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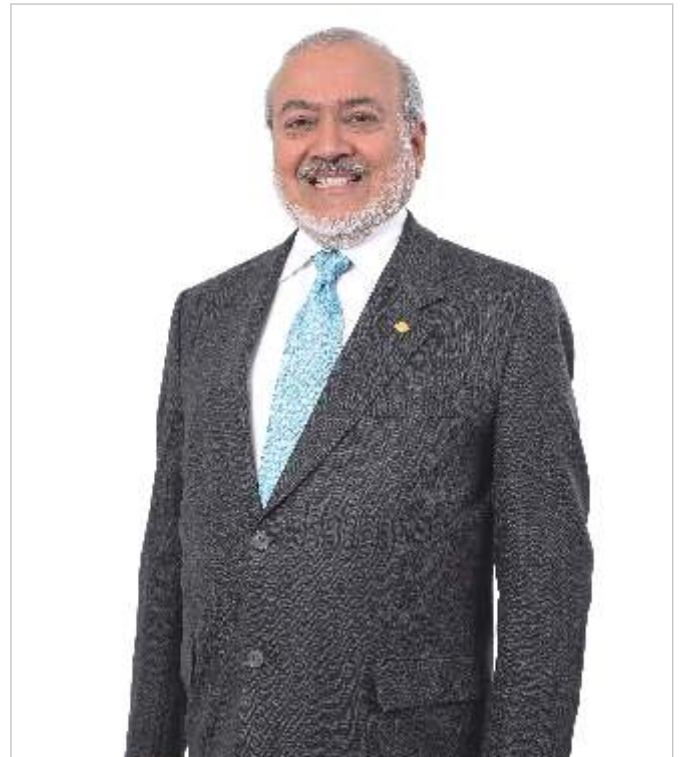
CHAIRMAN'S SPEECH

SEVENTEENTH ANNUAL GENERAL MEETING

13th August, 2016

RESEARCH WINS. LIFE WINS.



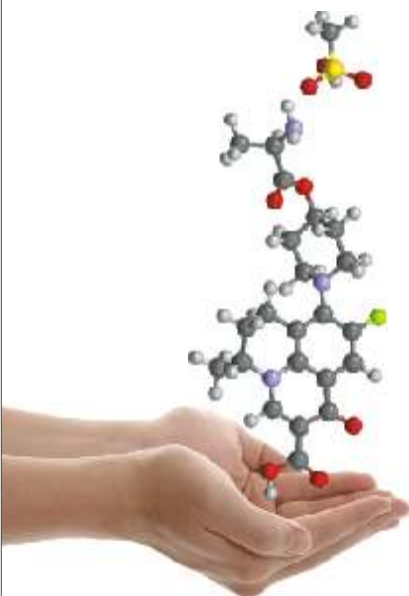


Dr. Habil Khorakiwala
Founder Chairman

My dear shareowners,
friends and distinguished guests,

A very warm welcome to all of you on our 17th Annual General Meeting.

Life Wins is a simple yet powerful idea. Over 10,000 Wockhardt associates spanning 6 continents across 27 nationalities worldwide, share a common vision and are focused on the simple goals of improving the quality of life and





saving lives. This is the central idea that drives every decision and action of every Wockhardian across the organisation.

Globally, Antimicrobial Resistance (AMR) has been acknowledged as a looming crisis with catastrophic fallout in terms of human lives and productivity. The Review on AMR, chaired by Lord Jim O'Neil and published in May, 2016, cites an average of 700,000 deaths currently attributable to AMR every year. It goes on to estimate that by 2050, 10 million lives every year, and a cumulative USD 100 trillion of economic output will be at risk due to the rise of drug-resistant infections. The World Health Organisation has listed *Escherichia coli*, *Klebsiella pneumoniae*, and *Staphylococcus aureus* as the three agents of greatest concern, associated with both hospital and community-acquired infections.

20 years ago, Wockhardt took a strategic call to be involved in discovering new antibiotics. Today I want to report to you that our patience, our commitment, our effort and our vision is on the cusp of significant achievement and great success.

Let me provide you a glimpse of Wockhardt's Drug Discovery Programme. You will be happy to know that we have the most comprehensive and end-to-end capability and competency for antibiotic drug discovery and development in the world. There will hardly be any other organisation which have this level of in-house competency. That gives us a definitive competitive edge. In the last 10 years, global research in antibiotics has declined. In fact, the number of patents filed globally has gone down by 60%. While during the

same period, Wockhardt has continued to invest in R&D and the number of patents filed by us has gone up by 600%.

David O. Adeife put it beautifully when he said, "Never innovate to compete, innovate to change the rules of the game." Today, we have six drugs at various stages of development and together it is one of the most comprehensive antibacterial pipelines in the world. In contrast, large pharmaceutical majors like Merck, Roche, Astra and Glaxo have just one product in the pipeline.

Allow me to elaborate on three of our Gram-positive drugs. We have WCK 771 & WCK 2349 which are broad-spectrum anti-MRSA drug with best-in-class lung penetration. These drugs have a distinct potential to manage both hospital and community acquired MRSA infections. We have also discovered a new community antibiotic WCK 4873, named Nafithromycin, belonging to a novel lactone ketolide class, for the treatment of community-acquired pneumonia.

Few of you may be aware that today many of the unmet needs in the antibacterial space are Gram-negative pathogens. WCK 4282 is a first-line antibiotic for the hospital infections caused by contemporary Gram-negative pathogens. It will be a workhorse for infections caused by Multi Drug Resistant (MDR) pathogens commonly encountered in hospital environments.

Additionally, our drug discovery team has come up with an entirely new class of drug called as β -lactam Enhancer. WCK 5107, named Zidebactam, represents this class of drug which is combined with Cefepime currently used as standalone



antibiotic. It is a pioneering effort in treating the most dreaded infections today. Indeed it will save many lives. WCK 5999 is in the early stage of development which is based on triple carbapenemase-inhibitor overcoming carbapenem resistance. Carbapenems are currently considered as last resort therapies and the treatment of carbapenem-resistant pathogens is very challenging and represents a huge unmet need. Together, WCK 5222 & WCK 5999 address the toughest pathogens associated with high mortality ranging between 40% & 60%. We trust that this will save many lives in India and worldwide and hope Lord Jim O'Neil's prophecy will not come true.

Recently the Centers for Disease Control and Prevention (CDC), USA has identified several drug-resistant organisms as serious threats for which new antibiotic drugs are urgently required. You will be proud to know that our new antibiotic pipeline addresses 10 out of 13 unmet needs identified by CDC, USA, and US FDA has given Qualified Infectious Disease Product (QIDP/fast-track) status to five of our molecules.

At the ASM Microbe 2016 conference in Boston in July, we had 59 presentations, 7 of them live oral presentations in packed conference halls covering scientific work done on our various molecules. This was the highest level of presentation in this conference where there were 15,000 participants from all over the world. Earlier in the year in April, we participated in another conference, European Congress of Clinical Microbiology & Infectious Diseases (ECCMID 2016) at Amsterdam where we had

made 18 presentations.

We have developed a network of top-notch scientific institutions and universities in US and Europe to collaborate with us in various aspects of our drug discovery programme and it is a global collective effort by Wockhardt and our collaborators that has produced this fantastic outcome.

To summarise, we have various drugs at different stages of development. We expect that in the next 3 to 5 years, we will have launched some of these drugs in Indian and global markets. Collectively, we are serving diverse patients with unmet needs comprising a global antibiotic market estimated at \$ 40 billion. That is the size of our opportunity.

This year our total R&D investment was ` 670 crore, a 30% increase over the previous year and we have more than doubled our R&D investment in the last 3 years as compared to the previous 3 years.

The corporate credo we have adopted and our significant achievements in R&D are aptly expressed by our theme for this year, Research Wins, Life Wins. I quote Alan Kay to express our approach, "The best way to predict the future is to invent it". That is what we at Wockhardt are involved in: inventing and creating a new future for all of us.

FY 2015-16: Performance Highlights

For the year under review, we posted consolidated revenues of ` 4461 crore and a Profit After Tax of ` 326 crore. The lower numbers



as compared to FY 2014-15 increased our Net Debt to ₹ 932 crore as compared to ₹ 437 crore in FY 2014.15. Currently, Net Debt to Equity Ratio is 0.24 as compared to 0.12 as on March 31, 2015. Our US business declined by 11% and our EU market declined by 11%.

Our Emerging Markets business grew by 36%, and our India business grew by 16% where we launched 48 new products. We filed 17 ANDAs with US FDA and have received 2 approvals in FY 2015-16, with 84 ANDAs pending approval.

Compliance: Quality Milestones

The significant resources deployed to enhance and streamline processes to ensure regulatory compliance has yielded encouraging results.

During the year, our L1-Chikalhana, Aurangabad, manufacturing facility was inspected by UK MHRA and they have issued an unrestricted GMP certificate. Accordingly, supplies have been resumed from L1 facility to UK Market. US FDA has completed inspections of our manufacturing units at Ankleshwar, Gujarat, and Shendra, Aurangabad, and made observations that have been duly responded to. The Shendra manufacturing unit is a new facility supplying to India, UK & Irish markets. No product from the Shendra facility is being supplied to the US market. Besides, our manufacturing facility at Waluj has received the Establishment Inspection Report (EIR) from US FDA. We are committed to achieve full regulatory compliance and have initiated and implemented several programmes towards this objective.

CSR: Mission with a Vision

“Only a life lived for others is worth living.” Albert Einstein’s profound thought reflects our approach to Corporate Social Responsibility (CSR). Our efforts transcend compliance to execute social projects and initiatives with as much focus and endeavour as we would our core business. Led by Wockhardt Foundation in tandem with Wockhardt Hospitals and several other corporate partners, our social initiatives include mobile medical services, toy libraries, potable water, sanitation, e-learning, skill development etc. Last year, we initiated an ambitious social project by adopting a village and help transform it into an ideal community. This year we added 20 more villages in and around Aurangabad under the Adarsh Gram Yojana.

At Wockhardt we envision happy communities around us and leverage our knowledge, experience and resources to achieve the same. This year our CSR efforts have resulted in touching over 2 million lives and we consider it a significant achievement for our core principle of Life Wins.

Team Wockhardt: Strengthening the Habit of Excellence

“By appreciation, we make excellence in others our own property.” Taking a leaf out of French philosopher Voltaire’s book, I am proud to express my appreciation of Team Wockhardt worldwide for their commitment to excellence.

Last year, we won 54 awards for excellence across

functions at various national and international fora. This year, we surpassed ourselves and have notched up an impressive tally of 64 awards for excellence and performance, both at an individual as well as at an organisational level.

Also, this year, awards won by Dr. Murtaza Khorakiwala, Managing Director, Wockhardt; Dr. Huzaifa Khorakiwala, Executive Director, Wockhardt and Trustee & CEO, Wockhardt Foundation; and Ms. Zahabiya Khorakiwala, Managing Director, Wockhardt Hospitals; complement the leading ranks won respectively in the prestigious 'Great Place to Work' Survey, last year.

Finally, the Board of Directors and I would like to thank all Wockhardt shareowners, associates, the medical and financial communities, and our vendor associates for their support, cooperation and good wishes.

God bless us all.



Dr. Habil Khorakiwala
Founder Chairman

