

CHAIRMAN'S SPEECH

EIGHTH ANNUAL GENERAL MEETING



**Formulating Investments
Fuelling Growth**



Habil Khorakiwala, Chairman

My dear Shareowners & Friends,

I take great pleasure in extending a warm welcome to you at the eighth Annual General Meeting of Wockhardt. As we gather here today I am sure that you share my sense of satisfaction and encouragement at another year of robust performance by your company as highlighted in the Annual Report shared with you earlier this month.

As the report talks about our performance, focus markets and future roadmap, I would like to discuss the various steps that your company has taken to achieve the objectives that we have established for a prosperous future.

First things first, let me share with you Wockhardt's path of progress. Formulating investments to fuel growth will be the lifeblood of our corporate endeavour. In the last 12 months, we have acquired 3 companies with a sales revenue of Rs 1000 crores (US\$ 240 mn).

We've made a multi-fold strategic move with our recent acquisition of Negma Laboratories of France. It's a euphoric moment for Wockhardt as we become the first Indian company to acquire a research-based European company with 172 patents. Wockhardt now becomes the first company from India to acquire a branded research company. This acquisition also provides us entry into the French generics market with immense growth potential by using Negma's organisation and distribution network. Earlier we acquired Pinewood Laboratories in Ireland. We now have four manufacturing sites in Europe, manufacturing Active Pharmaceutical Ingredients (bulk drugs) and pharmaceuticals in all its dosage forms, namely sterile injectables, solid dosage forms, liquids and creams. Negma additionally has a team of research scientists for drug discovery. This supplements our overall drug discovery team in India, which is focussing on anti-infectives.

Acquisition of Protinex and Farex from Dumex have added to our domestic strength and growth. We are building India business through in-licensing and have initiated a new thrust in dermatology.

We have charted a detailed road map for the future with active involvement from Prof. C K Prahalad, the renowned management guru in strategy. Our aim will be to escalate our sales

from the existing US \$390 million to US \$1 billion by 2009. I'm sure that a question arises here in your mind as to how are we going to do this. The Team Wockhardt has worked out a detailed strategic plan and has come to a conclusion that from our existing business we will be able to achieve sales of US\$ 700 million (Rs 3000 crores) and through inorganic growth we will be able to achieve US\$300 million (Rs 1300 crores). We have already achieved the growth target coming from acquisitions, that we completed in the last 12 months. I'm personally very confident that we will not only achieve the US\$ 1 billion target but probably may exceed the same.

As Eric Hoffer said, "The future always belongs to those who earn it; and that the only way to predict the future is to have the power to shape the future." With your support and our conviction, we are geared to shape the future of your company and take it to new heights. I would like to discuss with you the opportunities that lie ahead of us and your company's prowess to tap these opportunities in the coming years.

Wockhardt's stride in progress: Moving beyond frontiers

India is today one of the fastest growing economies in the world and is witnessing a change in the flavour of mergers and acquisitions. While inbound activity continues to drive growth, outbound mergers and acquisitions are gaining momentum. Wockhardt's odyssey over the years has witnessed steady growth and we have built strong foundations to stimulate the economic

health of the company. Progressive regulatory policies by the government are also encouraging. Wockhardt is tapping this opportunity and will continue to develop sustainable competitive advantage.

Acquisitions are an integral aspect of our growth strategy. Three acquisitions in less than 12 months tells the story of our potential to exponentially multiply our capabilities and fuel growth! With the acquisition of Negma Laboratories and Pinewood, we yet again portray that our progress and economic thrust is not only something we acquired but it is also something that we have tuned into.

Last year we filed 26 ANDAs and received approval for 8 ANDAs for the US market. Currently we have 18 products in the US market more than 30 of which are awaiting approval, which we expect to receive in the next 12 to 18 months. I'm confident that in the years to come US will also become an important market for Wockhardt in addition to Europe.

Bio-pharmaceuticals and biotechnology are Wockhardt's new challenging opportunities. There are obviously technological and regulatory challenges but there lies a great opportunity even on a global scale in these streams to build business. We are determined to move into the western market with insulin in the next few years.

Our drug discovery programme is on schedule and I am indeed very happy to report that our anti-infective molecules WCK 771 and WCK 2349 are progressing well in Phase II and Phase I clinical trials, respectively. Additionally there are atleast four molecules,

which are in various stages of pre-clinical trials. We are optimistic that we will have our new product in the market in the next four years.

Adding to this, I must share with you the silver lining in Wockhardt's progress - empowering Wockhardians. People focus is an attitude within Wockhardt and not just a routine. We believe in investing in building leadership in action with our special focus areas of talent management, employee relations and organisational development that would nourish relationships amongst Wockhardians across the globe and knit new members within the Wockhardt family.

Indian Market: Embarking on a new growth path

As I speak the future becomes now and predictions should become real. Our future is what we make of it and India has a rich choice set in determining its future growth path. Steady economic growth with strong foundations patronises the potential of India's GDP to grow at more than 8% over the foreseeable future.

Wockhardt shall not miss the wagon in which India is making its transition with the country's critical mass of skilled knowledge workers especially in the sciences. Our success and future prospects in international markets make Wockhardt more buoyant in harnessing the benefits of the knowledge revolution in India to augment your company's economic performance and boost the welfare of all stakeholders.

India's consumers are increasingly demanding innovative drugs to treat illnesses that are a result of changing lifestyles. Thus a huge boost to the local market is coming from the emerging health and wellness market demanding diet functional foods, medical foods, obesity / diabetes, metabolic disease related drugs, anti - infectives and preventive treatments.

Indian company as a leading global player

Aristotle had once said, "The secret of business is to know something that nobody else knows." Today, it could be rephrased as, 'The secret of business is to know what the other person knows, and a little more.'

Your company is making its mark already amongst Indian firms on the global stage. We have become the largest Indian pharmaceutical company in Europe. Our international sales are twice as much as our domestic turnover.

We are now a truly global organisation with a global reach. We are 5500 strong Wockhardians from 14 nationalities, one-third of whom are based in Europe, US and many other countries. With 12 manufacturing sites and technological capabilities, which includes recombinant biotechnology, innovative new drug delivery systems and a comprehensive bouquet of know-how in sterile, solid dosage forms and creams, we are a truly fully integrated pharmaceutical company.

With acquisitions across the globe we become not a melting pot but a beautiful valuable



mosaic. Different people, different yearnings, different hopes, different dreams but one vision and one Wockhardt family.

Wockhardt's vision, values and philosophy has brought us together this far making this journey extremely rewarding for every Wockhardian and for me personally. Our progress lies in our capabilities and commitment to stay on the course of a challenging strategic path. In this unfolding era of new opportunities, I seek your cooperation and support.

They say, "Success usually comes to those, who are too busy to be looking for it." We have the potential, the spirit and the capabilities to embrace success at all times, so let's together make Wockhardt - the most admired healthcare group from India.

Thank You.

A handwritten signature in blue ink, appearing to read "Habil Khorakiwala".

Habil Khorakiwala
Chairman

May 18, 2007

Notes



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