

CHAIRMAN'S SPEECH

ELEVENTH ANNUAL GENERAL MEETING

**DETERMINED
TO SUCCEED**

a new journey for growth



WOCKHARDT



Dr. Habil Khorakiwala, Chairman

**My dear Shareowners,
distinguished guests, friends,
ladies & gentlemen,**

A very good afternoon to every one of you. On behalf of 6 thousand Wockhardians worldwide and my esteemed Board of Directors present here, I take immense pleasure in welcoming you to the Eleventh Annual General Meeting of your company. Thank you for being here and extending your trust and support in these challenging times of your company. At the outset let me share our optimism and excitement in the creation of a New Wockhardt - a new journey for growth.

I will now take the opportunity to apprise the members of Wockhardt's investor family on the progress and growth of their company during the 15-month period January 2009 to March 2010.

Today's AGM reviews our performance during the most challenging financial years the world has ever witnessed. Against all odds your company has stood steadfast and continues to remain a robust business. With strategic vision, we have traversed these paths by exploring and capitalising on opportunities created by these challenges. We are therefore - Determined to Succeed.

We are digging in deep:

The year 2009 saw the world in a state of shock. The economic and financial crisis was a major challenge - a litmus test for the entire world and not easy for us too. At Wockhardt, we accepted the changing environment, refocused our efforts and drew on our full potential. With speed and determination, we implemented actions in order to offset the effects of the crisis. At the same time, it was vital to invest in the future.

As you are aware, the company had undertaken a financial restructuring in the form of a Corporate Debt Restructuring with its banks. Through this process, loans were restructured with lower interests rates and priority loans were sanctioned in keeping with the robustness of the business. Our non-core businesses, the Animal Healthcare Business and our German subsidiary, Esparma were divested in 2009. We have resolved and settled the FCCB issue with 3/4th of the holders and our EU loan restructuring is near completion. Over the past quarters we have taken significant write-offs to settle our derivative related losses. Your company, dear Shareowners, is shaping for the future. This requires entrepreneurial foresight and a steadfast spirit, to continue on this new journey for growth.

What is our roadmap ahead?

There is a tectonic change happening in geographies, science & technology and in disease management. Convergence in healthcare is today encompassing pharmaceuticals, biotechnology, hospitals, medical devices, IT and healthcare providers. Wockhardt is charting its course with this paradigm shift in mind.

According to a research report, it has been forecasted that the global pharmaceutical market would record a trillion dollars in revenues in the next five years. The market is expected to witness a number of changes impacting its course of growth. There will be a shift of growth from the developed markets to the emerging markets with expiration of patents and increased prevalence of cost effective generic equivalents. In the emerging markets of the pharmaceutical industry, India is a leader and we are at the forefront. Another significant change will be an increased focus in the Biotech-based drugs.

Strengthening business in existing markets, developing new geographies, technology-enabled innovation, more productive processes with lesser and cost-effective resources have become the order of the day. A proof of this, dear shareowners, is in the strong EBIDTA of ₹ 8.2 billion reflecting in the balance sheet of your company.

At this point I remember the profound words of the father of our nation, Mahatma Gandhi, he said and I quote, **“Strength does not come from physical capacity. It comes from an indomitable will.”** Today I want to take the opportunity and tell you how our determination will allow us to scale new heights and build even greater future successes.

What are our strategic focus and key growth drivers?

~ Wockhardt will differentiate to be seen as a technological savvy pharma player and develop into a value-added hybrid company. This model is sustainable, scalable and competitive, generating huge value for the company.

~ With nearly 69% of our business coming from the US and European markets, and as you know these are highly regulated and intensely competitive markets at the same time, your company will further expand its product offering by introducing new products that are technologically superior in various therapeutic areas.

~ In the US, your company has 87 ANDA approvals by the US FDA with many more filings and approvals to come in the near future. We will create opportunities for first-to-file status, build on the success of its new paediatric division, consolidate and improve its distribution channel partners and explore the private-label OTC business. The other good news is that our Morton Grove liquid facility has passed a full-fledged US FDA inspection. Today we have 14 manufacturing sites worldwide, either approved by the US FDA or by the European Union regulatory authorities. Of these 10 sites are in India.

~ We will bolster our R&D capabilities to capture inherent value from its US ANDA, UK MHRA and other international regulatory filings of technologically advanced products. With innovation being the cornerstone of our R&D culture, we are prudently investing in multi-disciplinary and multi-location programmes. A recent example is the launch of Metoprolol ER in the US. A billion dollar market potential with only

3 players operating in it. Yes, we will surely get our fair share of the market and many more of such products will follow in the months and years ahead.

~ On the product patent front, Wockhardt has been very aggressive with 1,246 patent filings and 74 patents have been granted. Our capability and commitment in pursuing Intellectual Property has been recognised by the Government of India with an award for the maximum number of 'Patent filings and Grants from India'. Wockhardt is determined to create benchmarks for a promising future.

~ In the area of biotechnology, we see a very bright future and humungous growth prospects for biosimilars. Wockhardt, a pioneer in biotechnology in India, was only the second after the innovator to give the world a long-acting insulin analogue - Glaritus. We have an advantage in the biotechnology space in India with world-class R&D and manufacturing capabilities and capacities. We are geared to unlock its true value with forays made in emerging and the developed markets of the US and EU. The US FDA has approved IND for Wosulin and clinical trials are already underway.

~ When we started 12 years ago a programme on Drug Discovery for Anti-Infectives there were not many who were aware that the bacteria is developing increasing resistance and a search for a newer antibiotic is on as the existing medicines are not meeting this requirement. You will be happy to know that our 12-year-old programme of Anti-Infectives is precisely dealing with these resistant bacteria - MRSA. Many promising lead molecules have emerged out of this programme and 2 are in their clinical trial stage and others are in their pre-clinical trial stage. Your company continues to lay building

blocks for a progressive future with strong fundamentals.

~ Wockhardt foresees a future that will have a collaborative and partnership environment and to this effect it has launched a strategic business initiative, branded - Alyante, a custom research services division. With the emergence of alliance-based models, there is a high degree of collaborations taking place. Today, global pharma companies are constantly under pressure to reduce cost across the value chain and are increasingly exploring low cost options for R&D as well as manufacturing. Alyante, with its vast reservoir of medical and clinical prowess and cost-effective business model is best suited to exploit this potential.

~ With 14 manufacturing plants across the globe the Contract Manufacturing space is gaining higher ground. With Wockhardt UK spearheading this initiative, success in the form of Big Pharma outsourcing and a landmark contract from UK's Department of Health is a definitive and positive sign of things to follow. Let me take this opportunity to publicly disclose for the very first time to you Shareowners about our state-of-the-art sterile manufacturing facility in Shendra, Aurangabad. This facility will be operational in a few months.

~ India is the hotbed of progress and development and your company Wockhardt is at the forefront to stamp its presence on this canvass. We have restructured our business verticals to penetrate the market and better our service and product offerings to doctors and patients. New therapeutic segments are being explored like the launch of Wockhardt Cardiology division. Other divisions have been launched to cater to extra urban and rural markets of India. In the last 12 months, we have increased our field

force strength by over 500 bringing the total to 2100 feet-on-street. By implementing this, we have added 70,000 doctors to our existing coverage of around 2 lakh doctors. In the next 12 months we will be adding another 800 to the numbers.

~ And our investment in human capital is bearing us many-fold returns. Leadership and Management Development programmes are a fundamental priority and a key focus area at Wockhardt. Our approaches and processes empower, involve and self-motivate every Wockhardt Associate.

Wockhardt's Corporate Governing Council:

Wockhardt is transforming into a new Wockhardt. With its strategic vision of 'More & More with Less & Less', there is indeed a new mindset of thinking evolving that is making us fitter, very focussed and intensely competitive. Moreover, this has set the tone for all our future endeavours.

We have constituted the Global Governing Council to create global norms of governance, performance and management practices to align ourselves worldwide. This will ensure outstanding operational performance with a clear unwavering strategic direction.

Purdue honour:

It was a historic moment in my life to be the first non-American in the 125 years history of Purdue University to be conferred an honorary doctorate by his alma mater. I dedicate this honour to the entire Wockhardt family and its stakeholders. I am grateful to my wife and family for their support and understanding.

Wockhardt's new journey for growth:

Wockhardt is truly a global enterprise that thinks ahead and focuses on the future. We value our ability to change, adapt and reinvent ourselves. This is essential in challenging times, in challenging markets and in a challenging environment. This will enable us set the course for the long-term profitable growth and creation of a New Wockhardt.

We are going ahead and I hope that you, dear Shareowners, will continue to accompany us on this journey. We believe in ourselves and in our future success. And I am confident that you also feel the same.

I place my gratitude for the passion and dedication exhibited by every Wockhardt Associate, the Directors, the investors, the medical community, customers, bankers and partners.

Thank you ladies and gentlemen for your kind attention.

May God bless us all!



Dr. Habil Khorakiwala
Chairman