

9th June, 2020

BSE Limited Corporate Relations Department P J Towers Dalal Street Mumbai - 400 001 <u>Scrip Code: 532300</u>	National Stock Exchange of India Limited Exchange Plaza Bandra-Kurla Complex Bandra (E) Mumbai - 400 051 <u>NSE Symbol: WOCKPHARMA</u>
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Dear Sir/ Madam,

Sub: (a) Disclosure of Outcome of Board Meeting held on 9th June, 2020 and Material Developments under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with the SEBI Circular No. CIR/CFD/CMD/4/2015 dated September 9, 2015; and (b) Disclosure under the SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated May 20, 2020

1. This is with reference to our letter dated February 12, 2020 where we had informed the exchange that the Board of Directors of the Company, at its meeting had considered and approved the execution of definitive agreements including a Business Transfer Agreement (“**BTA**”), for the transfer of the business comprising 62 products and line extensions along with related assets and liabilities, contracts, permits, intellectual properties, employees, marketing, sales and distribution of the same in the Domestic Branded Division in India, Nepal, Bhutan, Sri Lanka and Maldives, and the manufacturing facility at Baddi, Himachal Pradesh, where some of the products which are being transferred were manufactured (together the “**Business Undertaking**”), to Dr. Reddy’s Laboratories Limited (“**DRL**”). As specified in the said letter, in terms of the BTA, the consideration agreed for the transfer of the Business Undertaking from the Company to DRL was INR 1,850 crores, subject to adjustments specified in the BTA.
2. In accordance of Regulation 30 (7) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we would like to inform you that the transfer of the Business Undertaking has now been completed.
3. Further, in accordance with the SEBI circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated May 20, 2020 regarding *Disclosure of Material Impact of the COVID-19 Pandemic*, we would like to inform you that:
 - i. In the aftermath of the COVID-19 pandemic and the consequent government restrictions, there has been a reduction of the revenue from the sales of the Products forming part of the Business Undertaking during March & April, 2020. Accordingly, the Board of Directors has, in its meeting held today, approved the execution of an amendment to the BTA in order to allow flexibility to assess the impact of the COVID-19 pandemic on the valuation of the Business Undertaking, and the Company and DRL have executed an amendment agreement in terms of which the agreed consideration of INR 1,850 crores shall now be paid as per following:



- a) an amount equal to INR 1,483 crores to be paid on the Closing Date under the BTA;
 - b) an amount equal to INR 67 crores which has been deposited by the Purchaser in an escrow account, which shall be released subject to adjustments for, *inter alia*, Net working capital, employee liabilities and certain other contractual and statutory liabilities;
 - c) an amount equal to INR 300 crores ("**Holdback Amount**"), which shall be held back by DRL on the Closing Date for assessment of the impact of the COVID-19 pandemic on the Business Undertaking, and shall be released as follows: If the revenue from sales of the products forming part of the Business Undertaking by DRL during the 12 months post-closing exceeds INR 480 crores, DRL will be required to pay to the Company, from out of the Holdback Amount, an amount equal to 2 (two) times the amount by which the revenue exceeds INR 480 cr.
- ii. Due to the restrictions on movement into and within the state of Himachal Pradesh on account of the Covid-19 Pandemic, the approval of the Government of Himachal Pradesh for the transfer of the land underlying the manufacturing facility at Baddi, Himachal Pradesh ("**Baddi Facility**"), as required under the Himachal Pradesh Tenancy and Land Reforms Act, 1972, is pending as of date. Accordingly, the Company and DRL have agreed that the Baddi Facility, shall only be transferred once the approval of the Government of Himachal Pradesh is received and in the meanwhile, the Company and DRL will enter into interim arrangements for management of the Baddi Facility by DRL.

The meeting of the Board of Directors commenced at 10.30 a.m. and concluded at 8.40 p.m.

Further, pursuant to Company's code of conduct for regulating, monitoring, reporting trading by designated persons and as informed vide letter dated 8th June, 2020, the Trading Window for dealing in the Shares of the Company continues to remain closed till 11th June, 2020. The Trading Window shall re-open with effect from 12th June, 2020.

Kindly take this information on record.

Thanking you,

For **Wockhardt Limited**



Gajanand Sahu
Company Secretary

