



Directors' Report

The Directors take pleasure in presenting the Ninth Annual Report of the Company and audited accounts for the year ended December 31, 2007.

FINANCIAL PERFORMANCE

(Rs. in millions)

	Year 2007	Year 2006
Consolidated		
Operating Income	26,532	17,290
Profit before Interest & Depreciation	6,390	4,003
Profit Before Tax	4,742	2,942
Provision for Taxation	917	529
Share of Profit/(Loss) from Associates	33	—
Net Profit	3,858	2,413
Standalone		
Operating Income	12,368	11,345
Profit Before Tax	2,731	2,526
Provision for Taxation	592	391
Profit After Tax	2,139	2,135

SUBSIDIARIES

The year under review had been good for the Company, in terms of acquisitions. In the month of May 2007 Negma Lerads, France was acquired and in the month of November 2007, Morton Grove Pharmaceuticals, USA was acquired.

CONSOLIDATED FINANCIAL STATEMENTS

Your Company recorded 53.5% growth in consolidated revenue for the year at Rs. 26,532 million. The Consolidated Net Profit grew by 59.9% at Rs. 3,858 million as against Rs. 2,413 million for the previous financial year. As required under Clause 32 of the Listing Agreements with the Stock Exchanges, audited consolidated financial statements form part of the annual Report and the same are annexed to this report.

DIVIDEND AND RESERVES

The Board of Directors in the month of October, 2007 had declared and paid an interim dividend of 175% on equity shares for the year December 31, 2007, absorbing an amount of Rs. 957.56 million. The Board further recommends a final dividend of 50%, which will absorb an amount of Rs. 273.59 million. It is recommended that an amount of Rs. 500.00 million be transferred to General Reserve.

CHANGES IN CAPITAL STRUCTURE

During the year there has been no change in the capital structure of the Company.

BOARD OF DIRECTORS

Mr. Shekhar Datta and Dr. B. L. Maheshwari retire by rotation as director at the upcoming Annual General Meeting and being eligible, offer themselves for reappointment.

Mr. Shekhar Datta has been a director of the Company since February 25, 2000. He is non-executive Chairman on the Board of Bombay Stock Exchange Limited, former Managing Director of Greaves Limited and a past President of Confederation of Indian Industry and the Bombay Chamber of Commerce. He is an engineering graduate from London. His other directorships include Bharat Heavy Electricals Limited and Vesuvius India Limited.

Dr. B. L. Maheshwari has been a director of the Company since February 25, 2000. He has a Phd. from the University of Pennsylvania. He is the Founding Director of the Centre of Organisation Development, Hyderabad since January 1980. He is a pioneer in the field of "management by objectives".

The Board recommends their appointment.

APPOINTMENT OF AUDITORS

M/s. S. R. Batliboi & Co. retire as auditors of the Company at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors, based on the representation received from the operating management, confirm that:

- The annual accounts presented to the members have been prepared on going concern basis and applicable accounting standards have been followed.
- In case of any material departures from the applicable accounting standards, proper explanations have been provided.
- In order to provide a true and fair view of the state of affairs of the Company as on December 31, 2007 and the profits for the year ended on that date reasonable and prudent judgements and estimates have been made and generally accepted accounting policies have been selected and consistently applied.
- For safeguarding the assets of the Company and for preventing and detecting any material fraud and irregularities, proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956.

LEGAL COMPLIANCES

The Company has received an exemption from the central Government under Section 212(8) of the Companies Act, 1956 with regard to attaching of the balance sheet, profit and loss account and other documents of the subsidiaries for the year ended December 31, 2007. The accounts of the subsidiaries will be made available for inspection by any member of the Company at its registered office and also at the registered office of the concerned subsidiary. The accounts of the subsidiary companies and detailed information will be made available to the members upon receipt of request from them. The summary of the key financials of the company's subsidiaries is included in this annual report.

Information as per Section 217(2A) of the Companies Act, 1956 ("the Act"), read with the Companies (Particulars of Employees) Rules, 1975, forms part of this report. As per the provisions of Section 219(1) (b) of the Act, the Report and Accounts are being sent to the shareholders of the Company excluding the statement of particulars of employees under Section 217(2A) of the Act. Any shareholder interested in obtaining a copy of the statement may write to the Company Secretary at the Registered Office of the Company.



Information pursuant to Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, relating to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are also annexed.

SECRETARIAL AUDIT

As directed by Securities and Exchange Board of India (SEBI) secretarial audit is being carried out at the specified period, by the practicing company secretary. The findings of the secretarial audit were entirely satisfactory.

CORPORATE GOVERNANCE

A detailed compliance report on Corporate Governance is annexed to this report. The Auditors' certificate on compliance with the conditions of corporate governance under Clause 49 of the Listing Agreement is also annexed to this report.

ACKNOWLEDGEMENTS

Your Directors acknowledge the impeccable service rendered by the employees of the Company at all levels towards its overall success. The Directors also take this opportunity to place on record their appreciation to the stakeholders, bankers and members of medical profession for their continued support to the Company.

For and on behalf of the
Board of Directors

H. F. KHORAKIWALA
Chairman

Mumbai, February 20, 2008



Auditors' Report to the Board of Directors of Wockhardt Limited on the Consolidated Financial Statements

To the Board of Directors of
Wockhardt Limited

1. We have audited the attached consolidated balance sheet of Wockhardt Limited "Wockhardt" and its subsidiaries as at 31st December, 2007 and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Wockhardt's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of Rs. 37,474 million as at 31st December, 2007, the total revenue of Rs. 20,999 million and related cash flows for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
4. The financial statement of associate which reflects Group's share of profit of Rs. 33.24 million for the year ended 31st December, 2007 as considered in the consolidated financial statements have been certified by their Directors, whose certificates have been furnished to us, and our opinion, insofar as it relates to the amount included in respect of this associate, is based solely on this certificate.
5. We report that the consolidated financial statements have been prepared by the Wockhardt's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated financial statements, Accounting Standards (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements issued by the Institute of Chartered Accountants of India and on the basis of the separate financial statements of Wockhardt and its subsidiaries. In addition, the value in these consolidated financial statements are also stated in United States Dollars translated at the closing year end rates.
6. We have not reviewed the translations of the amounts mentioned in United States Dollars in the financial statements, and accordingly do not express an opinion on such amounts.
7. Without qualifying our opinion, we state that the financial statements are without provision for premium payable on 108,500 Zero Coupon Foreign Currency Convertible bonds of USD 1,000 each (refer note 28(d) to the financial statement) as the premium payable on redemption which is contingent upon a future uncertain event, namely, the redemption of such bonds is presently not determinable.
8. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the consolidated balance sheet in Indian Rupees of the consolidated state of affairs of the Wockhardt Group as at 31st December, 2007;
 - (b) in the case of the consolidated profit and loss account expressed in Indian Rupees of the consolidated profit of Wockhardt and its subsidiaries for the year then ended on that date; and
 - (c) in the case of the consolidated cash flow statement expressed in Indian Rupees of the consolidated cash flows of Wockhardt and its subsidiaries for the year ended on that date.

For S. R. Batliboi & Co.
Chartered Accountants

per Vijay Bhatt
Partner
Membership No. 36647
Place : Mumbai
Date : February 20, 2008.