



Wockhardt Limited  
Regd. Office:  
Wockhardt Towers  
Bandra Kurla Complex  
Bandra (East), Mumbai 400 051, India  
Phone : 91-22-2653 4444  
Fax : 91-22-2653 4242  
Website : www.wockhardt.com

November 19, 2012

My dear Shareowners,

Your Company is continuously showing a stellar performance and this has become a game-changer in Wockhardt's transformation.

Team Wockhardt has logged in its highest ever Profits of ₹831 crore in the first half of this financial year 2012-13, firmly placing it amongst the Top 3 Indian Pharmaceutical Companies both in terms of Profits and Profitability.

Let me also take this opportunity to fill you on some more pertinent facts about your Company's performance in **Q2FY13:**

- Wockhardt reported a Profit After Tax (PAT) of ₹453 crore, which is more than 250% growth over the corresponding quarter of FY12. The PAT margin at 33% was the highest in the industry.
- Wockhardt's EBITDA stands at ₹517 crore, with EBITDA Margins at 38.4%, one of the highest in the industry and has improved from 29.4% in the corresponding quarter of FY12.
- R&D expenses for the quarter were at 6.3% to sales and represented a growth of 74% over the corresponding quarter of FY12.
- Consolidated revenues grew by 29% to ₹1,347 crore over the corresponding quarter of FY12.



#### Highlights of H1FY13:

- Profit After Tax for 1st Half of FY13 stood at ₹831 crore and represented a growth of 159% over same period in the previous year.
- EBITDA at ₹1,000 crore for the 1st Half of FY13, represented a growth of 66% over same period in the previous year.
- EBITDA margins were at 37.2% for the 1st Half of FY13.
- Consolidated revenues grew by 32% to ₹2,689 crore over same period in the previous year.

#### Business Highlights:

- Wockhardt's Business outside India now contributes 81% of the Total Revenues.
- Wockhardt's US business recorded a growth of 47% (22% on \$ basis) compared to the corresponding quarter of FY12. During the quarter the company received 7 product approvals of which 4 were advanced technology products.
- The UK business recorded a growth of 26% (7% on £ basis) compared to the corresponding quarter of FY12 in an otherwise stagnant market. The Irish market recorded a growth of 33% (24% on € basis) compared to the corresponding quarter of FY12.

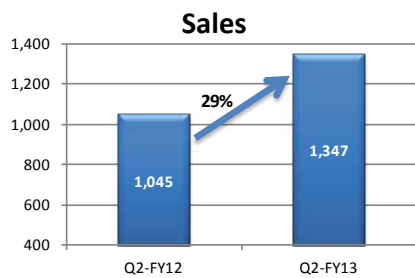
Lastly, we believe that this 'Joy of Performing' is infectious. The first half is over but we will not rest on our laurels nor be complacent. We are determined to succeed and will put our best to close FY13 on an unprecedented note. Thank you once again for your unstinted support in Wockhardt's Transformation.

God bless you and your family.

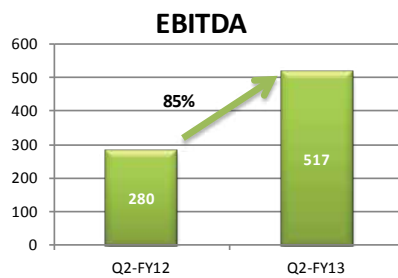
Warm regards,

**Dr. Habil Khorakiwala**  
Founder Chairman & Group CEO

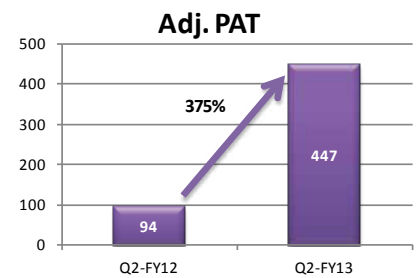
## PERFORMANCE HIGHLIGHTS Q2FY13 vs. Q2FY12 \*\*



Sales at Rs.1347 crores.



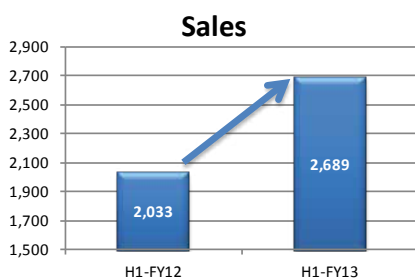
EBITDA Margins at 38.4%.



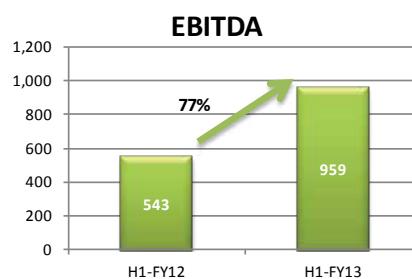
PAT Margins at 33%.

- Consolidated revenues at Rs.1347 crores in Q2FY13 versus Rs.1045 cores in Q2FY12, year-on-year growth of 29%.
  - USA Business grows by 47% (22% in \$ terms)
  - Europe Business (Other than France) grows by 24% (France declines by 36%)
  - India & Emerging Markets Business grows by 19%
- Gross Margins at 70% in Q2FY13 versus 62% in Q2FY12
- EBITDA at Rs. 517 crores in Q2FY13 versus Rs.280 crores in Q2FY12, year-on-year growth of 85%.
- EBITDA margins at 38.4% in Q2FY13 versus 26.8% in Q2FY12.
- R&D Expenses at 6.3% to Sales in Q2FY13 and growth of 74% over Q2FY12
- Adjusted Profit After Tax\* at Rs. 447 crores in Q2FY13 versus Rs. 94 crores in Q2FY12, year-on-year growth of 375%.

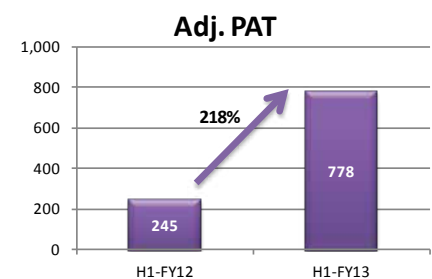
## PERFORMANCE HIGHLIGHTS H1FY13 vs. H1FY12 \*\*



Sales at Rs.2689 crores.



EBITDA Margins at 35.7%.



PAT Margins at 29%.

- Consolidated revenues at Rs.2689 crores in H1FY13 versus Rs.2034 cores in H1FY12, year-on-year growth of 32%.
  - USA Business grows by 61% (33% in \$ terms)
  - Europe Business (Other than France) grows by 22% (France declines by 30%)
  - India & Emerging Markets Business grows by 15%
- Gross Margins at 67% in H1FY13 versus 64% in H1FY12
- EBITDA at Rs. 959 crores in H1FY13 versus Rs.543 crores in H1FY12, year-on-year growth of 77%.
- EBITDA margins at 35.7% in H1FY13 versus 26.7% in H1FY12.
- R&D Expenses at 5.6% of Sales in H1FY13 and growth of 34% over H1FY12.
- Net Interest cost stands at around 4.5% on an annualized basis.
- Free Cash Flow from Operations for H1FY13 at Rs.520 crores
- Adjusted Profit After Tax\* at Rs. 778 crores in H1FY13 versus Rs. 245 crores in H1FY12, year-on-year growth of 218%.

\* Details of Adjusted Profit After Tax is as given in the Financial Highlights on Page 4.

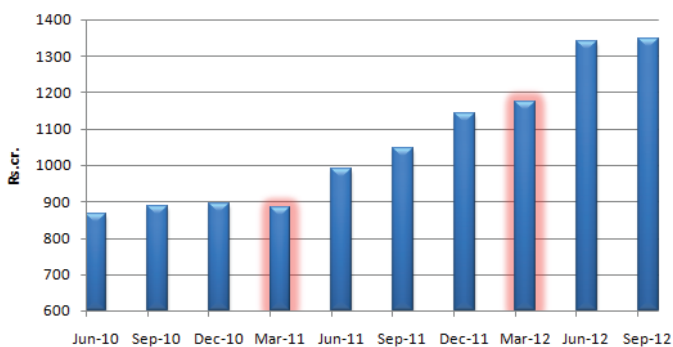
\*\* The Previous Year Financials above have been normalized by removing the Nutrition Business Profitability and expensing R&D expenses to make a like to like comparison with the current quarter financials.



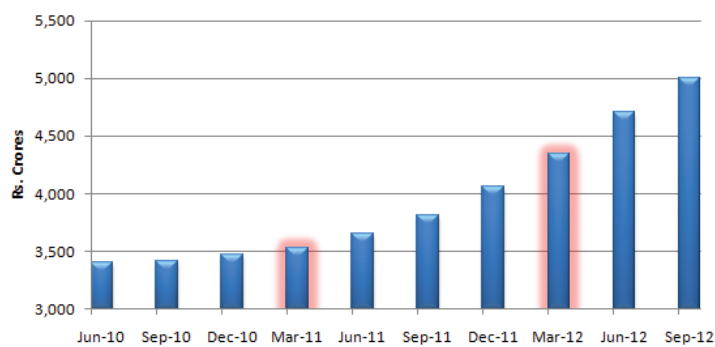
# Continued Quarter on Quarter Sustainable Performance\*\*

6<sup>th</sup> Consecutive Quarter of Sales (excluding Nutrition Business) Growth & 10<sup>th</sup> Consecutive Quarter of TTM Sales (excluding Nutrition Business) Growth

**Quarterly Sales Excluding Nutrition**

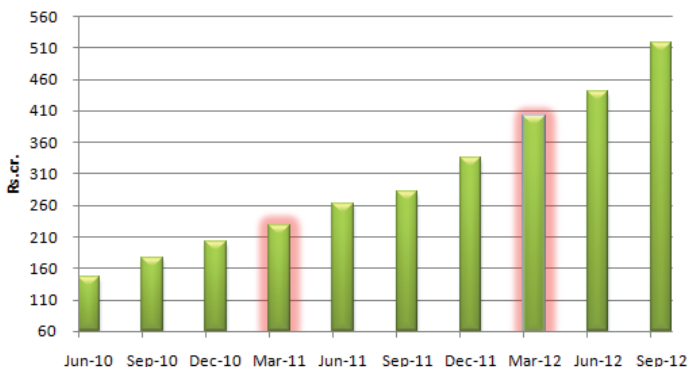


**TTM Sales Excluding Nutrition**

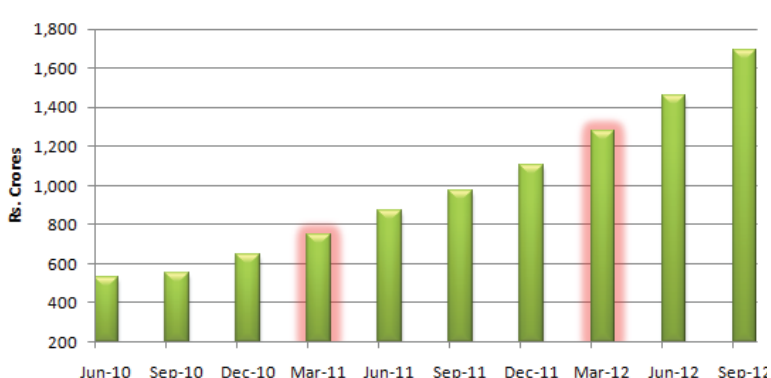


11<sup>th</sup> Consecutive Quarter of sequential growth in EBITDA (Normalized)

**Quarterly EBITDA Normalized**



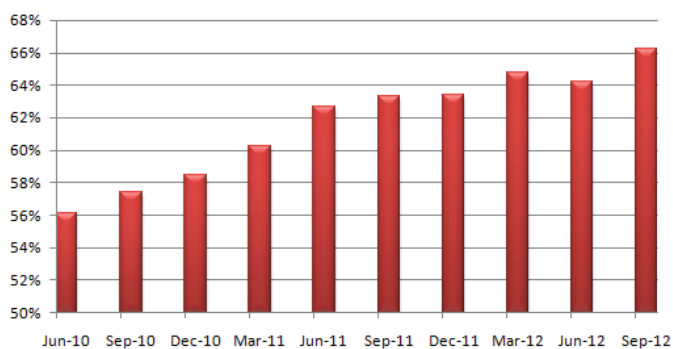
**TTM EBITDA Normalized**



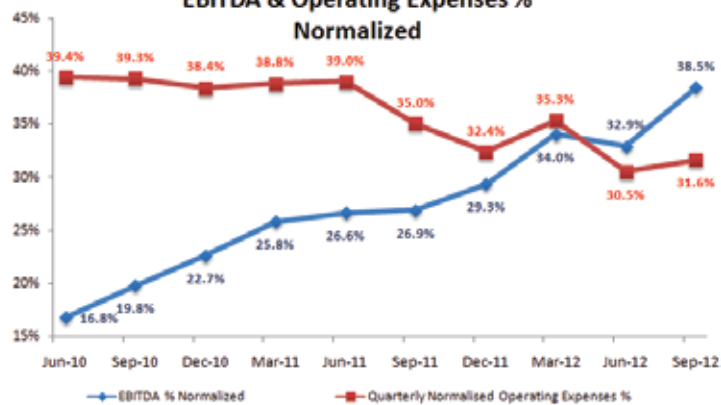
Gross Margins consistently above 60% from Mar-11 on a TTM basis

Operational Excellence continues on a quarter on quarter basis

**TTM Gross Margin % Normalized**



**EBITDA & Operating Expenses % Normalized**



\* TTM = Trailing Twelve Months

\*\* The Previous Year Financials above have been normalized by removing the Nutrition Business Profitability and expensing R&D expenses to make a like to like comparison with the current quarter financials.



# Financials\*\*

## Consolidated P&L

Rs. Crore

Particulars	Q2-FY13	Q2-FY12	Growth %	H1-FY13	Growth %	FY12
<b>Revenues from Operations</b>	<b>1,347</b>	<b>1,045</b>	<b>28.9%</b>	<b>2,689</b>	<b>32.2%</b>	<b>4,351</b>
Material Consumption	403	398	1.3%	894	21.3%	1,535
<b>Gross Margins</b>	<b>944</b>	<b>647</b>	<b>45.9%</b>	<b>1,795</b>	<b>38.4%</b>	<b>2,816</b>
<b>Gross Margin %</b>	<b>70.1%</b>	<b>61.9%</b>		<b>66.8%</b>	<b>4.7%</b>	<b>64.7%</b>
Staff Cost	151	111	36.0%	288	21.0%	543
R&D Expenses	77	45	71.1%	143	34.9%	228
Other Expenditure	199	211	-5.7%	405	-1.2%	767
<b>Total Expenditure</b>	<b>830</b>	<b>765</b>	<b>8.5%</b>	<b>1,730</b>	<b>16.0%</b>	<b>3,073</b>
<b>EBITDA</b>	<b>517</b>	<b>280</b>	<b>84.6%</b>	<b>959</b>	<b>76.6%</b>	<b>1,278</b>
<b>EBITDA Margin</b>	<b>38.4%</b>	<b>26.8%</b>		<b>35.7%</b>	<b>33.6%</b>	<b>29.4%</b>
Interest & Financing Cost						
a. Interest	43	40	7.5%	89	-9.2%	214
b. (Income)/Expense due to Exchange Rate Fluctuation	-37	43		-18		21
Depreciation	31	26	19.2%	59	-4.8%	116
Other Income	17	3		26		23
<b>Profit/(Loss) Before Tax before exceptional items</b>	<b>497</b>	<b>174</b>	<b>185.9%</b>	<b>855</b>	<b>148.5%</b>	<b>950</b>
Exceptional Item Profit/(Loss)	80	-68		73		-528
<b>Profit/(Loss) before Tax</b>	<b>577</b>	<b>106</b>	<b>444.5%</b>	<b>928</b>	<b>236.2%</b>	<b>422</b>
Provision for Taxation	194	19		253		49
Deferred Taxation	-108	2		-142		173
<b>Profit/(Loss) After Tax</b>	<b>491</b>	<b>85</b>	<b>477.8%</b>	<b>817</b>	<b>244.7%</b>	<b>200</b>
Add: Share of Profit/(Loss) from Associates	0	5		-1		1
<b>Net Profit/(Loss)</b>	<b>491</b>	<b>90</b>	<b>445.8%</b>	<b>816</b>	<b>238.6%</b>	<b>201</b>
<b>Net Profit Margin %</b>	<b>36.5%</b>	<b>8.6%</b>		<b>30.3%</b>		<b>4.6%</b>
<b>Adjustments:</b>						
Divestment (Profit )/Loss	-1,187			-1,187		
France Restructuring (Profit) / Loss		-17				-100
Settlement / Derivatives		86				134
CDR Recompense	12			19		160
Goodwill write off (Negma - France)	621			621		333
R&D Write off	419			419		
Others Exceptional items	56			56		
Tax impact of above	35	-12		34		-70
Deferred Tax impact of above		-53				147
<b>Adjusted PAT</b>	<b>447</b>	<b>94</b>	<b>375.5%</b>	<b>778</b>	<b>217.5%</b>	<b>805</b>
<b>Adjusted PAT Margin %</b>	<b>33.2%</b>	<b>9.0%</b>		<b>28.9%</b>		<b>18.5%</b>

The Net Profit for Q2FY13 is higher by Rs.41 crores compared to reported profit. The same represents the Product Development expenses of Q1FY13 which has been charged off under exceptional items in the reported financials of Q2FY13, however, has been restated in Q1FY13 in this document.

**\*\* The Previous Year Financials above have been normalized by removing the Nutrition Business Profitability and expensing R&D expenses to make a like to like comparison with the current quarter financials.**

In case you need further clarification, please write to our Investor Service Cell, Wockhardt Limited, Wockhardt Towers, Bandra-Kurla Complex, Bandra East, Mumbai 400 051 (or) email vkhetan@wockhardt.com