

September 01, 2017

My Dear Share Owners,

The Company's Board of Directors have approved the financial results for 1st Quarter (April-June) of the Financial Year 2017-18. I take this opportunity to share with you the Company's performance this year along with some key business highlights. Despite uncertainties hovering over GST implementation in India, ongoing US FDA related matters and genercisation of some of the products of the Company in USA, the overall sales during the quarter improved over the trailing quarter of Q4FY17 (quarter on quarter) by about ₹ 27 crore, mainly on account of enhanced business in UK.

**Settlement of commercial litigation:**

During the quarter ended June 30, 2017, the on-going commercial litigation between the Company and two of its subsidiaries namely Wockhardt UK Holdings Limited and CP Pharmaceuticals Limited (CP) in relation to a supply contract with Cephalon Inc, (Cephalon) an affiliate of Teva Pharmaceuticals USA, Inc. (Teva) before the High Court in London, United Kingdom, was settled at cost of GBP 43 mn to Wockhardt Group.

The High Court has accepted the settlement between the parties and a Consent Order was issued on June 21, 2017. Pursuant to this settlement the ongoing litigation stands closed.

**Financial Highlights for Q1 (April - June) FY 2017-18**

- Consolidated revenue for the quarter is INR 891 crore.
- EBITDA before R&D spend is INR (7) crore for Q1FY18, compared to INR 193 crore in previous year.
- R&D spend at INR 72 crore (8% of sales) and including capital expenditure is at 10% to sales for Q1FY18.

**Business Highlights**

- The International Business contributed 66% of the global revenue in Q1FY18.
- UK revenues grew by 22% in Q1FY18 over Q4FY17 (in GBP terms grew by 29%) and de-grew by 14% in Q1FY18 compared to Q1FY17 (in GBP terms remained flat). UK received one new approval in Q1FY18.
- US business for Wockhardt contributed 17% of the Global Revenues in Q1FY18 compared to 18% in the Q1FY17. Revenues from the US Business were at ₹ 152 crore in Q1FY18 versus ₹ 191 crore in Q1FY17. The company filed 1 new ANDA's in Q1FY18 and received 1 new approval, taking cumulative pending for approval as on date at 80. 1 tentative approval received.
- India Business de-grew by 8% in Q1FY18 over Q4FY17 & de-grew by 26% in Q1FY18 vs Q1FY17 primarily due to destocking by trade on account of uncertainties hovering over GST implementation. 4 new products were launched in India in Q1FY18.
- Emerging Markets Business grew by 11% in Q1FY18 compared to Q1FY17 stood at ₹ 88 crore in Q1FY18 compared to ₹ 79 crore in Q1FY17.
- Irish Business revenues were at ₹ 35 crore in Q1FY18 vs ₹ 32 crore in Q1FY17, grew by 9% in INR terms and grew by 25% in Euro terms in Q1FY18.
- France de-grew by Euro 1 Mn in Q1FY18.

**Proposed Issue of Securities :**

Pursuant to the approval by the Board of Directors of the Company in the meeting held on 4th May, 2017 for raising of additional capital by way of one or more public or private offerings including through a Qualified Institutions Placement ("QIP") to eligible investors through an issuance of equity shares or other eligible securities for an amount not exceeding ₹ 1,000 crore, notice of postal ballot was sent to the shareholders of the Company during the quarter. The resolution was passed with 99.95% voted in favour of the resolution on 8th June, 2017 and shall be valid for one year.

We wish to thank each one of you for your continued support and confidence in Wockhardt. We continue to stay focused and build a strong business at Wockhardt as we solicit your unstinted support.

Warm Regards,

Dr. Habil Khorakiwala  
Founder Chairman

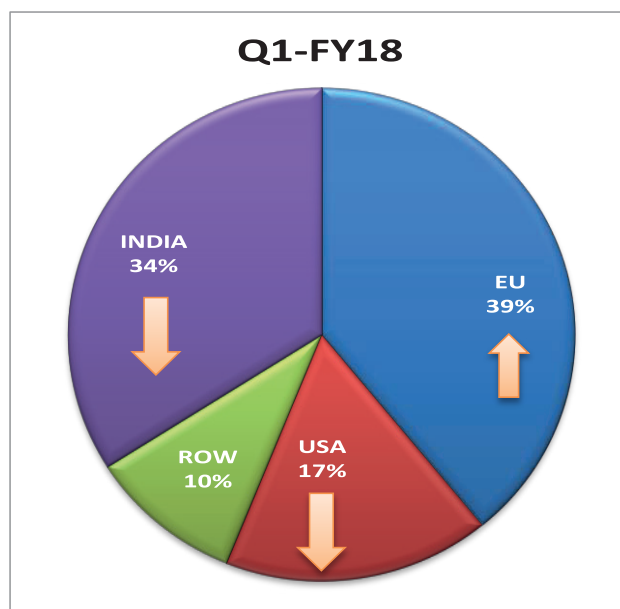
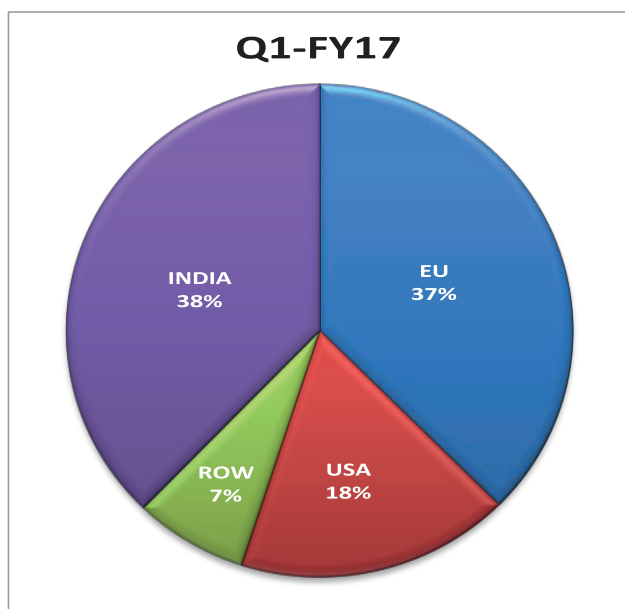


# PERFORMANCE HIGHLIGHTS

## Consolidated Financials

- Consolidated revenues at ₹ 891 crore in Q1FY18 vs ₹ 1,091 crore in Q1FY17.
  - India Business de-grew by 8% in Q1FY18 compared to Q4FY17 and de-grew by 26% in Q1FY18 over Q1FY17 primarily due to destocking by trade on account of uncertainties hovering over GST implementation.
  - UK revenues grew by 22% in Q1FY18 over Q4FY17 (in GBP terms grew by 29%) and de-grew by 14% in Q1FY18 compared to Q1FY17 (in GBP terms remained flat).
  - Emerging market Business grew by 11% in Q1FY18 compared to Q1FY17.
  - US Business de-grew by 20% in Q1FY18 compared to Q1FY17.
- Gross Margins at 54% in Q1FY18.
- EBITDA at ₹ (79) crore compared to ₹ 85 crore in Q1FY17.

## Share of Global Revenues:-



# Business Highlights

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- **International Operations**

- At ₹ 588 crore, contributes 66% of global revenues for Q1FY18, de-grows by 13% compared to Q1FY17 mainly on account of uncertainties hovering over GST implementation in India, ongoing US FDA related matters, genercisation of some of the products of the Company in USA and consequent impact of Brexit in UK.

- **India & Emerging Markets Business**

- India and Emerging Markets contributed 44% of the global revenues in Q1FY18.
- 4 new products launched in India during Q1FY18.
- India Business de-grew by 26% in Q1FY18 compared to Q1FY17 and stood at ₹ 303 crore in Q1FY18 vs ₹ 412 crore in Q1FY17, primarily due to destocking by trade on account of uncertainties hovering over GST implementation. However, India Business de-grew by 8% in Q1FY18 over Q4FY17.
- Emerging Markets Business grew by 11% in Q1FY18 compared to Q1FY17 stood at ₹ 88 crore in Q1FY18 compared to ₹ 79 crore in Q1FY17.

- **Europe Business**

- Europe Operation (including France) contributed 39% of the Global Revenues in Q1FY18. Revenues from EU Operations (excluding France) were at ₹ 332 crore in Q1FY18. Revenues from French Operations were at ₹ 16 crore in Q1FY18 versus ₹ 19 crore in Q1FY17.
- UK Operations (including Pinewood's UK business) revenues were at ₹ 257 crore in Q1FY18 vs ₹ 298 crore in Q1FY17, representing a de-growth of 14% in Q1FY18 in INR terms mainly due to impact of Brexit (however, remained flat in GBP terms in Q1FY18). UK operations grew by 22% in Q1FY18 vs Q4FY17 and grew by 29% in GBP terms in Q1FY18 compared to Q4FY17.
- UK received 1 new approval in Q1FY18.
- Irish Business revenues were at ₹ 35 crore in Q1FY18 vs ₹ 32 crore in Q1FY17, grew by 9% in INR terms and grew by 25% in Euro terms in Q1FY18.
- France de-grew by Euro 1 Mn.

- **US Business**

- US business for Wockhardt contributed 17% of the Global Revenues in Q1FY18 compared to 18% in the Q1FY17. Revenues from the US Business were at ₹ 152 crore in Q1FY18 versus ₹ 191 crore in Q1FY17.
- The company filed 1 new ANDA's in Q1FY18 and received 1 new approval, taking cumulative pending for approval as on date at 80. 1 tentative approval received.

# FINANCIALS

## Consolidated P&L

₹ Crore

Particulars	Q1-FY18	Q4-FY17	Q1-FY17
<b>Revenues from Operations</b>	891	864	1091
Material Consumption	409	436	416
<b>Gross Margins</b>	482	428	675
<i><b>Gross Margin %</b></i>	<i><b>54%</b></i>	<i><b>50%</b></i>	<i><b>62%</b></i>
Staff Cost	208	195	213
R&D Expenses	72	90	108
Other Expenditure	281	320	269
<b>Total Expenditure</b>	<b>970</b>	<b>1041</b>	<b>1006</b>
<b>EBITDA</b>	<b>(79)</b>	<b>(177)</b>	<b>85</b>
<i><b>EBITDA Margin</b></i>	<i><b>-9%</b></i>	<i><b>-20%</b></i>	<i><b>8%</b></i>
<b>EBITDA before R&amp;D</b>	<b>(7)</b>	<b>(87)</b>	<b>193</b>
<i><b>EBITDA Margin before R&amp;D</b></i>	<i><b>-1%</b></i>	<i><b>-10%</b></i>	<i><b>18%</b></i>
Interest Expenses (Net)	49	42	34
(Income)/Expense due to Exchange Rate Fluctuation	(19)	(13)	10
Depreciation	37	37	36
Other Income / (Loss)	25	39	2
<b>Profit/(Loss) Before Tax before exceptional items</b>	<b>(121)</b>	<b>(204)</b>	<b>7</b>
Exceptional Item Profit/(Loss)	(358)	0	0
<b>Profit/(Loss) before Tax</b>	<b>(479)</b>	<b>(204)</b>	<b>7</b>
Tax Expense (Including Deferred Tax)	(16)	3	(10)
<b>Profit After Tax (PAT)</b>	<b>(463)</b>	<b>(207)</b>	<b>17</b>
Add: Share of Profit/(Loss) from Associates	0	0	0
Less: Non-Controlling Interest	(53)	(32)	1
<b>PAT after Non-Controlling Interest</b>	<b>(410)</b>	<b>(175)</b>	<b>16</b>
<i><b>PAT after Non-Controlling Interest Margin %</b></i>	<i><b>-46%</b></i>	<i><b>-20%</b></i>	<i><b>1%</b></i>

For further clarification, write to: Investor Service Cell, Wockhardt Limited, Wockhardt Towers, Bandra-Kurla Complex, Bandra East, Mumbai 400 051 or Email:investorrelations@wockhardt.com

Visit us at: [www.wockhardt.com](http://www.wockhardt.com)