

# CHAIRMAN'S

THIRTEENTH ANNUAL GENERAL MEETING

13 September 2012

# SPEECH

**WOCKHARDT**  
**JOY OF PERFORMING**



**WOCKHARDT**  
Enhancing Quality of Life



**Dr. Habil Khorakiwala,  
Founder Chairman & Group CEO**

## **My dear shareowners, friends and distinguished guests,**

A very good afternoon to you all.

Also, 7900 Wockhardt Associates worldwide, joyfully welcome you to the 13th Annual General Meeting of your company Wockhardt.

As I embark to speak to you about Wockhardt's Transformation, I am reminded of the words spoken by Mahatma Gandhi

and I quote, ***“A small body of determined spirits fired by an unquenchable faith in their mission can alter the course of history.”***

Indeed, this well-begun journey, determined by our spirits to succeed, is not yet over... it will continue to sustain and grow! It is precisely this dimension that has inspired a dramatic and a significant turnaround during the financial year.

It is with sheer joy that I take you on this journey. But first, let me begin by reiterating that your company never ever wavered on its strong fundamentals of creating opportunities for robust business growth, building operational efficiencies and consistently creating value for all its stakeholders.

## **Robust sectoral foundation**

It is with pride when I say that Wockhardt has always shown foresight to engineer growth opportunities in economies across the globe. We have never backed-out in investing in goals we have believed in. And the US is one such market we foreseen immense potential and our future prospects.

Today, the global pharmaceutical industry is projected to grow annually at around 5 per cent, to soon become US\$ 1 trillion in size. The US retained its pole position as the world's largest pharmaceutical market followed by the European Union and Japan.

The industry is largely driven by the rapid growth coming out of Asia. China and India's pharmaceutical industry is projected to grow by around 15 per cent. Other factors like patent expiration of a number of innovator molecules is not only creating tectonic changes in markets but also accelerating industry growth. In such a scenario, Wockhardt grew its portfolio, plugged unmet needs of the marketplace, widened its



marketing footprint and addressed emerging opportunities.

## The New Wockhardt: Joy of Performing

At Wockhardt, we realised to be a truly successful company; we will need to keep reinventing ourselves. So as an intellectually driven organisation, we recognised change early, responded proactively and strengthened our competitive advantage. In short we were more focused and determined. And in all this... we had the **Joy of Performing**.

## So what is this joy of performing?

Simply put, we created an environment that inspired our people to come to work with renewed excitement every single day. This excitement sprung from a culture where people were provided the big picture, were challenged to excel, encouraged to perform and were recognised for their performance.

Such an environment promoted trust and enabled our associates in doing the right things in the right way. The result was a culture of excellence. And the satisfaction that emanated from this super-achieving culture is the **Joy of Performing**.

The New Wockhardt reflected this joy in every member, function, division, location and country of our presence.

## Wockhardt's Transformation

At Wockhardt, we built an eco-system that thrived on the very premise of... pride in our work and a real sense of joy, in performing it. We set ourselves benchmarks, not to

competition but within ourselves. And I must say honestly, this kind of an environment, culture and excitement became infectious.

Our blockbuster formulation was to envision and empower our associates to think big, operate in a culture of excellence and recognise their sterling performance.

This is Wockhardt's Transformation!

## Our Significant Turnaround

In 2011-12, our total consolidated sales was ₹4,614 crore (US\$ 908 million); operating profits (EBITDA) reached ₹1,440 crore (US\$ 283 million). Our adjusted PAT was ₹947 crore (US\$ 186 million), a growth of 62 per cent over the previous year. What was more heartening was that our gross margin of 64 per cent and operating margin of 31 per cent were among the highest in India's pharmaceutical industry.

## Global Milestones

With the world's developed markets providing large opportunities and emerging economies driving the growth of the global pharmaceutical industry, we reinforced our strategy to take our products to both market segments around our credo of **'One world. One medicine'**.

## Wockhardt's US Business: Fabulous 78 per cent growth

At Wockhardt, we had some years ago taken the momentous decision to grow our presence in the largest and most demanding market of the world. I am pleased to state that the high point of our success in a challenging year was our creditable performance in this demanding geography of the USA.



Our US operations emerged as a landmark in our performance for 2011-12. For the first time, the US business emerged as the largest revenue generator for the company. As a result, our US revenues recorded sequential growth for seven successive quarters, growing 78 per cent to US\$ 375 million and accounted for 41 per cent of our total consolidated revenues.

Our strong investments in R&D and a robust pipeline of ANDA (Abbreviated New Drug Application) filings are expected to leverage our growth significantly. In 2012, we launched in the US market, Fluticasone nasal spray and a triple-drug LCE tablet. These are few of our first-to-file with paragraph-IV certification products.

We have always endeavoured to develop and market products based on advanced and challenging technologies. For the year gone by and till date, Wockhardt has received 17 ANDA approvals, which will translate into revenues across the foreseeable future.

## **Wockhardt's EU Business: Leading positions maintained**

Wockhardt is also a significant player in the European markets. We retained our position as the third largest generics company in the UK and maintained our second largest position in the UK hospital generics market. In doing so, Wockhardt retained its position as the largest Indian pharmaceutical company in the UK.

The same extended to our presence in Ireland where we continued to retain our position as the largest generic company in that country with a sizable 30 per cent market share.

We embarked on several initiatives to stabilise our France business by re-aligning

product manufacture and manpower rightsizing, among others.

## **Wockhardt India and the emerging economies: Driving growth through expansion**

The Indian pharmaceutical sector has grown at over 14 per cent for the last four years and is expected to maintain this growth rate over the next few years. We outperformed this market growth with 16 per cent growth in our branded business.

This out-performance was the result of some specific initiatives: we strengthened our total sales force to 3,000... leading to a more effective coverage of India's rural and semi-urban markets. We also strengthened our position in the pain management segment with the objective to achieve leadership in the next few years. We reinforced the visibility of our seven brands that feature in India's Top 300 brands.

Wockhardt's strategic initiative is to also improve its performance in other emerging economies and therefore, the Rest-of-the-World business grew over 35 per cent.

## **Focus on R&D: Our strategic core**

Wockhardt's multi-disciplinary R&D programmes are the critical driver of this organisational engine. It is the principal catalyst in generating sustainable year-on-year organisational growth. In 2011-12, we reinforced our commitment to research through enhanced capacity building - 578 scientists in India, USA and UK and an increase in research investment to 5.3 per cent of revenues from 3.5 per cent the previous year.



Wockhardt focused on the development of innovative and technologically complex products. Today the company possesses 167 patents granted worldwide and a filed pipeline of 1,606 patents. For three years in a row, Wockhardt received patent awards from the Government of India and Pharmexcil.

## **Operational excellence: High efficiency at a low cost**

At Wockhardt, we recognise that cost competitiveness represents the building block of our business. Over the years, this competitiveness has been derived through plant automation, efficient processes, fiscal controls and strong inventory management. This made it possible to stay operationally viable even in tough times.

We also recognise the critical importance to capture in-process information globally, whether it is in manufacturing, distribution, supply chain or other important functions. Our investment in SAP has resulted in superior information management leading to informed decisions. Our team of Information Technology has been contributing towards our value creation.

## **Spreading joy to the society**

At Wockhardt, executing social responsibility is not just another function; it is imbibed in the core ideology of the company.

In this regard, I have some impressive numbers to share: Wockhardt has touched the lives of more than three million people through various CSR medical programs organised through Wockhardt Foundation and Wockhardt Hospitals. The flagship programme of our Foundation is the

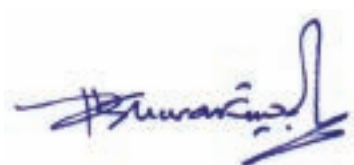


popular Mobile 1000. Each one of our mobile vans is equipped with a medical doctor, assistant, medicines and diagnostic tools. These vans travel to remote and inaccessible rural villages across the length and breadth of India every week. The focus of the programme is to provide free health check-ups, consultation and medicines for the treatment of thousands of the country's under-privileged. As a result, joy of performing is really the philosophy that makes the world a better place to live in.

Before I end, I would like to quote the profound words of Mahatma Gandhi and it says, **"A man is but the product of his thoughts. What he thinks, he becomes"**. This thought of Gandhiji was an inspiration to bring about this transformation and the creation of New Wockhardt, whose 7900 associates have had the real Joy of Performing... day-in and day-out!

Lastly, my Board of Directors and myself would like to place on record our sincere and heartfelt joy and thankfulness to all Wockhardt associates, shareowners, the medical and financial communities and our vendor associates for their unstinted support, co-operation and good wishes. Trust me, with you on this journey our joy has been complete.

God bless us for the future.



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Founder Chairman & Group CEO

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