



FROM THE CHAIRMAN

My dear shareowners,

A decade ago I saw a changing world that I believed would present us with large-scale future opportunities. And so we began an exciting new leg of our journey. We ventured outside India to create an international footprint and to position ourselves in European and US markets.

Critical mass has been achieved both in terms of our international presence and our world-class research and development and manufacturing capabilities. We are now leveraging our core research and management strengths in the regulated markets of the US, the UK, Ireland and France.

Our acquisition strategy is complete and we are focussed on capturing the value of those investments. Our consolidated revenue has touched ₹45 billion (US\$ 1 billion) during the 15 month period.

We are not resting on our laurels but have our sights set clearly on creating future success. The next stage of the journey is already underway.

We are determined to succeed.

Rebalancing of global economy creates new markets

In the past couple of years we have witnessed tectonic change and seen a global economic rebalancing taking shape. Over-spent European governments are struggling to cut their deficits. As they grapple with spiralling healthcare costs they are turning to generics as a solution.

Healthcare reforms in the US, which seek to bring an additional 40 million citizens under medical insurance cover, will create long-term demand for generic drugs. These reforms, combined with major economic pressures, are resulting in new competitive pricing and regulatory policies that favour generics.

Now Wockhardt with its well established presence in both Europe and the US, and its strength as a manufacturer of generics, is primed to capture the opportunities those shifts present.

While the developed world finds itself tightening its belt so India's growth story continues apace. Liberalisation and sustained economic growth are creating new markets for pharmaceuticals. Rising incomes and changing demographics in

“I saw a changing world that presents us with exciting, large-scale opportunities at home and in the key markets of the US and Europe”

India mean groups that were previously excluded are demanding access to healthcare. Our sustained investment in the business in India – world-class facilities, new technologies, talented people – means we are also perfectly poised to play an important role in meeting demand in India.

To do this we are moving into the rural and extra urban markets. Our determination can be seen in the rapid extension of our product range and the way we have significantly boosted our sales force.

More and more with less and less

While we continue to invest for growth we are determined to manage our costs effectively too. We have made significant progress in cost-reduction in all areas of the business in the past year. We have adopted a strategy of 'more and more with less and less'. In all corners of our operations we have initiatives to ensure we use our resources efficiently. Technology plays a critical role and our modern fully automated plant at Shendra is a great example of the kind of highly efficient world-class facility we have invested in.

Partnerships: Collaborating with the best to move up the value chain

International pharmaceutical companies are realising the cost-benefits of outsourcing some of their research and manufacturing activities to lower cost countries. The evolution of Contract Research and Manufacturing Services (CRAMS) is a fast emerging business opportunity for Wockhardt.

Having invested heavily in our manufacturing, research and biotechnology facilities, Wockhardt is ideally placed to meet the technological and manufacturing needs of other companies. We are building a reputation as a world-class partner and the route of strategic alliances offers great potential.

Future success will see Wockhardt seize value-added opportunities which are more sustainable and less price-driven. I see the Wockhardt of the future investing in Intellectual Property and gaining greater exposure to branded business. A three year strategic plan has been created and a Corporate Governing Council, drawn from the

talented ranks of our global management team, is charged with ensuring the plan is delivered.

People: Lifeblood of the organisation

It is through our people's hard work and innovation that we achieve our success. We have developed world-class systems to help our people share and transfer their knowledge across the globe. We have a management team with the qualities to support our future growth.

The journey ahead will be challenging. We have a wealth of past experience to draw on. We are constantly checking our coordinates to ensure we are on track.

We are determined to succeed.

Dr. Habil Khorakiwala
Chairman

