

Mumbai, 12th February, 2020

Wockhardt to raise INR 1,850 crore by sale of part of portfolio of its Domestic Branded Business

Wockhardt's Board of Directors' today approved divestment of part of Domestic Branded Business to Dr. Reddy's Laboratories Limited comprising of 62 products and related business, assets and liabilities including manufacturing facility at Baddi, Himachal Pradesh, India for a consideration of INR 1,850 crore (~USD 260 Million). The business being transferred reported revenue from operation ~INR 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 intended sale of Business portfolio is in line with the Company's strategic plan to shift from acute therapeutic areas to more chronic business like anti-diabetes, CNS etc. and also to its niche antibiotic portfolio of NCEs. The divestment will also ensure adequate liquidity to bring in robust growth in the chronic domestic branded business, international operations, investments in Biosimilars for the US market apart from the Company's Global clinical trials of Break-through Anti-Infectives (NCEs approved under coveted QIDP¹ program of United States Food & Drug Administration) and R&D activities" said Dr. Habil Khorakiwala, Founder Chairman, Wockhardt Group.

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;

¹ QIDP status is granted to drugs, identified by CDC (Centre for Disease Control, USA), that act against pathogens which have a high degree of unmet need in their treatment. QIDP status provides fast track clinical development and review of the drug application by US FDA for drug approval. The drug is also awarded five-year extension of market exclusivity. QIDP was constituted under Generating Antibiotic Incentives Now (GAIN) Act in 2012 as part of the FDA Safety and Innovation Act to underline the urgency in new antibiotics development.

- 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.

Post above sale, Wockhardt continues to own:

- All international operations in UK, USA, Ireland and other locations through its step down subsidiaries.
- Formulation plants located at Waluj, Shendra and Chikalthana in Aurangabad, Bhimpore and Kadaiya in Daman; bulk drugs plant at Ankleshwar, India and manufacturing facilities at all existing international locations.
- Research & Development centers located at Chikalthana, Aurangabad, India and existing facilities in the international locations.
- Significant part of Domestic Branded Business constituting Chronic & Speciality portfolios.

The Company engaged M/s. Moelis and Company, reputed investment banking firm to identify and assist in process of divestment.

About Wockhardt:

Wockhardt is a research based Global Pharmaceutical and Biotech company. Wockhardt's New Drug Discovery programme has focussed on unmet need of Anti-bacterial drugs that are effective against the menace of untreatable superbugs. Wockhardt is the only company in the world where USFDA has given QIDP Status (Qualified Infectious Diseases Programme) for 5 of our Anti-bacterial discovery programmes – 2 of them are Gram Negative and 3 Gram Positive effective against untreatable "Superbugs". It has a comprehensive Drug Discovery team and clinical organisation.

Wockhardt is employing over 7000 people and 27 nationalities with presence in USA, UK, Ireland, Switzerland, France, Mexico, Russia and many other countries. It has manufacturing and research facilities in India, USA & UK and a manufacturing facility in Ireland. Wockhardt has a significant presence in USA, Europe and India, with 72% of its global revenues coming from international businesses.

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