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August 18, 2014

My dear shareowners,

It is my privilege to convey to you your Company's first quarter results for April-June FY 2014-15.

Your Company's Board of Directors has approved the same and I hereby present some of the key highlights.

#### Financial Highlights for Q1 (April-June) FY 2014-15:

- Consolidated revenue for the quarter was ₹ 991 crore and Profit After Tax was at ₹ 20 crore.
- The company increased its Research spend significantly and the same is now at 11.2% to sales at ₹ 111 crore and including capital expenditure is at 11.7% to sales for the quarter.
- Wockhardt filed 13 new product applications with USFDA in Q1FY15 taking cumulative filings pending approval to 75.

#### Business Highlights for Q1 (April-June) FY 2014-15:

- The India Business recorded a growth of 18% in Q1FY15. Emerging Markets business grew by 10% in Q1FY15.
- Wockhardt's International Business contributed 70% of the Total Revenues during the quarter.
- The UK Business remained flat in Q1FY15. The Irish market recorded a growth of 13% in Q1FY15.
- Wockhardt's US Business declined by 60% in Q1FY15 and contributed 29% of the Global Revenues for Wockhardt in Q1FY15.
- Wockhardt launched 16 new products in Domestic Market in Q1FY15.

However, tough times don't last, tough organisations do. Your Company has taken some courageous decisions and implemented appropriate remedial measures to overcome these challenges. We are confident that these actions will yield the desired results soon.

Warm regards

**Dr. Habil Khorakiwala**

Founder Chairman & Group CEO

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# Business Review

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## US Operations

USA Business for Wockhardt contributed 29.0% of the Global Revenues in Q1FY15 compared to 53.2% in the Q1FY14. Revenues from the US Business were at ₹ 287 crore in Q1FY15 versus ₹ 722 crore in Q1FY14, representing a decline of 60.3% in INR terms and 62.4% in USD terms.

During the quarter 13 ANDA's were filed, a total of 75 ANDA's pending for approval.

## Europe Operations

Europe Operations (including France) contributed 34.6% of the Global Revenues in Q1FY15. Revenues from EU Operations (excluding France) were at ₹ 297 crore in Q1FY15, representing a decline of 0.6% in INR terms in Q1FY15. Revenues from French Operations were at ₹ 47 crore in Q1FY15 versus ₹ 28 crore in Q1FY14, representing a growth of 68.9% in INR terms in Q1FY15.

UK Operations (including Pinewood's UK Business) revenues were at ₹ 237 crore in Q1FY15 versus ₹ 238 crore in Q1FY14, remains Flat in Q1FY14.

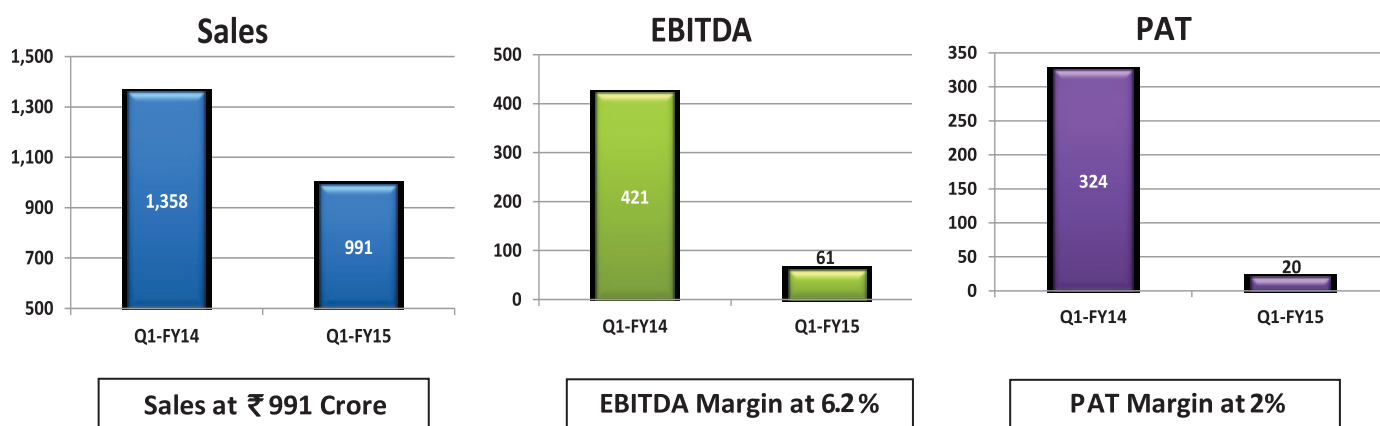
Irish Business revenues were at ₹ 44 crore in Q1FY15 versus ₹ 39 crore in Q1FY14, representing a growth of 13.1% in INR terms in Q1FY15.

## India & Emerging Markets

India and Emerging Markets contributed 36.4% of the Global Revenues in Q1FY15. Revenues from India and Emerging Markets were at ₹ 361 crore in Q1FY15 versus ₹ 310 crore in Q1FY14, representing a growth of 16.5% in Q1FY15.

- India Business grows by 17.9% during Q1FY15.
- Emerging Markets Business grows by 10.3% during the quarter.
- 16 new products launched in Domestic Market during Q1FY15.

# PERFORMANCE HIGHLIGHTS Q1FY15 vs. Q1FY14



- Consolidated revenues at ₹ **991** crore in **Q1FY15** versus ₹ **1358** crore in **Q1FY14**, year-on-year decline of **27.0%**.
  - USA Business declines by **60.3%** (**62.4%** in \$ terms).
  - Europe Business (excluding France) declines by **0.6%** (France grows by **68.9%**).
  - India & Emerging Markets Business grows by **16.5%**, India Business grows by **17.9%** during **Q1FY15**.
- Gross Margins at **60.9%** in **Q1FY15** versus **66.1%** in **Q1FY14**.
- EBITDA at ₹ **61** crore in **Q1FY15** versus ₹ **421** crore in **Q1FY14** declines **85.5%**.
- EBITDA Margins at **6.2%** in **Q1FY15** versus **31.0%** in **Q1FY14**.
- R&D Expenses at ₹ **116** crore represents **11.7%** of sales in **Q1FY15**.
- Profit After Tax at ₹ **20** crore in **Q1FY15**.

# Financials

## Consolidated P&L

₹ Crore

Particulars	Q1-FY15	Q1-FY14	Growth %	FY14
<b>Revenues from Operations</b>	991	1,358	-27.0%	4,830
Material Consumption	387	460	-15.9%	1,796
<b>Gross Margins</b>	604	898	-32.7%	3,034
<b>Gross Margin %</b>	60.9%	66.1%		62.8%
Staff Cost	177	155	14.2%	664
R&D Expenses	111	98	13.3%	403
Other Expenditure	255	224	13.8%	987
<b>Total Expenditure</b>	930	937	-0.7%	3,850
<b>EBITDA</b>	61	421	-85.5%	980
<b>EBITDA Margin</b>	6.2%	31.0%		20.3%
Interest & Financing Cost				
a. Interest	15	17	-11.8%	83
b. (Income)/Expense due to Exchange Rate Fluctuation	-5	21		-46
Depreciation	36	32	12.5%	140
Other Income	8	6		38
<b>Profit/(Loss) Before Tax before exceptional items</b>	23	357	-93.3%	841
Exceptional Item Profit/(Loss)	2	5		50
<b>Profit/(Loss) before Tax</b>	25	362	-92.8%	891
Provision for Taxation	1	37		2
Deferred Taxation	2	1		46
<b>Profit/(Loss) After Tax</b>	22	324	-92.9%	843
Add: Share of Profit/(Loss) from Associates	0	0		0
Less: Minority Interest	2	0		2
<b>Net Profit/(Loss)</b>	20	324	-93.5%	841
<b>Net Profit Margin %</b>	2.0%	23.9%		17.4%

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: [investorrelations@wockhardt.com](mailto:investorrelations@wockhardt.com)

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