



Wockhardt Limited  
Regd. Office:  
Wockhardt Towers  
Bandra Kurla Complex  
Bandra (East), Mumbai 400 051, India  
Phone : 91-22-2653 4444  
Fax : 91-22-2653 4242  
Website : www.wockhardt.com

April 26, 2006

**Dear Shareowners,**

Thank you very much for reposing confidence in your company by supporting the recent board decision to raise up to \$800 million to fund Wockhardt's global growth plans.

On Tuesday 25th April, the board approved unaudited financial results for the first quarter, ending 31 March 2006. I am happy to report that Wockhardt's operations worldwide continue to do well. Consolidated sales amounted to Rs. 351 crore, posting a 13% growth over the first quarter of 2005. Our operating margins improved by 380 basis points and operating profit rose by 44% to Rs. 63 crore.

However, one-time write offs and expenses amounting to Rs. 23 crore relating to inorganic growth initiatives and inadequate provisioning of chargebacks in the US amounting to Rs. 38 crore, resulted in a net loss of Rs. 3.7 crore.

Wockhardt recently bid for a large, billion dollar acquisition in the US. We went up to the last stage of final agreement, but the deal could not be consummated. This led to legal and bankers' expenses, which have now been written off.

Our Executive Director Mr Lalit Kumar, who has now taken over the US operations, found out inadequate provisioning of chargebacks in the US, spread over almost three years of our operations there. As per our auditors' advice, we have written off this expense and put in place a system to ensure that chargebacks are periodically accounted for. Mr Kumar will soon be relocating to the US to provide a strong leadership for our US operations.

We will continue the growth momentum in the subsequent quarters as it has been in the last several quarters. Wockhardt's operations are on the growth track in all its markets, as you will see from the following facts:

#### India Business

The major highlight of the quarter was the sharp revival of our Indian operations. The formulations business grew by 58%. Power brands contributed to 72% of the formulations business. We posted impressive growths in our key therapeutic segments – biotechnology 45%, diabetology 53% and nephrology 88%. Wockhardt aims to expand its Indian business by launching new products in cardiology, oncology and dermatology during this year. It is also exploring in-licensing opportunities in these areas.

#### International Business

Wockhardt UK launched natural insulins in Canada during the quarter after its approval by the Health Canada authorities. Esparma launched Tamsulosin, a drug used in the management of prostate enlargement, on the first day after patent expiry. New product launches, planned both in UK and Germany, will fuel European growth during the year.

In US, the company received US FDA approval for Ranitidine 75 mg, the OTC version of the anti-ulcer drug. Four new products have been launched during the quarter which would power the US business, along with new product approvals expected during the year.

#### Biotechnology Business

Global biotech business grew by 100% during the quarter. Wosulin, Wockhardt's recombinant insulin, has been launched in three countries. Five more product approvals were received during the quarter, taking the total approvals to over 30. Wockhardt received the first overseas approval for Wosulin cartridges during the quarter.

#### R&D

Wockhardt's new chemical entity WCK 771 has become India's first anti-infective drug candidate to enter Phase II clinical trials.

Looking forward to meeting you in person at the forthcoming Annual General Meeting.

Warm regards,

**Habil Khorakiwala**  
Chairman



*Executive Director Lalit Kumar (fourth from right) seen with Esparma Managing Director George Cubuk (extreme right) and his team during the launch of Tamsulosin.*