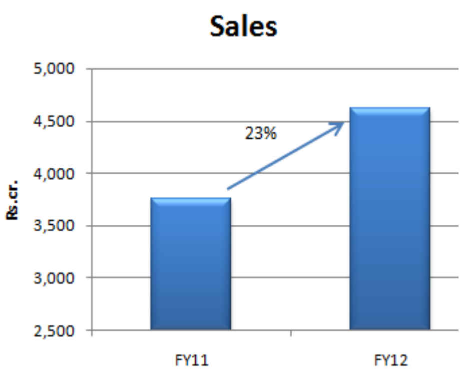
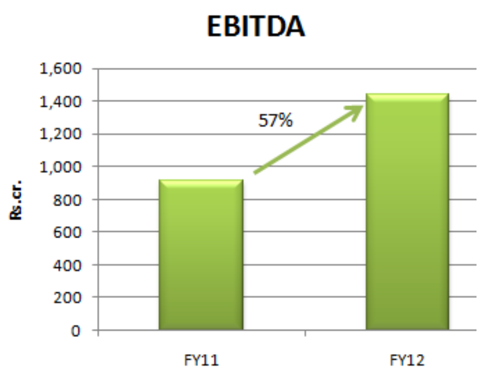
DRAMATIC TURN AROUND

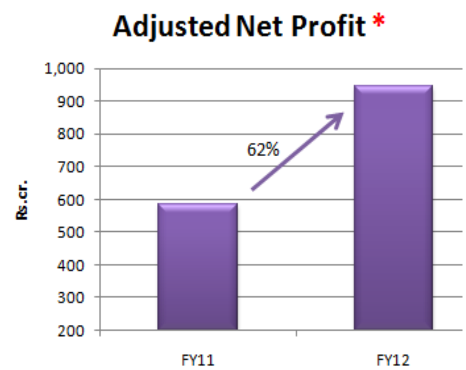
Sales	• FY12 at Rs. 4614 crores with Y-O-Y growth of 23% • Q4FY12 at Rs. 1241 crores with Q-O-Q growth of 32%
EBITDA	• FY12 at Rs. 1440 crores with Y-O-Y growth of 57% • Q4FY12 at Rs. 429 crores with Q-O-Q growth of 58% • Margins at 31% for FY12 and at 35% for Q4FY12. Significantly higher than industry average
Adjusted PAT	• FY12 at Rs. 947 crores with Y-O-Y growth of 62% • Q4FY12 at Rs. 410 crores with Q-O-Q growth of 29%
Net Debt / Equity	• Reduces to 1.9 from 3.6 in previous year
Debt Service Net Debt / EBITDA	• Reduces to 1.9 from 3.7 in previous year

INVESTOR COMMUNICATION – MAY 2012

PERFORMANCE HIGHLIGHTS FY12 vs. FY11







Sales at Rs.4614 crores.

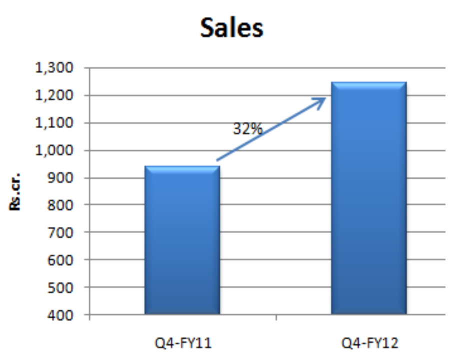
EBITDA Margins at 31%.

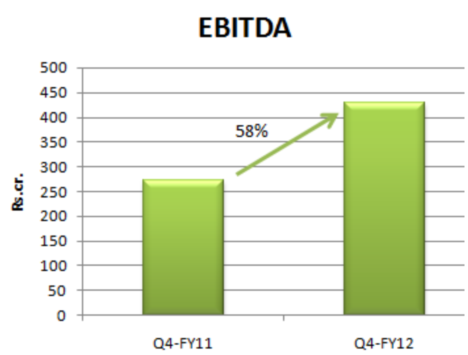
Adjusted PAT grows by 62%.

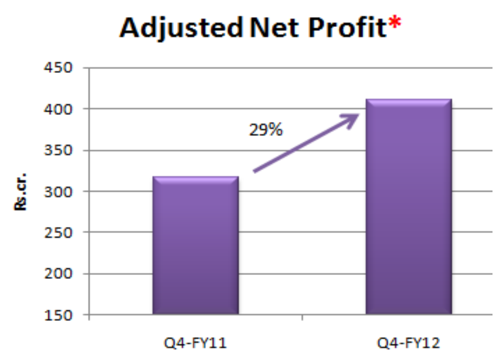
- Consolidated revenues at Rs.4614 crores in FY12 versus Rs.3751 cores in FY11, year-on-year growth of 23%.
    - USA Business grows by78%
    - Europe Business (Other than France) grows by 7% (France declines by 52%)
    - India & Emerging Markets Business grows by 17%
- Gross Margins at 64% in FY12 versus 60% in FY11
- EBITDA at Rs. 1440 crores in FY12 versus Rs.916 crores in FY11, year-on-year growth of 57%.
- EBITDA margins at 31% in FY12 versus 24% in FY11.
- Adjusted Profit After Tax* at Rs. 947 crores in FY12 versus Rs. 585 crores in FY11, year-on-year growth of 62%.

**Details of Adjusted Profit After Tax is as given in the Financial Highlights on Page 6.*

PERFORMANCE HIGHLIGHTS Q4FY12 vs. Q4FY11







Sales at Rs.1241 cr.

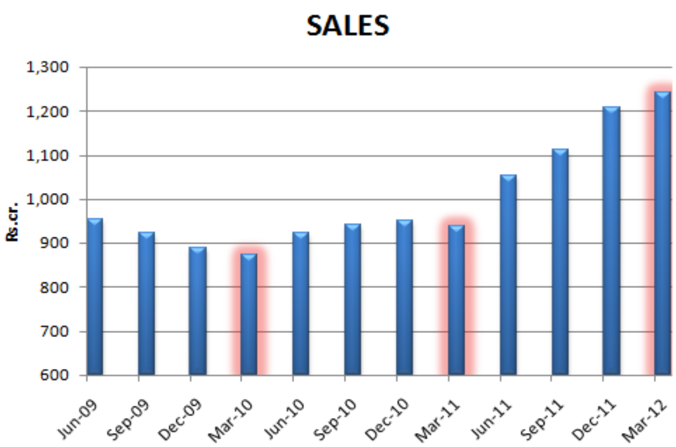
EBITDA Margin at 35%.

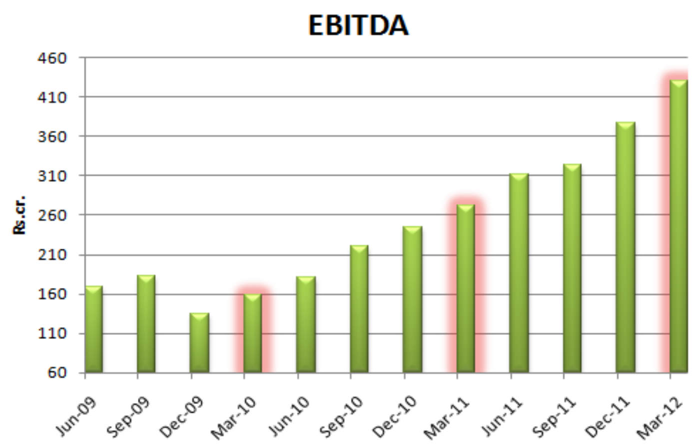
Adjusted PAT at Rs.410 cr.

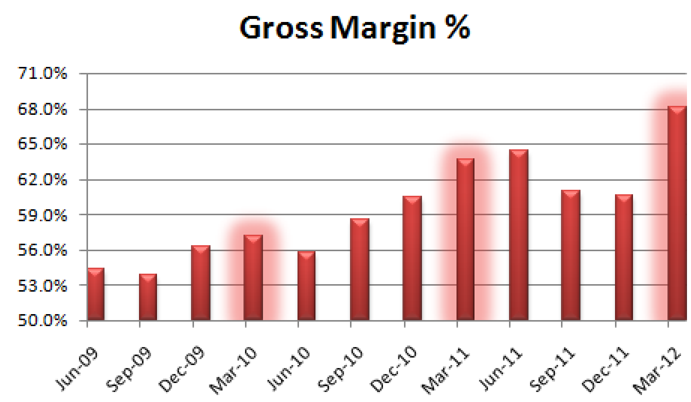
- Consolidated revenues at Rs.1241 crores in Q4-FY12 versus Rs.939 crores in Q4-FY11, quarter-on-quarter growth of 32%. Good sustainable growth in all major markets
    - USA Business grows by 70%
    - Europe Business (Other than France) remains flat (France declines by 18%)
    - India & Emerging Markets Business grows by 27%
- Gross Margins at 68% in Q4-FY12 versus 64% in Q4FY11.
- EBITDA at Rs. 429 crores in Q4-FY12 versus Rs. 272 crores in Q4-FY11, quarter-on-quarter growth of 58%.
- EBITDA margins at 35% in Q4-FY12 versus 29% in Q4-FY11.
- Adjusted Profit After Tax* at Rs. 410 crores in Q4-FY12 versus Rs. 317 crores in Q4-FY11, quarter-on-quarter growth of 29%.

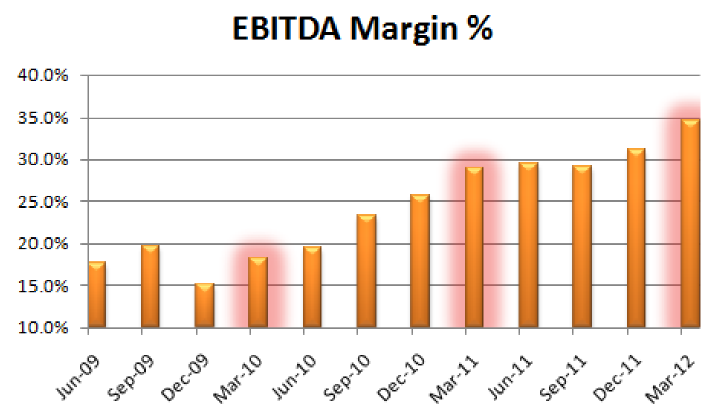
**Details of Adjusted Profit After Tax is as given in the Financial Highlights on Page 6.*

Robust Quarter on Quarter Sustainable Performance









- 9th consecutive quarter of sequential growth in EBITDA
- 4th consecutive quarter of sequential growth in Sales
- Gross Margin consistently above 60% for last 6 quarters, with the latest quarter being the highest at 68%.
- EBITDA Margins have moved up with the latest quarter being at 35%.

Business Highlights

- **International operations**
    - contributes **75%** of global revenues **for the year** with growth of **27%**
    - contributes **78%** of global revenues **for the quarter** with growth of **37%**
- **US Business**
    - contributes **41%** of global revenues **for the year** with growth of **78%**
    - contributes **46%** of global revenues **for the quarter** with growth of **70%**
    - **7th** consecutive quarter of sequential growth in revenues
    - More than **70** products marketed in US
    - **9** product approvals received and **6** products launched during the year
    - Growth in market share for majority of the products.
- **Europe Business**
    - **No.1** Branded Generic company **in Ireland** with 30% Market Share.
    - **No.1 Indian generic** company and **3rd largest generic** company in **UK**.
    - Grows by **7**% (excluding France)
    - Growth in **UK** markets of **13%** backed by strong growth of Pinewood business in UK
- **India Business**
    - India Branded segment grows by **16%.** Overall Indian Business grows by **13%**
    - Branded Generic segment outperforms market growth.
- During the year **150** Global Patents filed, of which **44** have been granted. Awards by **Pharmxel** and Govt. of India consecutively for third year for highest patent filing. Total Global patents filed are **1570** of which **158** have been granted.

Financials

Consolidated P&L

Rs. Crores

Particulars	Q4-FY12	Q4-FY11	Gr%	FY12	FY11	Gr%
Revenues from Operations	**1,241**	**939**	**32.2%**	**4,614**	**3,751**	**23.0%**
Material Consumption	397	341	16.4%	1,682	1,517	10.9%
Gross Margins	**844**	**598**	**41.1%**	**2,932**	**2,234**	**31.2%**
Gross Margin %	***68.0%***	***63.7%***		***63.5%***	***59.6%***	
Staff Cost	181	143	26.6%	589	542	8.7%
Other Expenditure	234	183	27.9%	903	776	16.4%
Total Expenditure	**812**	**667**	**21.7%**	**3,174**	**2,835**	**12.0%**
EBITDA	**429**	**272**	**57.7%**	**1,440**	**916**	**57.2%**
EBITDA Margin	***34.6%***	***29.0%***		***31.2%***	***24.4%***	
Interest & Financing Cost						
a. Interest	48	90	-46.7%	214	267	-19.9%
b. (Income)/Expense due to Exchange Rate Fluctuation	-54	-160		21	-137	
Depreciation	29	27	7.4%	123	117	5.1%
Other Income	7	2		23	16	
Profit/(Loss) Before Tax before exceptional items	**413**	**317**	**30.3%**	**1,105**	**685**	**61.3%**
Exceptional Item Profit/(Loss)	-450	-180		-528	-581	
Profit/(Loss) before Tax	**-37**	**137**	-127.0%	**577**	**104**	454.8%
Provision for Taxation	-43	12		62	34	
Deferred Taxation	195	-41		173	-25	
Profit/(Loss) After Tax	**-189**	**166**	**-213.9%**	**342**	**95**	**260.0%**
Add: Share of Profit/(Loss) from Associates	-3	-4		1	-5	
Net Profit/(Loss)	**-192**	**162**	**-218.5%**	**343**	**90**	**281.1%**
Adjustments:						
Divestment (Profit)/Loss		0			-4	
France Restructuring (Profit) / Loss	-85	93		-100	178	
Settlement / Derivatives	42	76		134	376	
CDR Recompense	160			160		
Goodwill write off (Negma - France)	333			333		
Others Exceptional items		3			22	
Tax impact of above	-58	-14		-70	-81	
Deferred Tax impact of above	210	-3		147	4	
Adjusted PAT	**410**	**317**	**29.3%**	**947**	**585**	**61.9%**

Business Review

US Operations

USA now becomes the largest overseas business for Wockhardt contributing 41% of the Global Revenues. Revenues from the US Business are at Rs.1908 crores in FY12 versus Rs.1074 crores in FY11, representing a growth of 78%. Revenues for Q4-FY12 are at Rs. 571 crores versus Rs.336 crores in Q4-FY11 representing a growth of 70%. Q4-FY12 being the 7th consecutive quarter of sequential growth in revenues.

- Growth in US Market led by both existing as well as new products
- 6 new products launched during the year
- Considerable improvement in market share in majority of the products.
- During the year 13 ANDAs were filed. The cumulative ANDA filings as of 31st March 2012 are 115. A total of 36 ANDAs are pending for approval with USFDA of which 10 are FTFs.

Europe Operations

Europe continues to remain one of the largest markets for Wockhardt contributing 27% of the Global Revenues. Revenues from EU Operations (excluding France) are at Rs.1013 crores in FY12 versus Rs.949 crores in FY11, representing a growth of 7%. Revenues for Q4-FY12 remained flat at Rs. 240 crores.

UK Operations (including Pinewood's UK business) are at Rs. 758 crores in FY12 versus Rs. 669 crores in FY11 representing a growth of 13%. 7 new products were launched in the market during the year, 1 being a Day1 launch. UK business has consistently shown growth vis a vis the market growth and continues to remain the largest Indian generic company in the country.

Irish Business revenues are at Rs.183 crores in FY12 versus Rs.194 crores in FY11 representing a negative growth of 6%. The overall Irish pharmaceutical market saw a negative growth in FY12 due to the Irish economic downturn. The Irish financial crisis has also resulted in the contraction of value of the pharmaceuticals market.

French Business revenues are at Rs.228 crores in FY12 versus Rs.472 crores in FY11 representing a negative growth of 52%. This was mainly on account of the introduction of generic competition for the key patented product ART50 during mid of FY11. The previous year figures include sales of patented ART50 for a part of the year. During the year, the French operations were substantially restructured by hiving off the manufacturing units, reducing the workforce from 497 to 63 and restructuring of Debt.

India & Emerging Markets

India and Emerging Markets continue to contribute around 32% of the global revenues. Revenues from India and Emerging Markets are at Rs.1464 crores in FY12 versus Rs.1256 crores in FY11 representing a growth of 17%. Revenues for Q4-FY12 are at Rs.377 crores versus Rs.297 crores in Q4-FY11 representing a growth of 27%.

- Branded Formulation continues to grow at a higher rate than the market. The business grew by 16% compared to the market growth of 15%. Market Share remains at 2%.
- 7 Brands among the Top 300 Brands in the industry.
- Robust growth delivered by Power Brands in FY12.
- Field Force of 3000 strengthened substantially over last 2 year.
- Ranked 10th amongst all the Diabetes companies in India and within Insulin is ranked 6th All India.
- Ranked 3rd in the Indian Pain Management market.
- Emerging Markets grew substantially at 36% in FY12 compared to FY11 mainly driven by 68% growth in API sales in these markets. Formulation sales in these markets also recorded a growth of 26%.

Last Few Years – Challenge to Change

The challenges of last few years were considered as opportunities to change. The following discussion describes the change

Financial Crisis and CDR

Year 2009 saw Wockhardt in the middle of a financial crisis. This was when the company was referred to the CDR cell and a scheme for Corporate Debt Restructuring was carried out in July 2009. As per the scheme:

- The Indian debt of the company was rescheduled with extended maturities going upto 2018. The interest rate was capped at 10% with 2% out of this, being paid in the form of preference shares redeemable in 2018.
- The crystallized derivative liabilities of the company were converted to Preference Shares redeemable in 2018.
- All other disputed derivatives of the company have been settled with the banks.
- The promoters brought in their share of contribution of Rs. 80 crores as part of the package.
- Priority loans of Rs. 216 crores were disbursed to Wockhardt as part of this package.
- Since the restructuring, the performance of the company has been better than the CDR projections.
- Under the CDR mechanism, there are several triggers which result in payment of recompense to the lenders for sacrifices suffered. Following discussions with the CDR, we have provided for Rs. 160 crores in the P&L being estimated recompense payable upto 31st March, 2012.
- Loans of more than Rs. 850 crores have been repaid in cash over last 3 years.

Restructuring of EU Loan

The EU Loans of $250 million were restructured for repayment between 2013 and 2015.

France Restructuring

Wockhardt acquired the business of Negma group in France in May 2007. Following the loss of patent on its principal product Art 50 and reduction of reimbursements to the patients for the drug by the French Health Authorities, a restructuring of the business was required. The French company was put through the Administrative Process under the aegis of the Commercial Courts at Paris. Under this:

a. the outstanding debt of Euros 88 million was restructured telescopically over a 10 year period ending 2020.

b. the manufacturing facilities were sold and sourcing has been shifted to India. Further, a large part of the local sales organization was also sold. These steps helped to protect jobs under new owners.
c. The overall headcount of the company was reduced from 497 to 63 today.

The company is now focused on the development of a patented technology to be marketed under the brand name **ART***flexo*, and launch of other generic products from its global portfolio.

Divestment of Non Core Businesses

The CDR package required the company to divest non-core businesses to bring in Rs. 790 crores on various dates between 2009 and 2015. As part of this, the sale of the Animal Health business was completed in 2010 raising Rs. 170 crores.

FCCBs

Under the CDR, the FCCBs of the company, being unsecured creditors, were to be converted into Preference Shares redeemable in 2018 or repaid at 35 cents to the dollar. State Bank of India, as FCCB holder preferred to take up the preference shares under the CDR package. The other FCCB holders filed a winding up petition against the company for recovery of the sums due. The Bombay High Court directed the company to repay the FCCBs in multiple installments ending August 2012. The company has paid all the installments till date. The outstanding FCCB amount as on 31st March 2012 stands at Rs. 210 crores approx. – out of which Rs. 50 crores will be paid by 30th June, 2012 and the balance in August 2012.

Key Financial Highlights : 3 Years at a Glance

Consolidated Income Statement

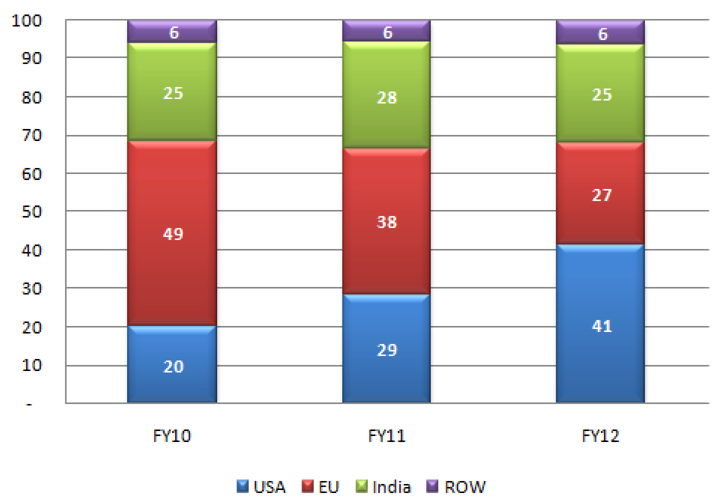
Particulars	FY12			FY11			FY10		
	$m	Rs.cr.	%	$m	Rs.cr.	%	$m	Rs.cr.	%
Net Sales	908	4,614	100%	738	3,751	100%	716	3,638	100%
Growth		23%			3%				
Material Consumption	331	1,682	36%	298	1,517	40%	320	1,625	45%
Growth		11%			-7%				
Gross Margins	577	2,932	64%	440	2,234	60%	396	2,013	55%
Growth		31%			11%				
Other Expenses	294	1,492	32%	259	1,318	35%	270	1,372	38%
Growth		13%			-4%				
EBITDA	283	1,440	31%	180	916	24%	126	642	18%
Growth		57%			43%				
PAT	67	343	7%	18	90	2%	-195	-990	-27%
Growth		281%			-109%				
Adjusted PAT	186	947	21%	115	585	16%	41	210	6%
Growth		62%			178%				
Key Ratios									
Net Debt [4]/ Equity		1.9			3.6			5.5	
Debt Servicing Ratio *(Net Debt / EBITDA)*		1.9			3.7			5.7	
Interest Coverage Ratio *(EBIT / Interest)*		3.7			1.4			-2.8	
Current Ratio *(Current Assets [3] / Current Liabilities [3])*		1.3			1.0			1.0	
Basic EPS (Rs.)		31			8			-91	
Adjusted EPS (Rs.)		87			53			19	
EV/EBITDA as on 31st Mar		7.0			8.4			9.2	

Notes :

1. USD values are at a convenience translation of 1USD = Rs.50.83 (exchange rate as on 31st March 2012)
2. Adjusted PAT is after excluding one time Exceptional items and the tax effect thereon
3. Current Assets and Current Liabilities are as per Revised Schedule VI definition.
4. Net Debt = Debt - Cash

Revenue Mix

Particulars	FY12			FY11			FY10		
	$m	Rs.cr.	%	$m	Rs.cr.	%	$m	Rs.cr.	%
US	375	1,908	41%	211	1,074	29%	144	731	20%
Growth		*78%*			*47%*				
Europe	244	1,242	27%	280	1,421	38%	348	1,769	49%
Growth		*-13%*			*-20%*				
India	231	1,172	25%	205	1,041	28%	182	926	25%
Growth		*13%*			*13%*				
ROW	57	292	6%	42	215	6%	42	213	6%
Growth		*36%*			*1%*				



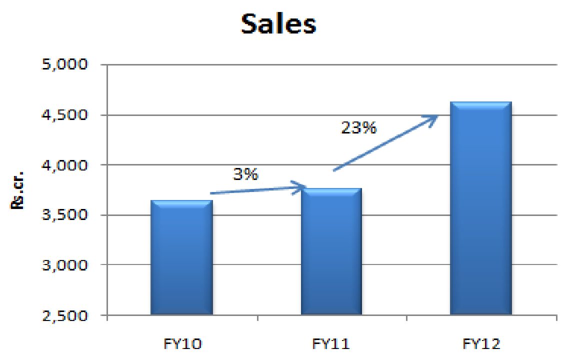
Key Balance Sheet Items

Particulars	FY12		FY11		FY10	
	$m	Rs.cr.	$m	Rs.cr.	$m	Rs.cr.
Cash & Bank Balances	138	700	95	483	68	347
Net Operating Working Capital [2]	218	1,107	174	882	178	904
Fixed Assets (Tangibles)	315	1,603	289	1,468	276	1,404
Goodwill & Intangibles	368	1,871	388	1,975	361	1,833
Loans & Borrowings	687	3,492	757	3,849	790	4,018
Equity & Reserves	289	1,471	186	943	132	672

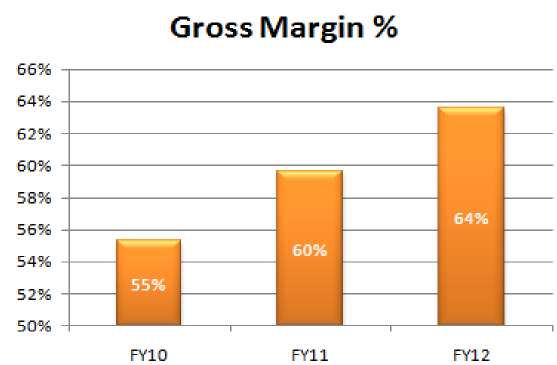
Notes :

1. USD values are at a convenience translation of 1USD = Rs.50.83
2. Net Operating Working Capital = Inventory *plus* Debtors *minus* Trade Payables

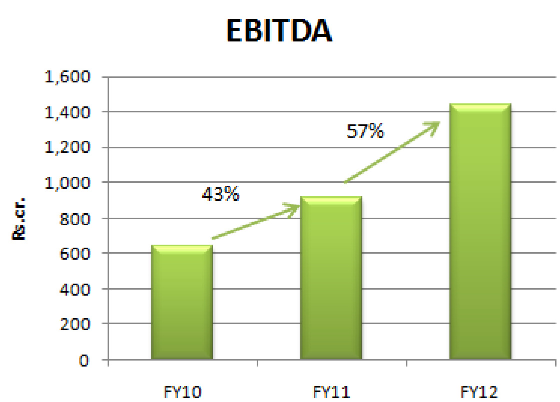
Executive Summary



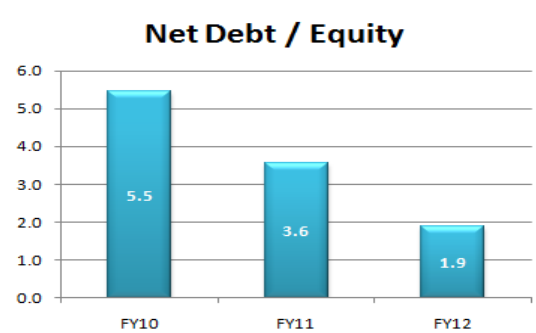
Sales grew significantly over last few years. The growth has been mainly driven by the US business. 12 products were launched in last 3 years which contribute more than 50% of US formulation business.



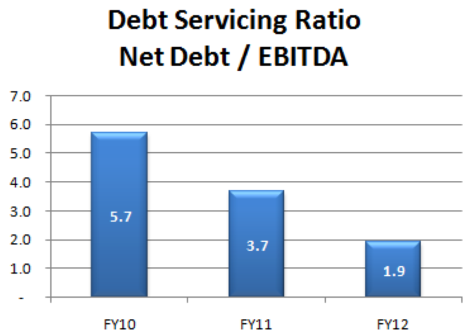
Gross Margins improved significantly over the years. This was mainly driven by introduction of better margin products and effective cost controls.



EBITDA Margins moved from 18% in FY10 to 31% in FY12. One of the highest EBITDA growths in the Indian pharma industry. This was mainly driven by higher gross margins and effective cost control measures.

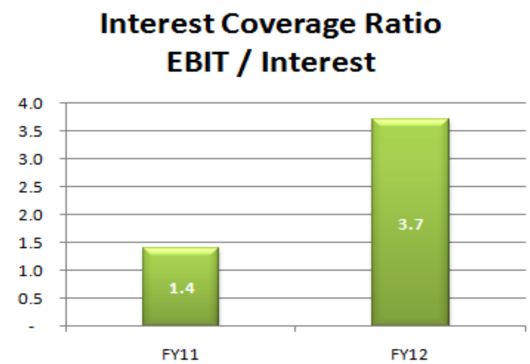


Net Debt to Equity ratio has significantly come down over last year. This has been due to repayment as per the schedule under CDR and also increase in profitability.



The Debt Servicing Ratio improved from a high of 5.7 in FY10 to 1.9 FY12 due to higher EBITDA margins and improvement in the Net Debt Levels.

The Interest Coverage Ratio improved from 1.4 in FY11 to 3.7 FY12 due to higher margins and profitability.



About Wockhardt

Wockhardt is a high-technology intensive global pharmaceutical and biotechnology company with multi-disciplinary and innovative R&D programmes. It has 3 research centres globally and manufacturing facilities across India, USA, UK and Ireland. Wockhardt has a significant presence in USA, Europe and India, with 75% of its global revenues coming from international businesses. With a large pool of Patents and Intellectual Property knowhow, Wockhardt is home to 590 scientists, of whom 80 are doctorates. In all, Wockhardt has 158 Patents granted worldwide. In biotechnology research, it has built a competent 'Concept to Market' capabilities in all facets of development and manufacture of recombinant biopharmaceuticals. Wockhardt boasts of a multi-ethnic workforce of more than 7000 people from 14 different nationalities.

Disclaimer

Contact Information

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