

My dear Shareowners,

They say success is a journey not a destination. And I feel privileged to tell you that 6,000 Wockhardians are journeying tirelessly together, spreading their footprints on the global landscape.

The last 18 months have been transformational for all of us. We have arrived as a truly global organisation. The acquisitions in France (Negma Laboratories), in USA (Morton Grove Pharmaceuticals) and in Ireland (Pinewood) have given us a strong business footprint in Europe and USA. In fact, our global business has grown by 53% in the last year. Our geographical base, combined with our management depth has established a firm foundation for rapid growth in the next year.

EUROPE - OUR STRATEGIC FOCUS

The IMS Prognosis 2007 studies show that the pharma emerging markets are France, Germany and UK. Today, Wockhardt UK not only continues to consolidate its business and improve profitability; but it has also shown double-digit growth, outperforming the industry growth rate. Post acquisition, Pinewood continues to grow from strength to strength and the numbers amply justify it's No. 1 generic company ranking in Ireland. Esparma, Germany has shown a turnaround and has become a gateway to Russia and other CIS countries.

The acquisition of Negma Laboratories in France catapulted us to become the largest Indian Pharma Company in




Europe. I am proud and honoured to say that this was a competency acquisition. Our learning and understanding of marketing brands, with patent coverage in West European markets, are a precursor to us applying the same for our soon-to-be launched biotech products.

From our leadership to people profile, Wockhardt is a diverse global company, representing 14 nationalities worldwide. Our work ethos to continuously excel and stretch ourselves to the limits is unrelenting. The European leadership team with assistance from Bain & Co. has developed a roadmap for building a strong presence in the EU over the next three years.

GAINING PRESENCE IN THE USA

In October 2007, Wockhardt, once again made a strategic and value acquisition. Morton Grove Pharmaceuticals Inc. based in Illinois, Chicago, is a leading liquid generic and speciality dermatology company in the US. It provided us the right entry vehicle into the US generic market with a portfolio of 31 products. Currently, with an overall product portfolio of 56 products, we have gained critical mass in the US market. This represents a clear demonstrable strength in sales and marketing. It also makes us a unique



pharma generic company, that is into every aspect of dosage manufacturing.

TOWARDS CONTRACT MANUFACTURING SUPPORT FOR GLOBAL COMPANIES

The European pharma markets are undergoing tectonic shifts. Several leading global pharma companies have already expressed their intent to exit manufacturing in the near future. Given the circumstance, we are well positioned to seize the opportunity presented by the immense potential of the European contract manufacturing market.

With 14 US FDA / MHRA approved manufacturing facilities dotting key markets around the globe, these plants have the requisite capacities and capabilities to manufacture all dosage forms. From biotechnology start-ups to leading pharmaceutical companies, Wockhardt is ideally placed to meet their technological and manufacturing needs. Our team has worked out a game plan in this space. I expect contract manufacturing to become a significant value creator in the future.

VISION 2012

We were also privileged to have the advice and guidance of the world's No.1 Strategic Management Guru, Prof. C K Prahalad to fulfil our Vision 2012. Acting as a catalyst at our World Strategy Forum, he was instrumental in pushing the management team to think out-of-the-box, identify key growth drivers and chalk-out strategic plans to optimise value and rationalise resources for potential markets and businesses.

Prof. C K Prahalad also advocated a finer aspect of management that good entrepreneurs do not benchmark against the best practices; they create the next practices. This, I believe, rightly dovetails with our intentions of value creation for all our stakeholders.

AT THE CORE IS RESEARCH & DEVELOPMENT

Wockhardt has considered demerging its Research & Development business into a separate entity. The new company will house the new drug discovery programme and the innovative new technologies being developed by the R&D team. The Wockhardt R&D set up will continue to retain its other research components, namely biotechnology, as well as research in chiral chemistry and pharmaceutical research.

The R&D business has great potential and needs to be a focused entity for carrying out unrelenting research activities for the future. At Wockhardt, we recognise this fundamental need and are re-structuring our R&D business to unlock true value for all our stakeholders.

FICCI ADDS A NEW DIMENSION

As President of FICCI for 2007, it was a year of personal enrichment for me. I explored and delved into the broader macro economic perspectives and social issues facing the nation. I interacted with key ministries, international statesmen and was the voice of the Indian industry at various forums. Most of all, I have become more aware than ever of how environmentally fragile our world has become. I am gratified to note that Wockhardt, as a company, is playing a part in protecting our planet's well being.

Lastly, I want to leave behind a profound thought. 'The toughest thing about success is that you've got to keep on being a success.' Thankfully, at Wockhardt, success is a habit and will always be a journey ahead!



Habil Khorakiwala
Chairman