

February 17, 2020

My Dear Share Owners,

I am happy to inform you that the Company's Board of Directors have approved divestment of part of Domestic Branded Business comprising of 62 products and manufacturing facility at Baddi, Himachal Pradesh, India to Dr. Reddy's Laboratories Limited for a consideration of ₹1,850 crore (~USD 260 Million). The business being transferred reported revenue from operation ~ ₹377 crore which is ~15% of the consolidated revenue for 9 months ended 31st December, 2019. The proposed divestment is ~3.8 times of annualized revenue of the business being transferred.

This transaction is expected to be completed in May 2020 subject to Shareholders', Lenders' and other requisite approvals under applicable statutes.

The sale of Business will enable Wockhardt to:

- ◆ Have adequate liquidity for robust growth in international operations and investments in Biosimilars for the US market;
- ◆ Augment remaining significant Domestic Branded Business portfolio of the Company and re-focus towards chronic segment with differentiated product portfolio;
- ◆ Continue its ongoing research and development activities;
- ◆ Necessary action for completion of clinical trials of the Company's breakthrough NCEs in the anti-infective space, duly approved by coveted QIDP Program of United States Food & Drug Administration (US FDA); and
- ◆ Strengthen the balance sheet.

The Board of Directors have also approved the financial results for 3rd Quarter (October-December) of the Financial Year 2019-20. I take this opportunity to share with you the Company's performance this year along with some key business highlights.

For the first time in 3 years, the Company bounces back into Profit (PAT).

Wockhardt: 1st Indian Company to Achieve Approval for New Discovered Antibiotics.

In January 2020, Drug Controller General of India (DCGI) approved Wockhardt's 2 new antibiotics, EMROK (IV) and EMROK O (Oral), for acute bacterial skin and skin structure Infections including diabetic foot infections and concurrent bacteraemia based on the Phase 3 study involving 500 patients in 40 centres across India. The new drug targets Methicillin resistant Staphylococcus aureus (MRSA) which is a leading cause of rising antimicrobial resistance (AMR). By virtue of its broad spectrum activity, superior safety over the currently available anti-MRSA agents and its unique properties, EMROK/EMROK-O has a strong potential to effectively address the unmet medical need of the clinicians.

The size of Indian Antibiotic market is approx. 16,000 Crore, growing at 7% and is one of the largest therapeutic segment, with a 12% market share of the Indian Pharmaceutical Market.

The business performance of the Company during the quarter ended 31st December, 2019 showed a marked improvement with Sales growth of over 8% compared to previous quarter. EBITDA for the quarter showed a substantial improvement from ₹19 crore in Q3FY19 to ₹109 Crore in Q3FY20. 9MFY20 EBITDA also showed an improvement from ₹100 crore to ₹208 crore over previous year.

While the Company has been reporting steady EBITDA Quarter by Quarter, for the first time in the past 3 years, the Company bounces back into Profit (PAT OF ₹9 crore) owing to marked improvement in Operational Performance & Cost rationalisation.



Financial Highlights for Q3 (October - December) FY 2019-20

- ◆ Consolidated revenue for the quarter is ₹869 crore representing a growth of 8% compared to the previous quarter.
- ◆ EBITDA before R&D spend is ₹154 crore for Q3FY20, compared to ₹98 crore in previous year.
- ◆ R&D spend at ₹45 crore (5% of sales) and including capital expenditure is at 9% to sales for Q3FY20.

Financial Highlights for 9 Months (April - December) FY 2019-20

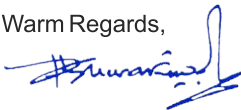
- ◆ Consolidated revenue for 9MFY20 is ₹ 2,534 crore compared to ₹ 3,179 crore in the previous year.
- ◆ EBITDA before R&D spend is ₹373 crore for 9MFY20, compared to ₹322 crore in previous year.
- ◆ R&D spend at ₹165 crore (7% of sales) and including capital expenditure is at 11% to sales for 9MFY20.

Business Highlights

- ◆ The International Business contributed 73% of the global revenue in Q3FY20 and 72% in 9MFY20.
- ◆ India Business stood at ₹235 crore in Q3FY20 as compared to ₹363 crore in Q3FY19. In 9MFY20 it stood at ₹706 crore as compared to ₹1,213 crore in 9MFY19. De-growth is mainly on account of lower sales in Quality Generics division and in some of the therapeutic areas. Ten new products launched in India Business during 9MFY20.
- ◆ Emerging Market Business of the Company showed a growth of 10% and stood at ₹138 crore in Q3FY20 (PY ₹125 crore). It recorded a growth of 7% in 9MFY20 over 9MFY19 and contributed about ₹414 crore.
- ◆ UK Business during the quarter stood at ₹219 crore in Q3FY20 (PY ₹248 crore). In 9MFY20 it stood at ₹666 crore as compared to ₹737 crore in 9MFY19.
- ◆ US Business for Wockhardt contributed 25% of the Global Revenues in Q3FY20 compared to 23% in the Q3FY19. Revenues from the US Business were at ₹213 crore in Q3FY20 versus ₹243 crore in Q3FY19. In 9MFY20 it stood at ₹544 crore versus ₹612 crore in 9MFY19. Cumulative ANDA's pending for approval at 51.
- ◆ Irish Business showed a growth of 7% (10% in Euro terms) and stood at ₹38 crore in Q3FY20 (PY ₹35 crore). In 9MFY20 Irish Business stood at ₹114 crore as compared to ₹121 crore in 9MFY19.
- ◆ French Operations were at ₹14 crore in Q3FY20 and ₹15 crore in Q3FY19 and at ₹48 crore in 9MFY20 and 9MFY19 each.

We wish to thank each one of you for your continued support and confidence in Wockhardt. We continue to stay focused and build a strong business at Wockhardt as we solicit your unstinted support.

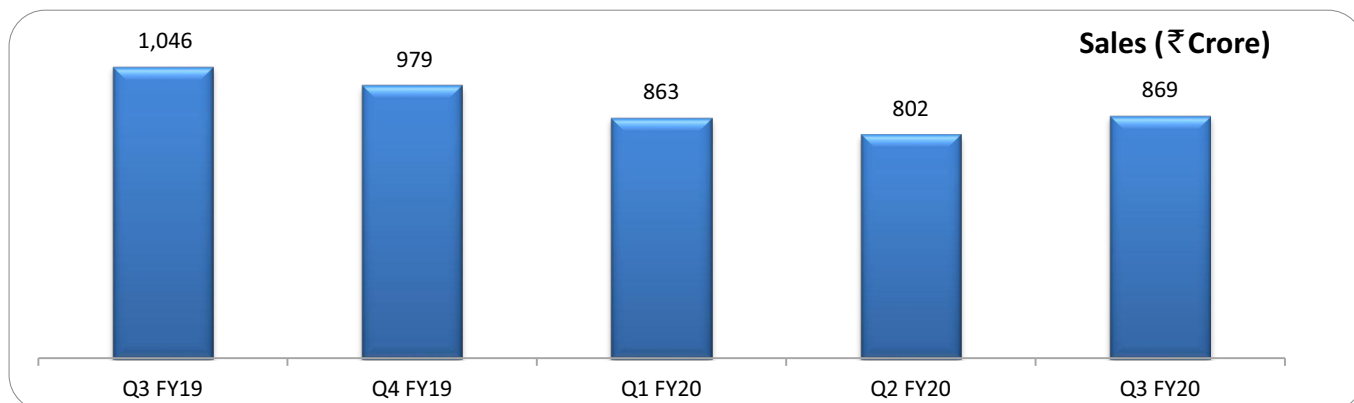
Warm Regards,



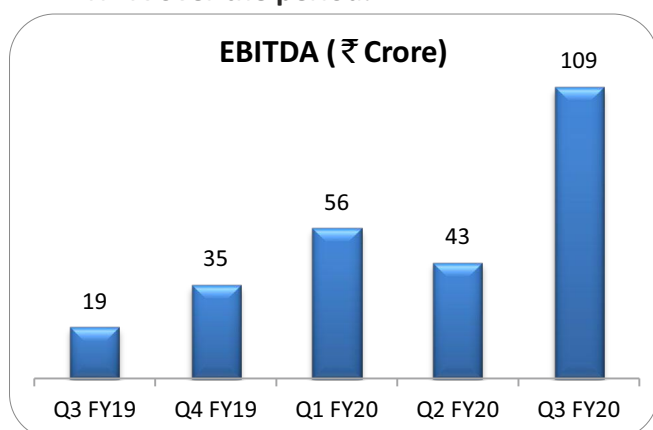
Dr. Habil Khorakiwala
Founder Chairman

PERFORMANCE HIGHLIGHTS

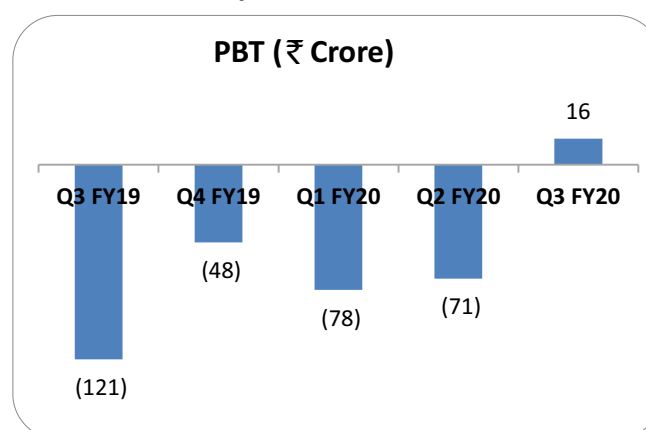
Sales Performance over the period:



EBITDA over the period:



PBT over the period:



Consolidated Financials – Q3FY20:

- Consolidated revenues at ₹ 869 crore in Q3FY20 vs ₹ 1,046 crore in Q3FY19, a de-growth of ~17%.
 - India Business de-grew by 35% in Q3FY20 compared to Q3FY19.
 - Emerging market Business **grew by 10%** in Q3FY20 compared to Q3FY19.
 - UK revenues de-grew by 10% in GBP terms in Q3FY20 over Q3FY19.
 - US Business de-grew by 13% in Q3FY20 compared to Q3FY19 in dollar terms.
- Gross Margins at **60%** during Q3FY20, up by 4% compared to Q3FY19.
- EBITDA at ₹109 crore compared to ₹19 crore in Q3FY19.

Consolidated Financials – 9MFY20:

- Consolidated revenues at ₹ 2,534 crore in 9MFY20 vs ₹ 3,179 crore in 9MFY19, a de-growth of ~20%.
 - India Business de-grew by 42% in 9MFY20 compared to 9MFY19.
 - Emerging market Business **grew by 7%** in 9MFY20 compared to 9MFY19.
 - UK revenues de-grew by 7% in GBP terms in 9MFY20 over 9MFY19.
 - US Business de-grew by 12% in 9MFY20 compared to 9MFY19 in dollar terms.
- Gross Margins at **60%** during 9MFY20, up by 3% compared to 9MFY19.
- EBITDA up by 108% at ₹ 208 crore as compared to ₹100 crore in 9MFY19.

BUSINESS HIGHLIGHTS

- **International Operations**

- At ₹634 crore, contributes 73% of global revenues for Q3FY20, de-grew by 7% as compared to Q3FY19.
- At ₹1,828 crore, contributes 72% of global revenues for 9MFY20, de-grew by 7% as compared to 9MFY19.

- **India & Emerging Markets Business**

- India and Emerging Markets contributed 43% of the global revenues in Q3FY20 and 44% of the global revenues in 9MFY20.
- 10 new products launched in India Branded business during 9MFY20.
- India Business de-grew by 35% in Q3FY20 over Q3FY19 and stood at ₹235 crore in Q3FY20 vs ₹363 crore in Q3FY19. India Business stood at ₹706 crore in 9MFY20 vs ₹1,213 crore in 9MFY19.
- **Emerging Markets Business grew by 10% in Q3FY20** compared to Q3FY19 and stood at ₹138 crore in Q3FY20 compared to ₹125 crore in Q3FY19. It **grew by 7% in 9MFY20** over 9MFY19 and stood at ₹414 crore in 9MFY20 vs ₹388 crore in 9MFY19.

- **Europe Business**

- Europe Operations (including France) contributed 33% of the Global Revenues in Q3FY20 and 34% in 9MFY20. Revenues from EU Operations (excluding France) were at ₹269 crore in Q3FY20 and at ₹822 crore in 9MFY20. Revenues from French Operations were at ₹14 crore in Q3FY20 vs ₹15 crore in Q3FY19 and ₹48 crore in 9MFY20 and 9MFY19 each.

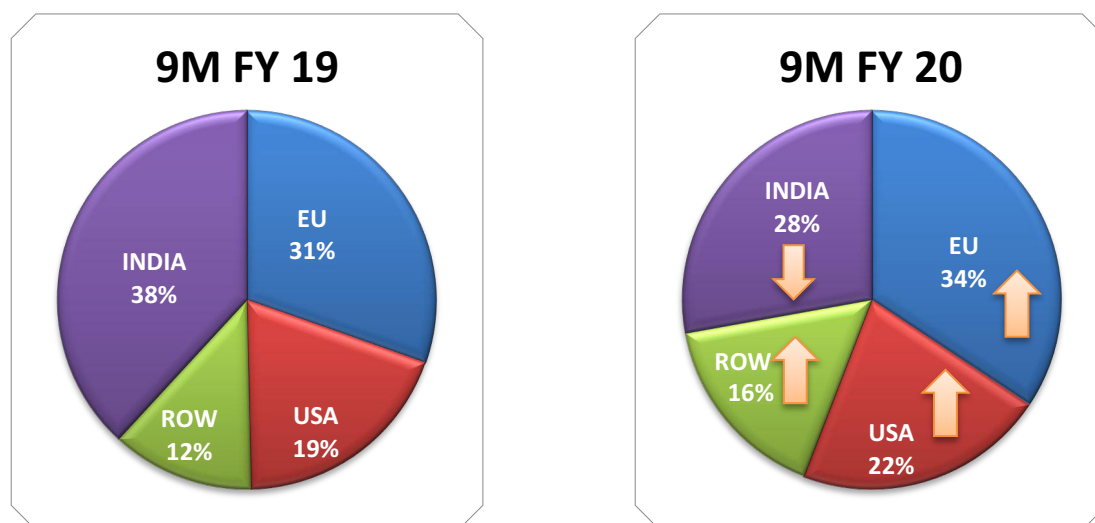
- **UK Operations (including Pinewood's UK Business)**

- UK revenues stood at ₹219 crore in Q3FY20 vs ₹248 crore in Q3FY19, representing de-growth of 12% in INR terms (and de-grew by 10% in GBP terms in Q3FY20 over Q3FY19). UK operations were at ₹666 crore in 9MFY20 vs ₹737 crore in 9MFY19, representing de-growth of 10% in INR terms (and de-grew by 7% in GBP terms).
- **Irish Business** revenues were at ₹38 crore in Q3FY20 vs ₹35 crore in Q3FY19, **grew by 7% in Q3FY20** in INR terms (and 10% in Euro terms). During 9MFY20 Irish Business revenues stood at ₹114 crore in 9MFY20 vs ₹121 crore in 9MFY19, de-grew by 6% in 9MFY20 in INR terms (and 3% in Euro terms).

- **US Business**

- US business for Wockhardt contributed to 25% of the Global Revenues in Q3FY20 compared to 23% in the Q3FY19. Revenues from the US Business were at ₹213 crore in Q3FY20 versus ₹243 crore in Q3FY19. During in 9MFY20 revenues from the US Business stood at ₹544 crore in 9MFY20 versus ₹612 crore in 9MFY19.
- Total pending ANDAs as on 31st December, 2019 is 51.

SHARE OF GLOBAL REVENUES



FINANCIALS

Consolidated P&L

₹ Crore

Particulars	Q3-FY20	Q2-FY20	Q3-FY19	9M-FY20	9M-FY19
Revenues from Operations	869	802	1046	2534	3179
Material Consumption	348	321	464	1019	1373
Gross Margins	522	482	582	1516	1806
<i>Gross Margin %</i>	<i>60%</i>	<i>60%</i>	<i>56%</i>	<i>60%</i>	<i>57%</i>
Staff Cost	188	190	220	589	667
R&D Expenses	45	60	79	165	222
Other Expenditure*	180	189	264	554	817
Total Expenditure	760	759	1026	2326	3079
EBITDA*	109	43	19	208	100
<i>EBITDA Margin</i>	<i>13%</i>	<i>5%</i>	<i>2%</i>	<i>8%</i>	<i>3%</i>
EBITDA before R&D*	154	103	98	373	322
<i>EBITDA Margin before R&D</i>	<i>18%</i>	<i>13%</i>	<i>9%</i>	<i>15%</i>	<i>10%</i>
Interest Expenses (Net)*	79	65	64	214	201
(Income)/Expense due to Exchange Rate Fluctuation	(25)	(4)	37	(14)	46
Depreciation*	56	53	41	165	121
Other Income / (Loss)	17	(0)	2	25	16
Profit/(Loss) Before Tax before exceptional items	16	(71)	(121)	(132)	(252)
Exceptional Item Profit/(Loss)	-	-	-	-	-
Profit/(Loss) before Tax	16	(71)	(121)	(132)	(252)
Tax Expense (Including Deferred Tax)	(3)	24	(44)	(20)	(50)
Profit After Tax (PAT)	19	(94)	(77)	(112)	(203)
Less: Non-Controlling Interest	10	(12)	(6)	6	(23)
PAT after Non-Controlling Interest	9	(82)	(71)	(117)	(180)
<i>PAT after Non-Controlling Interest Margin %</i>	<i>1%</i>	<i>-10%</i>	<i>-7%</i>	<i>-5%</i>	<i>-6%</i>

*Inclusive of impact of IND AS 116 (Lease Accounting) in 9MFY20.

For further clarification, write to: Investor Service Cell, Wockhardt Limited, Wockhardt Towers, Bandra-Kurla Complex, Bandra East, Mumbai 400 051 or Email: investorrelations@wockhardt.com

Visit us at: www.wockhardt.com