



Wockhardt Limited
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February 17, 2006

Dear Shareowners,

Another eventful year is behind us! I am sure you will be keen to know how your company has fared during the year and, more importantly, where it is headed.

Let me start with the financial highlights of 2005 as per audited results just announced:

- ❖ **Net profit at Rs.257 crore** (20% increase over 2004, grown 2.5 times in 3 years)
- ❖ **Consolidated sales at Rs.1,142 crore** (up 13% over 2004)
- ❖ **Operating profit at Rs.329 crore** (17% increase over 2004)
- ❖ **Operating margins at 23.3%** (80 basis points up over 2004)

You will be happy to learn that the board has recommended an Annual Dividend of 100%.

US becomes the fastest growing market

A major achievement of the year is our rapid growth in the US, the world's largest pharmaceutical market. US became Wockhardt's fastest growing market, clocking a 50% growth in formulation sales during the year. We now sell 11 products in US and more will follow in the coming year. We have filed 16 ANDAs with US FDA, 9 of them for injectables. We have improved our market shares in several products.

Biotech SBU attaining critical size

Our strategy to carve out the biotechnology business into a separate strategic business unit (SBU) has helped us make inroads in emerging markets where no company from India had entered before. Global biotech sales surpassed the \$10 million mark. The Wockhardt Biotech Park received World Health Organisation certification. With 26 product registrations in 18 countries, you will hear more about the SBU this year.

Europe emerges Wockhardt's largest market

While US has become our fastest growing market, Europe has overtaken India as our largest market, posting a 15% growth in 2005 despite a fall in the value of Pound and Euro. We launched new products in both UK and Germany during the year.

Indian business gathering momentum

I am glad to report that our Indian business has not only turned around, but is gathering momentum. Our Indian business grew by 10% against industry growth of 8%. Wockhardt has strengthened its presence in the diabetes segment. Our anti-diabetic portfolio grew by 58%. Sales of Wosulin, our insulin brand, grew by 67%. Wosulin has now become the largest prescribed insulin brand among newly-diagnosed diabetic patients in India.

Wockhardt has launched a new division called Wockhardt Specialty Nutrition which focuses on the dietary requirements of cancer, heart and kidney patients. A new generation vaccine **Biovac A** has just been introduced for jaundice (Hepatitis A) which is India's only single dose vaccine for this widespread disease. It is more affordable than competing vaccines that require a booster dose.



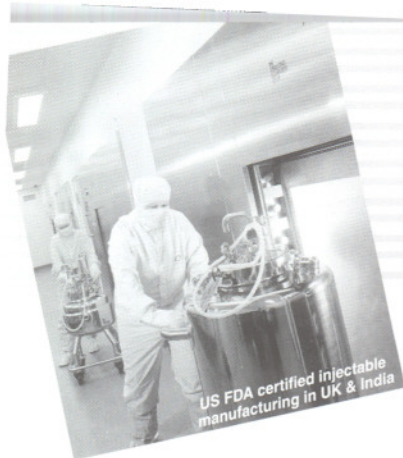
Dr. Fangcheng Zhuang, the co-inventor of Hepatitis A vaccine seen with S. Nagaraj, Wockhardt's Vice-President, at Biovac A launch in Mumbai

As the year rolls by, your company will have more exciting news to share with you as it marches ahead in the global pharmaceutical arena. I thank you for your continued support, suggestions and good wishes.

I look forward to meeting you at the Extraordinary General Meeting of shareowners on March 16, 2006.

Warm regards,

Habil Khorakiwala
Chairman



2005

Wockhardt

Sales cross Rs 1400 crore

- ◆ Profit at Rs 257 crore, grows 2.5 times in 3 years
- ◆ Europe sales pie 41%
- ◆ US formulations business grows by 50%
- ◆ R&D investment at Rs 104 crore, 7.4% of Sales

Annual Highlights – 2005

- ▲ Biotech sales grow 54%, exceed US\$ 10 million
- ▲ Wosulin garners over 40% of new prescriptions
- ▲ Anti-diabetic portfolio grow by 58%
- ▲ Wepox becomes No. 1 erythropoietin brand

The only pharmaceutical company in India



WOCKHARDT LIMITED - CONSOLIDATED AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31ST DECEMBER, 2005

(Rs. in Million)

| Quarter Ended 31/12/2004 | Quarter Ended 31/12/2005 | % Growth | Particulars | Year Ended 31/12/2005 | % To Sales | % Growth | Year Ended 31/12/2004 | % To Sales |
|--------------------------|--------------------------|----------|--------------------------------|-----------------------|------------|----------|-----------------------|------------|
| 3471 | 3659 | 5.4 | Sales | 14121 | 100.0 | 12.8 | 12516 | 100.0 |
| 2730 | 2808 | 2.9 | Operating Expenditure | 10835 | 76.7 | 11.7 | 9704 | 77.5 |
| 741 | 851 | 14.8 | EBITDA | 3286 | 23.3 | 16.9 | 2812 | 22.5 |
| (119) | (51) | (57.1) | Interest | 95 | 0.7 | 693.8 | (16) | (0.1) |
| 99 | 98 | (1.0) | Depreciation | 426 | 3.0 | 15.8 | 368 | 2.9 |
| 761 | 804 | 5.7 | Profit from Operations | 2765 | 19.6 | 12.4 | 2460 | 19.7 |
| 113 | 0 | - | Extra Ordinary Item | 0 | - | - | 113 | - |
| 152 | 27 | - | Other Income | 180 | - | - | 158 | - |
| 169 | 101 | (40.2) | Provision for Taxation | 374 | 2.6 | 1.1 | 370 | 3.0 |
| 631 | 730 | 15.7 | Profit After Tax | 2571 | 18.2 | 20.4 | 2135 | 17.1 |
| 545 | 546 | - | Paid-up Equity Capital | 546 | - | - | 545 | - |
| 5.80 | 6.68 | 15.2 | Earning Per Share (Rs.) | 23.55 | - | 20.2 | 19.59 | - |

Financial year of Wockhardt Limited is Jan - Dec

In case you need further clarification, please write to our Investor Service Cell, Wockhardt Limited, Wockhardt Towers, Bandra-Kurla Complex, Bandra East, Mumbai 400 051 or E-mail: rgandhi@wockhardt.com

Please do visit our new corporate website www.wockhardt.com