, no other investments are made by these companies except Wockhardt Bio AG which has made other current investments.
- The Company does not have any Associate Company as defined under Section 2(6) of the Companies Act, 2013 or joint venture and hence, Part B is not applicable.
- During the year, none of the subsidiary of the Company got liquidated or sold.
- The details contained in above AOC-1 also indicates performance and financial position of each of the subsidiaries of the Company.

For and on behalf of the Board of Directors

H. F. Khorakiwala
Chairman

DIN: 00045608

Huzaifa Khorakiwala

Executive Director

DIN: 02191870

Murtaza Khorakiwala

Managing Director

DIN: 00102650

Zahabiya Khorakiwala

Non Executive Director

DIN: 00102689

Shekhar Datta

DIN: 00045591

Aman Mehta

DIN: 00009364

D. S. Brar

DIN: 00068502

Sanjaya Baru

DIN: 05344208

Tasneem Mehta

DIN: 05009664

Baldev Raj Arora

DIN: 00194168

Vinesh Kumar Jairath

DIN: 00391684

Directors

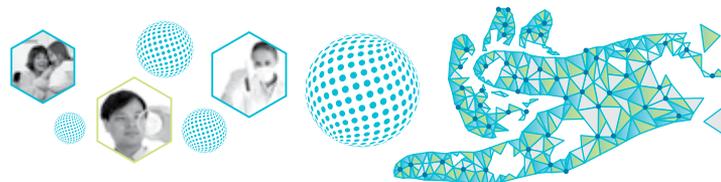
Narendra Singh
Company Secretary

Manas Datta
Chief Financial Officer

Place : Mumbai

Date : May 04, 2018

BUSINESS RESPONSIBILITY REPORT



Pursuant to Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Business Responsibility Report of the Company for the financial year ended 31st March, 2018 is as under:

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

| | | |
|-----|---|---|
| 1. | Corporate Identity Number (CIN) of the Company | L24230MH1999PLC120720 |
| 2. | Name of the Company | Wockhardt Limited |
| 3. | Registered Address | D-4, MIDC, Chikalhana, Aurangabad – 431006 |
| 4. | Website | www.wockhardt.com |
| 5. | E-mail ID | investorrelations@wockhardt.com |
| 6. | Financial Year Period | 1 st April, 2017 - 31 st March, 2018 |
| 7. | Sector(s) that company is engaged in (industrial activity code-wise) | NIC Code : 210 Description : Pharmaceuticals |
| 8. | List three key products/services that the Company manufactures/provides (as in balance sheet) | a. Active Pharmaceutical Ingredients ('APIs') b. Formulations c. Bio-similars d. Vaccines |
| 9. | Total number of locations where business activity is undertaken by the Company | Number of International locations Seven - Switzerland, USA (Illinois & New Jersey), UK, Ireland, France and Dubai Number of National locations Six in Maharashtra [Mumbai and Aurangabad], 2 in Daman UT - Nani Daman; and one each in Gujarat - Ankleshwar and Himachal Pradesh - Baddi |
| 10. | Markets served by the Company (Local/State/National/International) | Market served through subsidiaries/step down subsidiaries/others USA, UK, Ireland, France, European Union, Russia, Mexico, Brazil, Australia, New Zealand and Nigeria. Direct marketing/Others India, Russia, Brazil, Mexico, Vietnam, Philippines, Nigeria, Kenya, Ghana, Tanzania, Uganda, Nepal, Myanmar and Egypt. |

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital (INR) : 353.87 crores
2. Total Turnover (INR) : 2,477 crores
3. Total Profit after Taxes (INR) : 69 crores
4. Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%): 6.77% of PAT of 2017-18 [i.e. ₹ 4.67 crore].

The Company carries out the CSR activities through Wockhardt Foundation, a registered Trust engaged in welfare activities since 2008, under the leadership of Dr. Huzaifa Khorakiwala, Trustee & CEO, Wockhardt Foundation. The Trust continuously strives for the wellbeing of the society in various areas of social concern with focus on areas covered in Schedule VII of the Companies Act, 2013 ('Act').

During the financial year 2017-18, it was not mandatory for the Company to spend on CSR activities since the average net profits of the Company for the immediately preceding 3 financial years calculated as per Section 198 of the Act, was negative. However, as a continuing good corporate governance practices, the Company has contributed ₹ 4.67 crore to Wockhardt Foundation, the CSR arm of the Company, for carrying out CSR activities.

5. List of activities in which expenditure in 4 above has been incurred:

- Promoting health care
- Sanitation
- Bio toilets
- Safe drinking water

Expenditure has been incurred for CSR Activities as per the CSR Policy of the Company. The details of the same have been provided in a Report on CSR activities forming part of this Annual Report.

SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/Companies?

Yes. As of 31st March 2018, the Company has 31 subsidiaries (including step down) located in Switzerland, US, UK, Ireland, Germany, France, Belgium, Mexico, Brazil, Nigeria, Russia, Australia, New Zealand and one in India.

The manufacturing plants are located in India, UK, Ireland, USA and upcoming facility in Dubai, U.A.E.

2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such subsidiary company(s)?

Wockhardt Ltd., being the holding company, undertakes the majority of BR initiatives.

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%] ?

The Company works closely with third party partners including customers, suppliers and other stakeholders of the Company, wherever possible, through its Policies namely Whistle Blower Policy, Anti-Bribery and Anti-Corruption Policy to accomplish the BR initiatives.

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR:

a) Details of the Director/Directors responsible for implementation of the BR policy/policy

DIN : 00102650
 Name : Dr. Murtaza Khorakiwala
 Designation : Managing Director

b) Details of the BR head

DIN : 00102650
 Name : Dr. Murtaza Khorakiwala
 Designation : Managing Director
 Telephone No. : 022 - 2653 4444
 Email: : Investorrelations@wockhardt.com

2. Principle-wise (as per NVGs) BR Policy/policies:

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs have been articulated in the form of nine Principles as briefed below:

- P1 – Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
- P2 – Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
- P3 – Businesses should promote the well-being of all employees.
- P4 – Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
- P5 – Businesses should respect and promote human rights.
- P6 – Businesses should respect, protect, and make efforts to restore the environment.
- P7 – Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
- P8 – Businesses should support inclusive growth and equitable development.
- P9 – Businesses should engage with and provide value to their customers and consumers in a responsible manner.



(a) Details of compliance (Reply in Y/N)

| Sl. No. | Questions | Business Ethics | Product Life cycle Sustainability | Welfare of Employees | Stakeholder Engagement | Human Rights | Environment | Public Policy | CSR | Value to customers | |
|---------|--|-----------------|--|----------------------|------------------------|--------------|-------------|--|-----|---|---|
| | | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 | |
| 1 | Do you have a policy/policies for | Y | Being a pharma company, it is always ensured that its products are safe and focuses on optimal utilisation of resources. | Y | Y | Y | Y | The Company is member of various professional/trade bodies etc. through which areas of concern or importance are articulated for taking it at appropriate forum. | Y | The Company in its operations ensure customer value through its product design and labelling etc. However, no need has been felt to formulate a specific Policy for the same. | |
| 2 | Has the policy been formulated in consultation with the relevant stakeholders? | Y | | Y | Y | Y | Y | | Y | | |
| 3 | Does the policy conform to any national/international standards? If yes, specify? * | Y | | Y | Y | Y | Y | | Y | | |
| 4 | Has the policy being approved by the Board? If yes, has it been signed by MD/owner/CEO/appropriate Board of Director? | Y | | Y | Y | Y | Y | | Y | | |
| 5 | Does the company have a specified committee of the Board/Director/Official to oversee the implementation of the policy? | Y | | Y | Y | Y | Y | | Y | | |
| 6 | Indicate the link for the policy to be viewed online? | * @ | | * @ | @ | @ | @ | | @ | | * |
| 7 | Has the policy been formally communicated to all relevant internal and external stakeholders? | Y | | Y | Y | Y | Y | | Y | | Y |
| 8 | Does the Company have in-house structure to implement the policy/policies? | Y | | Y | Y | Y | Y | | Y | | Y |
| 9 | Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies? | Y | | Y | Y | Y | Y | | Y | | Y |
| 10 | Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency? | Y | | Y | Y | Y | Y | | Y | | Y |

* <http://www.wockhardt.com/investor-connect/policies.aspx>

@ Internal Portal accessible to all the employees of the Company.

The Policies are broadly based on the National Voluntary Guidelines on social, environment and economical responsibilities of business issued by the Ministry of Corporate Affairs.

(b) If answer to Sl. No 1 against any principle, is 'No', please explain why:

The requisite details are provided in the above table i.e. Section D point 2(a) forming part of this report.

3. Governance related to BR:

a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year:

Reviewed annually

b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The Business Responsibility Report of the Company, forms part of the Annual Report 2017-18; and the same is also available on the Company's website www.wockhardt.com.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1:

1. Does the policy relating to ethics, bribery and corruption cover only the Company? Does it extend to the Group/ Joint Ventures/Suppliers/Contractors/NGOs/Others?

In terms with the Company's philosophy of promoting ethical conduct and practices throughout the organization for enhancing stakeholders' value, the Board of Directors of the Company have laid down a "Code of Business Conduct and Ethics for Board of Directors and Senior Management" ('Code'). The Code requires every Board member and Senior Management Personnel to adhere the highest standards of professionalism, honesty and integrity along with impartiality, fairness and equity.

Further, the Board has also adopted Anti-bribery and Anti-corruption Policy which extend to all individuals working for all affiliates and subsidiaries of the Company at all levels including directors, senior executives, officers, employees, consultants, contractors, trainees, casual workers, volunteers, interns, agents, or any other person associated with the Company.

The Code and the Policy aims at building a healthy organisation by adopting high standards of professionalism, honesty, integrity and ethical conduct.

The Company has an internal structure to ensure implementation of the Code and Policy.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

During the year under review, 5 complaints were received from the Company's equity shareholders. The complaints involved issues which includes non-receipts of dividend warrant/bonus certificate. This includes the complaint received through SCORES which was also resolved promptly. There was no complaint pending as on 31st March, 2018. The statement providing the details of investor complaints are also disseminated to the Stock Exchanges on a quarterly basis. Apart from this, there were 892 letters/queries relating to change of address, issue of duplicate share certificates, Registration of ECS details and issue of fresh Demand drafts in lieu of unpaid dividend etc. out of which 871 letters were replied/resolved as of 31st March, 2018. The pending 21 request were received at the end of March, 2018 and the same were replied/resolved in April, 2018.

Status of customers' complaints as on 31st March, 2018 was as under:

| Sl. No. | Particulars | Nos. |
|---------|---|------|
| 1. | At the beginning of the year on 1 st April, 2017 | 11 |
| 2. | Received during the year | 79 |
| 3. | Resolved during the year | 81 |
| 4. | Pending as on 31 st March, 2018 | 9 |

The Company has not received any complaints from the employees of the Company.

Principle 2:

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

The following products have helped to address environmental concerns:

- SPASMO PLUS CAPSULES
- WOSULIN 30/70, 40 1U/ML
- IBUPROFEN 200 mg CAPSULE
- PARACETAMOL 500 mg CAPSULE

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

(a) Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?



(b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

Efforts were taken at Site to improve yield of the products i.e. more output with almost same input (Water, Energy, Raw material etc.), which results in saving of resources, became an important step for positive impact on environment.

Yield improvement has been done for few products. Details of % yield improvement done for above mentioned four Products are as follows:

- SPASMO PLUS CAPSULES – Yield has been improved by 0.6%.
- WOSULIN 30/70, 40 1U/ML – Yield has been improved by 6.02%.
- IBUPROFEN 200 mg CAPSULE – Yield has been improved by 0.9%.
- PARACETAMOL 500 mg CAPSULE – Yield has been improved by 1.3%.

Further, the Company conducts its activities in such a manner as to protect the environment, interests of employees and general public. The Company monitors its efforts for sustainable use of resources in manufacturing and is committed to optimum utilisation of all resources.

3. Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

During the process of registering or approving any supplier or vendor, the Procurement Team of the Company secures access to relevant documents to verify the pre-requisites and all compliances as required by law. In case of API or key raw material suppliers, Quality Assurance Team visits their premises to evaluate their delivery capabilities and quality processes.

The Company deploys sustainable sourcing process with awareness towards environment, health & safety, human rights and key social compliances. The activities relating to sustainable sourcing are also detailed hereunder:

Finished product Manufacturing site

The Company performs Audit of manufacturing site to ensure compliance with regulatory guidelines such as Schedule M, WHO GMP etc. It is ensured that all activities related to manufacturing, packaging, quality control, dispatch of products, quality systems & documents are in place and complying as per regulations. Quality audit also covers areas like Water system, Utilities, Effluent treatment plant and scrap yard.

The Company also conducts Training programmes for employees of Vendors for Good Manufacturing Practices, Cleaning and personal hygiene, Good Documentation practices, Safety etc.

Warehouse and CFA

The Company performs Audit of Warehouse and CFA to ensure Good Warehousing/Distribution practices. It is ensured that all products are stored as per required temperature condition and segregation of product is as per category, storage, repacking, dispatch of products; and documents are in place and complying as per regulations.

The Company conducts Training Session for employees on Goods Warehousing/Distribution practices, cleaning and personal hygiene, Good Documentation practices, Safety etc.

Analytical Laboratory

The Company performs Audit of Analytical Laboratory to check Compliance with Good laboratory practices and evaluate that all activities related to testing & identification of drugs are as per regulations. It is also checked that all required Safety equipment/measures are available in laboratory and documents are maintained as per required standards.

The Company conducts Training Session for employees on Good Laboratory Practices, Good Documentation practices, Safety etc.

4. Has the Company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work?

If yes, what steps have been taken to improve the capacity and capability of local and small vendors?

Being into pharmaceuticals business, the Company operates in a stringent regulatory framework for its products and services. The Company follow strict sourcing procedures for its APIs, raw materials, packing materials, other chemicals etc. considering the requirements of applicable manufacturing and quality processes. Over the period, the Company has long and strong business relations with regular vendors and tries to encourage sourcing of the goods and services from appropriate vendors including local and small, wherever applicable.

5. Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste? (Separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

The Company has a mechanism to recycle or dispose material including waste in an authorised manner, wherever possible. The wastes generated from the operations are segregated into recyclable (RC), non-recyclable (NRC) and non-recyclable non-biodegradable (NRCNB).

Wherever possible, efforts are made to convert NRC and NRCNB wastes to RC by finding industries that can use these wastes as raw materials.

Principle 3:

| Sl. No. | Particulars | Details |
|---------|---|---|
| 1 | Please indicate the Total number of employees | 6,254 |
| 2 | Please indicate the Total number of employees hired on temporary/contractual/casual basis | 1,274 |
| 3 | Please indicate the Number of permanent women employees | 386 |
| 4 | Please indicate the Number of permanent employees with disabilities | 6 |
| 5 | Do you have an employee association that is recognized by management | Yes. The Company has recognized employee associations at L1, Aurangabad & Ankleshwar. Around 172 workmen are members of the said internal union. |
| 6 | What percentage of your permanent employees is members of this recognized employee association? | About 3% |
| 7. | Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year | |
| | Category | No. of complaints filed during the financial year No. of complaints pending as on end of the financial year |
| | Child labour/forced labour/involuntary labour | Nil Nil |
| | Sexual harassment | Nil Nil |
| | Discriminatory employment | Nil Nil |
| 8. | What percentage of your under mentioned employees were given safety & skill upgradation training in the last year?* | |
| | a) Permanent Employees | 100% |
| | b) Permanent Women Employees | 100% |
| | c) Casual/Temporary/Contractual Employees | 100% |
| | d) Employees with Disabilities | 100% |

Note: *At all the manufacturing sites, all the Employees have to undergo safety training without that they cannot start their work.

Principle 4:

1. Has the Company mapped its internal and external stakeholders?

The Company has mapped its internal and external stakeholders.

2. Out of the above, has the Company identified the disadvantaged, vulnerable and marginalized stakeholders?

The Company has identified its disadvantaged, vulnerable and marginalised stakeholders.

3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.

Being a global pharmaceutical Company, the Company has analysed its eco system and identified challenges such as malnutrition, lack of sanitation, hunger and disease, education and poor rural development. Our CSR programmes are built around the key focus areas (i) Healthcare, (ii) Education, (iii) Infrastructure development; and (iv) Promoting social causes etc.



The Company's 'Whistle Blower Policy' encourage stakeholders to report their genuine concern, if any. The Policy provides for adequate safeguard to the Whistle Blower against victimisation. Additionally, the Company has also an investors' grievance cell where the investors can raise their concerns.

Principle 5:

1. Does the policy of the Company on human rights cover only the Company or extend to the Group/JV/Suppliers/Contractors/NGO/Others?

Wockhardt is an equal opportunity provider employer and does not discriminate based on colour, caste, race, region, religion etc. Women candidates are encouraged to apply.

The policy on human rights covers internal as well as external stakeholders such as suppliers, vendors, contractors, partners, group companies and subsidiaries.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the Management?

No stakeholder complaints were received in the reporting period with regards to human rights violations.

Principle 6:

1. Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

Wockhardt is committed to conduct its business in a responsible manner by ensuring the safety and health of its employees, customers, partners, contractors and community neighbours.

The responsibility for adherence to the policy related to Environment, Health & Safety lies with key stakeholders viz. employees and workers, contractors and partners, community representatives and public at large.

The Company is committed to operate all its units in an environment friendly manner while protecting health and safety of its employees.

2. Does the Company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc.? If yes, please give hyperlink for webpage etc.

The Company complies with applicable energy laws and regulations and reviews its technology upgradation and energy efficiency initiatives on a periodic basis. These actions contribute to mitigation of GHG emissions. The Company give emphasis on conservation of energy and optimum utilization of natural resources. The Company also understands the importance of climate change, risk mitigation by adapting to likely climate changes and its impact on business operations.

The Company has begun the process of inventorisation of its Greenhouse Gas emissions.

3. Does the Company identify and assess potential environmental risks?

Yes

4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?

At present, the Company does not have any project related to Clean Development Mechanism.

5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy etc.? If yes, please give hyperlink to web page etc.

Yes. The Company continues to undertake several initiatives for energy efficiency and cleaner technologies. Some of the energy efficient initiatives carried out by the Company at different units are as under:

- Phase wise replacement of old low efficiency motors with high efficiency motors
- VFD installed in pressure water pump
- Modification in compressed air distribution system to reduce line pressure drop

- CFL Lamps replaced by LED lamps in phased manner
- Use of Briquette Boiler in place of Furnace oil boiler
- Use of industrial diesel in place of high speed diesel in boiler
- Replacement of direct expansion unit with chiller water cooling coil.

The details of the same have also been provided in Board's Report forming part of this Annual Report (www.wockhardt.com/investor-connect/annual-reports.aspx)

6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Yes. The air quality levels are well within the standards and limits prescribed by the Pollution Control Boards.

An effluent treatment facilities installed at the manufacturing units of the Company have been working satisfactorily and meets the regulatory norms as prescribed by the Pollution Control Boards. At few sites, discharged process water is being recycled after treatment thus conserving water.

Solid waste from plants is also safely disposed-off or stored as per guidelines prescribed by the State Pollution Control Boards.

7. Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as of end of financial year.

4 [Includes two matters which are pending in The National Green Tribunal, Western Zone, Pune.]

Response submitted to SPCP in respect of two show cause notices received during the year.

Principle 7:

1. Is your Company a member of any trade and chambers or association? If yes, name only those major ones that your business deals with.

The Company is a member of the following trade and chambers or association:

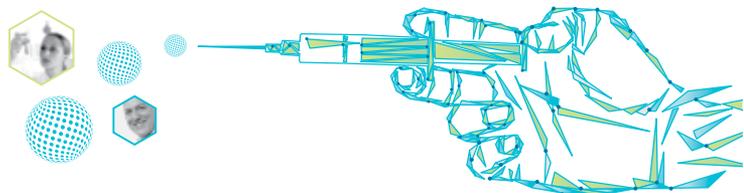
- IMS AG
- Elsevier B.V.
- World Economic Forum
- Indian Pharmaceuticals Alliance
- Federation of Indian Chamber of Commerce and Industry
- Confederation of India Industry
- Bombay Chamber of Commerce and Industry

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? If yes, specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Polices, Energy Security, Water, Food Security, Sustainable Business Principles, Others)

The Company, from time to time, contributes through advocacy/representation to various Chamber of Commerce, administration and authorities in the areas that are of concern or importance.

The Company has earlier apprised the Govt. of India that Wockhardt will help Antibiotic Stewardship Program with Govt. to encourage responsible use of antibiotic in the country:

- Use of antibiotic by medical professional on scientific basis (highlighting misuse of drugs)
- Advocacy approach to align Policies by Regulators
- Create awareness for general consumers
- Wockhardt Surveillance Study – It provides pertinent information on hospital and indication wise prevalence of Resistant Pathogens. This information would complement the activities of Antibiotic Stewardship Forum.



Principle 8:

1. Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes, details thereof.

Yes. The Company continues to focus on social concerns such as malnutrition, lack of sanitation, hunger and disease, education and rural upliftment. Further, through its CSR programmes that are built around the key focus areas such as healthcare (promoting preventive health care, sanitation and safe drinking water), education, infrastructure development and promoting social causes etc., the Company continues to engage itself for the welfare of society at large.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

The programmes are undertaken by Wockhardt Foundation, CSR arm of the Company, under the leadership of its Trustee & CEO, Dr. Huzaifa Khorakiwala who is the Executive Director of the Company.

3. Have you done any impact assessment of your initiatives?

Projects undertaken as part of CSR initiatives are reviewed from time to time. Each project has specific deliverables to be met. The internal teams ensure the implementation of the projects undertaken.

4. What is the Company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken?

During the financial year 2017-18, it was not mandatory for the Company to spend on CSR activities since the average net profits of the Company for the immediately preceding 3 financial years calculated as per Section 198 of the Companies Act, 2013, was negative. However, as a continuing good governance practices, the Company has contributed ₹ 4.67 crore to Wockhardt Foundation, the CSR arm of the Company, for CSR activities.

The details of CSR activities and manner in which amount have been spent is provided in Report on CSR activities forming part of this Annual Report.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

Yes. The Company firmly believe that community development initiatives are adopted by the community.

Principle 9:

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year?

As on 31st March, 2018, there were about 0.9% complaints pending.

2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks (Additional information)

Product information such as Lot no., product ingredient specifications along with Gross Weight and Net weight, percentage of ingredients, date of manufacture and date of expiry etc. are printed on product packaging in accordance with applicable regulations.

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as of end of financial year? If so, provide details thereof, in about 50 words or so.

The details of cases as on 31st March, 2018 are summarised below:-

- A class action was initiated against various pharmaceutical companies including Wockhardt Limited. This anti-trust action relates to price hike of various generic drugs such as Clobetasol, Desonide, Lidex, Fluocinonide, Propranolol, Pravastatin, Divalproex ER, Econazole, Levothyroxine etc. The Company is one of the manufacturer and marketer of the few of the said products viz.; Clobetasol & Desonide. For Clobetasol, the Company alongwith other Defendants filed motions to dismiss the consolidated amended complaints. The matter relating to Divalproex may move into Multidistrict Litigation (MDL). The matter, as it stands today, as regards the Company's exposure to

risk and potential liabilities, we see minimal exposure (actual or threatened) as the matter is currently being argued in USA by our legal and regulatory personnel and we are positively hopeful that the Company's name would be removed from the said litigation/class action claims.

- The Company was named along with numerous other drug manufacturers as defendants in “pay for delay” and “product hopping” antitrust litigation concerning the drug Namenda IR and its generic versions. Defendants’ motion to dismiss was denied. However, the Court stayed all claims against the generic defendants, including Wockhardt, pending resolution of claims against the brand companies.
- Competition Commission of India (CCI) passed an order under the Competition Act, 2002 against Chemist and Druggist Association, Goa (CDAG) in suo moto Case on the complaint filed by M/s. Excel Health Care, wherein pharmaceutical companies were involved as opposite parties including Wockhardt Limited. CCI imposed penalty of ₹ 10.62 Lacs only on CDAG and Pharmaceutical companies including Wockhardt Limited were cleared of all allegations by the CCI. Appellant/CDAG has challenged the findings of the CCI before NCLAT. The Company's exposure to risk and potential liabilities in the matter is minimal.
- A complaint has been filed against Federation of Gujarat State Chemist & Drug Association, Ahmedabad by M/s. Amit Agencies stockist in CCI for not giving him purchase orders for distribution of drugs in Gujarat Region. The matter is being investigated by Regional Director, CCI. The Company has already provided requisite details denying the claim.

4. Did your Company carry out any consumer survey/consumer satisfaction trends?

Consumer surveys are periodically carried out by the Company to understand the customer needs and feedback.



REPORT ON CORPORATE GOVERNANCE

Pursuant to the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'SEBI Listing Regulations'), the Company presents the Report on Corporate Governance for the financial year ended 31st March, 2018 containing the matters detailed in the said Regulations with respect to Corporate Governance requirements.

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Wockhardt strives to adopt the highest standards of excellence in Corporate Governance to enhance its value and value of its stakeholders. The core value of Company's governance process includes independence, integrity, accountability, transparency, responsibility and fairness. The Company believes that good Corporate Governance strengthens the investors trust and ensures long term relationship with other stakeholders which help the Company to achieve its objectives.

2. BOARD OF DIRECTORS

(a) Composition and other related matters

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

The present strength of the Board is 11 (Eleven) Directors comprising of 3 (Three) Executive Directors, 1 (One) Non-Executive Non-Independent Director and 7 (Seven) Independent Directors. The Company has two Women Directors on its Board which includes 1 (One) Independent Director.

During the year 2017-18, Ms. Zahabiya Khorakiwala (DIN: 00102689) has been appointed as an Additional, Non-Executive Non-Independent Director of the Company w.e.f. 30th October, 2017.

The composition of the Board, details of other directorships, committee positions as on 31st March, 2018 and attendance of Directors at the Board Meetings and at the Annual General Meeting ('AGM') 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 | | Number of Committee positions held in other Public Companies ⁽³⁾ | | Attendance at | |
|---|--|---|---|---|--------|----------------|--|
| | | Total Directorship ⁽¹⁾ | Directorship in other Public Companies ⁽²⁾ | Chairperson ^(*) | Member | Board Meetings | Last Annual General Meeting (2 nd August, 2017) |
| Dr. H. F. Khorakiwala Chairman DIN: 00045608 | Executive/Promoter | 16 | 1 | Nil | Nil | 4 | Yes |
| Mr. Shekhar Datta DIN: 00045591 | Independent | 3 | 3 | 2 | 2 | 4 | Yes |
| Mr. Aman Mehta DIN: 00009364 | Independent | 5 | 5 | 1 | 6 | 4 | Yes |
| Mr. Davinder Singh Brar DIN: 00068502 | Independent | 14 | 2 | 2 | 4 | 4 | Yes |
| Dr. Sanjaya Baru DIN: 05344208 | Independent | 5 | 2 | Nil | 3 | 3 | Yes |
| Ms. Tasneem Mehta DIN: 05009664 | Independent | Nil | Nil | Nil | 2 | 4 | Yes |
| Mr. Baldev Raj Arora DIN: 00194168 | Independent | 2 | 2 | Nil | 5 | 4 | Yes |
| Mr. Vinesh Kumar Jairath DIN: 00391684 | Independent | 8 | 8 | 2 | 7 | 4 | Yes |
| Dr. Huzaifa Khorakiwala Executive Director DIN: 02191870 | Executive/Promoter | 13 | 2 | Nil | 1 | 3 | Yes |
| Dr. Murtaza Khorakiwala Managing Director DIN: 00102650 | Executive/Promoter | 9 | 2 | 1 | Nil | 4 | Yes |
| Ms. Zahabiya Khorakiwala ^(**) DIN: 00102689 | Non-Executive Non-Independent/Promoter | 8 | 3 | Nil | 1 | 2 | N.A. |

(1) The number of total directorships is in accordance with section 165 of the Companies Act, 2013 which excludes foreign companies.

(2) Excludes directorships in Private Limited Companies, Foreign Companies and Section 8 Companies.

(3) This includes only Chairpersonships/Memberships of the Audit Committee and Stakeholders Relationship Committee of all listed and unlisted public limited companies (including the Company) as per Regulation 26 of the SEBI Listing Regulations.

(*) A Director, wherever he is the Chairperson of the Committee, is also a member of the Committee.

(**) Ms. Zahabiya Khorakiwala was appointed as an Additional Director of the Company (Non-Executive Non-Independent Director) w.e.f. 30th October, 2017. There were only two Board meetings held during her tenure, both of which were attended by her.

As detailed in the table, none of the Directors hold directorships in more than 20 Companies (including limit of maximum directorships in 10 Public Companies) pursuant to the provisions of Section 165 of the Companies Act, 2013 ('Act').

Further, in compliance with Regulation 25(1) of the SEBI Listing Regulations, none of the Independent Directors hold directorships in more than seven listed companies. Further, none of the Directors who serves as Whole-time Director in any listed entity serves as Independent Director in more than three listed entities.

None of the Directors are members of more than ten Committees of the prescribed nature or hold Chairpersonship of more than five such committees across all listed or unlisted public limited companies in which they are Directors, thereby complying with the provisions of Regulation 26 of the SEBI Listing Regulations.

The details of equity shareholding of all the Directors are provided elsewhere in this Report.

Inter-se relationships among Directors

Dr. Huzaifa Khorakiwala, Executive Director, Dr. Murtaza Khorakiwala, Managing Director are the sons and Ms. Zahabiya Khorakiwala, Non-Executive Non-Independent Director is daughter of Dr. H. F. Khorakiwala, Executive Chairman. Except this, there are no inter-se relationships amongst the Directors.

Independent Directors

The Independent Directors ('IDs') fulfil the criteria/obligations as stated under Regulation 25 of the SEBI Listing Regulations.

The IDs submit a self-declaration, confirming their independence and compliance with various eligibility criteria, among other disclosures. All such declarations are placed before the Board for information and noting.

The draft letter of appointment, containing the terms of reference and the duties and responsibilities of the IDs, is available on the website of the Company www.wockhardt.com.

Further, a separate meeting of IDs was held on 29th January, 2018. All the IDs were present at the said meeting.

Whenever any new Independent Director is appointed, he/she is made familiar to the business and its operations and also about his role and duties through presentations/programmes by Chairman, Managing Director and Senior Management. Further, the IDs are also presented with copies of magazines "The Wockhardian" and in-house newsletter of Wockhardt Group which provides the insights on the activities carried on by the Company.

The details of such Familiarisation Programme for IDs are available on: www.wockhardt.com/files/familiarisation-programme.pdf

(b) Board Meetings and Procedures

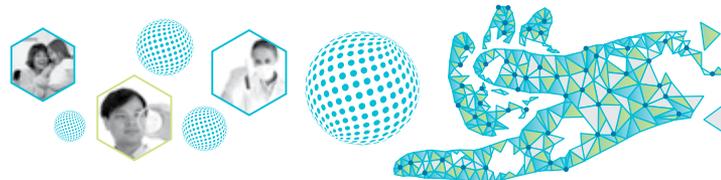
During the year under review, 4 (Four) Board meetings were held on 4th May, 2017, 2nd August, 2017, 30th October, 2017 and 29th January, 2018. The gap between two consecutive meetings was not more than one hundred and twenty days, thereby complying with the applicable statutory requirement.

The Board is regularly apprised and informed of important business-related information. The Board meeting dates are finalized in consultation with all the Directors well in advance. Further, the Agenda papers supported by comprehensive notes and relevant information, documents and presentations are circulated in advance to all the Board members which enable them to take informed decisions and discharge their functions effectively. The Agenda for the Board meetings covers the minimum information to be placed before the Board of Directors as per Regulation 17(7) of the SEBI Listing Regulations read with Part A of Schedule II thereto to the extent these are relevant and applicable. A presentation is made by the Managing Director on operational performance of the Company at each of the Board meeting. The Board periodically reviews the items in the Agenda and particularly reviews and approves the quarterly Financial Results, Annual Financial Statements, Annual Operating Plans & Budgets, CAPEX etc.

The compliance reports pertaining to all laws applicable to the Company, Minutes of Board meeting of unlisted subsidiaries of the Company and Minutes of Committee meetings are also placed before the Board of the Company periodically.

Further, the Directors are also provided with video-conferencing/audio visual facilities to facilitate them to participate in the Board/Committee meetings.

The important decisions taken at the Board and Committee meetings are communicated to the respective department heads for the implementation of the said decisions. An Action Taken Report for the decisions taken at the earlier Board meetings are also placed before the Board of the Company.



3. BOARD COMMITTEES

The Company has constituted various Committees for the smooth functioning of the Board. The composition of all the Board Committees are in accordance with the provisions of the Act and the SEBI Listing Regulations, wherever applicable. The details of composition are also disclosed on the website of the Company www.wockhardt.com.

Details of Board Committees and other related information are provided hereunder:

A) AUDIT COMMITTEE

Terms of reference, Meetings & Composition

(i) Terms of reference

Pursuant to the SEBI Listing Regulations and Section 177 of the Act, the role of the Audit Committee briefly covers as under:

Financial Reporting and other Financial Matters

- Oversight of Company's financial reporting process and disclosure of financial information to ensure that the financial statement is correct, sufficient and credible;
- Reviewing with the management, quarterly unaudited financial statements and annual audited financial statements & Auditors' Report thereon before submission to the Board for approval. Review of annual financial statements *inter alia* includes reviewing changes in Accounting Policies if any, major accounting entries involving estimates, significant adjustments made in financial statements, qualifications in draft Audit Report, if any;
- Reviewing management discussion and analysis of financial condition and results of operations;
- Scrutiny of inter-corporate loans & investments; and
- Monitoring the performance of the unlisted subsidiaries by reviewing their financial statements including the investments made by them.

Audit & Auditors, Internal Controls

- Recommending the appointment, remuneration and terms of appointment/re-appointment, if required, replacement or removal of auditors, fixation of statutory audit fees and approval of payment for any other services rendered by the Statutory Auditors, as permitted;
- Recommending appointment and remuneration of Cost Auditors;
- Review and monitor the Auditor's independence and performance and effectiveness of audit process;
- Reviewing the adequacy of internal audit function and internal control systems including internal financial controls; and discussion with Internal Auditors any significant findings and follow-up thereon; and
- Reviewing significant audit findings from the statutory and internal audits.

Other Matters

- Approval of all Related Party Transactions;
- Evaluation of Internal Financial Controls and Risk Management Systems;
- Appointment of CFO; and
- Reviewing the functioning of Whistle Blower Mechanism.

The Audit Committee has all the powers as specified in Regulation 18 of the SEBI Listing Regulations to investigate any activity within its terms of reference, seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary and pursuant to Section 177 of the Act.

(ii) Meetings

During the year under review, the Audit Committee met 4 (Four) times on 4th May, 2017, 2nd August, 2017, 30th October, 2017 and 29th January, 2018. The maximum gap between any two consecutive meetings was not more than one hundred and twenty days.

(iii) Composition:

As on 31st March, 2018, the Audit Committee comprises of 7 (Seven) Independent Directors which is in accordance with Regulation 18 of the SEBI Listing Regulations read with Section 177 of the Act.

The details of composition of the Audit Committee and the particulars of attendance at its meetings are given below:

| Name of the Director/Member | Designation | Category | Profession | No. of Meetings Attended |
|-----------------------------|-------------|-------------|-----------------------|--------------------------|
| Mr. Shekhar Datta | Chairperson | Independent | Business Professional | 4 |
| Mr. Aman Mehta | Member | Independent | Business Professional | 4 |
| Mr. Davinder Singh Brar | Member | Independent | Business Professional | 4 |
| Dr. Sanjaya Baru | Member | Independent | Economist | 3 |
| Ms. Tasneem Mehta | Member | Independent | Business Professional | 4 |
| Mr. Baldev Raj Arora | Member | Independent | Business Professional | 4 |
| Mr. Vinesh Kumar Jairath | Member | Independent | Business Professional | 4 |

All the members of the Audit Committee are financially literate and possesses accounting or related financial management expertise by virtue of their experience and background.

Mr. Shekhar Datta, Chairperson of the Audit Committee, was present at the AGM of the Company held on 2nd August, 2017.

Mr. Narendra Singh, Company Secretary, acts as a Secretary to the Audit Committee.

The Statutory Auditors, Head of Internal Audit, Head of Finance and Executive Directors, upon invitation, attend the meetings.

B) STAKEHOLDERS RELATIONSHIP COMMITTEE

Stakeholders Relationship Committee looks into mechanism of redressal of grievance of the shareholders/other security holders. The Committee reviews the status of shareholders grievances on a quarterly basis.

(a) Terms of Reference, Meetings & Composition

(i) Terms of reference

- Review of complaints relating to transfer of shares, transmission of shares, issue of duplicate share certificates, non-receipt of annual report, non-receipt of declared dividend and other shareholder related queries/complaints;
- Review of status of requests i.e. processing of complaints within statutory timelines;
- Matters relating to approval of transfer and transmission of shares, issue of duplicate share certificates etc.; and
- Oversee of performance of Registrar and Transfer Agents.

(ii) Meetings

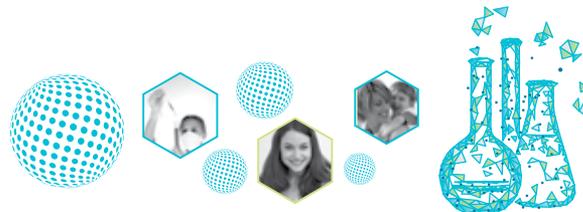
During the year under review, 4 (Four) meetings of the Stakeholders Relationship Committee were held viz. on 4th May, 2017, 2nd August, 2017, 30th October, 2017 and 29th January, 2018.

(iii) Composition

As on 31st March, 2018, the Committee comprises of 7 (Seven) Independent Directors which is in accordance with Regulation 20 of the SEBI Listing Regulations read with Section 178 of the Act.

The details of composition of Stakeholders Relationship Committee and attendance of members at Committee meetings are given below:

| Name of the Director/Member | Designation | Category | Profession | No. of Meetings Attended |
|-----------------------------|-------------|-------------|-----------------------|--------------------------|
| Mr. Shekhar Datta | Chairperson | Independent | Business Professional | 4 |
| Mr. Aman Mehta | Member | Independent | Business Professional | 4 |
| Mr. Davinder Singh Brar | Member | Independent | Business Professional | 4 |
| Dr. Sanjaya Baru | Member | Independent | Economist | 3 |
| Ms. Tasneem Mehta | Member | Independent | Business Professional | 4 |
| Mr. Baldev Raj Arora | Member | Independent | Business Professional | 4 |
| Mr. Vinesh Kumar Jairath | Member | Independent | Business Professional | 4 |



(b) Compliance Officer

Mr. Narendra Singh, Company Secretary & Compliance Officer, is responsible for the compliance with the requirements of the Securities Laws and SEBI Listing Regulations with the Stock Exchanges.

(c) Shareholders Complaints and Redressal

The Registrar and Transfer Agents ('RTA') of the Company is Link Intime India Private Limited, who handles the investor grievances in coordination with the Compliance Officer of the Company.

The Company duly monitors the functioning of the RTA to ensure that the investor grievances are resolved expeditiously and to the satisfaction of the shareholders.

A statement providing the category wise details of the complaints received from the shareholders during the year ended 31st March, 2018 and the status for the same is as under:

| Sl. No. | Nature of Communication | Opening Balance | Received during the period | Replied/Resolved | Pending |
|---------|--|-----------------|----------------------------|------------------|---------|
| 1 | Non Receipt of Dividend/Interest/Redemption Warrant | — | 2 | 2 | — |
| 2 | Non Receipt of Annual Report | — | 1 | 1 | — |
| 3 | Others (Loan Transaction – NSE & Non Receipt of Subsidiaries Account – SEBI) | — | 2 | 2 | — |
| | TOTAL | — | 5 | 5 | — |

Apart from the above, there were 892 letters/queries relating to change of address, issue of duplicate share certificates, registration of ECS details and issue of fresh demand drafts in lieu of unpaid dividend etc. received during the FY 2017-18 out of which 871 letters were replied/resolved as of 31st March, 2018. The pending 21 requests were received at the end of March, 2018 and the same were replied/resolved in the month of April, 2018.

As on 31st March, 2018, no complaints were outstanding. All queries/requests/complaints have been resolved to the satisfaction of shareholders within the reasonable time.

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

Further, the shareholders can lodge their complaints on the SEBI Complaints Redressal System (SCORES) platform also, which is an online redressal system for investor grievances. The complaints received through the said platform have also been resolved promptly by the RTA/Company.

C) NOMINATION AND REMUNERATION COMMITTEE

(a) Terms of Reference, Meetings & Composition

(i) Terms of Reference

The terms of reference of Nomination and Remuneration Committee ('NRC'), *inter alia*, includes the following:

- Identification of persons who are qualified to become Directors and who may be appointed at Senior Management position in accordance with the criteria laid down, and recommend to the Board their appointment and removal;
- Recommendation for fixation and revision of remuneration packages of Managing Director and Executive Directors to the Board for review and approval;
- Formulation of criteria for determining qualifications, positive attributes and independence of a Director and recommending to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of every Director and carry out performance evaluation of Directors;
- Devising a policy on Board diversity;
- Extension or continuation of term of appointment of the Independent Director, on the basis of the report of performance evaluation of the Independent Directors.

(ii) Meetings

During the year under review, 2 (two) meetings of the NRC were held on 4th May 2017 and 30th October, 2017.

(iii) Composition

The composition of the NRC is in accordance with Regulation 19 of the SEBI Listing Regulations read with Section 178 of the Act. As on 31st March, 2018, the composition of NRC is given below:

| Name of the Director/Member | Designation | Category | Profession | No. of Meetings Attended |
|-----------------------------|-------------|--------------------|-----------------------|--------------------------|
| Mr. Shekhar Datta | Chairperson | Independent | Business Professional | 2 |
| Dr. H. F. Khorakiwala | Member | Executive Chairman | Business Professional | 2 |
| Dr. Sanjaya Baru | Member | Independent | Economist | 1 |
| Mr. Aman Mehta* | Member | Independent | Business Professional | 1 |

* Mr. Aman Mehta was inducted as member of the NRC w.e.f. 30th October, 2017.

b) Remuneration Policy

The Company's Remuneration Policy is structured in line with the trend in the Indian Pharmaceutical Industry. In pursuance of the Company's policy to consider human resources as its invaluable assets and in terms of the provisions of the Act and the SEBI Listing Regulations, Policy on Nomination and Remuneration of Directors, Key Managerial Personnel ('KMP') & Senior Management Personnel and employees was formulated to pay equitable remuneration and to harmonize the aspirations of human resources consistent with the goals of the Company.

The Policy ensures that:

- the level and composition of remuneration to be reasonable and sufficient to attract, retain and motivate the person to ensure the quality required to run the Company successfully;
- relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- remuneration to Directors, KMP & Senior Management Personnel involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to working of the Company and its goals.

The Remuneration Policy of the Company is divided into 3 parts:

- Matters to be dealt with, perused and recommended to the Board by the NRC.
- Policy for appointment and removal of Directors, KMP and Senior Management Personnel.
- Policy for remuneration of Directors, KMP, Senior Management Personnel & other employees.

The Remuneration Policy is available on the website of the Company and the weblink thereto is: www.wockhardt.com/pdfs/wl-remuneration-policy.pdf

Brief extract from Remuneration Policy is as under:

- The NRC shall identify and ascertain the integrity, qualification, expertise, experience and independence of the person for appointment as Director and recommend to the Board his/her appointment. Similarly, for KMP and Senior Management position, the NRC shall consider integrity, qualification, expertise and experience of the person for concerned position and would recommend to the Board about the appointment.
- The remuneration of Executive Directors comprises of Basic Salary, Perquisites and Allowances. The remuneration of Executive Directors should be recommended to the Board by NRC after considering the qualifications, experience, comparative remuneration packages of peers, Company's position etc. Pursuant to the provisions of the Act, the said remuneration has to be subsequently approved by the shareholders of the Company and approval of Central Government, if any, needs to be obtained.
- The remuneration to Non-Executive Directors comprises of sitting fees and commission, if any. Apart from above, Non-Executive Directors shall also be entitled to reimbursement of expenses incurred by them in connection with attending the Board meetings, Committee meetings, General meetings and any other matter in relation to the business of the Company towards hotel accommodation, travelling and other out-of-pocket expenses. The quantum of sitting fees to be paid to Non-Executive Directors and meetings for which the same needs to be paid shall be determined by the Board. The quantum of sitting fees shall be in accordance with the provisions of Companies Act in force, from time to time. The payment of commission should be made in accordance with the provisions of the Act as amended from time to time, and shall depend upon performance of the Company and profitability.
- The remuneration structure for KMP, Senior Management and other employees comprises of fixed pay (salary & perquisites) and variable pay (performance linked incentives).



The Board ensures for orderly succession of Directors/Senior Management. The criteria for determining Qualifications, Positive Attributes and Independence of a Director are as under:

Qualifications: A nomination process is in place that encourages diversity of thought, experience, knowledge, age and gender etc. It is also ensured that the Board has an appropriate blend of functional and industry expertise.

Positive Attributes: The Directors on the Board are expected to demonstrate high standards of ethical behavior, interpersonal skills and soundness of judgment. Independent Directors are also mandated to abide by the 'Code for Independent Directors' as outlined in Schedule IV to the Act.

Independence: A Director is considered as an 'Independent Director' if he/she meets with criteria for 'Independent Director' as laid down in the Act and Regulation 16(1)(b) of the SEBI Listing Regulations.

c) Performance Evaluation Criteria

The NRC lays down the criteria for performance evaluation of Directors. In accordance with the provisions of the SEBI Listing Regulations and the Act, the performance evaluation of the individual Directors shall be done by the entire Board of Directors, subject to the condition that the Director who is subject to evaluation should not participate. The criteria for performance evaluation covers parameters such as decision taken in the interest of the organization objectively, assisting the Company in implementing the Corporate Governance, monitoring performance of organization based on agreed goals & financial performance and active participation in the affairs of the Company as Board/Committee members.

d) Remuneration of Directors

The remuneration of the Executive Directors is decided by the Board based on the recommendations of the NRC as per the Remuneration Policy of the Company, within the limits fixed and approved by the shareholders at the general meeting. The remuneration of the Non-Executive Directors comprises of sitting fees and commission, if any. The Non-Executive/Independent Directors are paid sitting fees of ₹ 100,000 for each meeting of the Board, Audit Committee and Stakeholders Relationship Committee attended by them and reimbursement of expenses towards attending the meetings.

The remuneration paid/payable to each Director for the financial year ended 31st March, 2018 is as under:

| Name of Director | Tenure upto | No. of equity shares held by Directors as on 31 st March, 2018 | Remuneration for the financial year ended 31 st March, 2018 (₹ In crore) | | | |
|---------------------------|---------------------------------|---|---|--------|-------------|-------|
| | | | Sitting fees | Salary | Perquisites | Total |
| Dr. H. F. Khorakiwala | 29 th February, 2020 | 442,785 | N.A. | 2.65 | 0.15 | 2.80 |
| Mr. Shekhar Datta | 31 st March, 2019 | 4,100 | 0.12 | N.A. | N.A. | 0.12 |
| Mr. Aman Mehta | | 2,500 | 0.12 | N.A. | N.A. | 0.12 |
| Mr. Davinder Singh Brar | | 500 | 0.12 | N.A. | N.A. | 0.12 |
| Dr. Sanjaya Baru | | 500 | 0.09 | N.A. | N.A. | 0.09 |
| Ms. Tasneem Mehta | | 29 th September, 2019 | Nil | 0.12 | N.A. | N.A. |
| Mr. Baldev Raj Arora | 27 th May, 2020 | Nil | 0.12 | N.A. | N.A. | 0.12 |
| Mr. Vinesh Kumar Jairath | 9 th November, 2021 | Nil | 0.12 | N.A. | N.A. | 0.12 |
| Dr. Huzaifa Khorakiwala | 30 th March, 2019 | 216,000 | N.A. | 2.24 | 0.16 | 2.40 |
| Dr. Murtaza Khorakiwala | | 226,200 | N.A. | 1.90 | 0.50 | 2.40 |
| Ms. Zahabiya Khorakiwala* | Up to the date of ensuing AGM | Nil | 0.02 | N.A. | N.A. | 0.02 |

* Ms. Zahabiya Khorakiwala was appointed as an Additional Director categorised as Non-Executive Non-Independent Director of the Company w.e.f. 30th October, 2017. There were only two Board meetings held during her tenure, both of which were attended by her.

Notes:

- No commission has been paid to Executive and Non-Executive Directors (including Independent Directors) during the year ended 31st March, 2018.
- There is no provision for payment of severance fees and no performance linked incentives are paid to any Director. The tenure of office of the Managing Director/Executive Director is for 5 (five) years from their respective dates of appointments. The notice period of Managing Director/Executive Director is governed by service rules of the Company.
- None of the Directors hold any stock options and convertible instruments in the Company.
- The Non-Executive Directors on the Company's Board, apart from receiving sitting fees do not have any other pecuniary relationship or transactions vis-à-vis the Company. The details of remuneration paid to Directors have also been disclosed under the heading 'Related Party Disclosures' of Notes to Financial Statement.

The other details about Independent Directors, Remuneration Policy, Performance Evaluation Criteria and Remuneration of Directors have also been provided in the Board's Report forming part of this Annual Report.

D) CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

Terms of Reference, Meetings & Composition

(i) Terms of Reference

The terms of reference of CSR committee, *inter alia*, includes to:

- Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company in compliance with the provisions of the Act;
- Recommend the amount of expenditure to be incurred on the CSR activities;
- Provide guidance on various CSR activities to be undertaken by the Company;
- Monitor the implementation of the CSR Policy of the Company from time to time;
- Carry out any such function as mandated by the Board and/or enforced by way of any statutory amendments as may be necessary for effective performance of its duties.

(ii) Meetings

During the year 2017-18, 1 (one) meeting of CSR Committee was held on 4th May, 2017 and the same was attended by all the members of the Committee.

(iii) Composition

As on 31st March, 2018, the CSR Committee comprises of Dr. H. F. Khorakiwala, Executive Chairman, Dr. Huzaifa Khorakiwala, Executive Director, Mr. Davinder Singh Brar, Independent Director and Mr. Aman Mehta, Independent Director as its members.

The report on CSR is provided in the Board's Report which forms part of this Annual Report.

E) OTHER COMMITTEES OF THE BOARD

Apart from the Committees being required mandatorily, the Board has also constituted certain Committees and has delegated some specific powers to such Committees. Each Committee has its distinct role, scope and powers. The Minutes of these Committee meetings are also periodically placed before the Board for noting.

The Board has constituted following three Committees:

- a) Credit Facilities Committee
- b) Share Allotment Committee
- c) ESOS Compensation Committee

a) Credit Facilities Committee

(i) Terms of Reference

The terms of reference, *inter alia*, includes to:

- Exercise all such powers to borrow money within the limits approved by the Board;
- Avail, renew, enhance, restructure and reschedule all fund based and non-fund based credit facilities including term loans and working capital facilities availed from banks/financial institutions/bodies corporate;
- Delegate authorities from time to time to the executives/authorized persons to implement the decisions of the Committee;
- Carry out any such function as mandated by the Board and/or enforced by way of any statutory amendments as may be necessary for effective performance of its duties.

(ii) Meetings

During the year under review, 1 (One) meeting of the Credit Facilities Committee was held on 15th January, 2018, which was attended by all the members of the Committee.

(iii) Composition

As on 31st March, 2018, the Committee comprises of three Executive Directors viz. Dr. H. F. Khorakiwala, Executive Chairman, Dr. Huzaifa Khorakiwala, Executive Director and Dr. Murtaza Khorakiwala, Managing Director as its members.

b) Share Allotment Committee

(i) Terms of Reference

The terms of reference, *inter alia*, includes to:

- Allot preference shares;
- Redeem preference shares/debentures;



- Allot equity shares pursuant to exercise of stock options;
- Carry out any such function as mandated by the Board and/or enforced by way of any statutory amendments as may be necessary for effective performance of its duties.

(ii) Meetings

During the year under review, 3 (Three) meetings of the Share Allotment Committee were held on 8th June, 2017, 28th November, 2017 and 16th February, 2018. The Committee meetings were attended by all the members except Dr. Huzaifa Khorakiwala who could not attend the meeting held on 8th June, 2017 and to whom leave of absence was granted.

(iii) Composition

As on 31st March, 2018, the Committee comprises of three Executive Directors viz. Dr. H. F. Khorakiwala, Executive Chairman, Dr. Huzaifa Khorakiwala, Executive Director and Dr. Murtaza Khorakiwala, Managing Director as its members.

c) ESOS Compensation Committee

As per Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, the ESOS Compensation Committee constituted by the Board is in place.

(i) Terms of Reference

The key role of ESOS Compensation Committee consists of administration and monitoring the implementation of Wockhardt Employees' Stock Option Scheme - 2011 ('the Scheme') of the Company. Further, the Committee is also vested with such functions and powers, enumerated as under:

- Determination of the employees eligibility for participation in the Scheme;
- Number of options that may be granted to the employees;
- Determination of vesting period, exercise period of the options issued under the Scheme; and
- Other incidental matters pertaining to the Scheme of the Company.

(ii) Meetings

During the year under review, no meeting of ESOS Compensation Committee took place.

(iii) Composition

As on 31st March, 2018, ESOS Compensation Committee comprises of Dr. Sanjaya Baru, Chairperson of the Committee (Independent Director), Dr. H. F. Khorakiwala (Executive Chairman) and Ms. Tasneem Mehta (Independent Director) as its members.

4. GENERAL BODY MEETINGS

a) Details of last three Annual General Meetings:

The day, date, time and location of the AGM's held during the last three years, and the special resolution(s) passed thereat by e-voting and poll, are as follows:

| Financial Year ended | Day and Date | Time | Location | Special Resolution Passed |
|------------------------------|--|------------|--|---|
| 31 st March, 2017 | Wednesday, 2 nd August, 2017 | 12.00 noon | The Benchmark, Nakshatrawadi, Paithan Road, Aurangabad-431 005 | Approval for issuance of Non-Convertible Debentures ('NCDs') upto ₹ 1,200 crore on private placement basis |
| 31 st March, 2016 | Saturday, 13 th August, 2016 | 12.00 noon | The Benchmark, Nakshatrawadi, Paithan Road, Aurangabad-431 005 | 1. Approval for issuance of Non-Convertible Debentures ('NCDs') upto ₹ 1,200 crore on private placement basis 2. Approval to deliver document through a particular mode as may be sought by the member |
| 31 st March, 2015 | Saturday, 12 th September, 2015 | 10.00 a.m. | The Benchmark, Nakshatrawadi, Paithan Road, Aurangabad-431 005 | Adoption of new set of Articles of Association of the Company pursuant to the provisions of the Companies Act, 2013 |

b) Postal Ballots:

Pursuant to Sections 108 and 110 of the Act including Rules made there under and Regulation 44 of the SEBI Listing Regulations, the Postal Ballots were conducted in physical & e-voting mode. Mr. Virendra Bhatt, Practicing Company Secretary (ACS No. 1157, CP No. 124) was appointed as Scrutinizer for conducting Postal Ballot in a fair and transparent manner.

The Company engages the services of National Securities Depository Limited ('NSDL') for the purpose of providing e-voting facility to all its members. The members have the option to vote either by physical postal ballot form or through e-voting. The Company dispatches the postal ballot notices and forms along with postage pre-paid self-addressed envelope to its members whose names appear on the Register of Members/list of beneficiaries as on cut-off date. The postal ballot notice is sent to members in electronic form to the email addresses registered with the Company/Company's RTA. The Company also publishes a notice in the newspapers declaring the details of completion of dispatch and other requirements under the Act and the Rules issued thereunder.

Voting rights are reckoned on the paid up value of shares of the Company in the names of the shareholders as on the cut-off date. Members desiring to vote through physical postal ballot form are requested to return the forms, duly completed and signed so as to reach the Scrutinizer before the close of the voting period. Members desiring to exercise their votes by electronic mode are requested to vote before the close of business hours on the last date of e-voting.

The Scrutinizer submits his report to the Chairman, after the completion of scrutiny and the consolidated results of the voting by postal ballot are then announced by the Chairman or any Director authorised by him. The results are displayed on the website of the Company www.wockhardt.com, besides being communicated to the Stock Exchanges and NSDL.

The resolution, if passed with requisite majority, shall be deemed to be passed on the last date specified by the Company for receipt of duly completed e-voting or postal ballot forms.

During the year ended 31st March, 2018, following special resolutions were passed through Postal Ballot:

1) Resolution of Postal Ballot passed on 8th June, 2017

Approval for raising of additional capital by way of one or more public or private offerings including through a Qualified Institutions Placement ('QIP') to eligible investors through an issuance of equity shares or other eligible securities for an amount not exceeding ₹ 1,000 crore.

Details of voting pattern: Assent – 99.95%; Dissent – 0.05%

2) Resolution of Postal Ballot passed on 15th March, 2018

To give loans or to give guarantee(ies) or to provide security(ies) or to make investment(s) upto ₹ 6,000 crore

Details of voting pattern: Assent – 94.61%; Dissent – 5.39%

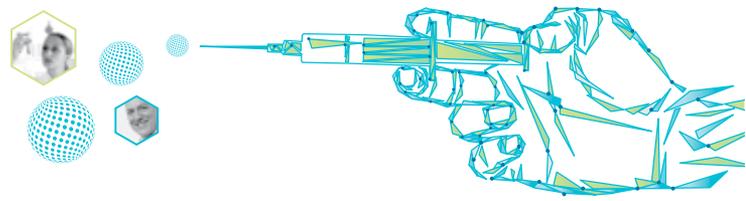
The Board of Directors, at its meeting held on 4th May, 2018, has accorded approval for raising of additional capital by way of one or more public or private offerings including through a Qualified Institutions Placement ('QIP') to eligible investors through an issuance of equity shares or other eligible securities for an amount not exceeding ₹ 1,500 crore by way of special resolution through Postal Ballot.

5. DISCLOSURES

a. Related Party Transactions

All the transactions entered into by the Company with related parties during the year under review were in the ordinary course of business and on an arm's length basis as defined in the Act. During the year under review, there were no materially significant related party transactions that may have potential conflict with the interests of the Company at large. All the related party transactions were approved by the Audit Committee and the Board. The transactions with Wockhardt Bio AG, subsidiary company, being a material transaction as per the threshold prescribed under Regulation 23 of the SEBI Listing Regulations have been approved by the members of the Company at the AGM held on 15th September, 2014. In compliance with Indian Accounting Standards (IND-AS) – 24, transactions with related parties are disclosed in the Notes to Financial Statements and details of all material transaction(s), if any, with related parties are disclosed in the Compliance Report on Corporate Governance filed with the Stock Exchanges on quarterly basis.

The Policy on 'Materiality of and Dealing with Related Party Transactions' is uploaded on the website of the Company and weblink thereto is: www.wockhardt.com/files/policy-on-materiality-of-and-dealing-with-related-party-transactions.pdf



The details about Related Party Transactions have also been provided in the Board's Report forming part of this Annual Report.

b. Compliance

Your Company has complied with the requirements of the Stock Exchanges, SEBI and other Statutory Authority 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 Authority relating to the above.

c. Code of Conduct

Your Company has laid down a 'Code of Business Conduct and Ethics' for the Directors and the Senior Management Personnel. The Code includes the terms of reference, role and duties of Independent Directors as laid down in Schedule IV of the Act. The said Code is available on the website of the Company www.wockhardt.com.

All the Board members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended 31st March, 2018. A declaration to this effect signed by Dr. Murtaza Khorakiwala, Managing Director forms part of this Report.

d. Whistle Blower Policy/Vigil Mechanism

In line with Regulation 22 of the SEBI Listing Regulations and Section 177 of the Act, Whistle Blower Policy/Vigil Mechanism has been formulated for Directors and the Employees (including their representative bodies) to communicate and report genuine concerns about unethical behavior or practices, actual or suspected fraud or violation of Company's Code of Conduct etc. The said Policy provides adequate safeguard against victimization of Directors/Employees who avail such mechanism and it also provides direct access to Chairperson of the Audit Committee in exceptional cases. Further, it is affirmed that no person has been denied access to the Audit Committee. The Whistle Blower Policy has been placed on website of the Company www.wockhardt.com.

e. Disclosure of Accounting Treatment

The Company has prepared the financial statements for the year in compliance with the Indian Accounting Standards ('Ind AS') notified by the Ministry of Corporate Affairs. The Significant Accounting Policies applied in preparation of the financial statements as per Ind AS have been set out in the Notes to financial statements.

f. CEO/CFO Certification

In terms of requirements of Regulation 17(8) of the SEBI Listing Regulations read with Part B of Schedule II thereunder, Dr. Murtaza Khorakiwala, Managing Director and Mr. Manas Datta, Chief Financial Officer have furnished certificate to the Board in the prescribed format for the year ended 31st March, 2018. The certificate has been reviewed by the Audit Committee and taken on record by the Board at the meeting held on 4th May, 2018.

g. Risk Management

Your Company has laid down the procedure for risk assessment and their mitigation and formulated a Risk Committee, comprising of Managing Director, Chief Financial Officer, Internal Audit Head and some Key Business Heads. The specific objective of the Risk Committee is to ensure that the Company attains a status of minimal risk by means of proactive identification of internal and external risks, through identification of critical and medium risks and designing mitigating measures around them.

Accordingly, a two-pronged approach is followed. A routine risk review exercise is undertaken on a half yearly basis by the Head of Internal Audit. This involves re-assessment of risk profile of all functions with concerned Business Heads through interactive sessions. A follow-up for status of the proposed mitigation plan for risks previously reported is also conducted. Additionally, risk review is also conducted in the interim if there are significant business events leading to process restructuring. Key risks and related de-risking plans are assessed within the Risk Committee. Members of the Board and the Audit Committee are periodically informed on the material risks faced by the Company. The Company did not have any commodity price risk and hedging activities during the year under review. However, foreign exchange risk is covered in Forex Risk Management Policy adopted by the Board.

The other details about Risk Management have also been provided in the Board's Report forming part of this Annual Report.

h. Material Subsidiaries

The Company does not have any material subsidiary, which is incorporated in India, as per the criteria specified under the SEBI Listing Regulations.

The Policy for determining material subsidiaries is uploaded on website of the Company and can be accessed through weblink: www.wockhardt.com/files/statutory-communication/policy-on-material-subsidiaries.pdf

As the Company has no unlisted material subsidiary incorporated in India, there is no need to nominate an Independent Director of the Company on the Board of such subsidiary.

i. Compliance with mandatory and non-mandatory requirements

The Company is in compliance with the mandatory requirements of the Code on Corporate Governance as specified in Regulations 17 to 27 read with Schedule V and Clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI Listing Regulations.

The Company has also adopted the following non-mandatory requirements under Regulation 27(1) of the SEBI Listing Regulations read with Part E of Schedule II thereto:

- Shareholder Rights – Chairman’s Letter which includes details of financial performance and summary of significant events is sent to each shareholder on quarterly basis. The said letter is also available on the website of the Company www.wockhardt.com.
- Separate posts of Chairman and Managing Director – Dr. H. F. Khorakiwala is the Chairman and Dr. Murtaza Khorakiwala is the Managing Director of the Company.
- Modified Opinion in Audit Report – The Statutory Auditors of the Company have not raised any qualifications/modified opinion on the financial statements of 2015-16, 2016-17 and 2017-18 thereby moving towards regime of unqualified/unmodified financial statements.

j. Prohibition of Insider Trading

The Company has in place policy on ‘Code of Conduct for Regulating, Monitoring and Reporting Trading by Designated Persons’ (hereinafter referred to as ‘Code’) approved by the Board. This code is made applicable to cover Promoters, Directors, Functional Heads and such other designated employees of the Company (‘Designated Persons’) who are expected to have access to unpublished price sensitive information related to the Company. The designated persons are also restricted from entering the opposite transaction i.e. buy or sell any number of shares during the next six months following the prior transaction (‘contra trade’). Pursuant to Clause 10 of the Code, every Designated Person is required to disclose to the Company on an annual basis, the details of securities of the Company held by him and his immediate relatives as on 31st March every year in a format that is available on the intranet of the Company. The Company also circulates the Don’ts and Do’s required to be observed under the Code/SEBI Regulations by the Designated Persons periodically for reference.

k. Other SEBI Listing Regulations

The Company has complied with all the applicable provisions of the SEBI Listing Regulations in relation to Corporate Governance requirements. The disclosures of all the compliances pursuant to said Regulations are made elsewhere in this Report.

l. Policies

The brief about the policies and weblink thereto have been provided in the Board’s Report forming part of this Annual Report.

6. MEANS OF COMMUNICATION

- **Website:** The Company’s website www.wockhardt.com contains the information pertaining to the Company that it is in compliance with the SEBI Listing Regulations. Further, FAQs and Forms, Live Share price, Dividend & Spilt History, 10 years financial summary have been made available to the investors for easy access to the details. A separate section for Investors is available wherein the updated information pertaining to quarterly, half-yearly and annual financial results, official press releases, investor communications, shareholding pattern is available in a user friendly and downloadable form.

With effect from 1st December, 2015, the Company’s website contains all the communications made to the Stock Exchanges from time to time.

- **Financial Results:** The quarterly, half yearly and annual financial results of the Company are submitted to the BSE Limited (‘BSE’) and National Stock Exchange of India Limited (‘NSE’) immediately after approval of the Board. The results of the Company are published in one English daily newspaper [Business Standard (English Language)] and one Marathi newspaper [Navshakti (Vernacular Language)] within 48 hours of approval thereof and are also posted on Company’s website www.wockhardt.com



- **Annual Report:** Annual Report containing, *inter alia*, the Audited Standalone and Consolidated financial statements, Board's Report, Independent Auditors' Report, Corporate Governance Report, Business Responsibility Report, Management Discussion & Analysis (MD&A) is circulated to the members and others entitled thereto. The same is also available on the website of the Company www.wockhardt.com.
- **Reminders to Shareholders:** The Company sends reminders periodically to all those shareholders who have not encashed their dividend declared by the Company in the earlier years.
- **Chairman's Communication/Letter:** The Chairman's speech is distributed to the shareholders at the AGM. The same is also placed on the website of the Company. Further, the quarterly results are sent to the members of the Company by way of Chairman's letter.
- **Exclusively Designated Email ID:** The Company has designed Email Id: investorrelations@wockhardt.com exclusively for shareholders/investors servicing.
- **Uploading on NSE Electronic Application Processing System (NEAPS) and BSE Corporate Compliance & Listing Centre (BSE Listing Centre):** NEAPS and BSE Listing Centre are web-based applications designed by NSE and BSE respectively. The quarterly results, quarterly/periodic compliances, corporate actions, and all other corporate communications to the stock exchanges are filed electronically on NEAPS for NSE and on BSE Listing Centre for BSE. The Company also mandatorily uploads corporate governance, shareholding pattern, financial results, voting results, reconciliation of share capital audit report and disclosures under SEBI (Prohibition of Insider Trading) Regulations, 2015 on BSE Listing Centre in XBRL mode.
- **SEBI Complaints Redressal System (SCORES):** SCORES is an online facility, where investors can submit their complaints for redressal by the RTA/Company. The investor complaints are processed in a centralized web-based complaints address system. The salient features of this system are: centralized database of all complaints, online upload of Action Taken Report (ATRs) by companies and online viewing by investors of actions taken on the complaint and its current status.

7. 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 31st March, 2018 forms part of this report.

8. GENERAL SHAREHOLDER INFORMATION

19th Annual General Meeting

The 19th AGM of the Company will be held on Saturday, 4th August, 2018 at 12.00 noon at The Benchmark, Nakshatrawadi, Paithan Road, Aurangabad- 431 005.

FINANCIAL YEAR AND TENTATIVE FINANCIAL CALENDAR

Financial Year – 1st April to 31st March

Tentative Schedule for declaration of financial results during the financial year 2018-19 and holding of AGM is as under:

| | |
|--|---|
| Results of Quarter ending 30 th June, 2018 | On or before 14 th August, 2018 |
| Results of Quarter ending 30 th September, 2018 | On or before 14 th November, 2018 |
| Results of Quarter ending 31 st December, 2018 | On or before 14 th February, 2019 |
| Results for financial year ending 31 st March, 2019 | On or before 30 th May, 2019 |
| AGM for the year ending 31 st March, 2019 | On or before 30 th September, 2019 |

Book Closure Date

27th July, 2018 to 4th August, 2018 (both days inclusive)

Dividend Payment Date

The dividend on preference shares, if declared at the ensuing AGM, will be paid to the preference shareholders within 15 days from the date of AGM.

Listing on Stock Exchanges

| | | |
|---------------|--|--|
| Equity Shares | BSE Limited (BSE) | Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001 |
| | National Stock Exchange of India Limited (NSE) | Exchange Plaza, C-1, Block G, Bandra-Kurla Complex, Bandra (E), Mumbai-400 051 |

The Company has paid the annual listing fees for the year 2018-19 to the Stock Exchanges.

STOCK CODES

(a) Stock code

BSE Limited (BSE) : 532300

National Stock Exchange of India Limited (NSE) : WOCKPHARMA

(b) Corporate Identity Number (CIN)

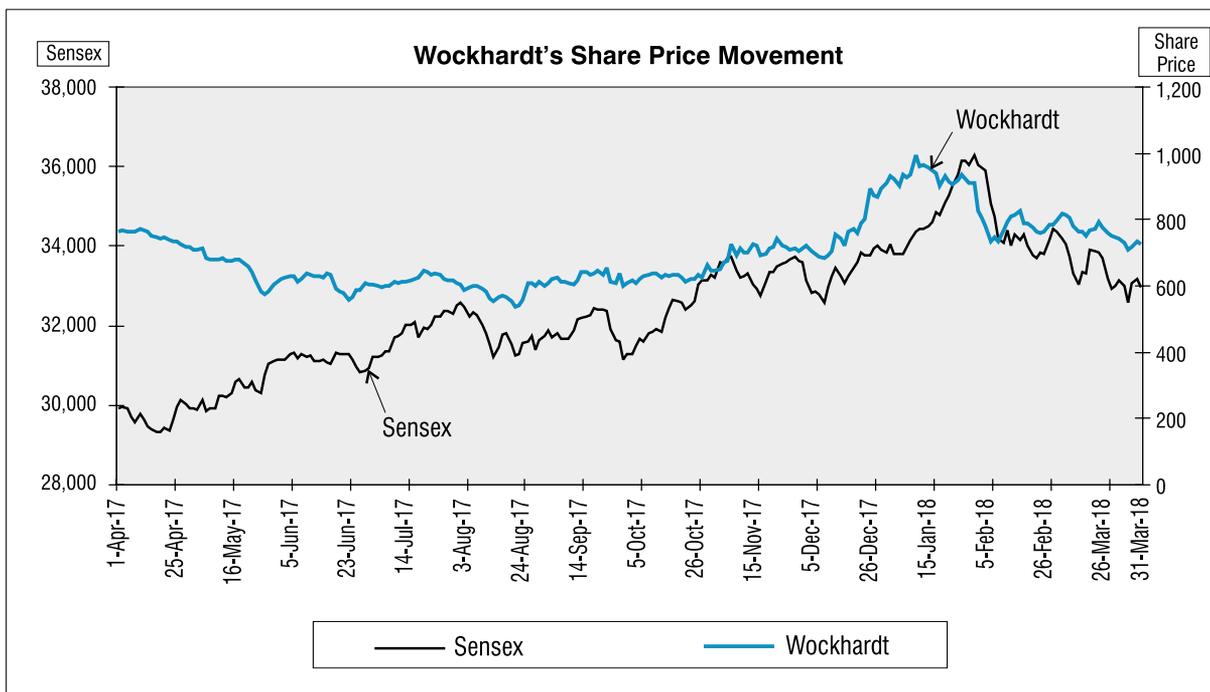
: L24230MH1999PLC120720

MARKET PRICE DATA: High/Low and number of shares traded during each month in the financial year 2017-18 on NSE and BSE

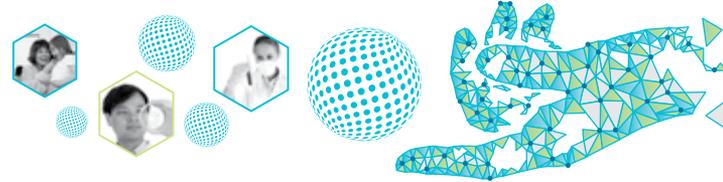
| Month | N S E | | | B S E | | |
|------------------|----------|---------|----------------------|----------|---------|----------------------|
| | High (₹) | Low (₹) | Monthly Volume (No.) | High (₹) | Low (₹) | Monthly Volume (No.) |
| April - 2017 | 788.65 | 710.35 | 16,684,730 | 788.40 | 678.70 | 3,611,570 |
| May - 2017 | 727.75 | 557.55 | 16,333,262 | 727.80 | 558.25 | 3,146,024 |
| June - 2017 | 652.70 | 555.00 | 25,218,857 | 652.40 | 555.00 | 3,930,932 |
| July - 2017 | 660.00 | 583.05 | 13,087,955 | 655.50 | 583.10 | 2,120,754 |
| August - 2017 | 626.60 | 530.65 | 19,748,109 | 621.55 | 531.50 | 3,225,417 |
| September - 2017 | 675.45 | 595.00 | 35,305,699 | 675.00 | 596.20 | 5,040,347 |
| October - 2017 | 682.50 | 606.00 | 21,164,208 | 682.00 | 606.00 | 2,741,061 |
| November - 2017 | 753.50 | 649.00 | 32,479,183 | 752.65 | 648.50 | 4,681,431 |
| December - 2017 | 953.95 | 680.00 | 53,946,897 | 953.80 | 660.00 | 6,104,635 |
| January - 2018 | 1,012.00 | 798.00 | 44,445,309 | 1,012.00 | 799.05 | 5,758,160 |
| February - 2018 | 840.50 | 693.00 | 35,248,423 | 840.10 | 690.00 | 3,938,788 |
| March - 2018 | 833.80 | 704.00 | 23,201,459 | 833.60 | 704.55 | 2,641,432 |

Source: Websites of NSE and BSE

STOCK PRICE PERFORMANCE INDEX IN COMPARISON WITH BSE SENSEX FOR THE FINANCIAL YEAR 2017-18



Source: Website of BSE



9. REGISTRAR & TRANSFER AGENTS

Link Intime India Private Limited
 C-101, 247 Park,
 Lal Bahadur Shastri Marg,
 Vikhroli (West),
 Mumbai 400 083, India
 Telephone: +91 22 4918 6270
 Email: wockhardt@linkintime.co.in
 Website: www.linkintime.co.in

10. SHARE TRANSFER SYSTEM

In order to expedite the process of share transfers, the Board has delegated the powers severally to the Chairman, Managing Director, Company Secretary and RTA. Share transfers in physical form are processed by RTA and the share certificates are generally returned to the transferees within a period of 15 days from the date of receipt of transfer documents provided that the transfer documents are complete in all respects. Requests for dematerialization of shares are processed and the confirmation is given to depositories within 15 days from the date of receipt, if the documents are in order.

The Company has complied with the requirements of Regulation 40 read with Schedule VII of the SEBI Listing Regulations with respect to all formalities of transfer or transmission of shares.

Your Company obtains a half-yearly Compliance Certificate from a Company Secretary in Practice as required under Regulation 40(9) of the SEBI Listing Regulations and file a copy of the said Certificate with the Stock Exchanges.

Pursuant to Regulation 7(3) of the SEBI Listing Regulations, Compliance Certificate, duly signed by the Compliance Officer and the authorized representative of the Company's RTA viz. Link Intime India Private Limited confirming that all activities in relation to both physical and electronic share transfer facility are being maintained by the RTA for the half year ended 30th September, 2017 and 31st March, 2018 have been duly submitted to the Stock Exchanges.

11. 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 31st March, 2018, 109,723,287 Equity Shares representing 99.18% of the Company's total paid-up equity share capital were held in dematerialized mode. Out of Public Shareholding of 28,645,071 equity shares, 27,737,905 equity shares representing 96.83% of the Public Shareholding is in dematerialized mode.

The International Securities Identification Number (ISIN) assigned to Company's Equity Shares is **INE049B01025**

12. DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2018

| Number of Equity Shares | No. of Shareholders | % of total Shareholders | Amount in ₹ | % of total Amount |
|-------------------------|---------------------|-------------------------|--------------------|-------------------|
| 1 – 500 | 96,173 | 93.83 | 34,215,855 | 6.19 |
| 501 – 1000 | 4,330 | 4.22 | 14,732,145 | 2.66 |
| 1001 – 2000 | 1,052 | 1.03 | 7,612,145 | 1.38 |
| 2001 – 3000 | 340 | 0.33 | 4,308,545 | 0.78 |
| 3001 – 4000 | 149 | 0.15 | 2,684,790 | 0.48 |
| 4001 – 5000 | 96 | 0.09 | 2,238,075 | 0.40 |
| 5001 – 10000 | 174 | 0.17 | 6,289,415 | 1.14 |
| Above 10000 | 183 | 0.18 | 481,071,295 | 86.97 |
| TOTAL | 102,497 | 100.00 | 553,152,265 | 100.00 |

13. SHAREHOLDING PATTERN AS ON 31ST MARCH, 2018

| | Categories | Number of Equity Shares | Amount in ₹ | % to total paid-up capital |
|-----------|---------------------------------------|-------------------------|--------------------|----------------------------|
| A) | Promoters & Promoter Group | 81,985,382 | 409,926,910 | 74.11 |
| B) | Public shareholding | 28,645,071 | 143,225,355 | 25.89 |
| C) | Non-Promoter — Non Public | — | — | — |
| C1) | Shares Underlying DRs | — | — | — |
| C2) | Shares held by Employee Trust | — | — | — |
| | TOTAL (A+B+C) | 110,630,453 | 553,152,265 | 100.00 |

Note: The Company has issued 121,454,927 Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS) of ₹ 5 each; and 475,659,941 Non-Convertible Cumulative Redeemable Preference Shares (NCCRPS) of ₹ 5 each. These OCCRPS and NCCRPS are not listed on the Stock Exchanges.

Further, during the year, paid up Equity Share Capital of the Company has been increased by ₹ 412,125 due to allotment of 82,425 equity shares of ₹ 5 each pursuant to exercise of stock options.

14. UNCLAIMED DIVIDENDS

The Company is required to transfer dividend which have remained unpaid/unclaimed for a period of seven years to the Investor Education and Protection Fund ('IEPF') established by the Central Government. The dividend declared during the year ended 31st December, 2008 were transferred to IEPF Account. No dividend was due to be transferred to IEPF account thereafter and as on date. Hence, there were no shares due for transfer (as on date) to IEPF Account in accordance with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 dated 5th September, 2016, as amended from time to time.

The details of Unpaid Dividend and their due dates for transfer to the IEPF are given below:

| Financial Year | Type of Dividend | Date of Declaration | Due date of transfer to IEPF |
|----------------|-------------------------|---------------------------------|---------------------------------|
| 2012-13 | Final | 2 nd September, 2013 | 7 th October, 2020 |
| 2013-14 | 1 st Interim | 25 th October, 2013 | 29 th November, 2020 |
| 2013-14 | 2 nd Interim | 9 th February, 2014 | 16 th March, 2021 |
| 2014-15 | Interim | 3 rd November, 2014 | 8 th December, 2021 |
| 2016-17 | Interim | 10 th November, 2016 | 16 th December 2023 |

Members who have not encashed dividend, as detailed above, are requested to have them revalidated and encash to avoid transfer to IEPF.

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

The depository of Global Depository Receipts (GDRs) has sold all the underlying shares during the year ended 31st March, 2018, hence there are no outstanding GDRs as on 31st March, 2018.

As on 31st March, 2018, 121,454,927 Optionally Convertible Cumulative Redeemable Preference Shares ('OCCRPS Series 2') allotted earlier pursuant to the approved CDR package are outstanding. The OCCRPS Series 2 Preference Shareholders have the right to convert the OCCRPS Series 2, along with accumulated dividend, into fully paid Equity Shares of the Company, in one or more tranches, commencing 4th July, 2016 till 31st December, 2018 at a price as per agreed SEBI Pricing formula. The OCCRPS Series 2, in case not converted, shall get redeemed along with accumulated dividend on 31st December, 2018 without any redemption premium. The Relevant Date for conversion of OCCRPS was 4th June, 2016. However, none of the OCCRPS holders have exercised their option of conversion so far. Assuming, if all the OCCRPS holders exercises their right of conversion of OCCRPS into equity shares, the holding of Promoter and Promoter group shall be diluted to 73.82% of total equity share capital of the Company.



16. EQUITY SHARE CAPITAL HISTORY OF THE COMPANY SINCE INCORPORATION UP TO 31ST MARCH, 2018

| Date of allotment | No. of equity shares | Cumulative No. of Equity Shares | Face value (in ₹) | Consideration | Nature of allotment | Cumulative share capital (in ₹) | |
|-------------------|----------------------|---------------------------------|-------------------|---|--|---|-------------|
| 11.02.2000 | 35,061,652 | 35,061,652 | 10 | Allotted to the shareholders of Wockhardt Life Sciences Ltd in the ratio of 1:1 i.e. one Equity Share of the Company for every one Equity Share of Wockhardt Life Sciences Ltd held by them | Pursuant to scheme of demerger of Wockhardt Life Sciences Limited and acquisition of pharmaceuticals division by the Company | 350,616,520 | |
| 22.04.2000 | 1,200,000 | 36,261,652 | 10 | Allotted to the shareholders of Wockhardt Veterinary Limited in the ratio of 1:4 i.e. one Equity Share of the Company for every four Equity Shares of Wockhardt Veterinary Limited | Pursuant to amalgamation of Wockhardt Veterinary Limited with the Company | 362,616,520 | |
| 14.08.2002 | 3,600 | 36,265,252 | 10 | Cash | Allotment of shares pursuant to exercise of stock options | 362,652,520 | |
| 07.01.2003 | 2,700 | 36,267,952 | 10 | Cash | | 362,679,520 | |
| 16.09.2003 | 16,700 | 36,284,652 | 10 | Cash | | 362,846,520 | |
| 14.10.2003 | 5,550 | 36,290,202 | 10 | Cash | | 362,902,020 | |
| 25.11.2003 | 1,700 | 36,291,902 | 10 | Cash | | 362,919,020 | |
| 31.12.2003 | 3,950 | 36,295,852 | 10 | Cash | | 362,958,520 | |
| 15.01.2004 | 15,350 | 36,311,202 | 10 | Cash | | 363,112,020 | |
| 23.02.2004 | 9,700 | 36,320,902 | 10 | Cash | | 363,209,020 | |
| 05.04.2004 | 9,450 | 36,330,352 | 10 | Cash | | 363,303,520 | |
| 24.04.2004 | 1,650 | 36,332,002 | 10 | Cash | | 363,320,020 | |
| 07.05.2004 | - | 72,664,004 | 5 | Sub-division of 36,332,002 shares of Face Value ₹ 10 each to Face Value ₹ 5 each | | Sub-division of shares of Face Value ₹ 10 each to Face Value ₹ 5 each | 363,320,020 |
| 08.05.2004 | 36,332,002 | 108,996,006 | 5 | Bonus shares | | Allotment of bonus shares in the ratio of 1:2 | 544,980,030 |
| 21.01.2005 | 70,350 | 109,066,356 | 5 | Cash | Allotment of shares pursuant to exercise of stock options | 545,331,780 | |
| 21.02.2005 | 29,550 | 109,095,906 | 5 | Cash | | 545,479,530 | |
| 14.03.2005 | 25,350 | 109,121,256 | 5 | Cash | | 545,606,280 | |
| 06.04.2005 | 17,250 | 109,138,506 | 5 | Cash | | 545,692,530 | |
| 09.06.2005 | 4,149 | 109,142,655 | 5 | Cash | | 545,713,275 | |
| 12.09.2005 | 13,299 | 109,155,954 | 5 | Cash | | 545,779,770 | |
| 13.10.2005 | 141,397 | 109,297,351 | 5 | Cash | | FCCB Conversion | 546,486,755 |
| 09.11.2005 | 2,250 | 109,299,601 | 5 | Cash | | Allotment of shares pursuant to exercise of stock options | 546,498,005 |
| 11.01.2006 | 81,000 | 109,380,601 | 5 | Cash | | | 546,903,005 |
| 28.02.2006 | 39,450 | 109,420,051 | 5 | Cash | | | 547,100,255 |
| 28.04.2006 | 5,850 | 109,425,901 | 5 | Cash | | | 547,129,505 |
| 16.08.2006 | 10,002 | 109,435,903 | 5 | Cash | | | 547,179,515 |
| 19.12.2012 | 122,200 | 109,558,103 | 5 | Cash | 547,790,515 | | |
| 21.01.2013 | 25,300 | 109,583,403 | 5 | Cash | 547,917,015 | | |
| 29.08.2013 | 167,750 | 109,751,153 | 5 | Cash | 548,755,765 | | |
| 07.04.2014 | 8,000 | 109,759,153 | 5 | Cash | 548,795,765 | | |
| 29.05.2014 | 248,750 | 110,007,903 | 5 | Cash | 550,039,515 | | |
| 20.10.2014 | 32,500 | 110,040,403 | 5 | Cash | 550,202,015 | | |
| 20.01.2015 | 25,750 | 110,066,153 | 5 | Cash | 550,330,765 | | |
| 25.02.2015 | 6,750 | 110,072,903 | 5 | Cash | 550,364,515 | | |
| 24.06.2015 | 132,500 | 110,205,403 | 5 | Cash | 551,027,015 | | |
| 08.07.2015 | 214,000 | 110,419,403 | 5 | Cash | 552,097,015 | | |
| 27.07.2015 | 75,000 | 110,494,403 | 5 | Cash | 552,472,015 | | |
| 12.10.2015 | 6,000 | 110,500,403 | 5 | Cash | 552,502,015 | | |
| 16.12.2015 | 8,500 | 110,508,903 | 5 | Cash | 552,544,515 | | |
| 28.07.2016 | 39,125 | 110,548,028 | 5 | Cash | 552,740,140 | | |
| 08.06.2017 | 15,200 | 110,563,228 | 5 | Cash | 552,816,140 | | |
| 28.11.2017 | 33,600 | 110,596,828 | 5 | Cash | 552,984,140 | | |
| 16.02.2018 | 33,625 | 110,630,453 | 5 | Cash | 553,152,265 | | |

17. ADDRESS FOR CORRESPONDENCE

Shareholders should address their correspondence to the Company's RTA, Link Intime India Private Limited at C-101, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai 400 083. Tel No.: +91 22 4918 6270 Email : wockhardt@linkintime.co.in

Shareholders can also address their correspondence to the Secretarial Department at the Global Headquarters of the Company at Wockhardt Towers, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051. Tel No. 022 2653 4444; Fax: 022 2652 7860; Email: investorrelations@wockhardt.com

Further, if the shareholders are not satisfied with the response, they can also lodge their complaints online on SCORES. All the complaints received through SCORES during the year under review were responded timely.

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

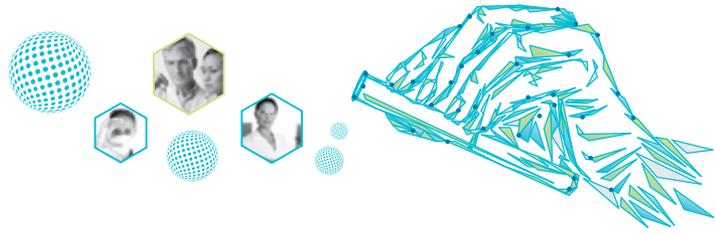
18. PLANT LOCATIONS

| Formulations | | Bulk Drugs |
|--|--|--|
| L-1, MIDC Area, Chikalthana, Aurangabad – 431 210 Maharashtra | Plot No. 87/A, Silver Industrial Estate, Bhimpore, Nani Daman – 396 210, Daman | Plot No. 138, GIDC Industrial Estate, Ankleshwar – 393 002, Gujarat |
| E-1/1, MIDC, Shendra Aurangabad – 431 201 Maharashtra | Survey No. 106/4,5,7 Daman Industrial Estate, Kadaiya, Nani Daman – 396 210, Daman | |
| H-14/2, MIDC, Waluj, Aurangabad – 431 136 Maharashtra | 57, Kunjhal, Barotiwala, Nalagarh, District Solan – 174 103, Himachal Pradesh | |
| B-15/2, MIDC, Waluj, Aurangabad – 431 136 Maharashtra | | |

For and on behalf of Board of Directors

Dr. H. F. Khorakiwala
Chairman
DIN: 00045608

Place: Mumbai
Date: 4th May, 2018



AFFIRMATION OF COMPLIANCE WITH CODE OF BUSINESS CONDUCT AND ETHICS

Pursuant to the requirements of Regulation 34(3) and Schedule V of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, I hereby confirm that the Company has received affirmations on compliance with “Code of Business Conduct and Ethics” of the Company for the financial year ended 31st March, 2018 from all the Board Members and the Senior Management Personnel.

For **WOCKHARDT LIMITED**

Dr. Murtaza Khorakiwala
Managing Director
DIN: 00102650

Place: Mumbai
Date: 4th May, 2018

CERTIFICATE OF CORPORATE GOVERNANCE

To,

The Members of **Wockhardt Limited**

I have examined the compliance of Corporate Governance by **Wockhardt Limited** ('the Company') for the year ended 31st March, 2018, as stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations') as referred to in Regulation 15(2) of the Listing Regulations for the year ended 31st March, 2018.

The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. My 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 Regulations. It is neither an audit nor an expression of Corporate Governance as stipulated in the above-mentioned SEBI Listing Regulations, as applicable.

In my opinion and to the best of our information and according to the explanation given to me and based on the representations made by the Management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned SEBI Listing Regulations, as applicable.

I 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 : 4th May, 2018

EXCELLING FOR A BETTER TOMORROW



Dr. Murtaza Khorakiwala Receives 'Family Business Legacy' Award from Hon'ble President of India

Dr. Murtaza Khorakiwala was conferred the 'Family Business Legacy' award by the Essel Group, at the hands of Hon'ble President of India, Shri Pranab Mukherjee, in the presence of the Hon'ble Prime Minister of India, Shri Narendra Modi. The purpose of the award is to honour family-owned businesses that have grown through generations and have also diversified themselves across different business streams.



Dr. Huzaifa Khorakiwala Receives CSR Humanity Award

Dr. Huzaifa Khorakiwala was presented the CSR Humanity Award organised by India CSR at the CSR Leadership Summit. The award acknowledges his efforts to reach out to millions with his work in the areas of health, education, water and sanitation.



Joint Commission International (JCI), USA, Accreditation for Wockhardt Hospitals, Mumbai Central

Wockhardt Hospitals, Mumbai Central, is the first and only multispecialty hospital in South Mumbai to receive accreditation by US based Joint Commission International (JCI), which focuses on high standards of clinical quality parameters and outcomes. JCI is the Gold Standard accrediting hospitals on quality patient care across the world.



WOCKHARDT WORLDWIDE

GLOBAL HEADQUARTERS

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REGISTERED OFFICE

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