

Annual Results FY 2010-11

Wockhardt's robust business backed with profits

Consolidated Sales grew by 3.1% to ₹ 3,751 crore
Operating Profit (EBIDTA) grew by 41.7% to ₹ 908.7 crore
Net Profit was ₹ 90.5 crore

Mumbai, May 19, 2011

Pharmaceutical and Biotechnology major Wockhardt Limited today announced its results for the FY 2010-11 (April 2010 – March 2011). Consolidated Sales revenue was ₹ 3,751 crore, showing a growth of 3.1%. Operating Profit (EBIDTA) was ₹ 908.7 crore, a growth of 41.7% and Net Profit was ₹ 90.5 crore.

The 4th Quarter results of Jan – March 2011 recorded ₹ 938.7 crore Sales revenues showing a growth of 7.6%. Operating Profit was ₹ 265 crore, a growth of 67.7% and Net Profits stood at ₹ 161.9 crore.

“Wockhardt's performance this year has shown significant improvement, which reflects in its operating profits, primarily driven by improved efficiencies within the organisation and the launch of new products”, said Wockhardt Chairman Dr. Habil Khorakiwala. “I am extremely confident going forward that our performance in the coming years will further strengthen Wockhardt's financial position”, added Dr. Khorakiwala.

USA Business:

Wockhardt USA has demonstrated a strong growth of 70% in the world's largest and most competitive pharmaceutical market and is geared to derive maximum value from it. With over 110 products marketed in the US, Wockhardt USA and Morton Grove Pharmaceuticals combined have 13 products ranked in No. 1 position and another 15 products in No. 2 position in their respective therapeutic groups in the US (Wolters Kluwer September 2010).

India Business:

Wockhardt's India branded business grew by over 15% in FY 2010-11 and its market share grew to 2.05% in March 2011 as compared to 1.91% in March 2010 (IMS). Overall 6 Wockhardt brands featured amongst the TOP-300 brands of the industry. The generics business grew by 15% and Wockhardt's Power Brands grew by 16%.

Europe Business:

Wockhardt UK continues to be the No.1 Indian generic company with sales revenue growing by 14.5% compared to the industry growth of only 4% during this period. Pinewood Healthcare consolidates its No.1 position in the branded generic market of Ireland, showing a growth of 5.9% compared to a negative industry growth.

About Wockhardt

Wockhardt is a high technology global pharmaceuticals and biotechnology major with innovative multi-disciplinary research and development programmes. It has 3 research centres and 21 world-class manufacturing plants in India, USA, UK, France and Ireland. Wockhardt has a multi-ethnic workforce of 6500 people from 14 different nationalities. As per the 2011 edition of SCRIP 100, Wockhardt is ranked 76th amongst the World's Top 100 Pharmaceutical Companies and only the 4th Indian Pharmaceutical Company to feature in this elite group.

WOCKHARDT LIMITED

 Wockhardt Towers, Bandra-Kurla Complex
 Bandra (East), Mumbai 400 051, India

**AUDITED CONSOLIDATED FINANCIAL RESULTS
 FOR THE QUARTER & YEAR ENDED 31ST MARCH, 2011**

(Rs. in Million)

PARTICULARS	QUARTER ENDED 31/03/2011	% TO SALES	QUARTER ENDED 31/03/2010	% TO SALES	GROWTH %	YEAR ENDED 31/03/2011	% TO SALES	TWELVE MONTHS ENDED 31/03/2010	% TO SALES	GROWTH %	FIFTEEN MONTHS ENDED 31/03/2010	% TO SALES
Income from Operations	9,387	100.0	8,720	100.0	7.6	37,512	100.0	36,381	100.0	3.1	45,014	100.0
Total Expenditure	6,737	71.8	7,140	81.9	(5.6)	28,425	75.8	29,967	82.4	(5.1)	36,783	81.7
a) (Increase)/Decrease in stock	65	0.7	(199)	(2.3)	(132.7)	617	1.6	6	0.0	10183.3	316	0.7
b) Consumption of raw material	2,164	23.1	2,303	26.4	(6.0)	8,750	23.3	10,268	28.2	(14.8)	11,841	26.3
c) Purchase of Finished Goods	1,179	12.6	1,636	18.8	(27.9)	5,786	15.5	5,975	16.5	(3.2)	7,561	16.8
Material Consumption	3,408	36.3	3,740	42.9	(8.9)	15,153	40.4	16,249	44.7	(6.7)	19,718	43.8
d) Staff Cost	1,438	15.3	1,294	14.9	11.1	5,247	14.0	5,463	15.0	(4.0)	6,944	15.4
e) R & D expenditure	120	1.3	115	1.3	4.3	483	1.3	521	1.4	(7.3)	668	1.5
f) Other expenditure	1,771	18.9	1,991	22.8	(11.0)	7,542	20.1	7,734	21.3	(2.5)	9,453	21.0
Other Expenditure	3,329	35.5	3,400	39.0	(2.1)	13,272	35.4	13,718	37.7	(3.3)	17,065	37.9
Gross Profit before Interest, Depreciation & Taxation	2,650	28.2	1,580	18.1	67.7	9,087	24.2	6,414	17.6	41.7	8,231	18.3
Interest/ Financing Cost												
(a) Interest	901	9.6	705	8.1	27.8	2,671	7.1	2,474	6.8	8.0	3,425	7.6
(b) (Income)/Expense due to Exchange Rate Fluctuation	(1,595)		160			(1,366)		(65)			259	
(c) Premium on FCCB	-		-			-		182			268	
Depreciation	271	2.9	264	3.0	2.7	1,166	3.1	1,170	3.2	(0.3)	1,481	3.3
Other Income	23	-	50	-	-	159	-	192	-	-	295	-
Profit/(Loss) Before Tax before exceptional items	3,096	33.0	501	5.8	518.0	6,775	18.1	2,845	7.8	138.1	3,093	6.9
Exceptional Item Profit/(Loss)	(1,721)		(6,333)			(5,732)		(12,748)			(12,949)	
Profit/(Loss) Before Tax	1,375	14.6	(5,832)	(66.9)	123.6	1,043	2.8	(9,903)	(27.2)	110.5	(9,856)	(21.9)
Provision for Taxation	117		(5)			338		229			287	
Deferred Taxation	(405)		(238)			(252)		(205)			(120)	
Profit/(Loss) After Tax	1,663	17.7	(5,589)	(64.1)	129.8	957	2.6	(9,927)	(27.3)	109.6	(10,023)	
Add: Share of Profit/(Loss) from Associates	(44)		(63)			(52)		21			16	
Net Profit/(Loss)	1,619	17.2	(5,652)	(64.8)	128.6	905	2.4	(9,906)	(27.2)	109.1	(10,007)	(22.2)
Paid-up Equity Share Capital (Rs 5/-each)	547		547		-	547		547		-	547	
Reserves excluding Revaluation Reserve (as per last audited Balance-Sheet)	-		-		-	1,251		-		-	(1,236)	
Earning Per Share												
Basic Earning Per Share (Rs)	14.79		(51.65)			8.26		(90.52)			(91.44)	
Diluted Earning Per Share (Rs)	14.79		(51.65)			8.26		(90.52)			(91.44)	

Public Shareholding							
- Number of Shares	28,392,021	28,202,555		28,392,021	28,202,555		28,202,555
- Percentage to Paid-up Capital	25.94%	25.77%		25.94%	25.77%		25.77%
Promoters and promoter group shareholding							
a) Pledged/ Encumbered							
- Number of shares	70,158,917	4,300,000		70,158,917	4,300,000		4,300,000
-Percentage of shares (as a % of the total shareholding of promoter and promoter group)	87.06%	5.34%		87.06%	5.34%		5.34%
-Percentage of shares (as a % of the total share capital of the Company)	64.11%	3.93%		64.11%	3.93%		3.93%
b) Non-encumbered							
- Number of shares	10,426,465	76,285,382		10,426,465	76,285,382		76,285,382
-Percentage of shares (as a % of the total shareholding of promoter and promoter group)	12.94%	94.66%		12.94%	94.66%		94.66%
-Percentage of shares (as a % of the total share capital of the Company)	9.53%	69.70%		9.53%	69.70%		69.70%

Notes To Consolidated Financials:-

- 1) The results were reviewed by the Audit Committee and approved by the Board of Directors at their meetings held on May 19, 2011.
- 2) Exceptional items for the year ended March 31, 2011 includes amount received on release of Escrow towards divestment of Animal Health Business, receipt of claim of insurance, reversal of excess provision made on account of settlement of loan/disputed derivative liabilities, towards loss of assets and cost on account of redundancy, impairment of assets and provision for risk on tax towards restructuring of the French operations.
- 3) During the year, Company has issued 110,888,983 Non Convertible Cumulative Redeemable Preference Shares (NCRPS) of Rs. 5 each amounting to Rs. 554.44 million and 22,386,344 Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS) of Rs. 5 each amounting to Rs. 111.94 million to various banks. 20,000,000 NCRPS of Rs. 5 each amounting to Rs. 100.00 million have been allotted to Promoters. The NCRPS are redeemable in the year 2018 and the holders of the OCCRPS have the option to convert the said shares into equity shares from July 4, 2016 as per SEBI Pricing formula prevalent on the date on which the holders are entitled for conversion.
- 4) Certain derivative/hedging contracts entered into prior to March 31, 2010 had been unilaterally terminated by the banks. The Company has disputed the same and continues to treat the demand of Rs. 3,724.65 million as a contingent liability and has not acknowledged as a debt, since the liability cannot be currently ascertained even on best effort basis till the final outcome of the matter.
- 5) Winding-up petitions have been filed by certain lenders/banks in the 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. On March 11, 2011 the Hon'ble High Court of Bombay admitted the winding-up petition filed by the Trustees to the Foreign Currency Convertible Bonds (FCCBs) issued by the Company. Pursuant to an appeal filed by the Company the divisional bench of the Hon'ble Bombay High Court has granted an ad-interim relief while requiring the Company to deposit a sum of Rs. 1,150 million with the court, which has been complied with.
- 6) The Hon'ble High Court of Delhi vide its order dated April 27, 2011 sanctioned a Scheme of Arrangement U/s. 391 to 394 of the Companies Act, 1956, by way of merger of Lemon Exim Private Limited with Vinton Healthcare Limited. The appointed date for the scheme is December 1, 2010. The Hon'ble High Court of Delhi vide its order dated April 28, 2011 sanctioned the Scheme of Arrangement U/s. 391 to 394 of the Companies Act, by way of demerger of Nutrition Business of Vinton Healthcare Limited, a wholly owned subsidiary of the Company in to Wockhardt Limited. The appointed date for the Scheme is January 1, 2011. The figures for the quarter and year ended March 31, 2011 are after considering the effect of the merger and demerger.
- 7) During the year Wockhardt France (Holdings) S.A.S and some of its subsidiaries have been placed under safeguard proceedings by the proactive initiative of the Company. Under the said process (a) syndicated loan availed by Wockhardt France is being restructured and (b) operating cost are being reduced. Separately a new product is under development and the launch is expected in 2012.
- 8) As on January 1, 2011 the Company had no investors complaints pending. During the quarter, the Company has not received any complaint. Accordingly, no complaints are pending as on March 31, 2011.
- 9) As the pervious period figures are for fifteen months the same are not comparable with year ended March 31, 2011.
- 10) The Company is exclusively into Pharmaceutical business Segment.
- 11) Previous period figures have been recast/ re-classified to conform to the current period's presentation.