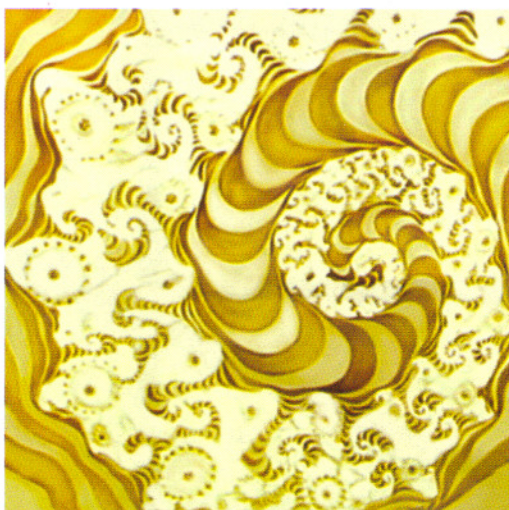


CHAIRMAN'S SPEECH

SIXTH
ANNUAL
GENERAL
MEETING



Understanding
the DNA of change



Habil Khorakiwala, Chairman

Dear Shareowners & Friends,



It is a privilege to meet you once again, and I welcome you all to the Annual General Meeting of your company, Wockhardt Limited. As we gather here today, I feel a great sense of exuberance and pride.

For many of you who have tracked the progress of our company in the past years, it has not been just a journey, but an expedition of planned surprises. We have not only rode on the winds of change but have steered them towards newer opportunities. At Wockhardt, resting on our laurels or being content is not even on the agenda. Looking forward is. And not only to the road ahead but to uncharted territory as well.

In the past years, you have witnessed the exponential leap your company has undertaken. I am not referring to facts and figures – like profitability or sales. Of course, those are important performance parameters. But I am referring to the signs of the new age at Wockhardt. The transformation in Wockhardt. The clear-cut vision of its globalisation efforts. Backed by world-class practices that permeate every function -- whether supply chain, manufacturing or finance. I am referring to the revolution in the mindset of every Wockhardian.

I am sure you have all read through the annual report. The theme is Transformation. I am curious about this word 'transformation' – and I looked it up in the dictionary. It stands for -- considerable Change, Alteration, Conversion, Transition, Makeover, Renovation and Revolution.

This transformation is not because of the changing environment or because of us reacting to logical developments. Rather it is a series of conscious decisions and steps that are out of the ordinary and off the beaten path, leading us to chart new avenues of growth.

My sense of exuberance is because your initial investment of Rs. 195 in Wockhardt in 1992 has grown more than eleven fold. And, I feel a sense of pride because Wockhardt has changed for the better, year after year, and has transformed into a dynamic and pulsating organisation.

We are no longer just a pharmaceutical company. We are positioned as a biotechnology-led global pharmaceutical organisation. Biotechnology has transformed the world of medicine. This indeed will be your company's cutting edge in the competitive sense.

Achievements in biotechnology by Wockhardt's scientists have also been endorsed by His Excellency, Dr. A P J Abdul Kalam, the President of India, during his visit to inaugurate Wockhardt Biotech Park, at Aurangabad last September. Dr. Kalam also stated, and I quote, "In a decade from now, biotechnology would form a very significant part of our economy, both the domestic and export economy." This insight of Dr. Kalam is so very true as we view the global scenario closely and with greater depth.

India's pride and country's largest - Wockhardt Biotech Park



Wockhardt moved into a league of its own during the year 2004 with the commissioning of the country's largest biopharmaceutical complex at the hands of India's Scientist-President, Dr. Abdul Kalam. The Wockhardt Biotech Park is a world-class, global-scale facility which will be our springboard to tap the global biopharmaceutical market.

We have so far received regulatory approvals to market our biopharmaceuticals in 9 countries. We are pursuing 25 applications for registrations in countries spread over Russia, South America, Central Asia, South East Asia and North Africa.

Over the next 18 months, we expect to launch several new biotechnology products in the Indian market, including interferons, growth factors and glargine, a breakthrough advance on insulin. In line with our practice, we will first launch these in India before taking them overseas.

Currently our recombinant product portfolio constitutes 10% of sales in the Indian market and is growing at 81%. Moreover, Wockhardt's

biotechnology products have helped make medical treatment more affordable, thus benefiting a greater number of patients.

Early gains in new drug discovery



When I talk of the transformation of your company, the new drug discovery programme is a facet that must be included. In a matter of seven years, lead molecules in the field of antibacterials have been identified and they are in various stages of pre-clinical and clinical trials.

WCK 771 has already completed Phase I human trials and will soon embark on its next step - Phase II. Research papers on WCK 771 in some of the prestigious technical journals of US and UK have brought global recognition to your company's anti-infective research efforts.

Taking on the world



Wockhardt's transformation from a local company to an enterprise with a global footprint is a chronicle of innovation, enterprise, entrepreneurship and knowledge management.

Globalisation has been our driving vision that has led to many positive, strategic moves and has resulted in our dream shaping into reality.

Today, half of your company's revenue comes from the US and Europe – the world's most exacting as well as most rewarding markets, and we are growing at 55%. International business now contributes as much as 60% to your company's turnover.

Strategic thrust in Europe



Let me start with UK, our major success story. You are familiar with the restructuring and consolidation of our UK businesses under the Wockhardt UK banner last year. We have become the largest generics firm in the United Kingdom, and also the second largest player in the hospitals business. And you will see the full benefit of its transformation during this year.

Leveraging our Indian advantage, we shifted our manufacturing of large volume products to India, resulting in substantial savings and adding to our bottom line.

Like in UK, your company has established a strong local leadership in its German subsidiary esparma, which is driving Wockhardt's growth in Europe's largest generic pharmaceutical market. This strategic move into Germany will also facilitate newer acquisitions in the European Union.

You will recall that Wockhardt was the first company in India to raise funds through a Foreign Currency Convertible Bond after the general elections brought a new government to the centre. Wockhardt has raised \$110 million, which is earmarked for new European acquisitions.

Focus on America and South Africa



Our strategy to penetrate the American markets has been different. We have established our new US subsidiary, Wockhardt USA Inc., with its headquarters in New York. This subsidiary has its own sales and marketing team in the US. The move is on to enable us to capture larger value of sales. We are now marketing four of our products on our own, and hope to register more products during the course of this year. Our bethanechol chloride has already

captured a leadership position in the US market, garnering a 40% market share.

We have just planted our flag in Mexico, Brazil and South Africa. In Mexico and South Africa, we have entered into majority joint ventures with strong local companies. Both are large, growing markets. The pharmaceutical market in Mexico, at \$7 billion, is larger than India. South Africa is another promising market. We have established a wholly owned subsidiary in Brazil, the largest market in South America.

In Mexico and Brazil, we have initiated registration of our biopharmaceuticals. You will be happy to know that Wockhardt will be selling its biotechnology products under its own brand names in these markets. For example, our recombinant insulin will be sold under the same Wosulin brand that we successfully market in India.

To stay competitive, one has to simultaneously manage the present and plan for the future. We see Wockhardt's future growth being propelled by aggressive expansion of our global presence.

Heralding the Innovation Era



Before I conclude, let me try to answer a question that is probably uppermost in your minds. What does the new patent law mean to your country, your company and to you, as a consumer?

The new law introduces the product patent in India, in addition to the process patent. Until now, we only had the process patent. The earlier regime fuelled the growth of India's pharmaceutical industry. It helped Indian companies to increase their market share in India from 20% to 80%. Today, we have the most advanced industry in the developing world.

As an industry, we are well prepared for the transition to product patents. I am confident it will nourish and nurture Indian innovation. The world is familiar with 'Made in India' drugs but the day will not be far when you will see 'Invented in India' drugs in chemist shops across the world. Looking at the way our own new molecule WCK 771 is progressing, I am optimistic that we will have an occasion to inform you about its commercial launch not only in India but also in other markets, in the next few years.

Prices of new medicines will go up in the new regime, but they will be a handful in the total basket of medicines. As you know, all products in WHO's essential list of medicines are off patent and freely available. The government has the right of compulsory licensing to curb prices of new medicines that affect large segments of the population.

We prepared early for the change by establishing the Wockhardt Research Centre and investing in research as well as building in-house expertise in intellectual property rights. We have so far filed 140 patents. For the first time, our investment in R&D will exceed the Rs. 1000-million mark this year.

I take this opportunity to thank 4,000 plus Wockhardians all over the world who have transformed their skills and mindsets to take Wockhardt to where it is today.

Jim Collins and Jerry Porras in their book 'Built to Last - The Successful Habits of Visionary Companies', have made an interesting and insightful observation:

"Keep in mind that all products, services and great ideas, no matter how visionary, eventually become obsolete. But a visionary company does not necessarily become obsolete, not if it has the organisational ability to continually change and evolve beyond existing product cycles."

Our mindsets, our technologies, our systems and, above all, our people are all part of a global transformation that is pervading every cell of our organisation. We have created a culture of change at Wockhardt. And I believe it is this transformation that will take Wockhardt through the challenges of change and help us emerge triumphant in the future.

In conclusion, I would like to thank you for your support and good wishes to Wockhardt.

My warm regards to you and your family.



Habil Khorakiwala
Chairman

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