



50

WINNING YEARS. LIFE WINS.



WOCKHARDT | **LIFE WINS**

Annual Report 2016-17



As we celebrate our Golden Jubilee Year, we celebrate five decades of growth, success and achievements.

We celebrate performance and quality that wins global markets.

We celebrate R&D that wins patents and approvals.

We celebrate a work culture that wins awards and accolades.

We celebrate CSR activities that win hearts and smiles.

We celebrate 50 Winning Years.

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FY 2016-17 Performance Highlights

SALES

US\$ **619** million

₹ 4,015 crore

OPERATING PROFIT (EBITDA)

US\$ **4** million

₹ 26 crore

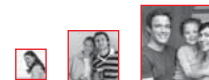
PROFIT / (LOSS) AFTER TAX

US\$ **(30)** million

₹ (196) crore

EBITDA MARGIN

1%



CHAIRMAN'S STATEMENT

50 Winning Years

It has been a 50 year saga of daring to dream, taking the road less travelled, making a mark, going global, gaining insights, exploiting opportunities, expanding horizons and building a work culture of excellence, innovation and creating value with values. Along the way, we also overcame odds, tided over crises, and learned from our mistakes to emerge stronger and stand taller.

50 Winning Years of Breakthrough R&D

Our eventful journey is characterised by our strong and consistent focus on building and strengthening our Research & Development capabilities. It was a long-term strategy that was designed to ensure sustainable growth through value creation. Our philosophy, outlook and approach to R&D is best expressed in the words of British biochemist and double Nobel Laureate in Chemistry, Frederick Sanger, who said, "Scientific research is one of the most exciting and rewarding of occupations. It is like a voyage of discovery into unknown lands, seeking not new territory, but new knowledge."

In particular, our focus on the anti-infectives space has yielded extremely promising results. As you are aware, our Drug Discovery Programme has won QIDP status by US FDA for 5 NCEs, 3 for gram positive organisms and 2 for gram negative organisms. They have now entered Phase II and Phase III of clinical trials.

Consider a few facts that will put this tremendous achievement in proper perspective. Over the last 10 years, global patents filed for antibacterial drugs have declined by 60%, whereas patents filed by Wockhardt in these 10 years have increased by 315%. There are 10 other companies who are involved in antibiotic research and collectively have 11 drugs in the pipeline at clinical stage. However, Wockhardt alone has five drugs.

My Dear Shareowners

I am pleased to inform you that your Company is celebrating its 50th year in a long and heartening odyssey of growth, innovation and excellence. It is a milestone year that marks the progress of our journey. It is a measure of the path followed, as well as a sign of assurance that we are on the right track towards our destination. A destination that we have determined and defined as 'Life Wins'.

At Wockhardt, every success, achievement, discovery, innovation, breakthrough, award, accolade etc. is a winning step towards our destination. Let us together relive some milestones crossed along this journey as we celebrate 50 years of Wockhardt's endeavour to ensure that 'Life Wins'.

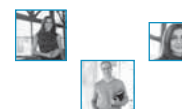
Wockhardt is the world's only pharmaceutical company to have 5 drugs under development given QIDP status by US FDA. The globally rising concern over AMR (Antimicrobial Resistance) and the promising developments of our Drug Discovery Programme have placed us on the cusp of an extremely exciting phase. We have now embarked on an abridged Phase III clinical trial for WCK 5222. This super drug is expected to be a life-saving destination therapy for serious hospital-acquired infections such as pneumonia, ventilator associated pneumonia, blood stream infections etc. We expect a global clinical launch of WCK 5222 during the year 2020-21. These developments justify our industry-leading spends on R&D as a percentage of total sales year on year. In FY 2016-17, our R&D expense totaled ₹ 397 crore at 10% of total sales. Total R&D spend including capex was at ₹ 571 crore at 14% of total sales. This fiscal, we continued to build on our Intellectual Property base as we filed 311 patents and won 80 patents, taking cumulative patents filed to 2,904 and patents won to 553.

50 Winning Years of Spirited Performance

Wockhardt's 5-decade journey chronicles a performance characterised by a never-say-die spirit that soars in prosperity and endures in adversity. The efforts put in, the enthusiasm shown, and the commitment demonstrated by the organisation and its human capital isn't always truly and accurately reflected in the balance sheet.

During FY 2016-17, certain political and economic issues across geographies have adversely impacted revenues. The Brexit poll in UK and consequent volatility in various currencies; demonetisation in India; genericisation of some of our products in the US; and continuing compliance issues with US FDA have impacted revenues.

Our US business declined by 25% and our UK market business declined by 24%. Our UK business in GBP terms excluding the



one-time opportunity grew by 8% over the previous year. Our Emerging Markets business de-grew by 10% and our India business grew by 6%. We launched 24 new products in India. We filed 6 ANDAs with US FDA and have received 2 approvals in FY 2016-17, with 83 ANDAs pending approval.

In FY 2016-17, we posted consolidated revenues of ₹ 4,015 crore and a Profit After Tax of ₹ (196) crore. Our Net Debt increased to ₹ 1,981 crore as compared to ₹ 1,198 crore in FY 2015-16. Currently, Net Debt to Equity Ratio is 0.59 as compared to 0.32 as on March 31, 2016.

But as Robin Sharma, leadership speaker and author of 'The Monk Who Sold His Ferrari' series, says, "Difficult times disrupt your conventional ways of thinking and push you to forge better habits of thought, performance and being." And so it will for Wockhardt.

50 Winning Years of Regulatory Compliance

Over the years, we have established strategically-located, state-of-the-art manufacturing facilities across India, US and Europe. UK MHRA has confirmed compliance with the principles and guidelines of GMP for our manufacturing facilities at L-1, Chikalthana, Aurangabad and Kadaiya, Daman. HPRA (Health Products Regulatory Authority) Ireland has recently granted Certificate of GMP compliances to our Shendra, Aurangabad facility.

Our efforts towards remediation and compliances measures to address US FDA matters for our manufacturing facilities continue to be in place.

We have deployed substantial resources in terms of talent, technology and processes to ensure regulatory compliances and we have achieved steady progress. We will continue to implement measures towards remediation and compliance and are confident of achieving regulatory compliance soon.

50 Winning Years of World-class Healthcare

An important milestone crossed during Wockhardt's journey is the growth of Wockhardt Hospitals into a reputed chain of 8 super-speciality hospitals delivering world-class tertiary and quaternary healthcare services.

We take pride in announcing that two of Wockhardt's Hospitals, New Age Wockhardt Hospital, South Mumbai, and Wockhardt Super Speciality Hospital, Mira Road, have initiated their journey in quaternary care by establishing a comprehensive programme of multi-organ transplant, starting with some of the most challenging and complex cases in the field.

The New Age Wockhardt Hospital in South Mumbai, right from its commencement, is a benchmark in clinical care and sets standards for professionalism, clinical intervention and medical outcome. It has also become the first multi-speciality hospital in South Mumbai to be accredited with the prestigious Joint Commission International (JCI).

50 Winning Years of Committed CSR

For Wockhardt, social engagement and outreach is in its DNA. Corporate Social Responsibility was something that we took upon ourselves long before it became a buzzword or entered the purview of regulatory compliance. Our approach

to CSR is not that we have to do it but that we want to accept the responsibility and take great pride and satisfaction in it. American author H. Jackson Brown Jr. sums it aptly when he says, "Remember that the happiest people are not those getting more, but those giving more."

Wockhardt Foundation, in collaboration with various corporate partners including Wockhardt Hospitals, implements a host of social initiatives based on sound business principles of optimising resources, minimising costs and maximising delivery of effective long-term solutions and services. Wockhardt Foundation's social initiatives include mobile medical services, toy libraries, potable water, sanitation, e-learning, skill development etc. Our adoption of 21 villages near Aurangabad under the Adarsh Gram Yojana is a highlight of our endeavour to reach out to the underprivileged and empower them to transform their lives. Our CSR activities enable us to impact nearly 3 million lives every year.

50 Winning Years of Consistent Excellence

Wockhardt's journey of excellence is highlighted by numerous awards and accolades conferred by industry peers across national and international fora.

Team Wockhardt's competence, professionalism and superlative performance has been recognised and acknowledged all over the world, year after year. Comprising over 10,000 people across 27 nationalities spanning 6 continents worldwide, Team Wockhardt is an epitome of the work culture and mindset that is characteristic of the truly global organisation that Wockhardt is.

When asked on what high-performing companies should be striving to create, Marilyn Carlson, former CEO of Carlson Companies, Inc. replied, "A great place for great people to do great work."

You couldn't describe Wockhardt any better considering that Wockhardt, Wockhardt Hospitals and Wockhardt Foundation have all won leading ranks in the prestigious 'Great Place to Work' Survey.

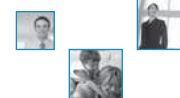
Continuing their winning spree in FY 2016-17, Wockhardt has notched up an impressive tally of 79 awards for excellence at an individual as well as at an organisational level across various industry platforms and categories.

In conclusion, I quote Stephen Covey who said, "Your most important work is always ahead of you, never behind you." Hence, I look back at the last 50 years with great satisfaction and look forward with greater anticipation and hope. Our R&D efforts are bearing fruit. Our values are strong and our resolve to surpass ourselves, stronger still. 50 winning years is just another milestone.

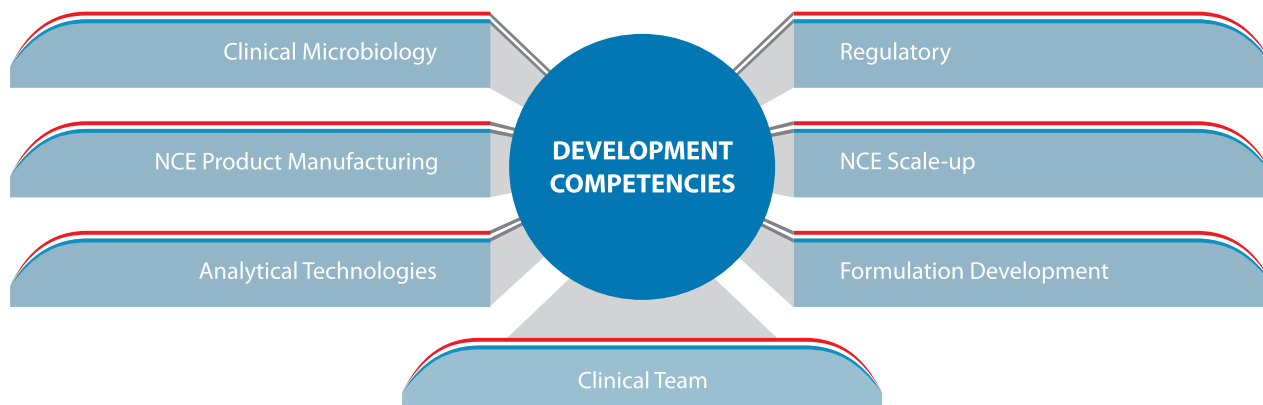
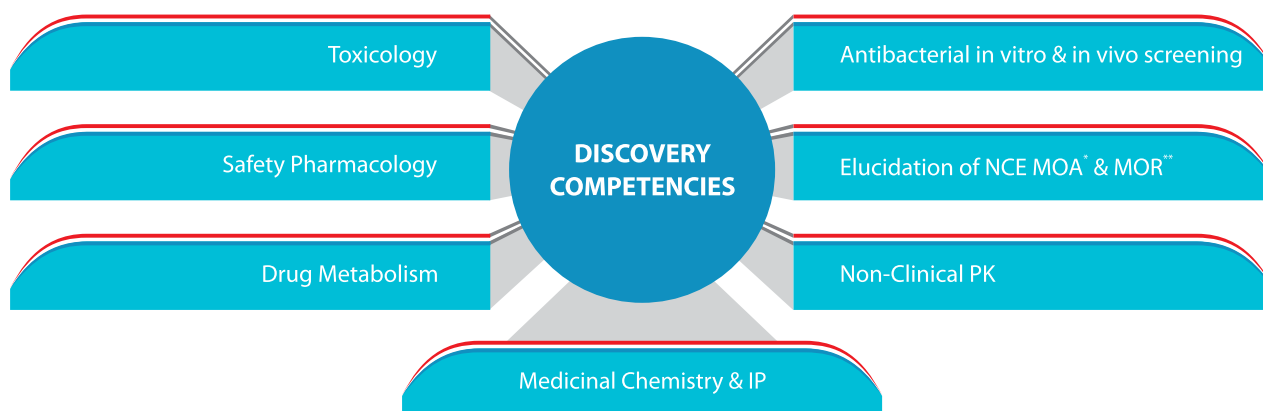
The Wockhardt journey will continue.



Dr. Habil Khorakiwala,
Founder Chairman & Group CEO



End-to-End Discovery Research & NCE Development Competencies



*Mechanism of Action | **Mechanism of Resistance

3
R&D Centres

India

UK

USA

75
Doctorates

Chemistry
Pharmaceutics
Pharmacology
Biotechnology
Medicinal Chemistry
Synthetic Organic
Organic Synthesis
Microbiology
Molecular biology
Clinical Microbiology
Clinical Research
Analytical Chemistry
Regulatory Affairs

665
Professionals
Comprise a
Committed
Research Team

Research Areas

New Drug Discovery

Recombinant
Biopharmaceuticals

Novel Drug Delivery

Generics

Winning Approvals and Patents. Life wins.

Our strong emphasis, deep focus, and continued financial commitment towards R&D is a result of our belief that it is the key to value creation and sustainable growth.

Our comprehensive multidisciplinary R&D capabilities spread across India, UK and USA, encompass a 665-strong team of highly qualified and experienced professionals backed by cutting-edge technology and state-of-the-art facilities.

Over the years, our strategic decision to focus on New Drug Discovery, Recombinant Biopharmaceuticals, Novel Drug Delivery and Generics, has been highly successful, satisfying and encouraging. Specifically, our two-decade long efforts in developing new antibiotics has yielded breakthrough developments in 5 new drugs that have received QIDP status from US FDA in the last fiscal. A milestone achievement in

FY 2016-17 has been the permission from US FDA to begin abridged Phase III clinical trials for WCK 5222, a super drug expected to be a life-saving destination therapy for serious hospital-acquired infections such as pneumonia, ventilator associated pneumonia, blood stream infections etc.

With a product pipeline that focuses on less competitive and difficult to replicate products, Wockhardt has built a strong Intellectual Property (IP) base filing patents and developing products for Abbreviated New Drug Applications (ANDAs) for the US and European markets.

During FY 2016-17, Wockhardt filed 6 ANDAs with US FDA and was granted 2 approvals. Wockhardt also filed 311 patents and won 80 patents, taking cumulative patents filed to 2,904 and patents won to 553.

5 NCEs with QIDP Status from US FDA

NCE	WCK 5222 Phase III (US)	WCK 4282 Phase III (US)	WCK 4873 Phase II (US)	WCK 2349/WCK 771 Phase III (India)	
Indication Potential	Complicated Urinary Tract Infections (UTIs) and Hospital Acquired Bacterial Pneumonia (HABP/VABP)	Complicated Urinary Tract Infections (UTIs) and Hospital Acquired Bacterial Pneumonia (HABP/VABP)	Community-acquired Bacterial Pneumonia (CABP)	Complicated Skin and Skin Structure Infections (cSSTI or ABSSSI) and Hospital Acquired Bacterial Pneumonia (HABP/VABP), Diabetic foot infection, CABP	
Pathogen Coverage	E.coli, Pseudomonas, Klebsiella, Enterobacter Acinetobacter, including MBL, KPC and ESBL expressing pathogens	E.coli, Klebsiella, Enterobacter, including ESBL, KPC expressing strains and Pseudomonas	MDR Pneumococci, S.pyogenes, S. aureus, H.influenzae, atypical pathogens like Mycoplasma, Chlamydia, Legionella	MRSA, VRSA, VISA and Ciprofloxacin sensitive Gram-negatives, MDR Pneumococci, S.pyogenes, H.influenzae, atypical pathogens like Mycoplasma, Chlamydia, Legionella	
Dosage Form	IV	IV	Oral	Oral	IV





Dr. Murtaza Khorakiwala
Managing Director

WINNING MARKETS AND AWARDS. LIFE WINS.

As a global, research-based pharmaceutical and biotechnology company, we have come a long way. Wockhardt today is an Indian MNC with a multi-ethnic global workforce spanning 27 nationalities; 11 manufacturing facilities across India, the US and Europe; and 3 cutting-edge R&D facilities in India, UK and US.

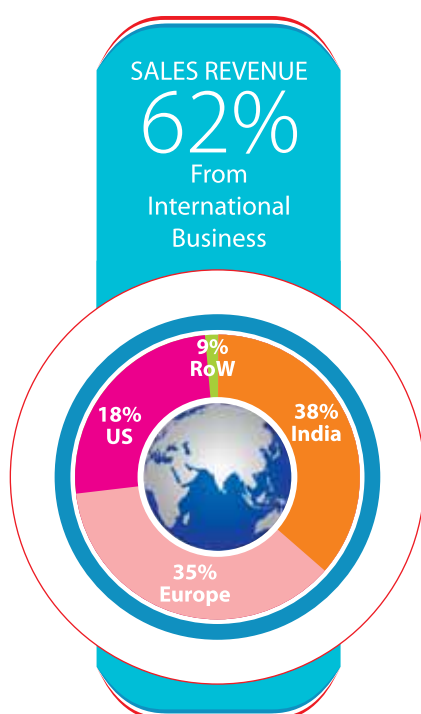
To maintain our edge in a field that is as highly competitive as it is closely regulated, we have to constantly reinvent ourselves by focusing and building on core values and intrinsic strengths.

The measure of any organisation is the quality of its leadership. At Wockhardt, we have taken significant steps to strengthen leadership and improve and enhance organisational development. The new leadership team in place has brought about visible change that has resulted in an organisational turnaround that has led to improved product availability, better quality and true value addition.

The compliances pertaining to US FDA have our full attention and we are in the process of addressing them to a positive outcome.

Congratulations are in order for Team Wockhardt as it continued with its winning streak of winning several awards for excellence this year too.

Finally, the tremendous achievement of Wockhardt's R&D team cannot be highlighted enough. Thanks to their long and focused endeavour in New Drug Discovery in antibiotics, Wockhardt today is the only pharmaceutical company in the world to have 5 NCEs with QIDP status from US FDA that are in Phase II & Phase III clinical trials. A milestone achievement indeed in a milestone year for Wockhardt!



OUR EUROPEAN EDGE

Amongst Top 3 Indian Generic companies in UK

Second largest (by volume) Generic supplier to the Hospital Sector in Ireland

Amongst Top 3 Generic companies in Ireland

OUR INDIA EDGE

5
Brands

Amongst Top 300 brands of IPM in India

4th
Position

In pain management

6th
Position

In vaccines



Over 55.24 million Lives Times Touched

Mobile 1000

105 Vans (20.23 Lakh Patients Checked)



Wockhardt + Health Centres

6,840 Patients Benefitted



Little Hearts

85 Congenital Heart Surgeries



Pronto Toilet

993 Toilets



Pronto Bio-Toilet

287 Bio-Toilets



E- Learning

356 Schools; 1.78 Lakh Children



Khel Khel Mein

29 Toy Libraries; 2,428 Children



Wockhardt Skills Development Institute

303 Students Trained



Shudhu Water Purification Tablets

6.06 Lakh Tablets Distributed



Zab

850 Desks + School Bags Distributed



Swachh Bharat Recycle Machine

10 Machines installed at 9 Railway Stations in Mumbai



TOTAL BENEFICIARIES: 55.24 million times people benefitted