DETERMINED TO SUCCEED

a new journey for growth

WOCKHARDT

annual report 2009-10

SNAPSHOT

Wockhardt's Strategic Vision:
More and More with Less and Less

CONTENTS

"After climbing a great hill, one only finds that there are many more hills to climb."

- Nelson Mandela

Wockhardt has a clear vision for its future success.

We have come a long way in the last 40 years. We have many past glories to celebrate. While we take pride in those achievements we have our sights set firmly on the journey ahead. There are some obstacles as well as immense opportunities.

Just as a mountaineer plots his course, ensures he has packed the right equipment, prepares himself for the unexpected and uses his past experience to make his way safely through difficult terrain, so we will too. We are planning our next phase of growth, making sure we have the right resources to hand, preparing ourselves, determined to get to the next peak. From there we will see the view and plan our path accordingly.

Highlights of the 15 month period January 2009 - March 2010

NET SALES

₹45bn
US$ 1bn

OPERATING PROFIT (EBIDTA)

₹8.2bn
US$ 190mn

- Wockhardt wins Government of India Patent Award as the 'Pharmaceutical Company with the maximum number of Patent filings and grants from India'. Total 74 patents granted

- Launch of Spectra division to serve extra-urban and rural markets in India

- Dedicated Cardiology division launched in India

- Launched Alyante, a custom research and manufacturing division partnering other pharma companies in their research activities

- Solid and sterile facility at Aurangabad and liquid facility at Morton Grove pass a full-fledged US FDA inspection

- 22 ANDAs approved by the US FDA and 18 approvals from the European Union

- Wockhardt UK wins a special tender for critical supplies to the Department of Health

- Wockhardt UK finalises two new manufacturing contracts for future business

- Wockhardt launches 51 new products globally

- Wockhardt's Information Technology department wins the 'CIO 100 Award' for the second consecutive year, exemplifying the highest level of operational and strategic excellence in IT

- Wockhardt Foundation, the CSR arm of Wockhardt, touches 43 million lives through its various medical and social programmes and initiatives.

FROM THE CHAIRMAN

My dear shareowners,

A decade ago I saw a changing world that I believed would present us with large-scale future opportunities. And so we began an exciting new leg of our journey. We ventured outside India to create an international footprint and to position ourselves in European and US markets.

Critical mass has been achieved both in terms of our international presence and our world-class research and development and manufacturing capabilities. We are now leveraging our core research and management strengths in the regulated markets of the US, the UK, Ireland and France.

Our acquisition strategy is complete and we are focussed on capturing the value of those investments. Our consolidated revenue has touched ₹45 billion (US$ 1 billion) during the 15 month period.

We are not resting on our laurels but have our sights set clearly on creating future success. The next stage of the journey is already underway.

We are determined to succeed.

Rebalancing of global economy creates new markets

In the past couple of years we have witnessed tectonic change and seen a global economic rebalancing taking shape. Over-spent European governments are struggling to cut their deficits. As they grapple with spiralling healthcare costs they are turning to generics as a solution.

Healthcare reforms in the US, which seek to bring an additional 40 million citizens under medical insurance cover, will create long-term demand for generic drugs. These reforms, combined with major economic pressures, are resulting in new competitive pricing and regulatory policies that favour generics.

Now Wockhardt with its well established presence in both Europe and the US, and its strength as a manufacturer of generics, is primed to capture the opportunities those shifts present.

While the developed world finds itself tightening its belt so India's growth story continues apace. Liberalisation and sustained economic growth are creating new markets for pharmaceuticals. Rising incomes and changing demographics in

"I saw a changing world that presents us with exciting, large-scale opportunities at home and in the key markets of the US and Europe"

India mean groups that were previously excluded are demanding access to healthcare. Our sustained investment in the business in India – world-class facilities, new technologies, talented people – means we are also perfectly poised to play an important role in meeting demand in India.

To do this we are moving into the rural and extra urban markets. Our determination can be seen in the rapid extension of our product range and the way we have significantly boosted our sales force.

More and more with less and less
While we continue to invest for growth we are determined to manage our costs effectively too. We have made significant progress in cost-reduction in all areas of the business in the past year. We have adopted a strategy of 'more and more with less and less'. In all corners of our operations we have initiatives to ensure we use our resources efficiently. Technology plays a critical role and our modern fully automated plant at Shendra is a great example of the kind of highly efficient world-class facility we have invested in.

Partnerships: Collaborating with the best to move up the value chain
International pharmaceutical companies are realising the cost-benefits of outsourcing some of their research and manufacturing activities to lower cost countries. The evolution of Contract Research and Manufacturing Services (CRAMS) is a fast emerging business opportunity for Wockhardt.

Having invested heavily in our manufacturing, research and biotechnology facilities, Wockhardt is ideally placed to meet the technological and manufacturing needs of other companies. We are building a reputation as a world-class partner and the route of strategic alliances offers great potential.

Future success will see Wockhardt seize value-added opportunities which are more sustainable and less price-driven. I see the Wockhardt of the future investing in Intellectual Property and gaining greater exposure to branded business. A three year strategic plan has been created and a Corporate Governing Council, drawn from the talented ranks of our global management team, is charged with ensuring the plan is delivered.

**People:
Lifeblood of the organisation**
It is through our people's hard work and innovation that we achieve our success. We have developed world-class systems to help our people share and transfer their knowledge across the globe. We have a management team with the qualities to support our future growth.

The journey ahead will be challenging. We have a wealth of past experience to draw on. We are constantly checking our coordinates to ensure we are on track.

We are determined to succeed.

Dr. Habil Khorakiwala
Chairman

INDIA: Pursuing market expansion

Wockhardt is one of the strongest integrated pharmaceutical, biotechnology and healthcare companies in India. As Wockhardt continues on its journey of excellence, it has set its sights on reaching new heights by capturing new opportunities and market share.

The company is capitalising on its past successes through a strategy of introducing new products and exploring new markets. This focus resulted in the domestic business showing a 20% growth in the first six months of 2010.

Tapping opportunities in extra-urban markets

Through its new division, Spectra, Wockhardt is now foraying into extra-urban and rural markets to reach India's vast untapped potential. The need for healthcare in small town locations, driven by continued economic growth, has led to significantly increased demand for pharmaceuticals. This, along with a product offering specifically geared for these new markets, brings a relatively faster return on investment. The penetration of the extra-urban market has allowed the company to build relationships with more than 70,000 new doctors who are able to recommend Wockhardt products.

Focusing on the fast-growing lifestyle diseases segment

Wockhardt has introduced new products into the orthopaedic, dental and dermatology segments through its in-licensing agreements. A new cardiology division has been created to cover one of the fastest-growing segments of lifestyle diseases. The company's consistent focus on key lifestyle diseases such as diabetes and nephrology, supported by biotechnology products such as Wosulin, Glaritus and Wepox are driving growth in the Super Specialties division.

In addition, Wockhardt's nutritional segment has significantly boosted business growth in India. Dexolac and Nusobee remain the most prescribed brands in the infant food formulation segment and its heritage product Protinex was awarded "Most Trusted Brand" by The Reader's Digest 'Asia's Trusted Brands' Survey.

Reinforcing the portfolio through consolidation and focus

By building on its product portfolio and expanding and restructuring divisions, the company has developed a sharper focus for its 'Power Brands' segment for better growth.

Wockhardt plans to triple its workforce to meet the demands of new business and increased growth in the next three years.

Through an IMS-commissioned study the company is further sharpening its understanding of customers. This insight is helping to improve sales force effectiveness and productivity.

'The company is capitalising on its past successes through a strategy of introducing new products and exploring new markets'

USA: Continuing ascent

More than a decade ago Wockhardt saw the huge role generics would play in the world's largest pharmaceuticals market. With a two-pronged strategy of filing Abbreviated New Drug Approvals (ANDA) and building on the basket of branded generics of Morton Grove, Wockhardt has gained critical mass in the US market.

Capturing the value chain with ANDAs

Wockhardt gains competitive advantage and strengthens its US operations by filing ANDAs, that include technologically advanced and challenging products involving complex modified-release technologies.

During the period January 2009 to March 2010, Wockhardt received 22 ANDA approvals and launched eight new products, thereby expanding its product basket to 87. Of these approved ANDA products marketed in the US, nine products rank among the top four generics in their respective therapies, according to Wolters Kluwer March 2010 data.

The Generics Bulletin 2009 noted Wockhardt's rare distinction of being among the top five companies globally to have received 23 ANDA approvals from the US FDA in a single calendar year.

Morton Grove boosts market presence

Wockhardt has ramped up its US business by introducing a number of branded generic products from Morton Grove, a leading liquid generic and speciality dermatology company. This boosted Wockhardt's US revenues by providing a complete range of dosage forms from tablets, capsules and liquids to injectables.

Morton Grove is a robust business showing promising growth year-on-year. Based on March 2010 Wolters Kluwer data, 13 Morton Grove products ranked No.1 and another 13 products ranked No. 2 in their respective therapeutic groups in the US.

Generics provide firm footing

The launch of the Nicardipine injection gained the company a significant foothold in the US injectables market. Wockhardt was among the first to market this generic in the US. It now commands a 28% market share, second only to Sandoz in this product.

Bromfed DM is the only FDA approved Non-Narcotic Cough Cold (NNCC) prescription product in the US. To facilitate its promotion amid stiff competition, Wockhardt launched a Paediatric Sales team of 30 dedicated territory representatives, gaining 10% share of the market segment.

Cost rationalising and restructuring have recently been completed. The company has a varied product basket and a strong ANDA pipeline. With Morton Grove's manufacturing facility having passed a full FDA inspection, the stage is set for Wockhardt USA to capture an even bigger market share as the US Administration drives through healthcare reform and increases the role of generics.

'The stage is set for Wockhardt USA to capture an even bigger market share as the US Administration drives through healthcare reforms'

EUROPE: Reaping rewards

In the UK, Ireland and France, Wockhardt is seeing its acquisition strategy bear fruit. Europe now constitutes 48% of Wockhardt's consolidated revenues.

Wockhardt UK grows in a tough market
Wockhardt UK grew by 15% during the period January 2009 to March 2010 compared with an industry average of only 5% and the positive trend continues quarter after quarter. The main growth drivers have been hospital products, exports, and the CRAMS business.

Wockhardt continues to be among the top 10 Indian companies in the generic field in the UK pharmaceuticals market and maintains the coveted position of second largest generics supplier to UK hospitals. Building on this success, Wockhardt now offers a balanced portfolio of both patented and generic products. Diabetes, Cancer, Infections, Pain, and Blood Coagulation segments provide consistent year-on-year growth. Seven new products were launched in the UK in 2009 and 13 new products will make their debut during 2010.

The European businesses are now fully integrated into the Wockhardt Group. Investments in systems and technologies have been made to allow the marketing and manufacturing synergies to be leveraged. Manufacturing capacities are being stepped up with the installation of a new cartridge filling machine set to double capacity. Wockhardt UK's sterile manufacturing facility is US FDA compliant and also manufactures, under contract, patented products for global pharmaceutical companies.

Wockhardt UK won a special tender for supplies to the UK's Department of Health (DoH).

Pinewood and Negma consolidate
Pinewood Ireland launched four new products during 2009 and eight new products are in the pipeline. It continues to reign supreme as the largest branded generic company in Ireland with a market share of 29%.

Negma France, by refocusing on its business processes and systems, has improved its operating profits by 50% and reduced costs by more than 20%.

'Investments in systems and technology have been made to allow the marketing and manufacturing synergies to be leveraged'

RESEARCH & DEVELOPMENT: Pioneering medical science

Wockhardt is among the few Indian companies to have built a strong research capability. Over time, it has made vast investments in multi-disciplinary, multi-location R&D programmes. The company's determination to retain its position as a leading researcher underpins its future growth.

Innovating through R&D

Innovation is the cornerstone of Wockhardt's business. Its research encompasses pharmaceutical formulations, biopharmaceutical bulk and formulations for recombinant products, novel drug delivery systems as well as process engineering for Active Pharmaceutical Ingredients (API) and new chemical entities under the new drug discovery programme.

Pioneering biotechnology research

Wockhardt made its mark in India through pioneering research in biotechnology. It was the first Indian company, and fourth in the world, to have developed from concept to market stage its own version of recombinant human insulin – Wosulin. 2009 saw Wockhardt's launch, in India, of a biotechnology driven long-acting insulin analogue glargine, under the brand name Glaritus.

Wockhardt is only the second company in the world, after the originator, to have developed this. Now diabetics in India have access to affordable medication and treatment. Wockhardt has also developed its innovative disposable pen delivery device that has been granted a global patent.

With this basket of recombinant brands, Wockhardt is making its initial foray into 20 less-regulated regions such as Latin America and Africa. The company is also progressing its clinical trials to meet the regulatory requirements of some developed countries creating a springboard for future business opportunities.

Wockhardt API research has developed the skills to create a wide range of complex and multi-step APIs for the in-house ANDA programme. Wockhardt has gained approvals for more than 47 US Drug Master Files (DMF), 10 Certificate of Suitability of European Pharmacopeia (CEP) and seven Active Substance Master Files (ASMF).

ANDAs offer platform for growth

Wockhardt invests in R&D in the development of products for its Abbreviated New Drug Applications (ANDAs) filings for the US and European markets. This is making great inroads with 87 products from Wockhardt US and MGP operational in the US market and 23 in the EU. Wockhardt USA launched 'Day-1' in 2009, for Off-Patent products Divalproex Sodium ER Tablets 250mg/500mg and Nicardipine Injection 2.5mg/ml. Venlafaxine Retard Tablets were launched in the EU. The company selects complex high technology products for ANDA approvals, an important growth driver for the US and European markets.

New drug discovery programme

The new drug discovery programme of anti-infectives has made progress at various stages of pre-clinical and clinical trials of its lead molecules WCK2349, WCK4873, WCK4086 and WCK771.

Novel drug delivery systems

Wockhardt has developed several products based on innovative drug delivery systems and brought them to the Indian market.

The technology enhances release patterns and effectiveness, and encourages patient compliance. The most significant of these is the development of the high blood pressure drug Metoprolol which offers 24-hour extended release in tablet form. This is the second generic product, after the originator's, whose ANDA has received US FDA approval.

Government award

Another indicator of Wockhardt's determination to succeed in the global market is its pipeline of patents. The company has to date filed 1,246 patents with 74 granted.

Wockhardt was awarded the prestigious Patent Award by the Indian Government for the maximum number of patent filings and grants from India.

'2009 saw Wockhardt's launch, in India, of a biotechnology driven long-acting insulin analogue glargine, under the brand name Glaritus. Wockhardt is only the second company in the world, after the originator, to have developed this'

MANUFACTURING: Growth enabled by technology

Wockhardt has vast international expertise in the manufacture of pharmaceuticals and biopharmaceutical formulations as well as Active Pharmaceutical Ingredients (API). The company has successfully created an integrated multi-technology capability to manufacture all types of dosage forms including sterile injectables and lyophilised products. Highly skilled technicians operate 14 manufacturing facilites that are US FDA, UK MHRA and EMEA compliant sites in India, the US and Europe.

The state-of-the-art biotech plant in Aurangabad has six dedicated manufacturing facilities for biopharmaceutical bulk as well as recombinant formulations. The Wockhardt Biotech Park has created its own benchmark in manufacturing recombinant products with world-class technology.

Strengthening a core capability

Wockhardt's success in building an international manufacturing footprint has earned it the reputation of a world-class manufacturer. It has invested heavily in recent years in technologically advanced manufacturing plants, ensuring their compliance with US and European regulatory requirements.

A sign of the company's determination to sustain its success can be seen in its recent drive to increase efficiency and productivity. The mantra of 'more and more with less and less' is being implemented across the business including the manufacturing organisation. Productivity has increased. Overheads are down.

Ongoing investment to meet future demand

As the demand for contract manufacturing grows, Wockhardt continues to upgrade its world-class facilities and make further investments in new units and processes. Imminent additions in India will include a state-of-the-art lyophilisation unit at Shendra, Aurangabad, the first of its kind in Asia. The plant is fully automated to provide high quality injectable products. Another plant at Aurangabad includes the manufacture of nano-particles for all dosage forms to meet the latest advanced technology.

'The company has successfully created an integrated capability to manufacture all types of dosage forms'

PARTNERSHIPS: A model for the future

Custom manufacturing outsourcing in India is growing at an annual rate of 43% – three times the global rate. International pharmaceutical companies are also now looking for partners to undertake their research activities. This trend means growth is being driven by the ability to create a differentiating value proposition based on lower manufacturing costs, skilled manpower and strong technical capabilities. Wockhardt has built an enviable advantage. The company has geared up to cater to the world market as an outsourcing partner of choice for research and manufacturing.

Key growth driver

Wockhardt saw opportunity in the emerging contract research and manufacturing services (CRAMS) business early on and made significant investments in technology, infrastructure and people. Sustained pursuit of this route is paying dividends. Today CRAMS is an integral part of Wockhardt's business strategy.

Outsourcing partner of choice

When multinational corporations look to outsource manufacturing, research and development they look for excellence in Continuous Good Manufacturing Practices (cGMP), an international regulatory approval either from the United States Food and Drug Administration (US FDA) or the United Kingdom's Medicines & Healthcare Products Regulatory Agency (UK MHRA) or the European Medicines Agency (EMEA) as well as end-to-end capabilities and cost efficiencies.

Today, Wockhardt has built a reputation as a leading global player in this field. It has focused on the opportunity, been aggressive in its business development efforts and the results are being seen. Big pharmaceutical companies, mega retailers in the grocery and pharmacy sectors, and wholesalers have bought into the Wockhardt advantage.

Alyante is born

Continuing this journey, Wockhardt realised that its alliances and partnerships further blossomed making it a trusted partner for innovation and research. Born out of these relationships, Alyante is a newly launched custom research organisation.

Alyante aims to become a preferred partner in pharmaceutical contract research engaged in the development and production of generics, new drug delivery systems and new chemical entities.

As global pharmaceutical players seek new business models to meet the needs of new customers, collaboration and strategic alliances will increasingly feature in their approach. Alyante is poised to be the preferred partner.

'As a leading player in this field it has focused on the opportunity, been aggressive in its business development efforts and the results are being seen'

SOCIAL RESPONSIBILITY: Building a Foundation for India's poor

Alongside its mission as a healthcare and wealth-creating business enterprise, Wockhardt is involved in a range of activities designed to support needy sections of Indian society. That activity is coordinated by the Wockhardt Foundation. The Foundation is an international, secular non profit organisation engaged in social service and human welfare activities.

"Wockhardt Foundation is a movement of human values, social awareness and social development." says Huzaifa Khorakiwala, the Foundation's CEO.

The Foundation utilises Warriors. These Warriors are committed to work to increase awareness about the Foundation. Each Warrior pledges to work towards a happier, more loving and caring world.

The Foundation endeavours to take its programmes beyond the realm of corporate charity by involving the community at large to expand the activity, broaden the discussion and increase the collection of funds. In doing so, Wockhardt aims to bring the values of its Foundation to a larger audience.

The Foundation's 10 programmes

Through its activities, the Wockhardt Foundation has made a difference to millions of children and adults in rural and slum areas across India in the two years since it was established.

Right to Vision: 33,496 patients have been screened through Mobile Eye Clinics. 4,003 cataract cases treated and 17,182 spectacles distributed

Smile Please: 217 cleft deformity surgeries were performed by international specialists at free amenities across India

De-worm India: Approximately 42 million people have benefited from community awareness and de-worming tablets distributed through this programme

HIV-AIDS: This initiative raises community awareness and capacity building benefiting more than 100,000 people

Free consultations: 794 doctors have signed up to volunteer two hours of free consultations each week

Little Hearts: 18 babies born with congenital heart defects were given life saving surgeries that would otherwise have been beyond the reach of their families

Mobile Health Reach: 190,761 poor patients have been provided with primary healthcare

Khel Khel Mein: 4,080 children in slums have access to education and recreation through the creation of a toy library

Voice: Awareness of issues such as dowry, child labour and the environment, among others, has reached more than 98,000 people

Human Values: 1.15 million people have been impacted through this programme which spreads the values of gratitude, forgiveness, love, humility, giving, patience and truth.

'The Foundation is a movement of human values, social awareness and social development'

WOCKHARDT HOSPITALS:* Quality at the heart of healthcare

Wockhardt Hospitals has established a successful business providing quality healthcare across Indian metros and tier II cities. It plans to grow rapidly in the coming three years. The hospitals are fast becoming a preferred destination for international patients as well, boosting the medical tourism segment of this business.

Quality philosophy wins seal of approval

Wockhardt Hospitals has built a reputation as a quality service provider in the critical healthcare areas of cardiology and cardiac surgery, orthopaedics, neurology and neurosurgery, urology and nephrology. It also offers several advanced procedures including awake heart surgery and minimally invasive brain and spine surgeries.

That reputation is built on a philosophy of putting quality at the heart of all aspects of its business: healthcare, services, expertise, and infrastructure. An exclusive association in India with Harvard Medical International, the international arm of Harvard Medical School in Boston, USA is one validation of its approach. It is also accredited by the National Accreditation Board for Hospitals and Healthcare (NABH), India's highest standard in healthcare certification. Wockhardt Hospitals has emerged as a centre of excellence among India's leading tertiary care providers.

Leading healthcare provider in tier II cities in India

The company currently has seven super-specialty hospitals with 800 inpatient beds. Its strategy is to strengthen its presence across tier II cities in Maharashtra and Gujarat. With hospitals in Nagpur, Nashik, Surat, Rajkot, Bhavnagar, Vashi and Goa, Wockhardt has emerged as the clear front runner in these cities as the only quality healthcare institution and medical provider.

Expansion is the focus of the future

A new hospital in South Mumbai is scheduled to open in less than two years and will add 350 beds in a world-class aesthetic surgery department. Other new hospitals coming on stream in the next three years will see the number of beds increase to around 2,500.

To support these future growth plans, a newly instituted quality council is aligning quality standards across clinical, infrastructural and patient-related services. As part of that programme the company has created a senior leadership programme which allies clinicians and management in the drive for quality and excellence.

Medical tourism is a big growth driver of the hospitals business

Wockhardt Hospitals is fast becoming a preferred destination of choice for patients from Middle Eastern, Central Asian, and African countries. Patients from the US and Europe are also learning of the Wockhardt advantage. Its reputation for employing doctors of immense skill and repute, its international accreditation, and advantageous cost differential have made it a magnet for patients from all over the world.

'Wockhardt Hospitals has emerged as a centre of excellence among India's leading tertiary care providers'

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

BOARD OF DIRECTORS

Standing (L-R):

Huzaifa Khorakiwala
Executive Director

Aman Mehta
Director

R A Shah
Director

Bharat Patel
Director

Dr. Murtaza Khorakiwala
Managing Director

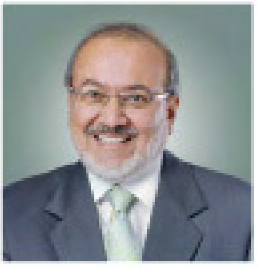
Sitting (L-R):

Dr. Abid Hussain
Director

Dr. Habil Khorakiwala
Chairman

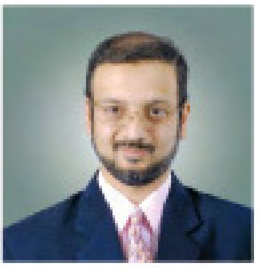
Shekhar Datta
Director

MANAGEMENT TEAM



Dr. Habil Khorakiwala
Chairman

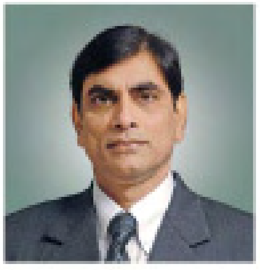
Dr. Murtaza Khorakiwala
Managing Director



Huzaifa Khorakiwala
Executive Director

Sirjiwan Singh
Managing Director – Wockhardt UK & Pinewood

Sunil Khera
President – India & Emerging Markets



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

Sanjeev Mehta
President – Supply Chain, Quality Generics & API Sales

Ajay Sahni
President - Wockhardt France & Vice President - Finance, Europe

Raju Krishnaswamy
Senior Vice President – Manufacturing

DIRECTORS' REPORT

Dear Members,

Your Directors hereby present the Eleventh Annual Report of the Company along with the audited accounts for the fifteen months period ended March 31, 2010.

The Financial Year of the Company was extended from December 31, 2009 to March 31, 2010 in order to avoid duplication in preparation and audit of accounts under the Companies and Income Tax Act. Consequently, **the current Annual Accounts and Reports of the Company are for a period of fifteen months, from January 1, 2009 to March 31, 2010; these figures are therefore not comparable with those of previous year ended December 31, 2008.**

FINANCIAL PERFORMANCE

(₹ in millions)

	Fifteen Months ended March 31, 2010	Twelve Months ended December 31, 2008
Consolidated		
Income	45,309	36,254
Profit before Depreciation, Interest & Tax	8,527	8,211
Profit/(Loss) Before Exceptional Items & Tax	3,093	3,300
Exceptional Items	(12,949)	(5,810)
Profit/(Loss) Before Tax and after Exceptional Items	(9,856)	(2,510)
Provision for Taxation (Expense)/Credit	(167)	916
Share of Profit/(Loss) from Associates	16	205
Net Profit/(Loss)	(10,007)	(1,389)
Standalone		
Income	19,019	14,861
Profit Before Depreciation, Interest & Tax	4,850	3,398
Profit/(Loss) Before Exceptional Items & Tax	1,372	(133)
Exceptional Items	(9,305)	(4,438)
Profit/(Loss) Before Tax and after Exceptional Items	(7,933)	(4,571)
Provision for Taxation (Expense)/Credit	(9)	1,083
Profit/(Loss) After Tax	(7,942)	(3,488)

For the fifteen months period ended March 31, 2010, the Company registered 25% growth in consolidated turnover to ₹ 45,014 million. The Profit before depreciation, interest and tax grew from ₹ 8,211 million to ₹ 8,527 million. However, the Company incurred loss of ₹ 10,007 million, primarily on account of Mark to Market (MTM) loss.

DIVIDEND AND RESERVES

In view of the losses during the fifteen months period ended March 31, 2010, no amount is transferred to the General Reserve and the directors do not recommend any dividend on equity shares and preference shares for the period under review.

CORPORATE DEBT RESTRUCTURING

The Company had approached the Corporate Debt Restructuring (CDR) Cell through ICICI Bank Limited in April 2009 for restructuring the debts of the Company through CDR mechanism. The final restructuring package was approved by CDR Empowered Group vide its letter dated July 4, 2009. The detailed information on Corporate Debt Restructuring is provided in Management Discussion and Analysis Report.

CHANGES IN CAPITAL STRUCTURE

During the period under review, the Company allotted 912,994,875 Non-Convertible Cumulative Redeemable Preference Shares of ₹ 5/- each and 424,163,605 Optionally Convertible Cumulative Redeemable Preference Shares of ₹ 5/- each aggregating to ₹ 6,685.79 millions in terms of approved CDR package dated July 4, 2009. The Authorised Share Capital of the Company was increased from ₹ 1,750/- millions to ₹ 9,250/- millions to accommodate the said issue of preference shares. There was no change in paid up equity share capital of the Company.

DIVESTMENTS

During the period under review, the Company divested Animal Health Care Division to Vetoquinol, France. The business of Esparma GmbH was also divested to Mova GmbH.

DIRECTORS

Mr. Rajiv Gandhi resigned from the position of Director – Corporate Finance and Information with effect from March 31, 2010. The Board places on record their appreciation for the valuable services rendered by him during his tenure as a Director of the Company.

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

Mr. Aman Mehta has been a Director of the Company since February 12, 2004. Mr. Aman Mehta graduated with Honors degree in Economics from University of Delhi in 1967 and has since participated in numerous management programmes. Mr. Aman Mehta was earlier associated with HSBC, during this association he has worked in variety of roles all over the world and has headed HSBC operations in the Middle East, America and Asia Pacific. He is on the Boards of Tata Consultancy Services Limited, Jet Airways Limited, Cairn India Limited, Godrej Consumer Products Limited, Vedanta Resources Plc, PCCW Ltd., Hongkong, Emaar MFG Land Limited, ING Group N.V. Netherlands and Max India Limited. He is Chairman of Audit Committee of Tata Consultancy Services Limited, Cairn India Limited, Jet Airways Limited and Vedanta Resources Plc and member of Audit Committee of Emaar MFG Land Limited, Godrej Consumer Products Limited and PCCW Ltd., Hongkong. He is also Chairman of Remuneration Committee of Tata Consultancy Services Limited and Emmar MFG Land Limited and member of Remuneration Committee of Vedanta Resources Plc. UK, Cairn India Limited and Jet Airways Limited. Mr. Aman Mehta does not hold any equity shares of the Company.

Mr. Bharat Patel has been a Director of the Company since October 30, 2001. He is M.B.A. from Notre Dame University and M.B.A. in Marketing from University of Michigan, U.S.A. He is renowned expert with wide experience in fast moving consumer goods industry. He is on the boards of Force Motors Limited, NESCO Limited, Yes Bank Limited and

Sasken Communication Technologies Limited. He is Chairman of Shareholders Grievance Committee and member of Audit Committee of Yes Bank Limited. He is also a member of Remuneration Committee of Force Motors Limited and NESCO Limited. Mr. Bharat Patel does not hold any equity shares of the Company.

AUDITORS

M/s Haribhakti & Co., Chartered Accountants, Statutory Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. They have expressed their willingness to act as Auditors of the Company, if appointed, and have further confirmed that the said appointment would be in conformity with the provisions of Section 224 (1B) of the Companies Act, 1956. The Board recommends their appointment.

AUDITORS' REPORT

With regard to qualification and emphasis of matter contained in the Auditors' Report, explanations are given below:

(a) Point 5 (a) of Auditor's Report – Note 32 of Notes to Accounts to the financial statements:

Corporate Debt Restructuring (CDR) Scheme is effective from April 15, 2009. The Outstanding liabilities of the Company are being restructured under the aegis of Corporate Debt Restructuring Scheme. As required under the scheme the Master Restructuring Agreement (MRA) and other necessary documents have been executed and effective. The CDR Scheme comprehensively covers the FCCB liabilities and crystallized derivatives/ hedging liabilities.

(b) Point 5 (b) of Auditor's Report – Note 36 of Notes to Accounts to the financial statements:

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

(c) Point 6 of Auditor's Report

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

(d) Point 7 of Auditor's Report

Certain derivatives/hedging contracts have been unilaterally cancelled by banks. The Company has treated the demand of ₹ 8,483.22 million as a contingent liability and has not acknowledged as debt, since the liability cannot be currently ascertained even on a best effort basis till the final outcome of the matter.

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

(e) Point (vii) of Annexure to Auditor's Report

The Company has an internal audit system which it believes to be commensurate to the size of its operations. The Company has already commenced the process of further strengthening the internal audit system to enlarge its scope in respect of Treasury Operations. Further, as per the CDR Scheme the Company cannot execute any new derivative transactions (excluding forwards strictly for hedging purposes for a maximum period of 180 days) without prior approval of CDR Empowered Group and accordingly the treasury operations of the Company have been significantly reduced.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors, based on the representation received from the operating management, confirm that:

- in the preparation of annual accounts, applicable accounting standards have been followed along with proper explanation relating to material departure;
- in order to provide a true and fair view of the state of affairs of the Company as on March 31, 2010 and the loss for the period ended on that date, reasonable and prudent judgments and estimates have been made and generally accepted accounting policies have been selected and consistently applied;
- for safeguarding the assets of the Company and for preventing and detecting any material fraud and irregularities, proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956;
- the annual accounts presented to the members have been prepared on going concern basis.

FIXED DEPOSITS

During the period under review, no fixed deposits were accepted by the Company.

PARTICULARS OF EMPLOYEES

Information as prescribed under Section 217 (2A) of the Companies Act, 1956 ("the Act"), read with the Companies (Particulars of Employees) Rules, 1975, amended from time to time forms part of this report. As per the provisions of Section 219(1)(b)(iv) of the Act, the Report and Accounts are being sent to the shareholders of the Company excluding the statement of particulars of employees under Section 217(2A) of the Act. Any shareholder interested in obtaining a copy of the statement may write to the Company Secretary at the Registered Office of the Company.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO

The information pursuant to section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, relating to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are set out in Annexure A to this report.

LEGAL COMPLIANCE

The Company has received an exemption from the Central Government under Section 212 (8) of the Companies Act, 1956 with regard to attaching of the balance sheet, profit and loss account and other documents of the subsidiaries for the fifteen months period ended March 31, 2010 to this report. The annual accounts of the subsidiaries will be made available for inspection by any member of the Company at the registered office of the Company and also at the registered office of the concerned subsidiaries. The annual accounts of the subsidiary companies and detailed information will be made available to the members of the company and subsidiaries upon receipt of request from them. A statement pursuant to the provisions of Section 212(1)(e) of the Companies Act, 1956 and the summary of the key financials of the company's subsidiaries are included in this Annual Report. Pursuant to Clause 32 of the Listing

Agreement and Accounting Standard AS-21, the Audited Consolidated Financial Statements for the fifteen months period ended March 31, 2010 forms part of the Annual Report.

SECRETARIAL AUDIT

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

MANAGEMENT DISCUSSION AND ANALYSIS AND CORPORATE GOVERNANCE

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

ACKNOWLEDGEMENTS

Your Directors acknowledge the impeccable service rendered by the employees of the Company at all levels towards its overall success. The Directors also take this opportunity to place on record their appreciation to the stakeholders, bankers and members of medical profession for their continued support to the Company.

For and on behalf of the Board

H. F. KHORAKIWALA
Chairman

Mumbai, May 20, 2010

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

To the Board of Directors of Wockhardt Limited

1. We have audited the attached consolidated balance sheet of Wockhardt Limited ("Wockhardt" or "the Company") and its Subsidiaries (collectively referred to as "the Group") as at 31st March, 2010 and also the consolidated profit and loss account and the consolidated cash flow statement for the period ended on that date annexed thereto. These financial statements are the responsibility of the Group's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total net assets of ₹ 27,094.93 million as at 31st March, 2010, total net revenues of ₹ 23,714.89 million and net cash inflow amounting to ₹ 223.29 million for the period then ended. We also did not audit the financial statements of an associate in whose financial statements the Group's share of profit is ₹ 16.40 million for the period ended 31st March, 2010. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
4. We report that the consolidated financial statements have been prepared by the Group's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated financial statements, Accounting Standards (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements notified pursuant to the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate financial statements of Wockhardt and its subsidiaries. In addition, the values in these consolidated financial statements are also stated in United States Dollars translated at the closing year end rates.
5. We have not reviewed the translations of the amounts mentioned in United States Dollar in the financial statements, and accordingly do not express an opinion on such amounts.
6. Without qualifying our opinion, we draw attention
   (a) to Note 32 of the consolidated financial statements, wherein as explained, the Company's outstanding liabilities are being restructured under the aegis of Corporate Debt Restructuring Scheme (CDR) with effect from April 15, 2009 and as required by the Scheme, the Master Restructuring Agreement (MRA) and other necessary documents have been executed and are effective.
   (b) to Note 33 of the consolidated financial statements, wherein as explained, certain lenders have filed winding up petitions against the Company in Bombay High Court and the Company has filed affidavit in reply. The matter is sub-judice and outcome of which cannot be currently ascertained.
   (c) to Note 35 of the consolidated financial statement, wherein as explained, with regard to loan of US$ 250 million obtained by Swiss subsidiary, a part of it was due for repayment. The repayment terms are under negotiation. The Company's liquidity will be severely affected if such negotiations fail.
   (d) to Note 34 to the consolidated financial statements, wherein as explained, with regard to French subsidiary, significant adverse events including patent challenge have occurred.

   The Company and its Swiss and French subsidiaries ability to continue as a going concern is dependent on the successful outcome of above matters.
7. *(a) With regard to outstanding derivative contracts as on March 31, 2010 the premiums aggregating ₹ 1,843.79 million are unconfirmed and we are informed that the relevant documents are being put in place. The consequential effect of subsequent adjustment/s -if any- on relevant assets and liabilities and loss for the period is not ascertainable.*
   (b) In respect of crystallized derivative losses of ₹11,303.80 million forming part of 'exceptional items', we have relied on appropriate written representations.
8. *As explained in Note 29(e) to the consolidated financial statements, the Company and its subsidiary had, on certain derivative contracts with banks, stopped payment of margins called by the banks The banks, based on the Early Termination clause in the agreement, terminated these contracts and claimed an amount of ₹ 9,607 million, being the loss incurred on termination of such contracts, which the Company has disputed and not acknowledged as debt.*

   No provision has been made in the accounts for above amount, which has been considered as contingent liability. The consequential impact upon relevant assets and liabilities and loss for the period is not ascertainable.
9. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, *subject to the matter included in paragraph 7 and 8 above, the effect of which cannot be currently ascertained,* we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
   (a) in the case of the consolidated balance sheet in the Indian Rupees, of the consolidated state of affairs of the Group as at 31st March, 2010;
   (b) in the case of the consolidated profit and loss account expressed in Indian Rupees, of the consolidated loss of the Group for the period ended on that date; and
   (c) in the case of the consolidated cash flow statement expressed in Indian Rupees, of the consolidated cash flows of the Group for the period ended on that date.

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

Place : Mumbai
Date : May 20, 2010

Shailesh Haribhakti
Partner
Membership No. 30823

CONSOLIDATED BALANCE SHEET

As at March 31, 2010

	Notes	As at 31.03.2010 ₹ in millions	As at 31.03.2010 USD in millions [see note 1(b)(d)]	As at 31.12.2008 ₹ in millions	As at 31.12.2008 USD in millions [see note 1(b)(d)]
SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS					
Share capital	3	**7,232.97**	**160.92**	547.18	11.23
Reserves and surplus	4	**1,119.74**	**24.90**	11,068.97	227.24
		8,352.71	**185.82**	11,616.15	238.47
LOAN FUNDS					
Secured loans	5	**35,522.14**	**790.30**	31,608.59	648.91
Unsecured loans	6	**4,653.19**	**103.53**	10,742.62	220.54
		40,175.33	**893.83**	42,351.21	869.45
TOTAL		**48,528.04**	**1,079.65**	53,967.36	1,107.92
APPLICATION OF FUNDS					
FIXED ASSETS	2(a) & 8				
Gross block		**38,343.36**	**853.07**	39,895.62	819.04
Accumulated depreciation		**(10,387.33)**	**(231.10)**	(9,881.75)	(202.87)
Impairment Provision		**(2,661.74)**	**(59.22)**	(52.14)	(1.07)
Net block		**25,294.29**	**562.75**	29,961.73	615.10
Capital work-in-progress, including capital advances		**7,075.72**	**157.42**	6,335.02	130.06
		32,370.01	**720.17**	36,296.75	745.16
INVESTMENTS	2(c) & 9	**948.30**	**21.09**	931.94	19.12
DEFERRED TAX ASSET (Net)	2(h) & 7	**476.45**	**10.61**	415.15	8.55
CURRENT ASSETS, LOANS AND ADVANCES					
Inventories	2(d) & 10	**7,654.48**	**170.30**	8,297.53	170.35
Sundry debtors	11	**5,848.07**	**130.11**	8,534.23	175.20
Cash and bank balances	12	**3,469.80**	**77.20**	6,499.14	133.42
Loans and advances	13	**4,854.44**	**108.00**	6,306.00	129.44
[A]		**21,826.79**	**485.61**	29,636.90	608.41
***Less:* CURRENT LIABILITIES AND PROVISIONS**	14				
Current liabilities		**8,100.16**	**180.21**	8,564.09	175.82
Provisions		**628.61**	**13.99**	6,188.16	127.03
[B]		**8,728.77**	**194.20**	14,752.25	302.85
NET CURRENT ASSETS [A] – [B]		**13,098.02**	**291.41**	14,884.65	305.56
PROFIT AND LOSS ACCOUNT		**57.40**	**1.27**	–	–
FOREIGN CURRENCY TRANSLATION RESERVE		**1,577.86**	**35.10**	1,438.87	29.53
TOTAL		**48,528.04**	**1,079.65**	53,967.36	1,107.92

The notes from 1 to 37 form an integral part of the Balance Sheet.

As per our attached report of even date

For Haribhakti & Co.
Chartered Accountants

Shailesh Haribhakti
Partner

Place : Mumbai
Date : May 20, 2010

J. B. Manmadkar
Company Secretary

For and on behalf of the Board of Directors

H. F. Khorakiwala
Chairman

Huzaifa Khorakiwala
Executive Director

Murtaza Khorakiwala
Managing Director

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

CONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNT

For the Period Ended March 31, 2010

	Notes	For the period ended 31.03.2010 ₹ in millions	For the period ended 31.03.2010 USD in millions [see note 1(b)(d)]	For the year ended 31.12.2008 ₹ in millions	For the year ended 31.12.2008 USD in millions [see note 1(b)(d)]
INCOME					
Sales and services	2(f)	**45,059.00**	**1,002.48**	35,983.62	738.73
Add/(Less): Excise Duty		**(44.78)**	**(1.00)**	(85.83)	(1.76)
		45,014.22	**1,001.48**	35,897.79	736.97
Other income	15	**295.24**	**6.56**	355.85	7.31
TOTAL		**45,309.46**	**1,008.04**	36,253.64	744.28
EXPENDITURE					
Materials consumed and purchase of goods	16	**19,409.79**	**431.83**	13,900.91	285.37
(Increase)/decrease in inventories	2(d) & 17	**315.58**	**7.02**	(297.36)	(6.10)
Operating and other expenses	18	**17,057.42**	**379.48**	14,438.99	296.43
TOTAL		**36,782.79**	**818.33**	28,042.54	575.70
PROFIT BEFORE DEPRECIATION, FINANCE COST AND TAX		**8,526.67**	**189.71**	8,211.10	168.58
Less: Depreciation/Amortisation	2(a) & 8	**1,481.39**	**32.96**	1,078.33	22.14
Less: Impairment losses	2(a) & 8	**–**	**–**	52.14	1.07
PROFIT BEFORE EXCHANGE FLUCTUATION, FINANCE COST AND TAX		**7,045.28**	**156.75**	7,080.63	145.37
(Add)/Less: Exchange fluctuation, net		**259.30**	**5.77**	(105.29)	(2.16)
(Add)/Less: FCCB premium		**268.30**	**5.97**	1,294.91	26.58
(Add)/Less: Financial expenses	19	**3,424.83**	**76.19**	2,590.70	53.18
PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS		**3,092.85**	**68.82**	3,300.31	67.77
Less: Exceptional items	25	**12,949.21**	**288.10**	5,809.91	119.27
PROFIT/(LOSS) BEFORE TAX		**(9,856.36)**	**(219.28)**	(2,509.60)	(51.50)
Provision for tax					
Current tax	2(h)	**(277.81)**	**(6.18)**	(237.30)	(4.87)
Deferred tax	2(h) & 7	**119.88**	**2.67**	1,192.08	24.47
Fringe benefit tax		**(8.74)**	**(0.19)**	(38.56)	(0.79)
NET PROFIT/(LOSS) AFTER TAX		**(10,023.03)**	**(222.98)**	(1,593.38)	(32.69)
Add: Share in Profit of Associate Companies		**16.40**	**0.36**	204.80	4.21
NET PROFIT/(LOSS) AFTER TAX FOR THE PERIOD		**(10,006.63)**	**(222.62)**	(1,388.58)	(28.48)
Balance brought forward from previous year		**1,492.70**	**33.21**	2,881.28	59.12
PROFIT AVAILABLE FOR APPROPRIATION		**(8,513.93)**	**(189.41)**	1,492.70	30.64
APPROPRIATIONS					
Transfer from General reserve		**(8,456.53)**	**(188.14)**	–	–
Surplus/(Deficit) carried to balance sheet		**(57.40)**	**(1.27)**	1,492.70	30.64
		(8,513.93)	**(189.41)**	1,492.70	30.64
Earnings per share ₹	22				
– Earnings per share in ₹ – Basic		**(91.44)**	**(2.03)**	(12.69)	(0.26)
– Earnings per share in ₹ – Diluted		**(91.44)**	**(2.03)**	(12.69)	(0.26)
Nominal Value of shares ₹ 5/- (Previous Year – ₹ 5/-)		**5.00**	**0.11**	5.00	0.10

The notes from 1 to 37 form an integral part of the Profit and Loss Account.

As per our attached report of even date

For Haribhakti & Co.
Chartered Accountants

Shailesh Haribhakti
Partner

Place: Mumbai
Date : May 20, 2010

J. B. Manmadkar
Company Secretary

For and on behalf of the Board of Directors

H. F. Khorakiwala
Chairman

Huzaifa Khorakiwala
Executive Director

Murtaza Khorakiwala
Managing Director

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

CONSOLIDATED STATEMENT OF CASH FLOWS
For the Period Ended March 31, 2010

	For the period ended 31.03.2010 ₹ in millions	For the period ended 31.03.2010 USD in millions [see note 1(b)(d)]	For the year ended 31.12.2008 ₹ in millions	For the year ended 31.12.2008 USD in millions [see note 1(b)(d)]
A. CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES:				
Net Profit/(Loss) Before Tax	**(9,856.36)**	**(219.28)**	(2,509.60)	(51.50)
Adjustments for:				
Depreciation/Amortisation	**1,481.39**	**32.96**	1,130.47	23.21
Product development expenses written off	**74.79**	**1.66**	76.45	1.57
Exchange fluctuation, net	**259.30**	**5.77**	9.01	0.18
Provision for premium payable on Foreign Currency Convertible Bonds	**268.30**	**5.97**	1,294.91	26.58
Provision for Marked to market losses on derivatives	**303.26**	**6.75**	4,586.98	94.17
Realised derivative losses	**3,691.01**	**82.12**	–	–
Amortisation of expenses/Depreciation for Product Development	**71.50**	**1.59**	62.42	1.28
Liabilities no more payable	**(25.37)**	**(0.56)**	–	–
Bad debts/One time charge backs	**649.65**	**14.45**	154.06	3.16
(Profit)/Loss on sale of fixed assets, net	**(192.53)**	**(4.28)**	(9.71)	(0.20)
Profit on sale of business/division	**(1,782.55)**	**(39.66)**	–	–
Impairment of goodwill	**2,661.74**	**59.22**	–	–
Fixed assets written off	**–**	**–**	0.29	0.01
Inventory written off	**56.58**	**1.26**	–	–
Interest expense	**3,424.83**	**76.17**	2,703.40	55.50
Interest income	**(101.71)**	**(2.26)**	(245.35)	(5.04)
Dividend income	**(0.01)**	**–**	(0.02)	–
Operating profit before working capital changes	**983.82**	**21.88**	7,253.31	148.92
Movement in working capital				
(Increase)/Decrease in inventories	**159.84**	**3.56**	(610.12)	(12.53)
(Increase)/Decrease in sundry debtors	**1,291.47**	**28.73**	(1,987.64)	(40.81)
(Increase)/Decrease in loans and advances	**846.74**	**18.84**	(3,335.13)	(68.47)
Increase/(Decrease) in current liabilities and provisions	**(4,738.69)**	**(105.43)**	236.16	4.85
Cash generated from operations	**(1,456.82)**	**(32.42)**	1,556.58	31.96
Direct Taxes paid, including fringe benefit tax	**(468.51)**	**(10.42)**	(311.54)	(6.40)
Net cash provided by operating activities	**(1,925.33)**	**(42.84)**	1,245.04	25.56
B. CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES:				
Purchase of fixed assets including capital work-in-progress	**(552.60)**	**(12.29)**	(6,821.37)	(140.05)
Proceeds from sale of fixed assets	**206.91**	**4.60**	6.27	0.13
Purchase of investments	**–**	**–**	(17.70)	(0.37)
Proceeds from sale of investments	**0.03**	**–**	–	–
Proceeds from sale of business/division	**2,433.68**	**54.15**	–	–
Repayment by companies/(loan to companies)	**781.25**	**17.38**	(965.52)	(19.81)
Margin money and fixed deposits under lien	**4,048.77**	**90.08**	(4,348.34)	(89.27)
Interest received	**63.81**	**1.42**	165.70	3.40
Dividend received	**0.01**	**–**	0.02	–
Net cash provided by/(used in) investing activities	**6,981.86**	**155.34**	(11,980.94)	(245.97)

	For the period ended 31.03.2010 ₹ in millions	For the period ended 31.03.2010 USD in millions [see note 1(b)(d)]	For the year ended 31.12.2008 ₹ in millions	For the year ended 31.12.2008 USD in millions [see note 1(b)(d)]
C. CASH FLOWS PROVIDED BY/(USED IN) FINANCING ACTIVITIES:				
Proceeds from issuance of share capital	**700.00**	**15.57**	–	–
Repayment of borrowings	**(6,896.00)**	**(153.42)**	(4,065.91)	(83.47)
Proceeds from borrowings*	**5,574.33**	**124.02**	17,408.41	357.40
Interest paid	**(3,333.76)**	**(74.17)**	(2,622.46)	(53.84)
Dividend paid (including tax on dividend)	**(1.29)**	**(0.03)**	(321.34)	(6.60)
Net cash from/(used in) financing activities	**(3,956.72)**	**(88.03)**	10,398.70	213.49
Translation/consolidation adjustment	**(80.37)**	**(1.79)**	(1,313.78)	(26.97)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**1,019.44**	**22.68**	(1,650.98)	(33.89)
CASH AND CASH EQUIVALENTS, beginning of period	**2,121.57**	**47.20**	3,772.55	77.45
CASH AND CASH EQUIVALENTS, at the end of period	**3,141.01**	**69.88**	2,121.57	43.56
Components of cash and cash equivalents, as at March 31, 2010				
Cash	**2.06**	**0.05**	2.27	0.05
With banks				
– on current accounts (excluding unclaimed dividend accounts)	**3,026.76**	**67.34**	1,121.95	23.04
– on Unpaid Dividend Account**	**12.60**	**0.28**	13.90	0.28
– on margin money accounts	**0.10**	**–**	0.30	0.01
– on fixed deposit accounts	**99.49**	**2.21**	983.15	20.18
	3,141.01	**69.88**	2,121.57	43.56

* Proceeds from Borrowings includes exchange difference of ₹ 2,205.43 million (2008 – ₹ 4,187.64 million) included in Foreign Currency Translation Reserve.

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

As per our attached report of even date

For Haribhakti & Co.
Chartered Accountants

Shailesh Haribhakti
Partner

Place : Mumbai
Date : May 20, 2010

J. B. Manmadkar
Company Secretary

For and on behalf of the Board of Directors

H. F. Khorakiwala
Chairman

Huzaifa Khorakiwala
Executive Director

Murtaza Khorakiwala
Managing Director

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended March 31, 2010

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

1. (a) **Background**

Wockhardt Limited ('WL' or 'Company') is a subsidiary of Khorakiwala Holdings and Investments Private Limited. The Company has controlling interest, directly or through subsidiaries, in the following entities during the period ended March 31, 2010:

	Name of subsidiaries	Country of Incorporation	Name of Parent	Percentage of ownership
1.	Wockhardt Biopharm Limited	India	Wockhardt Limited	100%
2.	Vinton Healthcare Limited	India	Wockhardt Limited	100%
3.	Wockhardt Infrastructure Development Limited	India	Wockhardt Limited	100%
4.	Wockhardt UK Holdings Limited (formerly, Wockhardt UK Limited)	England & Wales	Wockhardt Limited	100%
5.	CP Pharmaceuticals Limited	England & Wales	Wockhardt UK Holdings Limited	100%
6.	Wallis Group Limited	England & Wales	Wockhardt UK Holdings Limited	100%
7.	The Wallis Laboratory Limited	England & Wales	Wallis Group Limited	100%
8.	Wallis Licensing Limited	England & Wales	Wallis Group Limited	100%
9.	Wockhardt UK Limited	England & Wales	Wockhardt EU Operations (Swiss) AG	100%
10.	CP Pharma (Schweiz) AG	Switzerland	CP Pharmaceuticals Limited	100%
11.	Wockhardt Farmaceutica Do Brazil Ltd.	Brazil	The Wallis Laboratory Limited	100%
12.	Wockpharma Ireland Limited	Ireland	Wockhardt EU Operations (Swiss) AG	100%
13.	Pinewood Laboratories Limited	Ireland	Wockpharma Ireland Limited	100%
14.	Nonash Limited	Ireland	Pinewood Laboratories Limited	100%
15.	Wockhardt EU Operations (Swiss) AG	Switzerland	Wockhardt Limited	100%
16.	Z & Z Service GmbH (Formerly known as Esparma GmbH)	Germany	Wockhardt EU Operations (Swiss) AG	100%
17.	Wockhardt Europe Limited	British Virgin Islands	Wockhardt Limited	100%
18.	Wockhardt Nigeria Limited	Nigeria	Wockhardt Europe Limited	100%
19.	Wockhardt Holding Corp.	USA	Wockhardt EU Operations (Swiss) AG	100%
20.	Wockhardt Cyprus Limited	Cyprus	Wockhardt EU Operations (Swiss) AG	100%
21.	Atlantis USA, Inc.	USA	Wockhardt Limited	100%
22.	Morton Grove Pharmaceuticals, Inc.	USA	Wockhardt Holding Corp.	100%
23.	MGP Inc.	USA	Morton Grove Pharmaceuticals, Inc	100%
24.	Wockhardt USA, LLC	USA	Morton Grove Pharmaceuticals, Inc	100%
25.	Wockhardt France (Holdings) S.A.S.	France	Wockhardt EU Operations (Swiss) AG	100%
26.	Girex S.A.S.	France	Wockhardt France (Holdings) S.A.S.	100%
27.	Mazal Pharmaceuticals S.A.R.L.	France	Girex S.A.S.	100%
28.	Niverpharma S.A.S.	France	Wockhardt France (Holdings) S.A.S.	100%
29.	Cap Dermatology S.A.R.L.	France	Niverpharma S.A.S.	100%
30.	Laboratoires Pharma 2000 S.A.S.	France	Wockhardt France (Holdings) S.A.S.	100%
31.	Hariphar S.C.	France	Laboratoires Pharma 2000 S.A.S. Laboratoires Negma S.A.S. DMH S.A.S.	80% 10% 10%
32.	Laboratoires Negma S.A.S.	France	Wockhardt France (Holdings) S.A.S.	100%
33.	DMH S.A.S.	France	Wockhardt France (Holdings) S.A.S.	100%
34.	Scomedia S.A.S.	France	Wockhardt France (Holdings) S.A.S.	100%
35.	S.C.I. Salome	France	Laboratoires Negma S.A.S. DMH S.A.S.	99% 1%
36.	Negma Beneulex S.A.	Belgium	Wockhardt France (Holdings) S.A.S. Laboratoires Negma S.A.S.	53.97% 46.03%
37.	Phytex S.A.S.	France	Wockhardt France (Holdings) S.A.S.	100%
38.	Laboratoires Lerads S.A.S.	France	Wockhardt France (Holdings) S.A.S.	100%
39.	Esparma AG	Switzerland	Wockhardt EU Operations (Swiss) AG	100%

The Company together with its subsidiaries Wockhardt Europe Limited ('WEL'), Wockhardt Biopharm Limited ('WBL'), Wockhardt Infrastructure Development Limited ('WIDL'), Consolidated Wockhardt UK Holdings Limited ('WUK'), Z & Z Service GmbH (Formerly known as Esparma GmbH) (EG), Vinton Healthcare Limited and Consolidated Wockhardt EU Operations (Swiss) AG ('WS') (collectively, 'the Group') is primarily engaged in the business of manufacture and marketing of pharmaceutical products. The group has twelve manufacturing locations and there are five locations where research and development activities are carried out.

(b) Basis of consolidation

(a) The consolidated financial statements of the group have been prepared based on a line-by-line consolidation of the financial statements of Wockhardt Limited and its subsidiaries using uniform accounting policies for like transactions and other events in similar circumstances. All material inter-company balances and transactions are eliminated on consolidation. Wockhardt Limited and all the subsidiaries have closed books of accounts as at March 31, 2010 as period-end for the purpose of preparing the consolidated financial statements of the group.

(b) Investment of the Company in associates is accounted as per the equity method prescribed under notified Accounting Standard 23 – "Accounting for Investment in Associates in Consolidated Financial Statements" under Company (Accounting Standard) Rules 2006.

(c) Assets and liabilities of subsidiaries are translated into Indian rupees at the rate of exchange prevailing as at the Balance Sheet date. Revenues and expenses are translated into Indian rupees at average of fifteen months closing rates and the resulting net translation adjustment aggregating ₹ 138.99 million (USD 3.09 million) [2008 – ₹ 1,169.75 million (USD 24.01 million)] has been adjusted to Reserves.

(d) Convenience translation

The accompanying financial statements have been prepared in Indian rupees, the national currency of India. Solely for the convenience of the reader, the financial statements as of and for the 15 months ended March 31, 2010 have been translated into United States dollars at the closing rate as at March 31, 2010 [USD 1 = ₹ 44.95. (2008 – USD 1 = ₹ 48.71)] No representation is made that the Indian rupee amounts have been, could have been or could be converted into United States dollars at such a rate or any other rate.

(c) Use of estimates

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

2. Summary of Group's Significant Accounting Policies

The consolidated financial statements have been prepared to comply in all material respects with the notified accounting standards by Companies Accounting Standards Rules, 2006. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year. These consolidated financial statements have been prepared to meet the requirements of clause 32 of the listing agreement with the stock exchanges. The significant accounting policies of the group are as follows:

(a) Fixed assets, depreciation/amortization and impairment

Tangible assets:

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

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

Depreciation/amortization:

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

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

Intangible assets:

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

Goodwill is tested for impairment.

(b) Foreign currency translations

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of transaction.

Foreign currency monetary items are reported using closing foreign exchange rate. Non-monetary items, which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of transaction.

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

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

Translation of Non-integral foreign operation:

In translating the financial statements of a non-integral foreign operation for incorporation in financial statements, the assets and liabilities, both monetary and non-monetary, of the non integral foreign operation are translated at the closing rate; income and expenses item of the non-integral operation are translated at exchange rates of at the dates of the transaction; and all resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment.

On the disposal of the non-integral foreign operation, the cumulative amount of the exchange differences which have been deferred and which relate to that operation are recognised as income or as expense in the same period in which the gain or loss on disposal is recognised.

(c) Investments

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

(d) Inventories

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

Inventories are valued at cost or net realizable value, whichever is lower. Cost also includes all charges incurred for bringing the inventories to their present location and condition. Excise and customs duty accrued on production or import of goods, as applicable, is included in the valuation of finished goods.

Inventories of stores and spare parts are valued at cost.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

(e) Retirement and other employee benefits

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

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

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

Actuarial gains and losses are immediately taken to profit and loss account and are not deferred.

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

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

The Company maintains 401(k) retirement contribution plans that cover all regular employees on the payroll of Wockhardt USA LLC. (WUSA) and Morton Grove Pharmaceuticals, Inc. The Company makes a matching contribution on the first 6% and employee participation is allowable as per US Government laws. The assets of the plan are held separately from those of the Company in an independently administered fund.

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

(f) Revenue recognition

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

Sale of Goods

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

Sale of Services

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

Export Incentive

Benefit on account of entitlement to import duty free materials under the "Duty Entitlement Pass Book Schemes" is recognized in the year of export.

Royalties

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

Interest

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

(g) Research and development (R&D)

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

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

(h) Income tax

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

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

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

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

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

(i) Leases

Operating leases

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

Finance Lease

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

(j) Goodwill/Capital reserve on Acquisitions

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

(k) Financing/Borrowing cost

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

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

Premium on Foreign Currency Convertible Bonds (FCCB) is provided over the period of bonds on a pro-rata basis, when likelihood of repayment of bonds is more likely.

(l) Provisions

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

(m) Earnings per share

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

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

(n) Government grants

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

(o) Cash and Cash equivalents

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

(p) Derivative Financial Instruments

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

As per the Institute of Chartered Accountants of India (ICAI) Announcement, accounting for derivative contracts, other than those covered under AS-11, are marked to market on a portfolio basis, and the loss is charged to the income statement. Net gains are ignored.

	As at 31.03.2010 ₹ in millions	As at 31.03.2010 USD in millions [see note 1(b)(d)]	As at 31.12.2008 ₹ in millions	As at 31.12.2008 USD in millions [see note 1(b)(d)]
3. SHARE CAPITAL				
AUTHORISED				
250,000,000 (2008 – 250,000,000) Equity shares of ₹ 5/- each	**1,250.00**	**27.81**	1,250.00	25.66
1,600,000,000 (2008 – Nil) preference shares of ₹ 5/- each	**8,000.00**	**177.99**	–	—
	9,250.00	**205.80**	1,250.00	25.66
ISSUED, SUBSCRIBED AND PAID UP				
109,435,903 (2008 – 109,435,903) Equity shares of ₹ 5/- each fully paid up	**547.18**	**12.18**	547.18	11.23
424,163,605 (2008 – Nil) Optionally Convertible Cumulative Redeemable Preference shares of ₹ 5/- each fully paid up – Refer Note 36	**2,120.82**	**47.18**	–	–
912,994,875 (2008 – Nil) Non Convertible Cumulative Redeemable Preference shares of ₹ 5/- each fully paid up – Refer Note 36	**4,564.97**	**101.56**	–	–
	7,232.97	**160.92**	547.18	11.23

Of the above equity shares:

(a) 70,123,304 (2008 – 70,123,304) fully paid-up equity shares of ₹ 5/- each were allotted pursuant to scheme of arrangement to demerge pharmaceuticals business of Carol Info Services Limited ('CISL').

(b) 2,400,000 (2008 – 2,400,000) fully paid-up equity shares of ₹ 5/- each were allotted pursuant to amalgamation of Wockhardt Veterinary Limited ('WVL') with the Company.

(c) 69,716,132 (2008 – 69,716,132) equity shares of ₹ 5/- fully paid up are held by Khorakiwala Holdings and Investments Private Limited, the holding company.

(d) 439,200 (2008 – 439,200) fully paid equity shares of ₹ 5/- each were allotted pursuant to exercise of stock options.

(e) 36,431,502 (2008 – 36,431,502) equity shares of ₹ 5/- each are allotted as Bonus shares out of Capital Redemption Reserve.

		As at 31.03.2010 ₹ in millions	As at 31.03.2010 USD in millions [see note 1(b)(d)]	As at 31.12.2008 ₹ in millions	As at 31.12.2008 USD in millions [see note 1(b)(d)]
4.	**RESERVES AND SURPLUS**				
	Capital redemption reserve	**265.34**	**5.90**	265.34	5.45
	Securities premium account	**134.14**	**2.98**	134.14	2.75
	Capital reserve on consolidation	**720.26**	**16.02**	720.26	14.79
	General reserve				
	Balance as per last accounts	**8,456.53**	**188.14**	8,456.53	173.61
	Transfer to profit and loss account	**(8,456.53)**	**(188.14)**	–	–
	Balance at the end of the period	**–**	**–**	8,456.53	173.61
	Profit and loss account	**–**	**–**	1,492.70	30.64
		1,119.74	**24.90**	11,068.97	227.24
5.	**SECURED LOANS**				
	(A) 10% Redeemable Non Convertible Debentures	**2,000.00**	**44.50**	2,000.00	41.06
	(B) Term loans				
	(i) From financial institutions	**8,817.55**	**196.17**	1,808.75	37.13
	(ii) From banks	**19,792.08**	**440.34**	24,127.38	495.33
	(C) Working Capital Loans from Banks	**4,912.51**	**109.29**	3,672.46	75.39
		35,522.14	**790.30**	31,608.59	648.91

(I) Debentures are redeemable at par in four annual installments of ₹ 500 million each starting from August 7, 2012. Debentures are secured by first charge on pari passu basis, by way of mortgage of immovable assets at Biotech Park H-14/2, MIDC Waluj, Aurangabad and hypothecation of movable assets situated at all locations (except Baddi and Daman – Kadaiya).

(II) (a) ₹ 5,952.80 million are secured by way of first charge on movable properties situated at all locations except Baddi and Daman – Kadaiya Unit. In addition to charge on movables, ₹ 500 millions is also secured by way of first pari passu charge on current assets and ₹ 1,647.50 million is secured by way of first pari passu charge on immovable properties of the Company situated at Ankleshwar.

(b) ₹ 1,418.40 million are secured by way of third charge on movable properties situated at all locations except Baddi and Daman – Kadaiya Unit.

(c) Term loans amounting to ₹ 0.24 million (Previous Year – ₹ 2.78 million) are for purchase of vehicles and are secured by hypothecation of vehicles purchased under the agreement.

The Company is in the process of creating charge on movable properties situated at all locations except Baddi and Daman – Kadaiya Unit to secure term loans amounting to ₹ 675 million.

(III) As on March 31, 2010, the Company is in the process of creating charge on movable and immovable properties to secure term loans from others amounting to ₹ 750 million.

(IV) As on March 31, 2010, working capital loan from banks amounting to ₹ 3,312.35 million are secured by way of first charge by hypothecation of inventories and debtors and second charge on movable properties situated at all locations except Baddi and Daman – Kadaiya Unit.

Balance working capital loan of ₹ 1,234.50 million are secured by way of first charge by hypothecation of inventories and debtors.

(V) As per approved CDR package dated July 4, 2009, in order to secure the debentures, rupee denominated term loans and working capital loans of ₹ 14,108.55 million, the Company is in the process of creating charge in favour of security trustee on behalf of all CDR lenders on:

– immovable properties of the Company situated at various locations viz. Plot No. 87/A, Bhimpore, Daman, Plot No. L-1, Chikhalthana, Aurangabad, Plot No. D-4, Chikhalthana, Aurangabad, Plot H-14/2 Biotech Park, Waluj, Plot No. 138, Ankleshwar, Gujarat, and

– current assets of the Company situated at all locations and

– immovable properties of Vinton Healthcare Limited, a wholly owned subsidiary, situated at Jagraon, Punjab and

– immovable properties of Wockhardt Infrastructure Development Limited, a wholly owned subsidiary, situated at Shendra, Aurangabad

(VI) Out of the above, loans of ₹ 14,108.55 million are also secured by irrevocable personal guarantee by Chairman.

(VII) Loan amounting to ₹ Nil (2008 – ₹ 256.86 million) is secured against the fixed assets and working capital of Wockhardt UK Holdings Limited.

(VIII) Term Loan of Euro 100.02 million (2008 – Euro 110.81 million) availed by Wockhardt France (Holdings) SAS is secured by pledge of shares of Negma Group of companies.

(IX) Term Loan of Euro 41.60 million (2008 – Euro 48.50 million) availed by Wockpharma Ireland Limited is secured by pledge of shares of Pinewood Laboratories Ltd. and Nonash Limited, all movable and immovable properties of Pinewood Laboratories Ltd. situated at Unit at M50, Business Park, Ballymount, Dublin 12 and at Deerpark, Ballymacarbry, Co. Waterford by way of first fixed charge.

(X) Term Loan of US$ 250 million (2008 – US$ 250 million) availed by Wockhardt EU Operations (Swiss) AG is secured by first ranking pari passu charge on all movable and immovable properties of Wockhardt Limited Situated at Kadaiya in Daman and Baddi in Himachal Pradesh and second ranking charge by way of hypothecation on all the inventories and book debts of Wockhardt Limited.

(XI) Term Loan of NIL (2008 – GBP 3.63 million) availed by Wockhardt UK (Holdings) Limited is secured by Fixed equitable charge over the freehold and lease hold properties, fixed charge over, among other things, book and other debts, chattels, goodwill, uncalled capital, both present and future, and first floating charge over all assets and undertaking both present and future of Wockhardt UK (Holdings) Ltd. and C. P. Pharmaceuticals Limited.

(XII) Working capital loans from banks are secured by hypothecation of inventories and debtors and specific charge on all tangible movable assets excluding plant and machinery tools, equipments, accessories, etc.

(I) **As at December 31, 2008 term loans of ₹ 1,808.75 million were secured as under:**

(a) Loan of ₹ 530 million was secured by first chage on pari passu basis by way of mortgage and hypothecation of movable and immovable assets at L-1, M.I.D.C. Chikhalthana and D-4, M.I.D.C. Chikhalthana (R&D Centre), Aurangabad.

(b) Loan of ₹ 510 million was secured by subservient charge by way of hypothecation of movable assets situated at L-1, M.I.D.C. Chikhalthana, D-4, M.I.D.C. Chikhalthana (R&D Centre), Aurangabad and 87-A Bhimpore, Daman.

(c) Loan of ₹ 768.75 million was secured by first charge by way of hypothecation of movable assets situated at Plot No. 138, G.I.D.C. Ankleshwar, S.E.Z., Shendra, Aurangabad and Village Kunjhal, Baddi, Solan.

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

	As at 31.03.2010 ₹ in millions	As at 31.03.2010 USD in millions [see note 1(b)(d)]	As at 31.12.2008 ₹ in millions	As at 31.12.2008 USD in millions [see note 1(b)(d)]
6. UNSECURED LOANS				
Long term				
(A) Sales tax deferral loan [Out of the above ₹ 2.17 million (2008 – ₹ 0.52 million) is repayable within one year]	**51.77**	**1.15**	52.29	1.07
Short term				
(B) Zero coupon foreign currency convertible bonds (Refer note below)	**4,464.02**	**99.32**	5,285.04	108.50
(C) Other Loans	**137.40**	**3.06**	5,405.29	110.97
	4,653.19	**103.53**	10,742.62	220.54

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

	As at 31.03.2010 ₹ in millions	As at 31.03.2010 USD in millions [see note 1(b)(d)]	As at 31.12.2008 ₹ in millions	As at 31.12.2008 USD in millions [see note 1(b)(d)]
7. DEFERRED TAX (ASSET)/LIABILITY (Net)				
Deferred tax liabilities				
Difference between depreciation on block of assets	**2,260.56**	**50.29**	2,015.02	41.36
Total (A)	**2,260.56**	**50.29**	2,015.02	41.36
Deferred tax assets				
Provision for gratuity	**49.93**	**1.11**	38.35	0.79
Provision for leave encashment	**34.27**	**0.76**	28.03	0.58
Deferred expenses	**418.59**	**9.31**	476.28	9.78
Provision on marked to market losses on derivative instruments	**100.74**	**2.24**	1,192.81	24.49
Premium on FCCB Loan	**495.74**	**11.03**	440.14	9.04
Tax losses in Subsidiaries	**1,526.16**	**33.95**	112.71	2.31
Provision for bonus	**2.09**	**0.05**	1.68	0.03
Provision for doubtful debts	**109.49**	**2.45**	140.17	2.89
Total (B)	**2,737.01**	**60.90**	2,430.17	49.91
Net deferred tax (asset)/liability as of the period end (A-B)	**(476.45)**	**(10.61)**	(415.15)	(8.55)

8. FIXED ASSETS

PARTICULARS	GROSS BLOCK					DEPRECIATION						NET BLOCK			
	As At 01.01.2009	Additions	Deductions & Transfers	Exc. Gain/ (Loss)	As At 31.03.2010	As At 01.01.2009	Additions	Impairment Losses	Deductions & Transfers	Exc. Gain/ (Loss)	As At 31.03.2010	As at 31.03.2010		As at 31.12.2008	
												₹ in millions	USD in millions See Note 1(b)(d)	₹ in millions	USD in millions See Note 1(b)(d)
Intangibles															
Goodwill on Consolidation	18,271.82	68.72	(20.62)	(1,189.22)	**17,130.70**	–	–	2,661.74	–	(5.63)	2,656.11	**14,474.59**	**322.03**	18,271.82	375.11
Licenses & Dossiers	1,494.91	36.33	–	(88.11)	**1,443.13**	1,325.47	102.50	–	–	(77.23)	1,350.74	**92.39**	**2.06**	169.44	3.48
Trade Marks	2,157.95	180.60	(94.56)	(142.47)	**2,101.52**	772.39	354.52	–	(46.43)	(62.92)	1,017.56	**1,083.96**	**24.12**	1,385.56	28.45
Software	276.75	14.17	–	(10.91)	**280.01**	148.71	35.64	–	–	(9.14)	175.21	**104.80**	**2.33**	128.04	2.63
Total Intangibles A	**22,201.43**	**299.82**	**(115.18)**	**(1,430.71)**	**20,955.36**	**2,246.57**	**492.66**	**2,661.74**	**(46.43)**	**(154.92)**	**5,199.62**	**15,755.74**	**350.54**	19,954.86	409.67
Tangibles															
Freehold land	184.12	–	–	(5.80)	**178.32**	–	–	–	–	–	–	**178.32**	**3.97**	184.12	3.78
Leasehold land*	283.90	–	(26.51)	(5.55)	**251.84**	13.67	2.28	–	1.53	(0.31)	17.17	**234.67**	**5.22**	270.23	5.55
Buildings*	3,709.62	148.51	(388.85)	(214.48)	**3,254.80**	1,922.91	114.26	–	(383.16)	(129.29)	1,524.72	**1,730.08**	**38.49**	1,786.71	36.68
Electrical Fittings	1.11	–	–	–	**1.11**	0.43	0.07	–	–	–	0.50	**0.61**	**0.01**	0.68	0.01
Plant and Machinery*	11,124.96	606.04	(28.51)	(248.88)	**11,453.61**	4,387.20	609.11	–	43.08	(193.46)	4,845.93	**6,607.68**	**147.01**	6,737.76	138.32
Furniture and fittings	319.93	9.12	(6.69)	(5.59)	**316.77**	144.88	24.09	–	(6.39)	(4.68)	157.90	**158.87**	**3.53**	175.05	3.59
Office Equipments*	1,485.93	43.87	(39.63)	(140.97)	**1,349.20**	829.78	159.11	–	(31.06)	(94.50)	863.33	**485.87**	**10.81**	656.15	13.47
Information Technology Equipments*	525.06	36.35	(1.37)	(17.16)	**542.88**	342.94	74.85	–	(0.77)	(9.95)	407.07	**135.81**	**3.02**	182.12	3.74
Vehicles	59.56	1.05	(9.17)	(0.58)	**50.86**	45.51	4.96	–	(5.97)	(0.30)	44.20	**6.66**	**0.15**	14.05	0.29
Assets on Finance Lease	–	–	(–)	(11.39)	**(11.39)**	–	–	–	(–)	(11.37)	(11.37)	**(0.02)**	**(–)**	–	–
Total Tangibles B	**17,694.19**	**844.94**	**(500.73)**	**(650.40)**	**17,388.00**	**7,687.32**	**988.73**	**–**	**(382.74)**	**(443.86)**	**7,849.45**	**9,538.55**	**212.21**	10,006.87	205.43
Capital Work-in-Progress (Inclusive of Capital Advances) C												**7,075.72**	**157.42**	6,335.02	130.06
Total A+B+C	**39,895.62**	**1,144.76**	**(615.91)**	**(2,081.11)**	38,343.36	**9,933.89**	**1,481.39**	**2,661.74**	**(429.17)**	**(598.78)**	**13,049.07**	**32,370.01**	**720.17**	36,296.75	745.16
Previous year	34,095.85	3,081.73	(664.56)	3,382.60	**39,895.62**	8,602.75	1,078.33	52.14	(470.65)	671.32	9,933.89	**36,296.75**	**745.16**		

The net block of tangible fixed assets includes an amount of ₹ 3.20 million (2008 – ₹ 8.76 million) in respect of assets held under Hire Purchase contracts.

Addition to Capital Work-in-progress includes expenditure incurred during construction period pending allocation aggregating ₹ 1,151.47 million (2008 – ₹ 1,112.82 million). These expenses include Material Consumption ₹ 27.67 million (2008 – ₹ 77.74 million), Employee cost aggregating ₹ 342.19 million (2008 – ₹ 284.77 million), Interest expenses ₹ 114.19 million (2008 – ₹ 55.46 million), Depreciation ₹ 66.81 million (2008 – ₹ 50.34 million) and Operating expenses aggregating ₹ 442.04 million (2008 – ₹ 644.51 million) [Stores & spares ₹ 30.35 million (2008 – ₹ 54.44 million), Power ₹ 45.84 million (2008 – ₹ 33.92 million), Travelling ₹ 9.20 million (2008 – ₹ 10.67 million), Repairs ₹ 11.56 million (2008 – ₹ 8.53 million), General Expenses ₹ 345.09 million (2008 – ₹ 536.95 million) at Wockhardt Limited and ART GT development ₹ 158.57 million (2008 – ₹ Nil) at Wockhardt France (Holdings) S.A.S.].

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

PARTICULARS	GROSS BLOCK					DEPRECIATION						NET BLOCK			
	As At 01.01.2009	Additions	Deductions & Transfers	Exc. Gain/ (Loss)	As At 31.03.2010	As At 01.01.2009	Additions	Impairment Losses	Deductions & Transfers	Exc. Gain/ (Loss)	As At 31.03.2010	As at 31.03.2010		As at 31.12.2008	
												₹ in millions	USD in millions See Note 1(b)(d)	₹ in millions	USD in millions See Note 1(b)(d)
Land	11.12	–	(10.66)	0.05	**0.51**	–	–	–	–	–	–	**0.51**	**0.01**	11.12	0.23
Building	727.34	–	(231.91)	(48.21)	**447.22**	565.75	25.47	–	(237.15)	(35.23)	318.84	**128.38**	**2.86**	161.59	3.32
Plant & machinery	356.62	–	–	(28.16)	**328.46**	356.62	–	–	–	(27.29)	329.33	**(0.87)**	**(0.02)**	–	–
Office Equipment	24.69	–	(0.24)	(1.63)	**22.82**	20.41	3.76	–	–	(1.03)	23.14	**(0.32)**	**(0.01)**	4.28	0.09
Information Technology Equipment	4.98	–	–	–	**4.98**	4.98	–	–	–	–	4.98	**–**	**–**	–	–
Total	**1,124.75**	**–**	**(242.81)**	**(77.95)**	**803.99**	**947.76**	**29.23**	**–**	**(237.15)**	**(63.55)**	**676.29**	**127.70**	**2.84**	176.99	3.64

	As at 31.03.2010 ₹ in millions	As at 31.03.2010 USD in millions [see note 1(b)(d)]	As at 31.12.2008 ₹ in millions	As at 31.12.2008 USD in millions [see note 1(b)(d)]
9. INVESTMENTS				
LONG TERM INVESTMENTS (at Cost)				
Other than trade (Unquoted)				
443,482 (2008 – 443,482) Shares of Bharuch Eco-Aqua Infrastructure Limited of ₹ 10/- each fully paid up	**4.43**	**0.10**	4.43	0.09
6,300 (2008 – 6,300) Shares of Bharuch Enviro Infrastructure Limited of ₹ 10/- each fully paid up	**0.06**	**–**	0.06	–
Nil (2008 – 250) Shares of Kanishka Housing Development Company Limited of ₹ 100/- each fully paid up	**–**	**–**	0.03	–
1,000 (2008 – 1,000) Shares of Saraswat Co-Operative Bank Limited of ₹ 10/- each fully paid up	**0.01**	**–**	0.01	–
300 shares of SKR 100 each (2008 – 300) Shares of Jederstorm, Swiss	**16.14**	**0.36**	16.14	0.33
68 shares of 103 R$ each (2008 – 68) Shares of Banco Real, Brazil	**0.17**	**–**	0.17	–
Investment in Associates				
19,215,000 (2008 – 19,215,000) Equity shares of Swiss Bio Sciences AG (Refer note 28)	**927.49**	**20.63**	911.10	18.70
	948.30	**21.09**	931.94	19.12
10. INVENTORIES				
Raw materials	**2,002.03**	**44.54**	2,252.66	46.25
Packing materials	**465.38**	**10.35**	513.93	10.54
Work-in-progress	**886.22**	**19.72**	814.83	16.73
Finished goods	**4,145.40**	**92.23**	4,534.73	93.10
Stores and spare parts	**155.45**	**3.46**	181.38	3.73
	7,654.48	**170.30**	8,297.53	170.35
11. SUNDRY DEBTORS (Unsecured)				
Sundry debtors considered good	**5,848.07**	**130.11**	8,534.23	175.20
Sundry debtors considered doubtful	**433.40**	**9.64**	491.77	10.10
	6,281.47	**139.75**	9,026.00	185.30
Less: Provision for doubtful debts/charge back	**(433.40)**	**(9.64)**	(491.77)	(10.10)
Sundry Debtors, net of provisions/charge back	**5,848.07**	**130.11**	8,534.23	175.20
12. CASH AND BANK BALANCES				
Cash on hand	**2.06**	**0.05**	2.27	0.05
Balances with Scheduled banks				
— on current accounts	**3,039.36**	**67.62**	1,135.85	23.32
— on margin accounts*	**328.90**	**7.32**	1,921.74	39.45
— on deposit accounts** [including unutilised amount of FCCB ₹ Nil (2008 – ₹ 129.36 million)]	**99.48**	**2.21**	3,439.28	70.60
	3,469.80	**77.20**	6,499.14	133.42

* Out of the above, ₹ 328.80 million (2008 – ₹ 1,921.44 million) are under lien.

** Out of the above, ₹ Nil (2008 – ₹ 2,456.13 million) are under lien.

	As at 31.03.2010 ₹ in millions	As at 31.03.2010 USD in millions [see note 1(b)(d)]	As at 31.12.2008 ₹ in millions	As at 31.12.2008 USD in millions [see note 1(b)(d)]
13. LOANS AND ADVANCES				
(Unsecured, considered good unless stated otherwise)				
Loans to employees*	**77.11**	**1.71**	39.92	0.82
Loans to companies	**184.58**	**4.11**	965.83	19.83
Advances recoverable in cash or in kind or for value to be received**	**3,622.77**	**80.60**	4,443.47	91.21
Accrued income	**78.09**	**1.74**	71.75	1.47
Balance with customs and excise authorities	**136.06**	**3.03**	188.10	3.86
Minimum alternate tax (MAT) credit entitlement	**199.16**	**4.43**	199.16	4.09
Advance taxes (including tax deducted at source) – net of provisions for tax***	**397.47**	**8.84**	215.51	4.42
Other deposits	**159.20**	**3.54**	182.26	3.74
	4,854.44	**108.00**	6,306.00	129.44

* Loans/advances to employees include excess remuneration paid to directors ₹ 50.69 million (2008 – ₹ 23.12 million) [maximum amount outstanding during the period ₹ 50.69 million (2008 – ₹ 23.12 million)].

An application was made to Central Government for approval for payment of managerial remuneration to Mr. H. F. Khorakiwala, Chairman aggregating to ₹ 15.20 million and Mr. Rajiv Gandhi, Director – Corporate Finance and Information aggregating ₹ 7.92 million for the financial year ended 31st December 2008. The Ministry of Corporate Affairs ("the Central Government") vide their letter in March 2010, approved managerial remuneration upto the permissible limit under Schedule XIII of the Companies Act, 1956 and directed that remuneration received by them in excess of Schedule XIII was required to be refunded to the Company. An application has been made to the Central Government for review and reconsideration of that decision, which is currently pending.

The applications for approval of payment of managerial remuneration to Mr. H. F. Khorakiwala, Chairman, Dr. Murtaza Khorakiwala, Managing Director, Mr. Huzaifa Khorakiwala, Executive Director and Mr. Rajiv Gandhi, Director – Corporate Finance and Information for the financial year 2009-10 were submitted to Central Government. The Ministry of Corporate Affairs ("the Central Government") vide their letter in March 2010, approved managerial remuneration upto the permissible limit under Schedule XIII of the Companies Act, 1956. An application has been made to the Central Government for review and reconsideration, which is currently pending.

** Advances recoverable in cash or in kind includes deposit/advance given to Carol Info Services Limited, the Company under same management ₹ 475.52 million (2008 – ₹ 275 million) [maximum outstanding during the period ₹ 475.52 million (2008 – ₹ 275 million)].

*** Advance Taxes are after netting off provisions for taxes of ₹ 1,691.86 million (2008 – ₹ 1,550.54 million). Tax assets and liabilities are in accordance with respective countries Tax Legislations.

	As at 31.03.2010 ₹ in millions	As at 31.03.2010 USD in millions [see note 1(b)(d)]	As at 31.12.2008 ₹ in millions	As at 31.12.2008 USD in millions [see note 1(b)(d)]
14. CURRENT LIABILITIES AND PROVISIONS				
CURRENT LIABILITIES				
Sundry creditors	**4,354.45**	**96.88**	5,234.52	107.46
Lease finance	**42.03**	**0.94**	66.09	1.36
Security deposits	**142.85**	**3.17**	165.12	3.39
Investor education and protection fund shall be credited as & when due by the following amounts:				
Unclaimed dividends	**12.60**	**0.28**	13.90	0.29
Interest accrued but not due	**102.99**	**2.29**	221.15	4.54
Other liabilities	**3,445.24**	**76.65**	2,863.31	58.78
	8,100.16	**180.21**	8,564.09	175.82
PROVISIONS				
Provision on Marked to Market Losses on Derivative Instruments	**303.26**	**6.75**	4,586.97	94.17
Provision for premium payable on Foreign Currency Convertible Bonds	**–**	**–**	1,294.91	26.58
Provision for retirement benefits	**219.94**	**4.89**	214.04	4.39
Other provision (Refer Note 26)	**105.41**	**2.35**	92.24	1.89
	628.61	**13.99**	6,188.16	127.03
	8,728.77	**194.20**	14,752.25	302.85

	For the period ended 31.03.2010 ₹ in millions	For the period ended 31.03.2010 USD in millions [see note 1(b)(d)]	For the year ended 31.12.2008 ₹ in millions	For the year ended 31.12.2008 USD in millions [see note 1(b)(d)]
15. OTHER INCOMES				
Dividends received on investments	**0.01**	**–**	0.02	–
Profit/(Loss) on sale of assets	**36.09**	**0.80**	9.71	0.20
Miscellaneous income	**157.43**	**3.50**	100.77	2.07
Interest Income	**101.71**	**2.26**	245.35	5.04
	295.24	**6.56**	355.85	7.31
16. MATERIAL CONSUMED AND PURCHASE OF GOODS				
Consumption of raw and packing materials	**11,840.69**	**263.43**	8,054.39	165.35
Purchase of finished goods	**7,569.10**	**168.40**	5,846.52	120.02
	19,409.79	**431.83**	13,900.91	285.37
17. (INCREASE)/DECREASE IN INVENTORIES				
Inventories as at December 31, 2008				
Finished goods	**4,534.73**	**100.89**	4,297.94	88.24
Work-in-progress	**814.83**	**18.13**	763.76	15.68
Less: Excise duty on opening stock	**(12.62)**	**(0.28)**	(22.12)	(0.45)
	5,336.94	**118.74**	5,039.58	103.47
Inventories as at March 31, 2010				
Finished goods	**(4,145.40)**	**(92.23)**	(4,534.73)	(93.10)
Work-in-progress	**(886.22)**	**(19.72)**	(814.83)	(16.73)
Less: Excise duty on closing stock	**10.26**	**0.23**	12.62	0.26
	(5,021.36)	**(111.72)**	(5,336.94)	(109.57)
	315.58	**7.02**	(297.36)	(6.10)
18. OPERATING AND OTHER EXPENSES				
Employee costs	**7,352.67**	**163.58**	6,320.31	129.75
Travelling expenses	**642.70**	**14.30**	657.24	13.49
Freight and forwarding	**559.71**	**12.45**	704.52	14.46
Selling and distribution	**1,299.16**	**28.90**	1,203.26	24.70
Commission on sales	**339.22**	**7.55**	275.48	5.66
Power and fuel	**583.62**	**12.98**	569.90	11.70
Rent, Rates and taxes	**523.17**	**11.64**	445.04	9.14
Repairs and maintenance:				
Machinery	**169.19**	**3.76**	190.35	3.91
Buildings	**45.83**	**1.02**	33.92	0.70
Others	**200.51**	**4.46**	189.14	3.88
Stores and spare parts consumed	**430.89**	**9.59**	404.37	8.30
Insurance	**233.61**	**5.20**	179.75	3.69
Manufacturing expenses	**504.62**	**11.23**	557.32	11.44
Consultancy charges	**885.24**	**19.69**	472.83	9.71
Bad debts	**105.79**	**2.35**	154.06	3.16
Miscellaneous expenses	**3,181.49**	**70.78**	2,081.50	42.74
	17,057.42	**379.48**	14,438.99	296.43
19. FINANCIAL EXPENSES				
Interest paid				
On Term Loans	**1,138.70**	**25.33**	976.30	20.04
On Debentures	**272.95**	**6.07**	99.34	2.04
Other Loans	**2,013.18**	**44.79**	1,515.06	31.10
	3,424.83	**76.19**	2,590.70	53.18

		For the period ended 31.03.2010 ₹ in millions	For the period ended 31.03.2010 USD in millions	For the year ended 31.12.2008 ₹ in millions	For the year ended 31.12.2008 USD in millions
20.	**(a) Annual commitments under non-cancellable operating leases are:**				
	Less than 1 year	**34.83**	**0.77**	66.21	1.36
	More than 1 year but less than 5 years	**42.39**	**0.94**	142.80	2.93
	More than 5 years	**1.45**	**0.04**	55.13	1.13
		78.67	**1.75**	264.14	5.42
	(b) Annual commitments under finance leases are:				
	In 1 year or less	**1.02**	**0.02**	10.29	0.21
	More than 1 year but less than 5 years	**0.95**	**0.02**	56.36	1.16
	More than 5 years	**0.48**	**0.01**	8.28	0.17
		2.45	**0.05**	74.93	1.54
	Less: Finance charge	**0.23**	**–**	1.30	0.03
	Present value of minimum lease payments	**2.22**	**0.05**	73.63	1.51
21.	**EXPENDITURE ON RESEARCH AND DEVELOPMENT**				
	Capital	**954.75**	**21.24**	908.10	18.64
	Revenue	**667.63**	**14.85**	512.66	10.52
		1,622.38	**36.09**	1,420.76	29.16

22. EARNINGS PER SHARE

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

	31.03.2010 ₹ in millions	31.03.2010 USD in millions	31.12.2008 ₹ in millions	31.12.2008 USD in millions
Reconciliation of earnings				
Profit/(Loss) after tax for the period	**(10,006.63)**	**(222.62)**	(1,388.58)	(28.48)
Less: Preference dividends	**(0.12)**	**(–)**	–	–
Net profit attributable to equity shareholders	**(10,006.75)**	**(222.62)**	(1,388.58)	(28.48)
Weighted average number of shares	**Shares**		Shares	
Weighted average number of shares for calculating EPS	**109,435,903**		109,435,903	
	109,435,903		109,435,903	
Earnings per share (nominal value ₹ 5/- each)				
Earning per share – Basic and diluted	**(91.44)**	**(2.03)**	(12.69)	(0.26)

Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS) are not considered for calculating diluted earnings per share since conversion of shares is contingent in nature and number of shares currently cannot be ascertained as conversion price would be determined as per the SEBI formula on conversion date.

23. SEGMENT INFORMATION

(i) **Information about Primary Segments**

The Company is primarily engaged in pharmaceutical business which is considered as the only reportable business segment as per Accounting Standard – AS 17 'Segment Reporting' notified by Companies (Accounting Standards) Rules, 2006.

(ii) **Information about Secondary Segments**

Sales by market – The following is the distribution of the Company's sale by geographical market regardless of where the goods were produced:

Geographical segment	For the period ended 31.03.2010 ₹ in millions	For the period ended 31.03.2010 USD in millions	For the year ended 31.12.2008 ₹ in millions	For the year ended 31.12.2008 USD in millions
India	**11,411.68**	**253.88**	9,659.14	198.30
USA/Western Europe	**31,021.60**	**690.18**	24,820.33	509.55
Rest of the World	**2,580.94**	**57.42**	1,418.32	29.12
Total	**45,014.22**	**1,001.48**	35,897.79	736.97

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

	India ₹ in millions	India USD in millions	Others ₹ in millions	Others USD in millions
Carrying amount of segment assets	**23,832.35**	**530.23**	**31,312.75**	**696.65**
	(27,944.43)	(573.69)	(38,921.16)	(799.04)
Additions to tangible and intangible assets	**831.78**	**18.51**	**312.98**	**6.96**
	(1,967.79)	(40.40)	(1,113.94)	(22.87)

(iii) **Notes:**

Geographical segments:

Secondary segmental reporting is performed on the basis of the geographical location of customers. The management views the Indian market and export markets as distinct geographical segments.

Segment assets:

Segment assets include all operating assets used by a segment and consist principally of debtors, inventories, advances and fixed assets, net of allowances. Assets at the corporate level are not allocable to segments on a reasonable basis and thus the same have not been allocated.

Figures in brackets represent prior year comparatives.

24. RELATED PARTY DISCLOSURES

(a) **Parties where control exists**

Holding company

Khorakiwala Holdings and Investments Private Limited

(b) **Related party relationships where transactions have taken place during the period**

Enterprises over which Key Managerial Personnel exercising significant influence

Palanpur Holdings and Investments Private Limited
Wockhardt Hospitals Limited
Merind Limited

Fellow Subsidiary

Carol Info Services Limited

Key management personnel

H. F. Khorakiwala, Chairman
Huzaifa Khorakiwala, Executive Director w.e.f. March 31, 2009
Murtaza Khorakiwala, Managing Director w.e.f. March 31, 2009
Rajiv B. Gandhi, Whole Time Director (upto March 31, 2010)

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

	31.03.2010 ₹ in millions	31.03.2010 USD in millions	31.12.2008 ₹ in millions	31.12.2008 USD in millions
Holding company				
Dividend Paid	**–**	**–**	174.29	3.58
Fellow Subsidiary				
Loan Licensee paid [Carol Info Services Ltd. ₹ 174.78 million (2008 – ₹ 89.59 million)]	**174.78**	**3.89**	89.59	1.84
Rent paid [Carol Info Services Ltd. ₹ 66.78 million (2008 – ₹ 54.31 million)]	**66.78**	**1.49**	54.31	1.11
Security deposit given [Carol Info Services Ltd. ₹ Nil (2008 – ₹ 275 million)]	**–**	**–**	275.00	5.65
Advance given [Carol Info Services Ltd. ₹ 200.52 million (2008 – ₹ Nil)]	**200.52**	**4.46**	–	–
Key management personnel				
Remuneration paid	**49.64**	**1.10**	29.31	0.60
Remuneration to Chairman ₹ 27.53 million (2008 – ₹ 18.46 million), Remuneration to Whole Time Director ₹ 13.79 million (2008 – ₹ 10.85 million), Remuneration paid to Managing Director ₹ 4.16 million (2008 – ₹ Nil), Remuneration paid to Executive Director ₹ 4.16 million (2008 – ₹ Nil)]				
Irrevocable personal guarantee given by Chairman ₹ 14,108.55 million (2008 – ₹ Nil)	**14,108.55**	**313.89**	–	–

	31.03.2010 ₹ in millions	31.03.2010 USD in millions	31.12.2008 ₹ in millions	31.12.2008 USD in millions
Enterprise over which Key Managerial Personnel exercising significant influence				
Rent paid [Palanpur Holdings and Investments Private Limited ₹ 0.98 million (2008 – ₹ 1.08 million), Merind Limited ₹ 1.77 million (2008 – ₹ 1.42 million)]	**2.75**	**0.06**	2.50	0.05
Sale [Wockhardt Hospitals Limited ₹ 2.02 million (2008 – ₹ 1.70 million)]	**2.02**	**0.04**	1.70	0.03
Reimbursement of Expenses [Merind Limited ₹ 31.48 million (2008 – ₹ 33.28 million)]	**31.48**	**0.70**	33.28	0.68
Purchase of Fixed Assets [Merind Limited ₹ 4.62 million (2008 – ₹ 7.03 million)]	**4.62**	**0.10**	7.03	0.14
Security Deposit Given [Merind Limited ₹ Nil (2008 – ₹ 280 million)]	**–**	**–**	280.00	5.75
Security Deposit received back [Merind Limited ₹ Nil (2008 – ₹ 280 million)]	**–**	**–**	280.00	5.75
Corporate guarantee given by Palanpur Holdings and Investments Private Limited ₹ 14,108.55 million (2008 – ₹ Nil)	**14,108.55**	**313.89**	–	–
(d) **Related party balances**				
Receivable from fellow subsidiary [Carol Info Services Ltd. ₹ 475.52 milllion (2008 – ₹ 252.99 million)]	**475.52**	**10.58**	252.99	5.19
Payable to enterprise over which key managerial personnel exercising significant influence [Palanpur Holdings and Investments Private Limited ₹ Nil (2008 – ₹ 0.08 million), Merind Limited ₹ 4.89 million (2008 – ₹ 0.62 million)]	**(4.89)**	**(0.11)**	(0.70)	(0.01)
Receivable from enterprise over which key managerial personnel exercising significant influence [Wockhardt Hospitals Limited ₹ 0.40 million (2008 – ₹ 0.19 million)]	**0.40**	**0.01**	0.19	–
Enterprises over which Key Managerial Personnel exercising significant influence Security Deposit receivable [Palanpur Holdings and Investments Private Limited ₹ 27.50 million (2008 – ₹ 27.50 million)]	**27.50**	**0.61**	27.50	0.56
Receivable from Key management personnel –	**50.69**	**1.13**	23.12	0.47
Chairman – ₹ 35.65 million (2008 – ₹ 15.20 million)				
Whole Time Director – ₹ 15.04 million (2008 – ₹ 7.92 million)				

25. Exceptional items mainly comprises of Marked to Market/Realised loss of ₹ 11,570.97 million (2008 – ₹ 5,809.91 million), profit on sale of animal health division ₹ 1,570.97 million, profit on sale of business of esparma GmbH, Germany ₹ 98.66 million, Impairment of Goodwill of Wockhardt France (Holdings) S.A.S. ₹ 2,661.74 million.

26. Provision for Sales Return on date Expiry – Opening Balance ₹ 92.24 million (2008 – ₹ 75 million), Additions during the period ₹ 120.29 million (2008 – ₹ 109.26 million), Utilised during the period ₹ 107.12 million (2008 – ₹ 92.02 million), Closing balance ₹ 105.41 million (2008 – ₹ 92.24 million).

27. CAPITAL COMMITMENTS

Estimated amount of Contracts remaining to be executed on Capital account not provided for ₹ 66.56 million (2008 – ₹ 306.59 million).

28. INVESTMENT IN ASSOCIATE COMPANIES

Investment in associate include goodwill of ₹ 543.21 million (2008 – ₹ 543.21 million). The holding interest of Wockhardt group in Swiss Bio Sciences AG is 45% (2008 – 45%).

29. CONTINGENT LIABILITIES NOT PROVIDED FOR:

(a) Demands by Central Excise authorities in respect of Classification/Valuation/Cenvat Credit related disputes; stay orders have been obtained by Wockhardt Limited in case of demands which have been confirmed – ₹ 51.80 million (2008 – ₹ 84.97 million).

(b) Demand by Income tax authorities ₹ 815.90 million (2008 – ₹ 661.07 million) disputed by Wockhardt Limited.
(c) A Government grant of ₹ 37.18 million (2008 – ₹ 46.98 million) received by Pinewood Limited, which pertains to periods prior to acquisition, is repayable only if certain conditions are not fulfilled.
(d) Contingent liability in respect of VAT for Wockhardt UK Holding Limited and its subsidiaries amounts ₹ Nil (2008 – ₹ 27.40 million).
(e) Certain derivative/hedging contracts have been unilaterally cancelled by the banks. The Company and its subsidiary has treated the demand of ₹ 9,607.00 million (2008 – ₹ 4,895.24 million) as a contingent liability and has not acknowledged as debt, since the liability cannot be currently ascertained even on a best effort basis till the final outcome of the matter.
The Company is of the view that these are contingent liabilities as these arise from past events and existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within control of the Company and therefore, has not acknowledged these claims against Company as debts.
(f) In view of the losses incurred by the Company, no provision for dividend on preference share has been made by the Company. Following are the details of preference dividend:

Type of Preference Shares	Series	₹ in millions
Non Convertible Cumulative Redeemable Preference Shares (NCRPS)	NCRPS-1 to NCRPS-5	**0.07**
Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS)	OCCRPS-1 to OCCRPS-2	**0.05**
TOTAL		**0.12**

30. EMPLOYEE BENEFITS

(A) Defined Benefit Plans:

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

Notes: (a) Amounts recognized as an expense and included in the Schedule 18:
“Retirement benefits” are gratuity ₹ 13.44 million (2008 – ₹ 26.50 million), Leave Encashment ₹ 69.22 million (2008 – ₹ 28.15 million).
(b) The estimates of future salary increases considered in the actuarial valuation take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(B) Defined contribution plan:
Amount recognised as an expense and included in the Schedule 18 – “Contribution to provident and other funds” of Profit and Loss Account ₹ 93.95 million (2008 – ₹ 83.63 million).

	2010 ₹ in millions	**2008 ₹ in millions**	**2007 ₹ in millions**
(C) Details for the current and previous two years are as follows:			
Defined benefit obligation	**(110.04)**	(112.82)	(94.62)
Surplus/(deficit)	**(110.04)**	(112.82)	(94.62)
Experience adjustment on plan liabilities (gain)/loss	**(6.89)**	0.09	5.76

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

31. DISCLOSURE REGARDING DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

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

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

	31.03.2010		31.12.2008	
No. of contracts	–		1	
Notional principal in Foreign Currency	**Amt. in Foreign Currency (in millions)**	**₹ in millions**	**Amt. in Foreign Currency (in millions)**	**₹ in millions**
USD	–	–	20.00	981.30

(b) Outstanding Derivative contract details (other than forward exchange contracts stated above)

	31.03.2010		31.12.2008	
No. of contracts	32		136	
Notional principal in Foreign Currency	**Amt. in Foreign Currency (in millions), net**	**₹ in millions**	**Amt. in Foreign Currency (in millions), net**	**₹ in millions**
USD	**390.25**	**17,540.72**	1,220.55	59,453.00
EUR	**143.00**	**8,658.94**	401.80	27,012.61
GBP	**60.00**	**4,082.94**	106.00	7,487.84
JPY			4,130.00	2,207.07
CHF			10.00	452.13
AUD			10.00	333.63

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

	As at 31.03.2010			As at 31.12.2008	
Particulars	**Currency**	**Amt. in Foreign Currency (in millions)**	**₹ in millions**	**Amt. in Foreign Currency (in millions)**	**₹ in millions**
Loan Availed	**USD**	**252.30**	**11,340.23**	263.60	12,839.89
Interest Payable	**USD**	**1.00**	**44.79**	0.47	22.80
Sundry Debtors	**ACU**	**0.07**	**3.16**	0.05	2.47
	AUD	**0.01**	**0.57**	0.01	0.46
	CHF	**–**	**–**	0.43	19.54
	EUR	**1.53**	**92.62**	1.69	113.62
	GBP	**6.10**	**415.11**	26.24	1,853.59
	USD	**18.94**	**851.39**	26.70	1,300.60
Loans and Advances	**EUR**	**1.09**	**66.00**	44.51	2,992.25
	USD	**1.35**	**60.62**	0.72	35.07
	CHF	**0.004**	**0.18**	0.05	2.25
	GBP	**0.39**	**26.60**	0.02	1.75
	JPY	**1.49**	**0.72**	6.41	3.42
	SEK	**–**	**–**	0.23	1.45
Sundry Creditors	**ACU**	**0.001**	**0.07**	0.001	0.03
	SGD	**0.001**	**0.04**	–	–
	CAD	**–**	**–**	0.01	0.27
	CHF	**0.01**	**0.60**	0.02	0.69
	EUR	**4.92**	**298.07**	5.19	348.92
	GBP	**1.72**	**116.70**	9.16	647.10
	JPY	**13.35**	**6.43**	3.05	1.63
	SEK	**–**	**–**	0.23	1.45
	USD	**13.55**	**609.04**	2.51	122.26
Foreign Currency Convertible Bonds	**USD**	–	–	108.50	5,285.04
Bank Balance	**USD**	**1.49**	**66.75**	0.71	34.34
	EUR	**0.10**	**5.81**	0.30	20.03
	GBP	**5.31**	**361.27**	5.08	359.15
Time Deposit	**USD**	**2.05**	**92.10**	16.63	809.84

32. Corporate Debt Restructuring (CDR) Scheme is effective from April 15, 2009. The outstanding liabilities of the Company are being restructured under the aegis of Corporate Debt Restructuring (CDR) Scheme. As required under the Scheme the Master Restructuring Agreement (MRA) and other necessary documents have been executed and effective. The CDR scheme comprehensively covers the FCCB liabilities and crystallized derivatives/ hedging liabilities.

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

34. (i) Pursuant to adverse market developments, the Company tested it's carrying value of goodwill at Wockhardt France (Holdings) S.A.S. cash generating unit (CGU) for impairment. The impairment testing indicated that the carrying value of goodwill was higher than it's recoverable value and accordingly, the Company has recorded an impairment loss with respect to goodwill amounting to ₹ 2,661.74 million as at March 31, 2010. Against the patent challenge to one of our products, Wockhardt France (Holdings) S.A.S., has appealed and the outcome of the hearing is awaited. The management is ready with contingency and restructuring plans combined with immediate and long term strategy.

(ii) Regarding the change in the refund rate by the French social security, it would not have any material impact on sales since the difference is covered by medical insurance company.

(iii) With respect to financial covenants, one ratio is met, but both ratios have shown strong improvement from year 2008, and the Company maintains a positive cash flow.

35. Wockhardt EU Operations (Swiss) AG has a bank loan of USD 250 million, a part of which was due for repayment on February 15, 2010. Presently, the Company is renegotiating the terms & conditions and the management is confident about successful conclusion of such negotiations.

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

(a) During the period, Company has increased authorised share capital to ₹ 9,250 million from ₹ 1,250 million in the nature of Preference Share Capital.

(b) During the period under review, 1,337,158,480 preference shares of ₹ 5/- each fully paid up were issued pursuant to approved CDR package against various liabilities of the Company as per the details given below:

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

The Preference Share holders shall have the right to convert OCCRPS Series 1, along with accumulated dividend, into fully paid equity shares of the Company, in one or more tranches. commencing October 25, 2015 till December 31, 2018, at conversion price as per the then applicable SEBI formula on the date of conversion. The said shares, in case not converted, shall get redeemed along with accumulated dividend on December 31, 2018 without any redemption premium.

The Deemed Date of allotment is 25th October, 2009.

(ii) 215,608,331 0.01% Optionally Convertible Cumulative Redeemable Preference shares (OCCRPS Series 2), on the following terms and conditions:

The Preference Share holders shall have the right to convert OCCRPS Series 2, along with accumulated dividend, into fully paid equity shares of the Company, in one or more tranches, commencing July 4, 2016 till December 31, 2018, at conversion price as per the then applicable SEBI formula on the date of conversion. The said shares, in case not converted, shall get redeemed along with accumulated dividend on December 31, 2018 without any redemption premium.

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

(iv) 19,507,036 0.01%, Non-Convertible Cumulative Redeemable Preference shares (NCRPS Series 2), which shall be redeemed at a premium of 20% of the face value along with cumulative dividend on December 31, 2018.

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

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

(vii) 140,000,000 0.01% Non-Convertible Cumulative Redeemable Preference shares (NCRPS Series 5), which shall be redeemed at a premium of 20% of the face value along with cumulative dividend on March 31, 2019.

37. PREVIOUS YEAR COMPARATIVES

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

For and on behalf of the Board of Directors

H. F. Khorakiwala
Chairman

Huzaifa Khorakiwala
Executive Director

Murtaza Khorakiwala
Managing Director

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

Place : Mumbai
Date : May 20, 2010

J. B. Manmadkar
Company Secretary

AUDITORS' REPORT

To
The Members of Wockhardt Limited

1. We have audited the attached Balance Sheet of Wockhardt Limited ('the Company') as at March 31, 2010 and also the Profit and Loss Account and the cash flow statement for the period ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

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

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

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

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

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

   (v) On the basis of the written representations received from the directors, as on March 31, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

5. Without qualifying our opinion, we draw attention

   (a) to Note 32 of the financial statements, wherein as explained, the Company's outstanding liabilities are being restructured under the aegis of Corporate Debt Restructuring Scheme (CDR) with effect from April 15, 2009 and as required by the Scheme, the Master Restructuring Agreement (MRA) and other necessary documents have been executed and are effective.

   (b) to Note 36 of the financial statements, wherein as explained, certain lenders have filed winding up petitions against the Company in Bombay High Court and the Company has filed affidavit in reply. The matter is sub judice and outcome of which cannot be currently ascertained.

   The Company's ability to continue as a going concern is dependent on the Company being able to successfully implement the actions proposed in the CDR Scheme and outcome of winding up petition in favour of the Company.

6. *(a) With regard to outstanding derivative contracts as on March 31, 2010, the premiums aggregating ₹ 1,843.79 million are unconfirmed and we are informed that the relevant documents are being put in place. The consequential effect of subsequent adjustment/s – if any – on relevant assets and liabilities and loss for the period is not ascertainable.*

   (b) In respect of crystallized derivative losses of ₹ 11,303.80 million forming part of 'exceptional items', we have relied on appropriate written representations.

7. *As explained in Note 35(e) to the financial statements, the Company had, on certain derivative contracts with banks, stopped payment of margins called by the banks. The banks, based on the Early Termination clause in the agreement, terminated these contracts and claimed an amount of ₹ 8,483.22 million, being the loss incurred on termination of such contracts, which the Company has disputed and not acknowledged as debt.*

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

8. In our opinion, and to the best of our information and according to the explanations given to us, *subject to the matter included in paragraph 6 and 7 above, the effect of which cannot be currently ascertained,* the said accounts give the information required by the Act in the manner so required and also give a true and fair view in conformity with the accounting principles generally accepted in India;

   (a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2010;

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

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

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

Shailesh Haribhakti
Partner
Membership No. 30823

Place : Mumbai
Date : May 20, 2010

ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph 3 of the Auditors' Report of even date to the members of **WOCKHARDT LIMITED** on the financial statements for the period ended 31st March, 2010.

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

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

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

(ii) (a) The inventory (excluding stocks with third parties) has been physically verified by the management during the period. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory and as informed, no material discrepancies were noticed on such physical verification carried out.

(iii) (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.

(b) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.

(iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct any major weaknesses in aforesaid internal control system of the Company.

(v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 that need to be entered into the register maintained under Section 301 have been so entered.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of ₹ five lakhs have been entered during the period at prices which are reasonable having regard to the prevailing market prices at the relevant time.

(vi) The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business, *except that scope needs to be enlarged in respect of Treasury Operations.*

(viii) We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

(ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.

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

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the end of the period, for more than six months from the date they became payable.

(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ in millions)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act, 1944	Reversal of CENVAT credit	0.40	April 1999 to August 1999	Commissioner Appeal
	Penalty for classification	3.66	February 2001 to February 2003	CESTAT
	Differential Duty	21.92	November 1996 to April 1998	Commissioner
	Education Cess	0.24	July 2004 to August 2004	Deputy Commissioner
	Penalty for valuation	3.62	December 2001 to January 2004	Additional Commissioner
	Demand and Penalty for classification	21.96	September 1991 to July 1993	CESTAT

Name of the statute	Nature of dues	Amount (₹ in millions)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Demand under Section 143(3)	36.42	April 2001 to March 2002	High Court
	Demand under Section 143(3)	47.90	April 2004 to March 2005	Commissioner of Income Tax (Appeals)
	Demand under Section 143(3)	231.21	April 2005 to March 2006	Commissioner of Income Tax (Appeals)
	Demand under Section 143(3)	128.01	April 2006 to March 2007	Commissioner of Income Tax (Appeals)

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

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

(b) With respect to Foreign Currency Convertible Bonds aggregating ₹ 4,464.02 million which were due for repayment in October 2009, no repayment has been made and as informed, CDR Scheme comprehensively covers FCCB liabilities.

(c) As informed, the Company is in dispute with certain lenders whose liabilities as per books of accounts aggregate ₹ 1,490.70 million. Further, as stated in Note 35(e), the Company has not acknowledged as debt the demand raised on account of unilateral termination of certain derivative contracts. We are unable to comment in respect of such liabilities whether there has been any default in view of the dispute.

(xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company, for loans taken by others from banks or financial institutions during the period, are not prejudicial to the interest of the Company.

(xvi) In our opinion, the term loans have been applied for the purpose for which the loans were raised.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

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

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

(xx) The Company has not made any public issues during the period covered under our audit.

(xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the period, nor have we been informed of such case by the management.

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

Shailesh Haribhakti
Partner
Membership No. 30823

Place : Mumbai
Date : May 20, 2010

BALANCE SHEET

As at March 31, 2010

(All amounts in millions of Indian ₹)

	Notes	As at March 31, 2010	As at December 31, 2008
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	2	**7,232.97**	547.18
Reserves and surplus	3	**399.48**	9,193.07
		7,632.45	9,740.25
LOAN FUNDS			
Secured loans	4	**15,343.29**	7,491.47
Unsecured loans	5	**4,638.07**	10,714.93
		19,981.36	18,206.40
DEFERRED TAX LIABILITY (Net)	1(h) & 6	**–**	–
TOTAL		**27,613.81**	27,946.65
APPLICATION OF FUNDS			
FIXED ASSETS	1(a) & 7		
Gross block		**10,318.22**	9,589.53
Accumulated depreciation		**(3,166.01)**	(2,441.73)
Net block		**7,152.21**	7,147.80
Capital work-in-progress including capital advances		**4,628.83**	3,991.46
		11,781.04	11,139.26
INVESTMENTS	1(c) & 8	**3,156.44**	3,026.04
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	1(d) & 9	**3,059.72**	2,570.82
Sundry debtors	10	**4,635.91**	4,594.50
Cash and bank balances	11	**989.52**	4,740.79
Loans and advances to subsidiaries	20(j)	**2,155.41**	3,292.25
Other Loans and advances	12	**4,260.58**	5,625.27
[A]		**15,101.14**	20,823.63
Less: **CURRENT LIABILITIES AND PROVISIONS**	13		
Current Liabilities		**3,912.34**	4,171.12
Provisions		**628.61**	5,838.75
[B]		**4,540.95**	10,009.87
NET CURRENT ASSETS [A] - [B]		**10,560.19**	10,813.76
PROFIT AND LOSS ACCOUNT		**2,116.14**	2,967.59
TOTAL		**27,613.81**	27,946.65

The notes from 1 to 37 form an integral part of the Balance Sheet.

As per our attached report of even date

For Haribhakti & Co.
Chartered Accountants

Shailesh Haribhakti
Partner

Place : Mumbai
Date : May 20, 2010

J. B. Manmadkar
Company Secretary

For and on behalf of the Board of Directors

H. F. Khorakiwala
Chairman

Huzaifa Khorakiwala
Executive Director

Murtaza Khorakiwala
Managing Director

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

WOCKHARDT

PROFIT AND LOSS ACCOUNT

For the Period Ended March 31, 2010

(All amounts in millions of Indian ₹)

	Notes	For the period ended March 31, 2010	For the year ended December 31, 2008
INCOME			
Sales and services	1(f)	**18,729.84**	14,531.29
Add/(Less): Excise Duty		**(44.78)**	(85.83)
		18,685.06	14,445.46
Other income	14	**333.87**	415.98
TOTAL		**19,018.93**	14,861.44
EXPENDITURE			
Materials consumed and purchase of goods	15	**8,996.74**	6,623.11
(Increase)/decrease in inventories	1(d) & 16	**(292.28)**	140.19
Operating and other expenses	17	**5,064.97**	4,400.62
Research and development expenses	18	**399.08**	299.68
		14,168.51	11,463.60
PROFIT BEFORE DEPRECIATION, INTEREST AND TAX		**4,850.42**	3,397.84
Less: Depreciation/Amortisation	1(a) & 7	**710.48**	460.28
PROFIT BEFORE INTEREST AND TAX		**4,139.94**	2,937.56
(Add)/Less: Exchange fluctuation, net		**180.07**	558.39
(Add)/Less: FCCB premium		**268.30**	1,294.91
(Add)/Less: Financial expenses	19	**2,319.73**	1,216.71
PROFIT/(LOSS) BEFORE EXCEPTIONAL ITEMS AND TAX		**1,371.84**	(132.45)
Less: Exceptional Items	22	**9,305.24**	4,438.33
PROFIT/(LOSS) BEFORE TAX		**(7,933.40)**	(4,570.78)
Provision for tax:	1(h)		
Current tax		**–**	–
Deferred tax		**–**	1,121.21
Fringe benefit tax		**(8.74)**	(38.01)
NET PROFIT/(LOSS) AFTER TAX		**(7,942.14)**	(3,487.58)
Balance brought forward from previous year		**(2,967.59)**	519.99
PROFIT AVAILABLE FOR APPROPRIATION		**(10,909.73)**	(2,967.59)
APPROPRIATIONS			
Transferred from general reserve		**(8,793.59)**	–
Surplus/(deficit) carried to Balance Sheet		**(2,116.14)**	(2,967.59)
		(10,909.73)	(2,967.59)
Earnings per share	21		
– Earnings per share in ₹ – Basic		**(72.57)**	(31.87)
– Earnings per share in ₹ – Diluted		**(72.57)**	(31.87)
Nominal Value of shares in ₹		**5.00**	5.00

The notes from 1 to 37 form an integral part of the Profit and Loss Account.

As per our attached report of even date

For Haribhakti & Co.
Chartered Accountants

Shailesh Haribhakti
Partner

Place: Mumbai
Date : May 20, 2010

J. B. Manmadkar
Company Secretary

For and on behalf of the Board of Directors

H. F. Khorakiwala
Chairman

Huzaifa Khorakiwala
Executive Director

Murtaza Khorakiwala
Managing Director

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

CASH FLOW STATEMENT

For the Period Ended March 31, 2010

(All amounts in millions of Indian ₹)

		For the period ended March 31, 2010	For the year ended December 31, 2008
A.	**CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES:**		
	Net Profit/(Loss) before tax	**(7,933.40)**	(4,570.78)
	Adjustments for:		
	Depreciation/Amortisation	**710.48**	460.28
	Amortisation of expenses	**10.08**	12.09
	Liabilities no more payable	**(25.37)**	–
	Provision for doubtful debts and bad debts written off	**204.18**	27.86
	(Profit)/loss on sale of fixed assets, net	**(156.70)**	1.07
	(Profit)/loss on sale of Animal Health Division	**(1,570.97)**	–
	Interest expense	**2,319.73**	1,216.71
	Interest income	**(260.86)**	(313.11)
	Dividend income	**(0.01)**	(0.02)
	Fixed assets written off	**–**	0.29
	Provision for marked to market loss	**303.26**	4,256.32
	Realised derivative loss	**3,691.01**	–
	Exchange fluctuation, net	**180.07**	558.39
	Product development expenses written off	**74.79**	76.45
	FCCB Premium	**268.30**	1,294.91
	Depreciation considered for product development expenses	**61.43**	50.33
	Operating profit before working capital changes	**(2,123.98)**	3,070.79
	Movement in working capital		
	(Increase)/decrease in inventories	**(572.54)**	53.40
	(Increase)/decrease in sundry debtors	**(784.08)**	(498.67)
	(Increase)/decrease in loans and advances	**450.92**	(3,164.68)
	Increase/(decrease) in current liabilities and provisions	**(4,204.27)**	1,393.09
	Cash generated from operations	**(7,233.95)**	853.93
	Direct taxes paid, including fringe benefit tax	**(102.61)**	(174.84)
	Net cash used in operating activities	**(7,336.56)**	679.09
B.	**CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES:**		
	Purchase of fixed assets including capital work-in-progress	**(1,539.15)**	(2,626.48)
	Proceeds from sale of fixed assets	**206.78**	5.52
	Proceeds from sale of Animal Health Division	**1,662.50**	–
	Investments in Subsidiaries	**–**	(1.38)
	Proceeds from sale of investments	**0.03**	–
	(Loans to)/Repayment by subsidiaries/companies	**2,120.29**	(2,646.61)
	Margin money and fixed deposits under lien	**4,048.77**	(4,348.34)
	Interest received	**107.82**	144.46
	Dividend received	**0.01**	0.02
	Net cash from/(used in) investing activities	**6,607.05**	(9,472.81)

		For the period ended March 31, 2010	For the year ended December 31, 2008
C. CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES:			
Proceeds from issuance of share capital		**700.00**	–
Proceeds from borrowings		**7,530.61**	11,095.15
Repayment of borrowings		**(4,882.58)**	(2,317.58)
Interest paid		**(2,313.45)**	(1,029.81)
Dividend paid (Including tax on dividend)		**(1.26)**	(321.66)
Net cash from/(used in) financing activities		**1,033.32**	7,426.10
Net Increase In Cash And Cash Equivalents	(A+B+C)	**303.81**	(1,367.62)
Cash and Cash Equivalents, at the beginning of period		**363.22**	1,742.23
Unrealised gain/(loss) on Foreign Currency Cash and Cash Equivalents		**(6.31)**	(11.39)
Cash and Cash Equivalents, at the end of period		**660.72**	363.22
Components of Cash and Cash Equivalents, as at March 31, 2010			
Cash		**1.96**	1.32
With Banks:			
– on Current Account (excluding unclaimed dividend accounts)		**644.23**	247.64
– on unpaid dividend account*		**12.31**	13.58
– on Margin Money Account		**–**	0.30
– on Fixed Deposits Account		**2.22**	100.38
		660.72	363.22

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

As per our attached report of even date

For Haribhakti & Co.
Chartered Accountants

Shailesh Haribhakti
Partner

Place : Mumbai
Date : May 20, 2010

J. B. Manmadkar
Company Secretary

For and on behalf of the Board of Directors

H. F. Khorakiwala
Chairman

Huzaifa Khorakiwala
Executive Director

Murtaza Khorakiwala
Managing Director

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

NOTES TO ACCOUNTS

For the Period Ended March 31, 2010

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

1. SIGNIFICANT ACCOUNTING POLICIES

(i) *Basis of preparation*

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

(ii) *Use of estimates*

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

(a) Fixed assets, depreciation/amortisation and impairment

Tangible assets:

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. The Company capitalises all costs relating to the acquisition and installation of fixed assets.

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

Depreciation/amortization:

Depreciation is provided, using the straight line method, pro rata to the period of use of assets, at the rates specified in Schedule XIV to the Companies Act, 1956 or based on the useful lives of the assets estimated by the management, whichever is higher. The rates used by the Company are as follows:

Assets	Rates
Leasehold land	Over the period of lease
Buildings	1.63 – 3.34%
Plant & Machinery	4.75 – 6.67%
Furniture & Fixtures	6.33%
Office Equipments	25%
Information Technology Equipments	20 – 33.33%
Vehicles	20 – 33.33%

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

Intangible assets:

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

The cost relating to Intangible assets, which are acquired, are capitalized and amortised on a straight line basis upto the period of ten years, which is based on their estimated useful life.

(b) Foreign currency translations

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount, the exchange rate between the reporting currency and the foreign currency at the date of transaction.

Foreign currency monetary items are reported using closing foreign exchange rate. Non-monetary items, which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of transaction.

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, are recognized as income or as expenses in the period in which they arise.

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

(c) Investments

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

(d) Inventories

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

Inventories are valued at cost or net realizable value, whichever is lower. Cost also includes all charges incurred for bringing the inventories to their present location and condition. Excise and customs duty accrued on production or import of goods, as applicable, is included in the valuation of finished goods.

Inventories of stores and spare parts are valued at cost.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

(e) Retirement and Other Employee benefits

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

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

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

Actuarial gains and losses are immediately taken to profit and loss account and are not deferred.

(f) Revenue recognition

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

Sale of Goods

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

Sale of Services

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

Export Incentive

Benefit on account of entitlement to import duty free materials under the “Duty Entitlement Pass Book Schemes” is recognized in the year of export.

Royalties

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

Interest

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

(g) Research and development

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

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

(h) Income-tax

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

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

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

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

(i) Leases

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

(j) Financing/Borrowing cost

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

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

(k) Provisions

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

(l) Earnings per share

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

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

(m) Cash and Cash equivalents

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

(n) Derivative Financial Instruments

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

As per the Institute of Chartered Accountants of India (ICAI) Announcement, accounting for derivative contracts, other than those covered under AS-11, are marked to market on a portfolio basis, and the net loss is charged to the income statement. Net gains are ignored.

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

Of the above equity shares:

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

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

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

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

(e) 36,431,502 (Previous Year – 36,431,502) equity shares of ₹ 5/- each are allotted as Bonus shares out of Capital Redemption Reserve.

		As at March 31, 2010	As at December 31, 2008
3.	**RESERVES AND SURPLUS**		
	Capital redemption reserve		
	Balance as per last account	**265.34**	265.34
		265.34	265.34
	Securities premium account		
	Balance as per last account	**134.14**	134.14
		134.14	134.14
	General reserve		
	Balance as per last account	**8,793.59**	8,793.59
	Less: Transferred to profit and loss account	**(8,793.59)**	–
		–	8,793.59
		399.48	9,193.07
4.	**SECURED LOANS**		
	(A) 10% Redeemable Non-convertible Debentures	**2,000.00**	2,000.00
	(B) TERM LOANS		
	(i) From financial institutions	**–**	530.00
	(ii) From banks:		
	(a) Foreign currency denominated loans	**–**	981.30
	(b) Rupee denominated loans	**8,046.44**	1,280.97
	(iii) From others:		
	Rupee denominated loans	**750.00**	0.56
	(C) Working capital loan from Banks	**4,546.85**	2,698.64
		15,343.29	7,491.47

Notes:

(I) Debentures are redeemable at par in four annual installments of ₹ 500 million each starting from August 7, 2012. Debentures are secured by first charge on pari-passu basis, by way of mortgage of immovable assets at Biotech Park H-14/2, MIDC Waluj, Aurangabad and hypothecation of movable assets situated at all locations (except Baddi and Daman – Kadaiya).

(II) (a) ₹ 5,952.80 million are secured by way of first charge on movable properties situated at all locations except Baddi and Daman – Kadaiya Unit. In addition to charge on movables, ₹ 500 million is also secured by way of first pari passu charge on current assets and ₹ 1647.50 million is secured by way of first pari passu charge on immovable properties of the Company situated at Ankleshwar.

(b) ₹ 1,418.40 million are secured by way of third charge on movable properties situated at all locations except Baddi and Daman – Kadaiya Unit.

(c) Term loans amounting to ₹ 0.24 million (Previous Year – ₹ 2.78 million) are for purchase of vehicles and are secured by hypothecation of vehicles purchased under the agreement.

The Company is in the process of creating charge on movable properties situated at all locations except Baddi and Daman – Kadaiya Unit to secure term loans amounting to ₹ 675 million.

(III) As on March 31, 2010, the Company is in the process of creating charge on movable and immovable properties to secure term loans from others amounting to ₹ 750 million.

(IV) As on March 31, 2010, working capital loan from banks amounting to ₹ 3,312.35 million are secured by way of first charge by hypothecation of inventories and debtors and second charge on movable properties situated at all locations except Baddi and Daman – Kadaiya Unit.

Balance working capital loan of ₹ 1,234.50 million are secured by way of first charge by hypothecation of inventories and debtors.

(V) As per approved CDR package dated July 4, 2009, in order to secure the debentures, rupee denominated term loans and working capital loans of ₹ 14,108.55 million, the Company is in the process of creating charge in favour of security trustee on behalf of all CDR lenders on:

– immovable properties of the Company situated at various locations viz. Plot No. 87/A, Bhimpore, Daman, Plot No. L-1, Chikhalthana, Aurangabad, Plot No. D-4, Chikhalthana, Aurangabad, Plot H-14/2 Biotech Park, Waluj, Plot No. 138, Ankleshwar, Gujarat, and
– current assets of the Company situated at all locations and
– immovable properties of Vinton Healthcare Limited, a wholly owned subsidiary, situated at Jagraon, Punjab and
– immovable properties of Wockhardt Infrastructure Development Limited, a wholly owned subsidiary, situated at Shendra, Aurangabad

(VI) Out of the above, loans of ₹ 14,108.55 million are also secured by irrevocable personal guarantee by H.F. Khorakiwala, Chairman.

(I) As on December 31, 2008 term loans of Rs. 1,808.75 million were secured as under:

(i) loan of ₹ 530 million was secured by first charge on pari-passu basis by way of mortgage and hypothecation of movable and immovable assets at L-1, M.I.D.C. Chikhalthana and D-4, M.I.D.C. Chikhalthana (R&D Centre), Aurangabad.

(ii) loan of ₹ 510 million was secured by subservient charge by way of hypothecation of movable assets situated at L-1, M.I.D.C. Chikhalthana, D-4, M.I.D.C. Chikhalthana (R&D Centre), Aurangabad and 87-A Bhimpore, Daman.

(iii) loan of ₹ 768.75 million was secured by first charge by way of hypothecation of movable assets situated at Plot No. 138, G.I.D.C. Ankleshwar, S.E.Z. Shendra, Aurangabad and Village Kunjhal, Baddi, Solan.

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

(III) Working capital loans from banks are secured by hypothecation of inventories and debtors.

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

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

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

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

7. FIXED ASSETS (At cost)

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

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

	As at March 31, 2010	As at December 31, 2008
8. INVESTMENTS		
LONG TERM INVESTMENTS (at cost)		
A. In subsidiary companies (unquoted)		
1,307,368 (Previous Year – 1,307,368) Equity shares of Wockhardt Europe Limited of par value £ 1 each fully paid up (including two fully paid up shares held in the name of nominees of the Company)	**83.80**	83.80
27,504,823 (Previous Year – 27,504,823) Equity shares of Wockhardt UK Holdings Limited [formerly Wockhardt UK Limited] of 1p each fully paid up	**752.66**	752.66
18,000,000 (Previous Year – 18,000,000) Equity shares of Wockhardt Biopharm Limited of ₹ 10 each fully paid up (including six fully paid-up share of par value held in the name of the nominees of the Company)	**90.00**	90.00
44,600 (Previous Year – 41,500) shares of Wockhardt EU Operations (Swiss) AG of CHF 1000 each fully paid up (including one fully paid-up share of par value held in the name of the nominee of the Company)	**2,096.32**	1,965.89
2,000,000 (Previous Year – 2,000,000) Equity Shares of ₹ 10 each fully paid up in Wockhardt Infrastructure Development Limited (including one fully paid-up share of par value held in the name of the nominee of the Company)	**35.00**	35.00
12,800,000 (Previous Year – 12,800,000) 7% Non-cumulative Redeemable Preference Shares of ₹ 100 each fully paid up of Vinton Healthcare Limited	**83.24**	83.24
10,000,000 (Previous Year – 10,000,000) Equity Shares of ₹ 10 each fully paid up of Vinton Healthcare Limited (including eighty fully paid up shares of par value held in the name of nominees of the Company)	**10.88**	10.88
1,000 (Previous Year – 1,000) Stocks of USD 1 each fully paid up of Atlantis USA Inc.	**0.04**	0.04
B. Other than trade (unquoted)		
443,482 (Previous Year – 443,482) Shares of Bharuch Eco-Aqua Infrastructure Limited of ₹ 10 each fully paid up	**4.43**	4.43
6,300 (Previous Year – 6,300) Shares of Bharuch Enviro Infrastructure Limited of ₹ 10 each fully paid up	**0.06**	0.06
Nil (Previous Year – 250) Shares of Kanishka Housing Development Company Limited of ₹ 100 each fully paid up	**–**	0.03
1,000 (Previous Year – 1,000) Shares of Saraswat Co-Operative Bank Limited of ₹ 10 each fully paid up	**0.01**	0.01
	3,156.44	3,026.04
9. INVENTORIES		
Raw materials	**892.17**	685.43
Packing materials	**297.42**	282.41
Work-in-progress	**552.60**	364.73
Finished goods	**1,211.31**	1,109.25
Stores and spares	**106.22**	129.00
	3,059.72	2,570.82
10. SUNDRY DEBTORS		
Debts outstanding for a period exceeding six months		
Unsecured, Considered good	**1,573.71**	1,690.90
Unsecured, Considered doubtful	**325.71**	412.32
	1,899.42	2,103.22
Provision for doubtful debts	**(325.71)**	(412.32)
	1,573.71	1,690.90
Other debts		
Unsecured, Considered good	**3,062.20**	2,903.60
	4,635.91	4,594.50

	As at March 31, 2010	As at December 31, 2008
11. CASH AND BANK BALANCES		
Cash on hand	**1.96**	1.32
Balances with scheduled banks		
– on current accounts	**656.54**	261.22
– on margin accounts*	**328.80**	1,921.74
– on deposit accounts** [including unutilised amount of FCCB ₹ Nil (Previous Year – ₹ 129.36 million)]	**2.22**	2,556.51
	989.52	4,740.79

* Out of the above, ₹ 328.80 million (Previous Year – ₹ 1,921.44 million) are under lien.

** Out of the above, ₹ Nil (Previous Year – ₹ 2,456.13 million) are under lien.

	As at March 31, 2010	As at December 31, 2008
12. OTHER LOANS AND ADVANCES		
(Unsecured and considered good unless otherwise stated)		
Loans/Advances to employees [Refer note (a) below]	**69.23**	33.65
Loans to companies	**0.31**	983.76
Advances recoverable in cash or in kind or for value to be received [Refer note (b) below]	**3,292.10**	3,787.80
Balance with customs and excise authorities	**121.86**	171.75
Other deposits	**133.43**	98.53
Minimum Alternative Tax (MAT) credit entitlement	**199.16**	199.16
Advance tax, net of provision for tax	**444.49**	350.62
	4,260.58	5,625.27

(a) Loans/advances to employees include excess remuneration paid to directors ₹ 50.69 million (Previous Year – ₹ 23.12 million) [maximum amount outstanding during the period ₹ 50.69 million (Previous Year – ₹ 23.12 million)].

An application was made to Central Government for approval for payment of managerial remuneration to Mr. H. F. Khorakiwala, Chairman aggregating to ₹ 15.20 million and Mr. Rajiv Gandhi, Director – Corporate Finance and Information aggregating ₹ 7.92 million for the financial year ended 31st December, 2008. The Ministry of Corporate Affairs ("the Central Government") vide their letter in March 2010, approved managerial remuneration upto the permissible limit under Schedule XIII of the Companies Act, 1956 and directed that remuneration received by them in excess of Schedule XIII was required to be refunded to the Company. An application has been made to the Central Government for review and reconsideration of that decision, which is currently pending.

The applications for approval of payment of managerial remuneration to Mr. H. F. Khorakiwala, Chairman, Dr. Murtaza Khorakiwala, Managing Director, Mr. Huzaifa Khorakiwala, Executive Director and Mr. Rajiv Gandhi, Director – Corporate Finance and Information for the financial period 2009-10 were submitted to Central Government.The Ministry of Corporate Affairs ("the Central Government") vide their letter in March 2010, approved managerial remuneration upto the permissible limit under Schedule XIII of the Companies Act, 1956. An application has been made to the Central Government for review and reconsideration, which is currently pending.

(b) Advances recoverable in cash or in kind includes deposit/advance given to Carol Info Services Limited, the Company under same management ₹ 475.52 million (Previous Year – ₹ 275 million) [maximum outstanding during the period ₹ 475.52 million (Previous Year – ₹ 275 million)].

	As at March 31, 2010	As at December 31, 2008
13. CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
Acceptances	**145.22**	45.90
Sundry creditors – Micro and Small enterprises [Refer Note 20(k)]	**38.93**	152.71
– Subsidiary companies	**233.87**	143.96
– Others	**2,331.66**	2,677.57
Security deposits	**142.35**	164.17
Investor Education and Protection Fund shall be credited as and when due by the following amounts:		
– Unclaimed dividends	**12.31**	13.58
Interest accrued but not due	**75.76**	174.46
Other liabilities	**932.24**	798.77
	3,912.34	4,171.12
PROVISIONS		
Provision on Marked to Market Losses on Derivative Instruments	**303.26**	4,256.32
Provision for premium payable on Foreign Currency Convertible Bonds	**–**	1,294.91
Provision for Retirement benefits (Refer Note 29)	**219.94**	195.28
Other Provision (Refer Note 31)	**105.41**	92.24
	628.61	5,838.75
	4,540.95	10,009.87

		For the period ended March 31, 2010		For the year ended December 31, 2008
14. OTHER INCOME				
Dividend on investments		**0.01**		0.02
Interest [TDS ₹ 53.62 million (Previous Year – ₹ 57.19 million)]		**260.86**		313.11
Miscellaneous income (Refer note below)		**73.00**		102.85
		333.87		415.98
Miscellaneous income to the extent of ₹ 25.37 million (Previous Year – ₹ Nil) is net of liabilites no more payable ₹ 26.33 million (Previous Year – ₹ Nil) and advances no more recoverable ₹ 0.96 million (Previous Year – ₹ Nil).				
15. MATERIAL CONSUMED AND PURCHASE OF GOODS				
Consumption of raw and packing materials		**6,437.13**		4,668.27
Purchase of finished goods		**2,559.61**		1,954.84
		8,996.74		6,623.11
16. (INCREASE)/DECREASE IN INVENTORIES				
Inventories as at December 31, 2008				
Finished goods		**1,109.25**		1,163.69
Work-in-progress		**364.73**		459.98
Less: Excise Duty on opening stock		**(12.62)**		(22.12)
Inventories as at March 31, 2010				
Finished goods		**(1,211.31)**		(1,109.25)
Work-in-progress		**(552.60)**		(364.73)
Less: Excise Duty on closing stock		**10.27**		12.62
		(292.28)		140.19
17. OPERATING AND OTHER EXPENSES				
Salaries, wages and bonus		**1,315.80**		1,169.49
Retirement benefits		**81.17**		52.31
Contribution to provident and other funds		**86.48**		78.57
Staff welfare expenses		**85.58**		120.93
Travelling and conveyance		**375.21**		386.36
Freight and forwarding charges		**374.63**		393.72
Selling and distribution		**373.28**		393.25
Commission on sales		**237.42**		180.66
Power and fuel		**394.55**		364.14
Rent		**105.69**		85.30
Rates and taxes		**27.15**		22.89
Repairs and maintenance:				
Plant & Machinery		**75.38**		62.40
Buildings		**20.00**		24.08
Others		**63.70**		45.63
Stores and spare parts consumed		**164.93**		140.93
Insurance		**65.53**		44.94
Bad debts	**273.88**		27.86	
Provision for doubtful debts	**(69.70)**	**204.18**	–	27.86
Product development expenses written off		**74.79**		76.45
Legal and Professional Charges		**278.39**		72.28
Miscellaneous expenses		**661.11**		658.43
		5,064.97		4,400.62

	For the period ended March 31, 2010	For the year ended December 31, 2008
18. RESEARCH AND DEVELOPMENT EXPENSES		
Chemicals and consumables	**41.53**	42.72
Employee cost	**245.11**	132.45
Travelling expenses	**22.36**	26.75
Power and fuel	**16.83**	8.64
Repair and maintenance	**6.79**	4.88
Printing and stationery	**4.94**	7.01
Communication expenses	**6.60**	7.72
Clinical trial expenses	**8.53**	11.02
Analysis expenses	**1.08**	1.86
Legal and professional expenses	**10.97**	8.43
Other Research and Development expenses	**34.34**	48.20
	399.08	299.68
19. FINANCIAL EXPENSES		
Interest		
On Term Loans	**418.75**	165.61
On Debentures	**272.95**	99.34
Others	**1,628.03**	951.76
	2,319.73	1,216.71
20. SUPPLEMENTARY STATUTORY INFORMATION		
(a) Remuneration to Directors:		
(i) Salary	**34.99**	16.48
Contribution to Provident Fund	**1.74**	1.39
Other Perquisites	**12.91**	11.44
	49.64	29.31

As the future liability for gratuity and leave encashment is provided on the actuarial basis for the Company as a whole, the amount pertaining to the directors is not ascertainable and, therefore, not included in above.

The applications for approval of payment of managerial remuneration to Mr. H. F. Khorakiwala, Chairman, Dr. Murtaza Khorakiwala, Managing Director, Mr. Huzaifa Khorakiwala, Executive Director and Mr. Rajiv Gandhi, Director – Corporate Finance and Information for the financial period 2009-10 were submitted to Central Government. The Ministry of Corporate Affairs ("the Central Government") vide their letter in March 2010, approved managerial remuneration upto the permissible limit under Schedule XIII of the Companies Act, 1956. An application has been made to the Central Government for review and reconsideration, which is currently pending. Hence, the amount of ₹ 27.57 million paid to Directors in excess of limits prescribed under Schedule XIII is shown as recoverable.

	For the period ended March 31, 2010	For the year ended December 31, 2008
(ii) Computation of net profit in accordance with Section 349 of Companies Act, 1956 for calculation of commission payable to Directors		
Net profit before tax	**(7,933.40)**	(4,570.78)
Add : Depreciation	**710.48**	460.28
Add : Director's fees	**1.48**	0.56
Add : Directors' remuneration (as charged to P & L)	**22.07**	6.19
Add : (Profit)/Loss on sale of Fixed Assets & Division	**(1,727.67)**	1.07
Add : Bad debts written off against provision for doubtful debts	**(273.88)**	(27.86)
Add : Provision for doubtful debts	**69.70**	27.62
Less : Depreciation under Section 350	**(710.48)**	(460.28)
Adjusted net profit as per Section 349 of the Companies Act, 1956	**(9,841.70)**	(4,563.20)
(b) Capital Expenditure on Research and Development	**799.58**	804.95
	799.58	804.95

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

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

(d) Raw Material and Packing Material Consumed

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

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

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

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

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

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

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

		For the period ended March 31, 2010	For the year ended December 31, 2008
(k)	**Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006:**		
	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	**39.88**	159.98
	The amount of interest paid by the buyer in terms of Section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	**–**	–
	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	**–**	–
	The amount of interest accrued and remaining unpaid at the end of each accounting year.	**0.95**	7.27
	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowances as a deductible expenditure under Section 23.	**–**	–
	The above information is given to the extent available with the Company and relied upon by the auditor.		

21. EARNINGS PER SHARE

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

Reconciliation of earnings		
Profit/(Loss) after tax for the period	**(7,942.14)**	(3,487.58)
Less: Preference dividends	**(0.12)**	–
Net profit/(Loss) for calculation of basic/diluted EPS	**(7,942.26)**	(3,487.58)
	Shares	Shares
Weighted average number of shares for EPS	**109,435,903**	109,435,903
Earnings per share (nominal value ₹ 5/- each)	**₹**	₹
Earnings per share – Basic and diluted	**(72.57)**	(31.87)

Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS) are not considered for calculating diluted earnings per share since conversion of shares is contingent in nature and number of shares cannot be ascertained as conversion price would be determined as per the SEBI formula on conversion date.

22. Exceptional items mainly comprises of Marked to Market/Realised loss of ₹ 10,986.96 million (Previous Year – ₹ 4,438.33 million), profit on sale of animal health division ₹ 1,570.97 million, profit on sale of intangible assets ₹ 156.43 million, gain on settlement of loan liability of ₹ 17.32 million.

23. SEGMENTAL REPORTING

As the Company's annual report contains both Consolidated Financial Statement and this financial statement, Segmental information is presented only on the basis of Consolidated Financial Statement. (Refer Note 23 of Consolidated Financial statement).

24. Product Development Expenses of ₹ 900.15 million (Previous Year – ₹ 1,002.56 million) incurred during the period are considered as capital expenditure to be capitalized as intangible assets.

25. The Company has taken office premises on operating lease. These leave and licence agreements are generally for a period not exceeding five years and are in most cases renewable by mutual consent, on mutually agreeable terms. There are no restrictions imposed by lease arrangements. There are no subleases. Following are the details of operating leases:

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

	For the period ended March 31, 2010	For the year ended December 31, 2008
Less than one year	**12.73**	9.36
More than 1 year but less than five years	**26.49**	37.35
More than five years	**1.45**	2.72

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

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

(a) During the period, Company has increased authorised share capital to ₹ 9,250 million from ₹ 1,250 million in the nature of Preference Share Capital.

(b) During the period under review, 1,337,158,480 preference shares of ₹ 5/- each fully paid up were issued pursuant to approved CDR package against various liabilities of the Company as per the details given below:

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

The Preference Share holders shall have the right to convert OCCRPS Series 1, along with accumulated dividend, into fully paid equity shares of the Company, in one or more tranches, commencing October 25, 2015 till December 31, 2018, at conversion price as per the then applicable SEBI formula on the date of conversion. The said shares, in case not converted, shall get redeemed along with accumulated dividend on December 31, 2018 without any redemption premium. The Deemed Date of allotment is 25th October 2009.

(ii) 215,608,331 0.01% Optionally Convertible Cumulative Redeemable Preference shares (OCCRPS Series 2), on the following terms and conditions:

The Preference Share holders shall have the right to convert OCCRPS Series 2 along with accumulated dividend, into fully paid equity shares of the Company, in one or more tranches, commencing July 4, 2016 till December 31, 2018, at conversion price as per the then applicable SEBI formula on the date of conversion. The said shares, in case not converted, shall get redeemed along with accumulated dividend on December 31, 2018 without any redemption premium.

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

(iv) 19,507,036 0.01% Non-Convertible Cumulative Redeemable Preference shares (NCRPS Series 2), which shall be redeemed at a premium of 20% of the face value along with cumulative dividend on December 31, 2018.

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

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

(vii) 140,000,000 0.01% Non-Convertible Cumulative Redeemable Preference shares (NCRPS Series 5) which shall be redeemed at a premium of 20% of the face value along with cumulative dividend on March 31, 2019.

28. RELATED PARTY DISCLOSURES

(a) Parties where control exists

Wholly owned subsidiary companies

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

Holding company

Khorakiwala Holdings and Investments Private Limited

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

Enterprises over which Key Managerial Personnel exercising significant influence

Palanpur Holdings and Investments Private Limited

Wockhardt Hospitals Limited

Merind Limited

Fellow Subsidiary

Carol Info Services Limited

Key management personnel

H. F. Khorakiwala, Chairman

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

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

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

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

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

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

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

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

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

29. EMPLOYEE BENEFITS

(A) Defined benefit plans:

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

Notes:

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

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

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

(B) Defined contribution plan:

Amount recognised as an expense and included in the schedule 17 and 18 – "Contribution to provident and other funds" of Profit and Loss Account ₹ 93.95 million (Previous Year – ₹ 83.63 million).

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

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

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

30. **DISCLOSURE REGARDING DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE**

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

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

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

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

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

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

		As at March 31, 2010		As at December 31, 2008	
Particulars	**Currency**	**Amt. in Foreign Currency (in Millions)**	**₹ in Millions**	Amt. in Foreign Currency (in Millions)	₹ in Millions
Loan Availed	**USD**	**2.30**	**103.38**	13.60	662.39
Interest Payable	**USD**	**0.13**	**5.87**	0.07	3.32
Sundry Debtors	**ACU**	**0.07**	**3.16**	0.05	2.47
	AUD	**0.01**	**0.57**	0.01	0.46
	CHF	**0.76**	**32.12**	0.43	19.54
	EUR	**1.08**	**65.28**	–	–
	GBP	**8.60**	**585.51**	–	–
	USD	**75.45**	**3,391.24**	24.85	1,210.48
Loans and Advances	**EUR**	**1.09**	**66.00**	3.21	215.70
	USD	**15.24**	**685.07**	–	–
	CHF	**0.04**	**1.74**	0.05	2.25
	GBP	**0.04**	**2.58**	0.02	1.75
	JPY	**1.49**	**0.72**	6.41	3.42
	SEK	**–**	**–**	0.23	1.45
Sundry Creditors	**ACU**	**0.001**	**0.07**	0.001	0.03
	SGD	**0.001**	**0.04**	–	–
	CAD	**–**	**–**	0.01	0.27
	CHF	**1.24**	**52.60**	0.02	0.69
	EUR	**4.65**	**281.64**	–	–
	GBP	**1.73**	**117.86**	1.77	125.07
	JPY	**13.35**	**6.43**	3.05	1.63
	SEK	**–**	**–**	0.23	1.45
	USD	**12.33**	**554.11**	–	–
Foreign Currency Convertible Bonds	**USD**	**–**	**–**	108.50	5,285.04
Bank Balances	**USD**	**0.11**	**5.03**	0.15	7.24
Time Deposit	**USD**	**–**	**–**	2.66	129.36

31. Provision for Sales Return on date Expiry – Opening Balance ₹ 92.24 million (Previous Year – ₹ 75 million), Additions during the period ₹ 120.29 million (Previous Year – ₹ 109.26 million), Utilised during the period ₹ 107.12 million (Previous Year – ₹ 92.02 million), Closing balance ₹ 105.41 million (Previous Year – ₹ 92.24 million).

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

32. Corporate Debt Restructuring (CDR) Scheme is effective from April 15, 2009. The outstanding liabilities of the Company are being restructured under the aegis of Corporate Debt Restructuring (CDR) Scheme. As required under the Scheme the Master Restructuring Agreement (MRA) and other necessary documents have been executed and effective. The CDR scheme comprehensively covers the FCCB liabilities and crystallized derivatives/hedging liabilities.

33. Estimated amount of Contracts remaining to be executed on capital account not provided for ₹ 43.65 million (Previous Year – ₹ 242.77 million) after deducting advance on capital account of ₹ 57.68 million (Previous Year – ₹ 62.82 million).

34. As per legal advice obtained, provisions of Sick Industrial Companies (Special Provisions) Act, 1985 are not applicable to the Company. During the year, the Company has transferred balance of General Reserve to Profit and Loss Account.

35. CONTINGENT LIABILITIES NOT PROVIDED FOR

(a) Demands by Central Excise authorities in respect of Classification/Valuation/Cenvat Credit related disputes; stay orders have been obtained by the Company in case of demands which have been confirmed ₹ 51.80 million (Previous Year – ₹ 84.97 million).

(b) Demand by Income tax authorities ₹ 815.90 million (Previous Year – ₹ 661.07 million) disputed by the Company.

(c) Corporate Guarantee given on behalf of various subsidiaries in respect of bank facilities amounts to ₹ 12,452.95 million (Previous Year – ₹ 13,739.04 million). This includes corporate guarantee given by the Company and Wockhardt UK Holdings Limited against loan of USD 250 million taken by Wockhardt EU Operations (Swiss) AG in earlier years. The said loan is also secured by a first pari-passu charge on the Baddi and Daman (Kadaiya) units of the Company and second pari passu charge on the current assets of the Company.

(d) In view of the losses incurred by the Company, no provision for dividend on Non-Convertible Cumulative Redeemable Preference shares (NCRPS) Series 1 to 5 of ₹ 0.07 million and Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS) Series 1 to 2 of ₹ 0.05 million, has been made by the Company.

(e) Certain derivative/hedging contracts have been unilaterally cancelled by the banks. The Company has treated the demand of ₹ 8,483.22 million (Previous Year – ₹ 4,895.24 million) as a contingent liability and has not acknowledged as debt, since the liability cannot be currently ascertained even on a best effort basis till the final outcome of the matter.

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

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

37. PREVIOUS YEAR COMPARATIVES

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

As per our attached report of even date

For Haribhakti & Co.
Chartered Accountants

Shailesh Haribhakti
Partner

Place : Mumbai
Date : May 20, 2010

J. B. Manmadkar
Company Secretary

For and on behalf of the Board of Directors

H. F. Khorakiwala
Chairman

Huzaifa Khorakiwala
Executive Director

Murtaza Khorakiwala
Managing Director

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

WOCKHARDT

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(₹ in millions)

(a)	**Registration details:**		
	Registration No.	:	L24230 MH1999PLC120720
	State Code	:	11
	Balance Sheet Date	:	March 31, 2010
(b)	**Capital raised during the year:**		
	Public Issue	:	Nil
	Rights Issue	:	Nil
	Bonus Issue	:	Nil
	Private Placement	:	6,685.79
	Employment stock option	:	Nil
(c)	**Position of mobilisation and deployment of funds:**		
	Total liabilities and shareholders funds	:	27,613.81
	Total assets	:	27,613.81
	Sources of funds		
	Paid-up capital	:	7,232.97
	Reserves and surplus	:	399.48
	Secured loans	:	15,343.29
	Unsecured loans	:	4,638.07
	Deferred tax liability	:	–
	Application of funds		
	Net fixed assets	:	7,152.21
	Capital work in progress including advances	:	4,628.83
	Investments	:	3,156.44
	Net current assets	:	10,560.19
	Accumulated losses	:	2,116.14
(d)	**Performance of company:**		
	Turnover	:	19,018.93
	Total expenditure	:	26,952.33
	Profit/(Loss) before tax	:	(7,933.40)
	Profit/(Loss) after tax	:	(7,942.14)
	Earnings per share	:	(72.57)
	Dividend rate %	:	–
(e)	**Generic names of three principal products/services of the company:**		
	Product Description	:	Spasmoproxyvon
	Product Description	:	Proxyvon
	Product Description	:	Methycobal

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

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

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

Sr. No.	Name of subsidiary Company	Financial year to which accounts relates	Holding Company's interest as at the close of financial year of subsidiary company		Currency	Net aggregate amount of subsidiary compay's profits after deducting its losses or vice-versa, so far as it concerns members of Holding Company which are not dealt within the Company's accounts		Net Aggregate amount of the Profits/(Losses) of the Subsidiary so far as dealt with or provision is made for those losses in Holding Company's Accounts	
			(i) Shareholding	(ii) Extent of Holding (%age)		For the current financial year (in Millions)	For the previous financial year/ period since it became a subsidiary (in Millions)	For the subsidiary's fianancial year end December 31, 2008 (in Millions)	For the previous financial years till it became the subsidiary (in Million)
17.	Wockhardt Cyprus Limited@	31-Mar-10	1,000 Ordinary shares of CY £ 1 each	100%	USD	(0.03)	(0.01)	0.00	0.00
18.	Wockpharma Ireland Limited@	31-Mar-10	10,001,000 Ordinary shares of € 1 each	100%	Euro (€)	51.56	0.43	0.00	0.00
19.	Nonash Limited@	31-Mar-10	1) 30,100 Ordinary Shares of Euro 1.27 each 2) 100 A Ordinary Shares of Euro 1.27 each 3) 100 B ordinary Shares of Euro 1.27 each 4) 500 C ordinary shares of Euro 1.27 each 5) 1,000 D Ordinary Shares of Euro 0.63 each 6) 250 E Ordinary Shares of Euro 2.54 each 7) 100 F Ordinary Shares of Euro 6.35 each 8) 2,000 G ordinary Shares of Euro 0.32 each 9) 2,500 H Ordinary Shares of Euro 0.25 each 10) 50 I Ordinary Shares of Euro 12.69 each 11) 10 J Ordinary Shares of Euro 63.49 each 12) 25 K Ordinary Shares of Euro 25.39 each 13) 20 L Ordinary Shares of Euro 31.74 each 14) 125 M Ordinary Shares of Euro 5.08 each.	100%	Euro (€)	62.94	0.78	0.00	0.00
20.	Pinewood Laboratories Limited @	31-Mar-10	2,985,128 Ordinary shares of € 0.125 each 120"A" Ordinary shares of € 1.25 each	100%	Euro (€)	113.17	5.80	0.00	0.00
21.	Atlantis USA Inc.	31-Mar-10	1,000 Ordinary shares of $ 1 each	100%	USD	0.61	0.02	0.00	0.00
22.	Esparma AG@	31-Mar-10	100,000 Shares of CHF 1 each	100%	CHF	(0.39)	0.02	0.00	0.00
23.	Wockhardt Holding Corp.@	31-Mar-10	1,100 Ordinary Shares of US$ 1 each	100%	USD	(0.14)	0.00	0.00	0.00
24.	Morton Grove Pharmaceuticals Inc.@	31-Mar-10	100 Ordinary Shares of US$ 0.01 each	100%	USD	751.20	9.54	0.00	0.00
25.	MGP Inc.@	31-Mar-10	100 Ordinary Shares of US$ 0.01 each	100%	USD	0.00	0.00	0.00	0.00
26.	Wockhardt France (Holdings) S.A.S.@	31-Mar-10	601,000 Shares of € 100 each	100%	Euro (€)	395.73	(12.03)	0.00	0.00
27.	Girex S.A.S.@	31-Mar-10	78,820 Shares of € 16 each	100%	Euro (€)	(7.65)	2.69	0.00	0.00
28.	Laboratoires Pharma 2,000 S.A.S.@	31-Mar-10	11,400 Shares of € 16 each	100%	Euro (€)	(83.11)	(2.03)	0.00	0.00
29.	Laboratoires Negma S.A.S.@	31-Mar-10	275,409 Shares of € 153 each	100%	Euro (€)	770.52	8.09	0.00	0.00
30.	DMH S.A.S.@	31-Mar-10	6,000 Shares of € 16 each	100%	Euro (€)	53.22	0.21	0.00	0.00
31.	Scomedia S.A.S.@	31-Mar-10	2,500 Shares of € 16 each	100%	Euro (€)	32.96	(0.10)	0.00	0.00
32.	Niverpharma S.A.S.@	31-Mar-10	10,000 Shares of € 16 each	100%	Euro (€)	62.56	(0.15)	0.00	0.00
33.	Negma Benulex S.A S.@	31-Mar-10	2,976 Shares of € 25 each	100%	Euro (€)	1.19	0.14	0.00	0.00
34.	Phytex S.A.S.@	31-Mar-10	7,000 Shares of € 153 each	100%	Euro (€)	9.14	0.29	0.00	0.00
35.	Mazal Pharmaceutique S.A.R.L.@	31-Mar-10	5,670 Shares of € 16 each	100%	Euro (€)	1.75	(3.07)	0.00	0.00
36.	Cap Dermatology S.A.R.L.@	31-Mar-10	313 Shares of € 16 each	100%	Euro (€)	(15.56)	(0.31)	0.00	0.00
37.	Hariphar S.C.@	31-Mar-10	100 shares of € 152.45 each	100%	Euro (€)	14.25	0.17	0.00	0.00
38.	S.C.I. Salome@	31-Mar-10	100 shares of € 15 each	100%	Euro (€)	2.01	0.07	0.00	0.00
39.	Laboratoires Lerads S.A.S. @	31-Mar-10	740 shares of € 50 each	100%	Euro (€)	(0.02)	(0.02)	0.00	0.00

* As per German law, there are no shares issued. Only capital is subscribed to, which is 25,000 euros and subscription to capital reserve is 3,600,000 euros.

@Inclusive of shares held through wholly owned subsidiaries.

For and on behalf of the Board of Directors

H. F. Khorakiwala
Chairman

Huzaifa Khorakiwala
Executive Director

Murtaza Khorakiwala
Managing Director

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

Place : Mumbai
Date : May 20, 2010

J. B. Manmadkar
Company Secretary

FINANCIAL DETAILS OF THE SUBSIDIARY COMPANIES

For the Period Ended March 31, 2010

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

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

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

The investments made by all other subsidiary companies is only in their step- down subsidiaries, no other investments are made by these companies.

@ Inclusive of shares held through wholly owned subsidiaries.

ANNEXURE TO THE DIRECTORS' REPORT

Information under section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the fifteen months period ended March 31, 2010.

I. CONSERVATION OF ENERGY:

(1) Energy conservation measures taken:

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

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

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

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

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

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

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

	Fifteen months Ended 31-03-2010	Twelve Months Ended 31-12-2008
A. Power & Fuel Consumption		
1. Electricity		
a. Purchased		
Units (in million)	**51.89**	44.59
Total Amount ₹ in millions	**258.24**	196.40
Rate/Unit in ₹	**4.98**	4.40
b. Own Generation		
(i) Through Diesel Generator		
Units (in million)	**1.07**	2.34
Units per litre of Diesel oil	**3.20**	3.26
Cost/Unit in ₹	**10.99**	11.77

	Fifteen months Ended 31-03-2010	Twelve Months Ended 31-12-2008
(ii) Through Gas Generator		
Units (in million)	**7.99**	8.52
Units per M^3 of Gas	**2.99**	2.92
Cost/Unit in ₹	**4.59**	3.94
2. Furnace Oil, LSHS, LDO & HSD		
Quantity (Kilo-litres)	**2,981.23**	2,891.00
Total Amount ₹ in millions	**63.20**	89.83
Average Rate (in litres)	**21.20**	31.07
3. Natural Gas		
Quantity (Unit NM^3)(in million)	**2.67**	2.91
Total Amount ₹ in millions	**87.41**	59.42
Average Rate (₹/100NM^3)	**1,374.00**	1,152.00

B. Consumption per unit of production:

The consumption per unit depends on the product mix since it consists of different types of products. Hence, there is no specific standard.

II. TECHNOLOGY ABSORPTION:

Research & Development (R&D)

1. Specific areas in which R & D is carried out by the Company:

Spearheading Research & Development

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

Biotechnology & Genomics Research

- First mover in India in Biotechnology & Genomics Research. Its growth in the field of biotechnology has been unrivalled in pace and dimension.
- With increasing concern for diabetes in India, Wockhardt is first in Asia and also first outside US and Europe to manufacture and market its own recombinant Human Insulin-Wosulin. Wosulin has been approved in 27 countries and is also available in the form of reusable and disposable pen, an innovative delivery device patented by the Company, for the convenience of diabetic patients.
- Yet another breakthrough in the field of biotechnology for the company is the development and launch of the long acting insulin analogue glargine, under the brand name Glaritus in India. The Company is first in the world after innovator, to have developed and launched this product.

New Drug Discovery Programme

The New Drug Discovery programme of anti-infectives is progressing well as WCK 771 has completed Phase II human clinical trial and the oral pro drug WCK 2349 has very recently undergone successful Phase I human clinical trial. Besides, the company also has in the pipeline new lead molecules for pre-clinical studies, particularly noteworthy is WCK 4873 which is undergoing regulatory IND enabling toxicology studies.

Novel Drug Delivery Systems

Wockhardt has developed and introduced in India several products based on Novel Drug Delivery Systems [NDDS]. The technology ensures better release pattern, greater effectiveness and better patient compliance.

Research Efforts for Unique ANDAs Pipeline

Wockhardt invests heavily in its R&D, particularly for the US market, the potential of which is very significant. The company actively pursues its research activities in filing Abbreviated New Drug Applications (ANDAs) for US FDA approvals. Differentiation is one of the rudiments that success thrives on and the company strategically selects difficult to develop, high technology products and niche products to get ANDA approvals. This becomes one of the important growth drivers for the company in the United States. Moreover, this facilitates in gaining significant market shares in the specialised therapy and has relatively less competition. Wockhardt is amongst Top–5 companies globally to have received highest number of ANDA approvals in a single year. During the fifteen months period ended March 31, 2010 we received 21 approvals from the US FDA. Currently the Company markets over 60 products in the US.

Patents

The Company's efforts in innovative research globally is well reflected in the number of patents filed so far, which is 1,225. During the period under review, the Company filed 94 Patents. As of now, 72 Patents have been granted.

Technology Improvement in Fermentation, Chemical and Pharmaceuticals: Major technology improvement on a continuous basis is undertaken, which has resulted in cost saving.

2. **Benefits derived as a result of above R&D:**

   Manufacturing process developed in in-house R&D have commercialised at various manufacturing factories of the Company. R&D efforts have resulted in import substitution of various high value bulk drugs as well as formulations.

3. **Future plan of action:**

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

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

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

(₹ in million)

	Fifteen Months Ended 31-03-2010	Twelve Months Ended 31-12-2008
Wockhardt Limited – Standalone		
(a) Capital	**799.58**	804.95
(b) Revenue	**399.08**	299.68
(c) Total	**1,198.66**	1,104.63
(d) Total R&D expenditure as a percentage of total turnover	**6.42%**	7.65%
Wockhardt Limited – Consolidated (including subsidiaries)		
(a) Capital	**954.75**	908.10
(b) Revenue	**667.63**	512.66
(c) Total	**1,622.38**	1420.76
(d) Total R&D expenditure as a percentage of total turnover	**3.60%**	3.95%

III TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

1. **Efforts in brief, made towards technology absorption, adaptation and innovation:**

   The Company sets target for technology improvement based on global competition criteria. Wockhardt scientists undertake specific time-bound programmes to improve technology, which has upscaled gradually until desired results are achieved at the manufacturing level. The Research Scientists work in close relation with the manufacturing team to ensure smooth transfer of technology. Appropriate documents are created for quality control and this is monitored both by Wockhardt Quality control department and the Corporate Quality Assurance team.

2. **Benefits derived as a result of above efforts:**

   — Cost reduction in an inflationary environment.

   — The development of several new products and line developments.

   — Substitution of imported raw materials and finished products.

   — Product quality improvement and better stability.

   — Export of intermediates and finished products.

3. **Imported Technology (imported during the last 5 years reckoned from the beginning of the financial year):**

   The Company has not imported any technology.

IV. FOREIGN EXCHANGE EARNINGS & OUTGOING:

The export income for the current year amounted to ₹ 6,864 million (previous year – ₹ 5,233 million). The major export markets in which the Company is represented is America and Western European countries.

(₹ in million)

	Fifteen Months Ended 31-03-2010	Twelve Months Ended 31-12-2008
(A) Foreign Exchange used		
(i) On input of raw materials, spare parts & capital goods	**2,245.47**	2,001.54
(ii) Expenditure in foreign currency for business travels, books and periodicals membership subscription, commission on sales & R&D expenses	**705.91**	619.35
(B) Total Foreign Exchange Earned	**7,162.52**	5,636.68

For and on behalf of the Board

H. F. KHORAKIWALA
Chairman

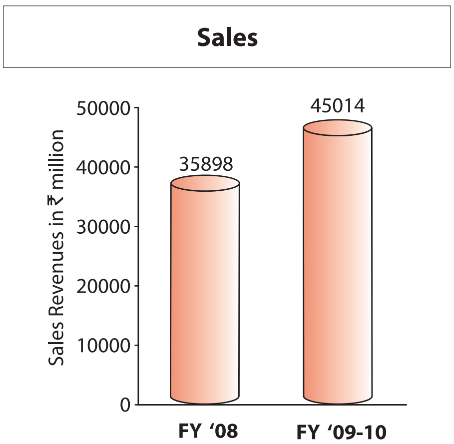
Mumbai, May 20, 2010

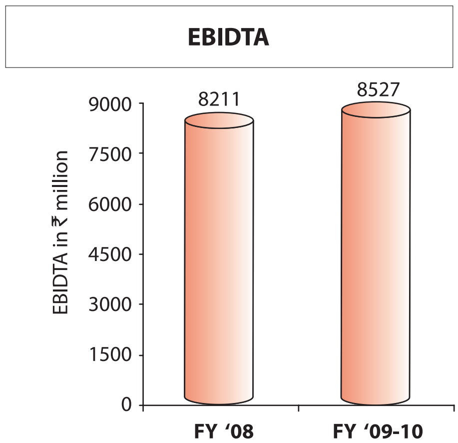
MANAGEMENT DISCUSSION AND ANALYSIS REPORT

2009 was indeed a challenging year for the Company. The predominant theme in 2009 was and will continue to be “More and More with Less and Less”. Strengthening business in existing markets, developing new geographies, creating wider technical capabilities, enhancing productivity and optimizing efforts across the entire company through proactive and seamless information technology networks helped the Company maintain its position across all its businesses and markets.

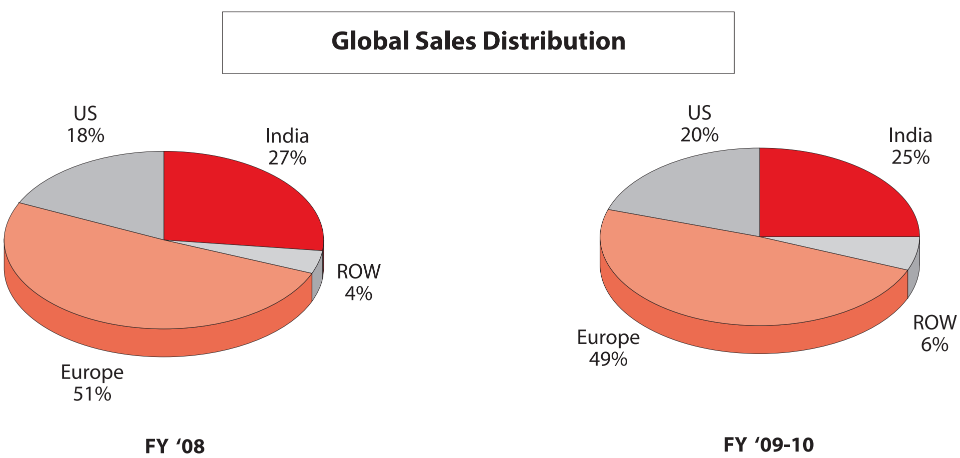
Despite a slow growth environment across global markets, the company put in significant efforts to keep business on track. Severe liquidity crisis due to forex losses, recession in our core international markets of Europe and enhanced management focus on getting the CDR approved & restructuring the business did not prevent the company from investing in R&D, manufacturing, marketing and human resources and post a 25% increase in its revenues.

To have a common Financial Year (FY) under the Companies Act as well as Income Tax Act, the current FY of the Company ending on 31st December, 2009 has been extended for a further period of 3 months; thus the current FY of the Company is from 1st January, 2009 to 31st March, 2010; thereafter the FY will be 1st April to 31st March. Thus the numbers for the current FY are for a period of 15 months, hence not comparable with FY 2008.





On a consolidated basis sales for FY’ 09-10 grew by 25.4% (15 months sales) to achieve a topline of ₹ 45,014 million (US$ 1,001 million); EBITDA was 4% higher at ₹ 8,527 million (US$ 190 million); however the Company registered a net loss of ₹ 10,023 million (US$ 223 million) in 2009-10 due to MTM losses.



Key business highlights:

- The European business at ₹ 21,883 Million (₹ 17,506 Million on annualized basis) grew 20%. Negma & Pinewood were impacted due to recession in EU and other local issues; Esparma business was divested in June, 2009.
- The Indian business at ₹ 11,412 Million (₹ 9,129 Million on annualized basis) grew 18%; Animal Health Care Division was divested in August, 2009.
- The US business at ₹ 9,139 Million (₹ 7,311 Million on annualized basis) grew 40% due to new product launches and the start of new pediatric division selling branded generics.
- The ROW business at ₹ 2,581 Million (₹ 2,065 Million on annualized basis) showed 78% growth due to good performance of export divisions of India & UK business entities.

Synergies from Integration

Last year's focus on integrating the acquired businesses and restructuring operations across the globe led to synergies in Sourcing of raw material, cross selling opportunities in EU & USA, reduction in manufacturing and R&D costs due to rationalization of capacities. This helped the company during the year to maintain its leading positions in Europe and steadily grow its market presence in the US. With this we supplemented our organic growth plans in upcoming markets, such as Brazil, Mexico and CIS countries to create an avenue in the high potential therapy segments of Anti-diabetic, Dermatology, Oncology and Bio-generics.

Corporate Debt Restructuring (CDR)

The Company had approached the CDR Cell through ICICI Bank. Since the term loans, FCCB loan of USD 108.50 million were falling due and the Company required additional time to meet these requirements, the Company had approached the CDR Cell. The Empowered Group (EG) of CDR Cell has admitted the Company to the CDR Scheme.

About CDR

- The CDR mechanism, was launched in February, 2002 under the aegis of RBI, is a voluntary and non-statutory arrangement to ensure timely and transparent mechanism for restructuring the corporate debts of potentially viable entities, outside the preview of legal proceedings.
- Banks and FIs participating in CDR System became member and formed a self-empowered body, which lay down policies and guidelines, and monitors the process of the CDR. At present there are 56 members such as State Bank of India, Life Insurance Corporation of India, Bank of Baroda, Bank of India, ICICI Bank etc.
- CDR system is based on Debtors Creditor Agreement and Inter Creditor Agreement and this provide the legal basis to the CDR mechanism.
- Further, if 75 per cent of creditors by value and 60 per cent creditors by number agree to a restructuring package of an existing debt, the same would be binding on the remaining creditors.
- CDR considers all the preliminary reports for restructuring. However, the detailed package will be worked out with the help of Lead institution for the potentially viable companies.

Wockhardt filed its preliminary report for restructuring through ICICI Bank and the case was admitted on April 22, 2009. CDR Empowered Group in its meeting held in June, 2009 approved the restructuring package of the company and the same was conveyed to the Company on July 4, 2009.

The salient feature of our restructuring proposal is as under:

The key elements of the Restructuring Package as approved by CDR are as under:

- The existing loans will continue at concessional rate of interest @ 10% p.a. which has two parts 8% & 2%. While 8% p.a. shall be paid on monthly basis, 2% p.a. shall be converted into Preference share capital redeemable in 2018.
- Priority loans will be made available to the company to meet the dues of pressing creditors, operational requirements, and settlement of crystallized derivative losses. These will be repaid in 8 equal quarterly installments commencing September 15, 2010.

- Management has committed to sale/divestment of non-core business estimated over a stipulated schedule from 2009 to 2015.
- Promoters shall bring in their contribution over the next one year in addition to the divestment proceeds.
- The existing Rupee term loans will be paid in 24 quarterly installments commencing July 15, 2010.
- Working capital facilities to be enhanced.
- Secured Working capital loans outside the consortium are proposed to be converted into a working capital term loan (WCTL) will be paid in 24 quarterly installments commencing July 15, 2010.
- Short-term loans will be paid in 20 quarterly installments commencing January 15, 2014.
- The Foreign Currency Convertible Bondholders (FCCBs) and the Wockhardt EU Operations (Swiss) AG (EU) loan will also be restructured.
- The Company shall not execute any new derivative transaction (excluding forwards strictly for hedging purposes for a maximum period of 180 days) without prior approval of CDR EG.

Present Status on Implementation of CDR Package:

- The Company and the CDR lenders have executed Master Restructuring Agreement (MRA). Accordingly, the terms and conditions of MRA shall be binding upon and effective between the borrower and the lenders.
- Some Non-CDR lenders have also executed the MRA.
- Entire Cash flow of the Company is routed through Trust & Retention Account (TRA) maintained with ICICI Bank.
- Promoters have brought in their contribution.
- Company divested its Animal Healthcare Business.
- Some lenders have sanctioned priority loan to the Company.
- The company has settled/is in the process of settling ₹ 5,000 million, derivatives related losses @ 25%.
- FCCB and EU Loan restructuring is under progress.

US business - Branded Generics the new driver

The US business continued to do well. For the fifteen months period ended March 31, 2010 the US business has shown a growth of 29%. The restructuring of the acquired entity of Morton Grove, new product launches and increased market share of products helped the business scale up. This has been a result of the continued focus on the region through the established business of Wockhardt USA LLC.

Last year the Company had formed a Pediatric division with 30 sales representatives to successfully launch Bromfed DM for cough & cold treatment. In 2009 the Company consolidated its position and gained market share of 12% in this segment.

The Company received **21 ANDA** approvals during the period under review from the US FDA. This achievement is a reflection of the multi-faceted capabilities of the Company to meet the challenges of the US markets. Wockhardt today markets over 70 products in the US and expects the healthy growth to continue. This along with other initiatives like building the private-level OTC business will drive the growth in the future.

Biotechnology

The Company has been one of the earliest movers in the biosimilar space from India and has world class R&D and manufacturing capabilities. We already have 4 products in the Indian market and a strong pipeline is under development. In the near term biosimilar exports to RoW markets (US$ 750 million potential) will gain traction and the more regulated markets of US & EU (US$ 5.2 billion) are already under the radar. US FDA has cleared IND for Wosulin (recombinant human insulin) filed by Wockhardt and Clinical trial have been initiated in US. With these achievements the company is uniquely positioned to exploit the biotechnology opportunity. *(Source: IMS data)*

In-licensing Strategy

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

Opportunities

In 2009 the global pharmaceutical industry (US$ 800 billion) grew by 6% of which 85% came from emerging markets. Presently emerging markets contribute 20-25%, however by 2025 it is estimated that they will account for more than 50% of global pharmaceutical sales and India can become a major player in emerging markets given its scientific manpower and established credentials.

The vision for New Wockhardt is "More & More with Less & Less". We have enormous strength in the organization, in technology, in people, in our manufacturing facility and in our geographical reach. This year and in the years ahead, we are determined to use our strengths to the utmost and create a new future and a New Wockhardt for all of us.

In India we have planned to add more than 1,000 Territory Managers in the next two years. We are setting up a state-of-the-art sterile manufacturing facility in Shendra, which will be completed during the year. This and other initiatives will be a forerunner to our thrust into Contract Manufacturing activity for global biotechnology and pharmaceutical companies. In Europe, we will be reaching out our products and our manufacturing capacity to the entire Europe through our B2B model. In US, we have an excellent range of products and some of the ANDAs of the near future are going to be blockbusters. In Biotechnology, we have great opportunity to be amongst the leaders in Bio-similar Insulin and its Analogues. Above all, we have the management competency and proven track record to create this future.

CRAMS

Wockhardt entered the contract manufacturing space last year. This move will allow optimum utilization of our manufacturing capacity and enable us to position our self across the entire drug process to MNC pharmaceutical companies. Most of our plants are USFDA-approved and hence we can offer contract manufacturing service for pharmaceutical companies. The global market for contract manufacturing was estimated to be US$ 19 billion and is likely to expand to US$ 31 billion by 2010. Our UK operation is already undertaking significant work in CRAMS. Currently the focus is on sterile manufacturing and in the next few years it will be an integral part of our business. Sterile injectibles represent the fastest growing product segment of the pharmaceutical contract manufacturing industry. This segment was valued at US$ 3 billion. It is anticipated that there will be massive demand for manufacturing sterile syringes, cartridges and vials as biopharmaceutical companies continue to make R&D investments. Asia-Pacific is expected to emerge as the fastest growing region. Market in this region is estimated to be US$ 3 billion by end 2010. *(Source: Pharmaceutical Contract Manufacturing GIA Report)*

Research

In drug discovery, we are focusing on anti-infective mainly due to the fact that very few anti-infective have come into the market in the past few years. Also some antibiotics are developing resistance and in next five to six years, this resistance will grow. Even though anti-infective is third largest market in developed countries, in emerging markets it is one of the largest segments. In India & China it accounts for more than 25%. If the future of global pharmaceutical industry is in emerging markets, then anti-infectives will provide huge growth opportunity for us.

We have a number of lead molecules that are currently in various stage of development. WCK 771, a broad spectrum antibiotic for difficult to treat MRSA, has completed phase II human clinical trials stage. WCK 2349, a promising lead molecule to treat respiratory tract infection, has completed human phase I study. Both these have also received US IND approval. Of the three molecules in advanced stages of pre-clinical trials mentioned in 2008, WCK 4873 has been identified as a new molecule which has emerged as a front runner Regulatory toxicity study candidate.

Challenges

The Company generates 50% of its revenues from EU. The markets are facing tremendous challenges at a fiscal level. With most of the EU still under recession and having an ageing population, governments across EU have been exploring several options for containing pharmaceutical expenditure; The Irish healthcare system is financed by a mix between public (75%) and private (25%) expenditure. In France Social Security is by far the largest financier of health spending – 77%. In UK Public expenditure on healthcare is about 86%. The steps taken by governments include medical control of prescription; promotion of the use of generic preparation and introduction of a system of generic reference pricing.

The direct impact of these initiatives will be on the business margins of the generic pharmaceutical companies operating there including our company. Competitive pricing pressure, margin erosion and reference pricing will impact the capacity of pharmaceutical industry to generate robust cash flow in an environment where growth in value will be difficult to achieve. This has already impacted the valuation of business and the appetite for M&A activity.

Here in India, a conducive environment for enhancing the industry's capabilities is imperative. Supporting R&D is one of the drivers for adding value to the business and relaxing price control regime will be the other driver. By price control, the government will severely impact the sector's ability to invest in R&D, hurt its competitiveness and retard its expansion in the global generics market.

Global trends and Indian Scenario

Big pharmaceutical companies are set to lose nearly $100 billion in sales as many blockbuster drugs will lose patent protection over the next five years. And the pipeline of drugs to replace them looks very thin. Through M & As companies are aiming to acquire potential drugs of the future and also to cut costs, particularly in research. Drug trails have in general become more extensive with regulators becoming more demanding. In such a situation, size increases the chances of success.

The large number of drugs going off patents in the coming years is a big opportunity for Indian generic players. Through their low-cost but quality manufacturing they can corner a sizeable portion of the market. But beyond these few years, this business model is likely to face stress. Indian drug companies have to invest in R&D, more so given the competitive edge the country has in carrying out research at a fraction of the cost incurred in the developed world. Indeed, clinical research for third parties is rapidly gaining ground. But the idea should be to leverage this expertise to develop new drugs, particularly for tropical or third world diseases. Indian pharmaceutical companies would do well to explore the opportunities for inorganic growth or to acquire niche skills. The attractive valuations and somewhat easier availability of capital for the largely recession-proof sector provides the right backdrop.

Segment-Wise Performance

The Company is exclusively into pharmaceutical business segment.

Internal Control Systems and Adequacy

The Company has set up internal control procedures commensurate with its size and nature of the business. These business procedures ensure optimum use and protection of the resources and compliance with the policies, procedures and statutes. The internal control systems provide for well-defined policies, guidelines, authorizations and approval procedures. The prime objective of such audits is to test the adequacy and effectiveness of the internal controls laid down by management and to suggest improvements.

Human Resources

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

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

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Good Corporate Governance is imperative, for the Organization aimed at achieving the highest level of transparency and integrity through efficient system and procedures that ensure the highest returns to the shareholders, customers, employees and the community at large.

At Wockhardt, we create an environment to nurture good governance practices as per the standards defined under clause 49 of the Listing Agreement and to follow it in letter and spirit for achieving the highest level of transparency and accountability towards the stakeholders of the Company.

2. BOARD OF DIRECTORS

(a) Composition and other related matters

The Board of Directors of the Company has optimum combination of Executive and Non- Executive Directors and represents optimal mix of professionalism, knowledge and experience. As on March 31, 2010, the Board consists of eight Directors comprising three Executive Directors and five Non-Executive Independent Directors.

The composition of the Board of Directors along with the number of outside directorships and committee positions as on March 31, 2010, attendance of directors at the Board meetings and at the Annual General Meeting held during the period under review are given in the table below:

Name of the Director	Category of Directorship	Number of directorships held in other companies[2]	Number of committee positions held in other companies[3]		Attendance at	
			Chairman	Member	Board Meetings	Last Annual General Meeting (June 29, 2009)
Mr. H. F. Khorakiwala Chairman	Executive	2	None	None	10	Yes
Mr. Shekhar Datta	Non-Executive Independent	3	0	2	9	Yes
Dr. Abid Hussain	Non-Executive Independent	10	None	4	5	Yes
Mr. Aman Mehta	Non-Executive Independent	6	3	2	5	Yes
Mr. Bharat Patel	Non-Executive Independent	4	1	1	7	Yes
Mr. R. A. Shah	Non-Executive Independent	15	5	5	6	Yes
Mr. Huzaifa Khorakiwala	Executive	3	None	1	9	Yes
Dr. Murtaza Khorakiwala	Executive	3	2	None	10	Yes
Mr. Rajiv Gandhi[1]	Executive	2	1	None	10	Yes

(1) *Mr. Rajiv Gandhi has resigned from the directorship of the Company w.e.f. March 31, 2010.*

(2) *The number of other directorships are calculated as per Section 275 of the Companies Act, 1956. It excludes Private Limited Companies, Foreign Companies, Companies under Section 25 of the Companies Act, 1956 and Alternate Directorships.*

(3) *This includes the Chairmanships/Memberships only in the Audit Committee and Shareholders' Grievance Committee of all listed and unlisted public limited companies.*

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

(b) Board Meetings

Board meetings are held at least once in every quarter and the time gap between two meetings was not more than four months. During the fifteen months period ended March 31, 2010, Ten Board Meetings were held viz on March 31, 2009, April 24, 2009, May 29, 2009, June 12, 2009, June 29, 2009, July 27, 2009, July 30, 2009, October 31, 2009, November 18, 2009 and January 25, 2010.

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

(c) Details of Directors seeking re-appointment

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

3. AUDIT COMMITTEE

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

During the fifteen months period ended March 31, 2010, the Audit Committee met six times on March 31, 2009, April 24, 2009, May 28, 2009, July 30, 2009, October 31, 2009 and January 25, 2010.

The constitution of the Committee and the particulars of attendance at the committee meetings as on March 31, 2010 are given below:

Name of the Director/Member	Designation	Category	Profession	No. of Meetings Attended
Mr. Shekhar Datta	Chairman	Non-Executive Independent	Business Professional	5
Dr. Abid Hussain	Member	Non-Executive Independent	Consultant	4
Mr. Aman Mehta	Member	Non-Executive Independent	Business Professional	4
Mr. Bharat Patel	Member	Non-Executive Independent	Business Professional	5
Mr. R. A. Shah	Member	Non-Executive Independent	Solicitor	4

Mr. Rajiv B. Gandhi was secretary of the committee till March 31, 2010 and with effect from March 31, 2010, Mr. Jayant Manmadkar, Company Secretary acts as Secretary to the Committee.

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

4. INVESTORS GRIEVANCE COMMITTEE

The Investors Grievance Committee specifically looks into redressing of shareholders and investors complaints such as transfer of shares, non-receipt of shares, non-receipt of dividends etc. During the fifteen months period ended March 31, 2010, five meetings of the Committee were held on March 31, 2009, April 24, 2009, July 30, 2009, October 31, 2009 and January 25, 2010.

The constitution of the Committee and the particulars of attendance at the committee meetings as on March 31, 2010 are given below:

Name of the Director/Member	Designation	Category	No. of meetings attended
Mr. Shekhar Datta	Chairman	Non-Executive Independent	5
Dr. Abid Hussain	Member	Non-Executive Independent	4
Mr. Aman Mehta	Member	Non-Executive Independent	4
Mr. Bharat Patel	Member	Non-Executive Independent	4
Mr. R. A. Shah	Member	Non-Executive Independent	3

During the fifteen months period ended March 31, 2010, the Company received and resolved 39 communications from the shareholders as per the summary given below:

Nature of communication	Received	Resolved
Non-receipt of Dividend Warrants	13	13
Non-receipt of Share Certificates	20	20
Non-receipt of Annual Report	3	3
Non-receipt of Bonus Shares	3	3

As on March 31, 2010, no complaint was pending.

With effect from March 31, 2010, Mr. Jayant Manmadkar, Company Secretary is responsible for monitoring the share transfer process. The Board has designated Mr. Vijay Khetan, Associate Vice President - Finance as Compliance Officer of the Company.

5. REMUNERATION COMMITTEE

The terms of reference of Remuneration Committee includes recommendation for fixation and revision of remuneration packages of Managing Director and Executive Directors to the Board for approval and review. During the period of fifteen months ended March 31, 2010, Two Remuneration Committee meetings were held on April 24, 2009 and January 25, 2010.

The constitution of the Committee and the particulars of attendance at the committee meetings as on March 31, 2010 are given below:

Name of the Director/ Member	Designation	Category	No. of meetings attended
Mr. Bharat Patel	Chairman	Non-Executive Independent	1
Mr. Shekhar Datta	Member	Non-Executive Independent	2
Mr. R. A. Shah	Member	Non-Executive Independent	2

Remuneration Policy

The Company's remuneration policy is structured in line with the trend in the Indian Pharmaceutical Industry. The remuneration policy of the Company for managerial personnel is primarily based on the criteria like performance of the Company, potential and experience and performance of individual managerial personnel and external environment.

Remuneration of Directors

The remuneration of the Executive Directors is decided by the Board based on the recommendations of the Remuneration Committee as per the Remuneration Policy of the Company, within the limits fixed and approved by the shareholders in the general meeting. The remuneration to Non – Executive Directors comprises of sitting fees and commission. The Non-executive Directors are paid sitting fees of ₹ 20,000/- for each meeting of the Board, Audit Committee and Investor Grievance Committee attended by them. The table below gives the details of the remuneration paid to each director for the fifteen months period ended March 31, 2010. During the fifteen months period ended March 31, 2010, the Company did not advance any loans to the Directors.

Director	Material Pecuniary relationship with the Company if any	Tenure	No. of equity shares held by non-executive director	Remuneration for the fifteen months period ended March 31, 2010 (₹ In Millions)			
				Sitting fees	Salary & Perquisites	Commission	Total
Mr. H. F. Khorakiwala	Promoter	# Upto February 28, 2015	N.A	—	27.53	0.00	27.53
Mr. Shekhar Datta	None	N.A	600	0.38	—	0.00	0.38
Dr. Abid Hussain	None	N.A	Nil	0.26	—	0.00	0.26
Mr. Aman Mehta	None	N.A	Nil	0.26	—	0.00	0.26
Mr. Bharat Patel	None	N.A	Nil	0.32	—	0.00	0.32
Mr. R. A. Shah	None	N.A	Nil	0.26	—	0.00	0.26
Mr. Huzaifa Khorakiwala	Promoter	Upto March 30, 2014	N.A	—	4.16	0.00	4.16
Dr. Murtaza Khorakiwala	Promoter	Upto March 30, 2014	N.A	—	4.16	0.00	4.16
Mr. Rajiv Gandhi*	Executive	Upto February 21, 2012	N.A	—	13.78	0.00	13.78

\# *Mr. H. F. Khorakiwala has been re-appointed for a period of five years w.e.f March 1, 2010 subject to the approval of members in the ensuing Annual General Meeting.*

* *Mr. Rajiv Gandhi has resigned from the Directorship of the Company w.e.f March 31, 2010.*

Notes:

1. The applications for approval of payment of managerial remuneration to Mr. H. F. Khorakiwala, Chairman, Dr. Murtaza Khorakiwala, Managing Director, Mr. Huzaifa Khorakiwala, Executive Director and Mr. Rajiv Gandhi, Director - Corporate Finance and Information for the financial year 2009-10 were submitted to Central Government. The Ministry of Corporate Affairs (“the Central Government”) vide their letter in March 2010, approved managerial remuneration upto the permissible limit under Schedule XIII of the Companies Act, 1956. An application has been made to the Central Government for review and reconsideration, which is currently pending.
2. In view of loss incurred by the Company for the fifteen months period ended March 31, 2010, no commission has been paid to Executive and and Non- Executive Directors.
3. There is no provision for payment of severance fees and no performance linked incentives are paid to any director. The notice period is governed by service rules of the Company.
4. No Stock Options have been granted during the period under review to any of the above directors.

6. GENERAL BODY MEETINGS

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

Financial Year	Day, Date and Time of AGM	Location
2008	Monday, June 29, 2009 at 3.00 p.m.	Y. B. Chavan Auditorium, Gen. Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Mumbai 400021
2007	Monday, April 28, 2008 at 3.15 p.m.	Y. B. Chavan Auditorium, Gen. Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Mumbai 400021
2006	Friday, May 18, 2007 at 3.00 p.m.	Y. B. Chavan Auditorium, Gen. Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Mumbai 400021

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

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

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

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

One special resolution was passed unanimously by show of hands for appointment and payment of remuneration to Mr. Rajiv Gandhi, a Whole-time Director of the Company in the Annual General Meeting held on May 18, 2007.

(c) Postal Ballot:

During the fifteen months period ended March 31, 2010, the members of the Company passed following special resolutions through postal ballot:

1. Special Resolution for alteration of Article 4 of the Articles of Association of the Company, relating to Authorised Share Capital.
2. Special Resolution for preferential issue of not more than 160 crores Convertible and/or Non-Convertible Redeemable Preference shares of ₹ 5 each.

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

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

The Board of Directors of the Company at their meeting held on November 18, 2009 approved the postal ballot notice, form and calendar of events. The postal ballot notice along with postal ballot form and self-addressed pre-paid postage envelope were sent to the shareholders on November 23, 2009. The last date for receipt of the Postal Ballot form from the shareholders was December 23, 2009.

Mr. Virendra G. Bhatt submitted his report dated December 24, 2009 to the Chairman and based on the said report, results of Postal Ballot were declared on December 24, 2009 as under:

1. **Result for special Resolution for alteration of Article 4 of the Articles of Association of the Company.**

Particulars	Number of Postal Ballot	No. of Shares
Valid Postal Ballot forms received	1,757	89,618,581
Invalid Postal Ballot forms received	54	36,457
Total No. of Postal Ballot forms received	**1,811**	**89,655,038**

Sr. No.	Particulars of Valid Ballots	No. of Postal Ballots	No. of Shares	Percentage (%) of shareholding voted
1.	Number of votes in **favour** of the Resolution (Assent)	1,547	88,991,859	99.30%
2.	Number of votes **against** the Resolution (Dissent)	83	583,029	0.65%
3.	Neutral	127	43,693	0.05%
	Total	**1,757**	**89,618,581**	**100.00%**

2. **Result for Special Resolution for preferential issue of not more than 160 crores Convertible and/or Non-Convertible Redeemable Preference shares of ₹ 5 each**

Particulars	Number of Postal Ballot	No. of Shares
Valid Postal Ballot forms received	1,757	89,618,581
Invalid Postal Ballot forms received	54	36,457
Total No. of Postal Ballot forms received	**1,811**	**89,655,038**

Sr. No.	Particulars of Valid Ballots	No. of Postal Ballots	No. of Shares	Percentage (%) of shareholding voted
1.	Number of votes in **favour** of the Resolution (Assent)	1,522	88,988,449	99.30%
2.	Number of votes **against** the Resolution (Dissent)	110	584,814	0.65%
3.	Neutral	125	45,318	0.05%
	Total	**1,757**	**89,618,581**	**100.00%**

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

7. MANAGEMENT DISCUSSION & ANALYSIS REPORT

The Management Discussion and Analysis Report for the fifteen months period ended March 31, 2010 is published separately in this Annual Report.

8. DISCLOSURES

a. Related party disclosures

During the period under review, there were no materially significant related party transactions i.e transactions of material nature with its promoters, directors, management or their subsidiaries or relatives etc that may have potential conflict with the interest of the Company at large. The independent Directors on the Company's Board, apart from receiving Directors' remuneration, do not have any other material pecuniary relationship or transactions with the Company, its promoters, its management or its subsidiaries, which in the judgment of the Board affect the independence of judgment of the Directors. The register of contracts/arrangements containing the transactions in which the Directors are interested is placed before the Board regularly for its approval and is signed by the Directors present at the meeting. Statement in summary form of transactions with related parties is placed before the audit committee for review. In compliance with Accounting Standard 18, details of transactions with related party are disclosed in the notes to Accounts.

b. Compliance

The Company has established procedures to enable its Board to periodically review compliance of all laws applicable to the Company, as well as steps taken by the Company to rectify instances of non-compliances. The Company has complied with the requirements of the stock exchanges, SEBI and other statutory authorities on all matters relating to capital markets during the last three years except non-compliance of clause 41 of the listing agreement relating to submission of audited results for the year ended December 31, 2008. No penalties or strictures have been imposed on the Company by the stock exchanges or SEBI or any other statutory authorities relating to the above.

c. Code of Business Conduct and Ethics

The Company has laid down a "Code of Business Conduct and Ethics" for the Directors and the Senior management personnel. The Code has been posted on the website of the Company. All Board members and senior management personnel have affirmed compliance with the Code for the period ended March 31, 2010. A declaration to this effect signed by Dr. Murtaza Khorakiwala, Managing Director forms part of this report as Annexure I.

d. CEO/CFO Certification

In terms of requirements of clause 49(V) of the listing agreement, Dr. Murtaza H. Khorakiwala, Managing Director has made certification to the Board in the prescribed format for the period under review, which has been reviewed by the Audit Committee and taken on record by the Board. As the Chief Financial Officer (CFO) has resigned and the Company is in the process of appointing a new CFO, the said certification has been done only by the Managing Director.

e. Risk management policy

The Company has defined and adopted a Risk Management Policy, and the Head of Internal Audit assesses the risks and lays down the procedure for minimization of the risks. The above facilitates not only in risk assessment and timely rectification but also helps in minimization of risk associated with any strategic, operational, financial and compliance risk across all business operations. These control procedures and systems ensure that the Board and the audit committee are periodically informed on the material risks faced by the Company and the steps taken by the Company to eliminate those risks.

f. Compliance with mandatory and non-mandatory requirements

The Company has complied with all the mandatory requirements of clause 49 of the listing agreement relating to corporate governance. The Company has adopted the non-mandatory requirements of the clause 49 of the listing agreement pertaining to the constitution of remuneration committee as per the details given in point 5 above and shareholders' rights as per the details given in point 9 below.

9. MEANS OF COMMUNICATION

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

10. CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

The Certificate from Mr. Virendra Bhatt, Practicing Company Secretary regarding compliance of conditions of corporate governance for the fifteen months period ended March 31, 2010 forms part of this report.

GENERAL SHAREHOLDER INFORMATION

1. ANNUAL GENERAL MEETING

— Date and Time : Monday, September 20, 2010 at 3.30 p.m.

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

2. FINANCIAL YEAR AND TENTATIVE FINANCIAL CALENDAR

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

Tentative Financial reporting for the Financial Year 2010 is as under:

Quarter ending June 30, 2010	August 2010
Quarter ending September 30, 2010	November 2010
Quarter ending December 31, 2010	February 2011
Year ending March 31, 2011	May 2011
Annual General Meeting for the year ended March 31, 2011	September 2011

3. DATE OF BOOK CLOSURE FOR ANNUAL GENERAL MEETING

Monday, September 13, 2010 to Monday, September 20, 2010 (both days inclusive).

4. DIVIDEND PAYMENT DATE : No dividend has been declared for the period ended March 31, 2010.

5. LISTING ON STOCK EXCHANGES AT

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

6. LISTING FEES

The Company has paid listing fees to all the above stock exchanges for the year 2009-2010.

7. STOCK MARKET DATA

(a) Stock code

Bombay Stock Exchange Limited (BSE) : 532300

National Stock Exchange of India Limited (NSE) : WOCKPHARMA

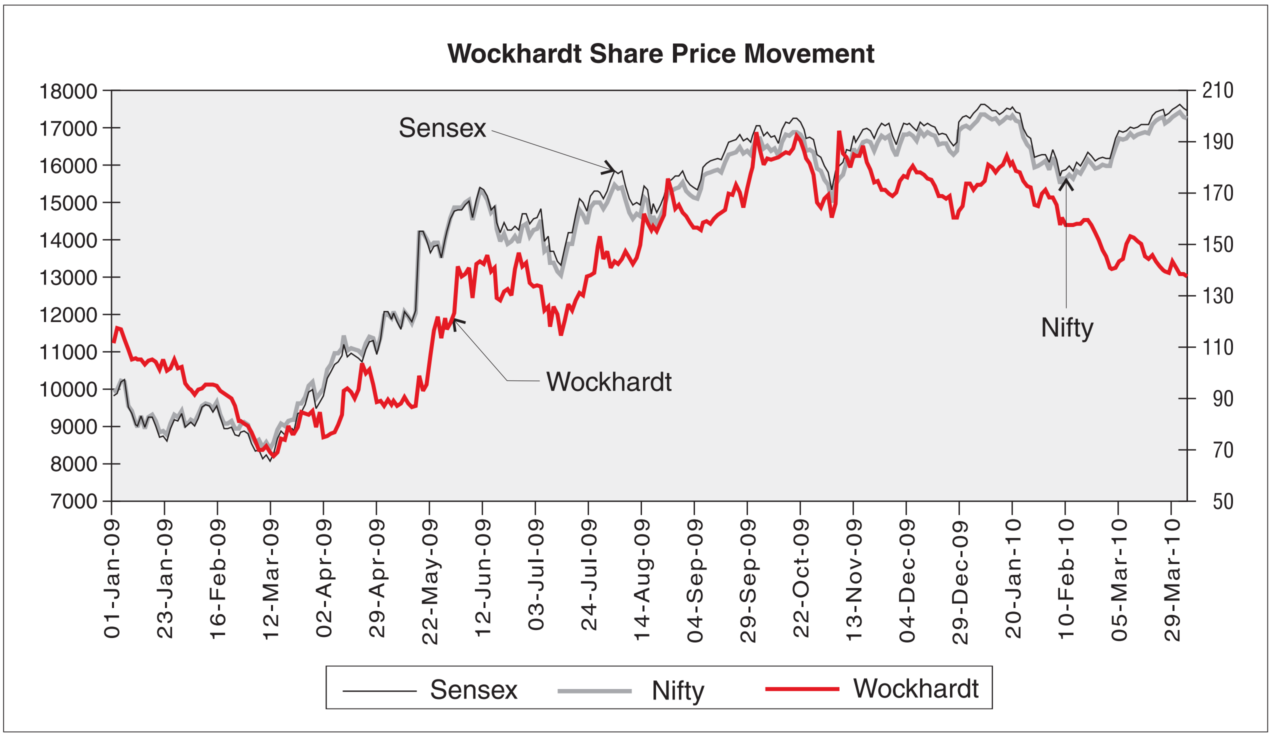
(b) Corporate Identity Number (CIN) : L24230MH1999PLC120720

8. MARKET PRICE DATA FOR THE FIFTEEN MONTHS PERIOD ENDED MARCH 31, 2010

Month	NSE			BSE		
	High (₹)	Low (₹)	Monthly Volume	High (₹)	Low (₹)	Monthly Volume
January 2009	125.00	96.60	1,353,699	123.00	97.00	606,035
February 2009	104.00	79.50	1,189,465	104.50	79.60	711,988
March 2009	89.00	68.00	2,482,163	88.15	67.50	1,276,158
April 2009	109.65	66.50	14,959,965	108.00	68.45	8,357,537
May 2009	126.90	85.50	9,329,565	126.20	85.00	4,237,815
June 2009	157.90	117.05	14,987,889	157.40	118.30	7,122,647
July 2009	158.95	115.00	3,443,643	159.00	115.00	1,812,899
August 2009	187.50	140.00	5,323,217	187.35	140.00	2,726,650
September 2009	197.85	155.05	3,401,275	197.90	156.10	1,510,075
October 2009	200.00	162.00	2,184,573	197.80	160.25	1,128,006
November 2009	205.75	158.55	4,005,308	201.45	159.55	1,711,887
December 2009	185.45	160.20	3,245,372	185.70	159.35	1,630,709
January 2010	190.00	159.10	2,785,584	193.00	159.30	1,198,068
February 2010	175.90	141.00	954,569	176.00	141.00	400,958
March 2010	157.00	133.55	2,528,359	157.00	138.25	972,972

Source: website of BSE and NSE

9. STOCK PERFORMANCE INDEX



Source: website of BSE and NSE

10. REGISTRAR & TRANSFER AGENT

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound,
L. B. S. Marg, Bhandup (West),
Mumbai 400 078
Tel : 022 2594 6970-78 • Fax : 022 2594 6969
Email: rnt.helpdesk@linkintime.co.in

11. SHARE TRANSFER SYSTEM

The shares in dematerialized mode are transferable through depositories. The shares in physical mode lodged for transfer are processed by Registrar & Transfer Agent. Mr. Jayant Manmadkar, Company Secretary looks after the process of share transfers. The Share transfer requests received at the Registrar & Transfer Agent are normally processed and delivered within 21 days from the date of lodgement if the documents are complete in all respects. Requests for dematerialization of shares are processed and the confirmation is given to depositories within 15 days from receipt if the documents are in order.

12. DISTRIBUTION OF SHAREHOLDING AS AT MARCH 31, 2010

Slab of shareholding No. of shares	No. of Shareholders	% of total shareholders	Amount in ₹	% of total amount
1 – 500	47,736	86.16	27,540,210	5.03
501 – 1000	5,874	10.60	19,443,465	3.55
1001 – 2000	1,061	1.92	7,640,990	1.40
2001 – 3000	270	0.49	3,426,340	0.63
3001 – 4000	114	0.20	2,038,985	0.37
4001 – 5000	70	0.13	1,634,230	0.30
5001 – 10000	125	0.23	4,616,815	0.84
Above 10000	152	0.27	480,838,480	87.88
TOTAL	**55,402**	**100.00**	**547,179,515**	**100.00**

SHAREHOLDING PATTERN AS ON MARCH 31, 2010

Categories	Number of shares	Amount in ₹	% to total paid-up capital
Promoters	80,585,382	402,926,910	73.64
Directors/relatives of Directors	110,255	551,275	0.10
Financial Institutions	96,503	482,515	0.10
Banks	153,795	768,975	0.14
Mutual Funds	934,292	4,671,460	0.85
Insurance Companies	8,789,464	43,947,320	8.03
Foreign Institutional Investors	1,972,357	9,861,785	1.80
Bodies Corporates	1,913,211	9,566,055	1.75
Non Resident Indians	568,015	2,840,075	0.52
Shares Representing GDRs	647,966	3,239,830	0.59
Public	13,385,652	66,928,260	12.23
Clearing Member	276,986	1,384,930	0.25
Trusts	2,025	10,125	0.00
TOTAL	**109,435,903**	**547,179,515**	**100.00**

13. DEMATERIALISATION OF SHARES AND LIQUIDITY

The Company's equity shares are compulsorily tradable in dematerialised form since listing and are available for trading with both the Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As on March 31, 2010, 107,074,462 equity shares representing 97.84% of the Company's total paid-up capital were held in dematerialized mode. Out of public holding of 28,202,555 equity shares, 26,685,554 equity shares representing 94.62% of public holding is in dematerialized mode. The International Securities Identification Number (ISIN) assigned to company's equity shares is INE049B01025.

14. OUTSTANDING GDRS/ADRS/WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON EQUITY

Number of outstanding Global Depository Receipts (GDRs) as on March 31, 2010 are 647,966 representing 647,966 equity shares of ₹ 5/- each constituting 0.59% of paid-up capital of the Company. In March 2010, the Company had allotted, 208,555,274 Optionally Convertible Cumulative Redeemable Preference Shares (Series 1) and 215,608,331 Optionally Convertible Cumulative Redeemable Preference Shares (Series 2) as per approved CDR package dated July 4, 2009. The Series 1 Preference Share holders shall have the right to convert the Optionally Convertible Cumulative Redeemable Preference shares along with accumulated dividend, into fully paid equity shares of the Company, in one or more tranches, commencing October 25, 2015 till December 31, 2018, at a price to be calculated as per the SEBI pricing formula prevalent at the time of conversion. The Series 2 Preference Share holders shall have the right to convert the Optionally Convertible Cumulative Redeemable Preference shares, along with accumulated dividend, into fully paid equity shares of the Company, in one or more tranches, commencing July 4, 2016 till December 31, 2018, at a price to be calculated as per the SEBI pricing formula prevalent at the time of conversion. The Series 1 & Series 2 Optionally Convertible Cumulative Redeemable Preference shares, in case not converted, shall get redeemed along with accumulated dividend on December 31, 2018 without any redemption premium. The Company is in the process of restructuring the liability towards Foreign Currency Convertible Bonds. There will be no impact of conversion of GDR's as the Company has allotted the underlying shares. As regards to Optionally Convertible Cumulative Redeemable Preference Shares, it is not possible to ascertain the likely impact on equity, as the conversion will take place on the price of equity shares and SEBI pricing formula prevalent at the time of conversion.

15. REGISTERED OFFICE AND ADDRESS FOR CORRESPONDENCE

Jayant Manmadkar, Company Secretary
Wockhardt Limited
Wockhardt Towers, Bandra Kurla Complex,
Bandra (East), Mumbai 400 051
Tel: 022-26534444 • Fax: 022- 26534242
Email: investorrelations@wockhardt.com

16. PLANT LOCATIONS

Formulation Plants

- L-1, MIDC Area
  Chikalthana,
  Aurangabad-431 210
  Maharashtra
- B-15/2, MIDC Area,
  Waluj, Aurangabad,
  Maharashtra
- Plot No. 87-A,
  Silver Industrial Estate
  Patiala Road,
  Bhimpore,
  Nani Daman-396 210
- Survey No. 106/4,5,7
  Daman Industrial Estate
  Kadaiya,
  Nani Daman-396 210
- Plot No. H-14/2 Waluj
  Industrial Area MIDC,
  Waluj, Aurangabad,
  Maharashtra
- 57, Kunjhal, Barotiwala,
  Nalagarh,
  District Solan,
  Himachal Pradesh-174 103

Bulk Drugs

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

For and on behalf of Board of Directors

H. F. Khorakiwala
Chairman

Mumbai, May 20, 2010

ANNEXURE I TO CORPORATE GOVERNANCE REPORT

AFFIRMATION OF COMPLIANCE WITH CODE OF CONDUCT AND BUSINESS ETHICS

Pursuant to the requirements of clause 49(I)(D) of the listing agreement, I hereby affirm that all the Board Members and the Senior Management Personnel have affirmed compliance with code of conduct and business ethics for the period of fifteen months ended March 31, 2010.

Dr. Murtaza Khorakiwala
Managing Director

Mumbai, May 20, 2010

CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Members of Wockhardt Limited

We have examined the compliance of conditions of Corporate Governance by **Wockhardt Limited** for the period of 15 months ended **March 31, 2010**, as stipulated in clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the company's management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring the Compliance with the conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of Corporate Governance as stipulated in the above-mentioned Listing Agreements.

In our opinion and to the best of our information and according to the explanation given to us and based on the representations, made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned listing agreements.

We further state that such compliance is neither an assurance to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

VIRENDRA BHATT
Practicing Company Secretary
ACS No.: 1157; CP No.: 124

Place : Mumbai
Date : May 20, 2010

CONSOLIDATED FINANCIAL HIGHLIGHTS

(₹ In Millions)

YEAR-END FINANCIAL POSITION	2009-10	2008	2007	2006	2005	2004	2003	2002	2001	2000
Net Fixed Assets (incl. CWIP)	32,370	36,297	30,713	17,067	7,881	6,598	5,364	2,692	2,038	1,727
Deferred Tax Assets/(Liabilties)	477	415	(921)	(921)	(618)	(600)	(450)	(360)	–	–
Investments	948	932	709	3	3	3	–	–	90	811
TOTAL	33,795	37,644	30,501	16,149	7,266	6,001	4,914	2,332	2,128	2,538
Current Assets	21,827	29,636	20,109	20,024	13,605	12,538	5,765	3,088	3,049	2,694
Current Liabilities	8,729	14,752	8,875	5,808	3,645	3,459	2,751	1,454	1,510	988
Net Current Assets	13,098	14,884	11,234	14,216	9,960	9,079	3,014	1,634	1,539	1,706
Sub-Total	46,893	52,528	41,735	30,365	17,226	15,080	7,928	3,966	3,667	4,244
Foreign Currency Translation Reserve	1,578	1,439	269	(72)	(81)	(118)	(143)	(118)	(99)	4
Profit & Loss Account	57									
TOTAL CAPITAL EMPLOYED	**48,528**	**53,967**	**42,004**	**30,293**	**17,145**	**14,962**	**7,785**	**3,848**	**3,568**	**4,248**
Capital										
– Equity	547	547	547	547	547	545	363	363	363	363
– Preference	6,686	–	–	–	–	–	–	–	150	200
TOTAL	7,233	547	547	547	547	545	363	363	513	563
Reserves	1,120	11,069	12,457	10,043	7,533	5,503	4,120	2,986	2,510	2,056
Net Worth	8,353	11,616	13,004	10,590	8,080	6,048	4,483	3,349	3,023	2,619
Borrowings										
– Secured	35,522	31,608	23,440	14,751	4,124	4,082	3,254	459	513	917
– Unsecured	4,653	10,743	5,560	4,952	4,941	4,832	48	40	32	712
TOTAL	40,175	42,351	29,000	19,703	9,065	8,914	3,302	499	545	1,629
TOTAL SOURCES	**48,528**	**53,967**	**42,004**	**30,293**	**17,145**	**14,962**	**7,785**	**3,848**	**3,568**	**4,248**
Summary of Operations										
Sales (Excluding Excise)	45,014	35,898	24,909	17,290	14,130	12,516	9,421	8,091	7,338	5,583
Other Income	295	356	2,083	190	180	158	74	15	58	31
TOTAL INCOME	**45,309**	**36,254**	**26,992**	**17,480**	**14,310**	**12,674**	**9,495**	**8,106**	**7,396**	**5,614**
Material Consumed	19,725	13,604	9,928	6,679	5,771	5,218	4,132	3,517	3,194	2,659
Personnel Cost	7,353	6,320	4,578	2,692	2,097	1,893	1,341	785	676	390
Other expenses	9,704	8,119	5,635	3,917	2,976	2,706	2,153	2,387	2,051	1,562
EBIDTA	8,527	8,211	6,851	4,192	3,466	2,857	1,869	1,417	1,475	1,003
Interest Expense/(Income)	3,953	3,780	1,324	26	95	(16)	4	76	142	135
Depreciation	1,481	1,130	785	621	426	368	268	182	166	97
Profit Before Tax & Exceptional Items	3,093	3,301	4,742	3,545	2,945	2,505	1,597	1,159	1,167	771
Exceptional Items	(12,949)	(5,810)	–	(604)	–	–	–	–	–	–
PBT	(9,856)	(2,509)	4,742	2,941	2,945	2,505	1,597	1,159	1,167	771
Tax (Expense)/Credit	(167)	916	(917)	(529)	(374)	(371)	(171)	(108)	(104)	(54)
PAT	**(10,023)**	**(1,593)**	**3,825**	**2,412**	**2,571**	**2,134**	**1,426**	**1,051**	**1,063**	**717**
Share in Profit of Associate Companies	16	205	33	–	–	–	–	–	–	–
IMPORTANT RATIOS										
Current Assets : Liabilities	2.50	2.01	2.27	3.45	3.73	3.62	2.10	2.12	2.02	2.73
Debt : Equity	4.81	3.65	2.23	1.86	1.12	1.47	0.74	0.15	0.18	0.62
PBT/Turnover %	-21.9%	-7.0%	19.0%	17.0%	20.8%	20.0%	17.0%	14.3%	15.9%	13.8%
Return (PBIT) on Capital Employed %	-12.6%	2.4%	14.5%	9.8%	17.6%	16.5%	20.2%	31.1%	35.7%	21.3%
No. of Equity Shares (in millon)	109.44	109.44	109.44	109.44	109.44	109.00	36.29	36.26	36.26	36.26
Dividend (per share)	–	–	11.25	5.00	5.00	5.00	7.50	6.50	6.50	6.00
Earning (per share)	(91.4)	(12.7)	35.3	22.04	23.5	19.6	39.3	28.8	28.9	19.2
Net Worth (per share)	76.3	106.1	118.8	96.8	73.8	55.3	123.5	92.4	83.4	72.2

Notes: (1) In the year 2004 each equity share of ₹ 10/- each was sub-divided into 2 equity shares of ₹ 5/- each and bonus shares in the ratio of 1 share for every two shares held were issued.

(2) The Figures for 2009-10 are for fifteen month period ended March 31, 2010.

NOTES

NOTES

CHAIRMAN HONOURED
Purdue confers honorary doctorate

The honorary doctorate is bestowed on Habil Khorakiwala, Chairman, Wockhardt Group by Dr. France Cordova, President and Dr. Craig Svensson, Dean, Pharmacy College, Purdue University, USA

"This doctorate is given very rarely and only to the most deserving individuals who have made an outstanding contribution to humanity"

Dr. France Cordova
President, Purdue University

"This is the first time in the last 125 years since the institution of this college has an international non-American been awarded this most prestigious honour and award. This makes it a truly outstanding achievement"

Dr. Craig Svensson
Dean, Pharmacy College
Purdue University

WOCKHARDT WORLDWIDE

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