



Report on Corporate Governance

Wockhardt is committed to uphold the core values of transparency, integrity, honesty and accountability. This commitment lays the foundation for further development of superior governance practices, which are vital for growing a successful business, creating sustainable long term shareholder value and balancing it with the interests of other stakeholders in the Company. It is not a discipline imposed by a Regulator, rather a culture that guides the Board, management and employees to function towards best interest of stakeholders.

Your Company's disclosures always seek to emulate the best practices in Corporate Governance. The Company strongly believes in maintaining highest business ethics and complies with all the statutory and regulatory requirements and hence it has fine-tuned its corporate practice so as to bring them in line with the revised clause 49 of the Listing agreement.

1. BOARD OF DIRECTORS

The Board of Directors of the Company consists of a majority of non-executive/independent directors, many of whom are acknowledged as leading professionals in their respective field. The Board comprises of two Wholtime directors and six Independent directors. The constitution of the Board is given below:

Director	Wholtime/ Independent	Number of outside directorship held*	Number of membership on Board committees**	Number of Chairmanship on Board committees**
Mr. H. F. Khorakiwala	Executive	2	None	None
Dr. Abid Hussain	Independent non-executive	7	2	None
Mr. R. A. Shah	Independent non-executive	14	10	5
Dr. B. L. Maheshwari	Independent non-executive	None	2	2
Mr. Shekhar Datta	Independent non-executive	3	4	1
Mr. Aman Mehta	Independent non-executive	5	8	3
Mr. Bharat Patel	Independent non-executive	4	6	2
Mr. Rajiv Gandhi	Executive	6	None	None

* Private Limited Companies, Foreign Companies, Companies under Section 25 of the Companies Act, 1956 and Alternate directorship are excluded for the above purpose.

** This includes the Chairmanship/ Membership only in the Audit Committee and Shareholders' Grievance Committee.

2. AUDIT COMMITTEE

Terms of Reference of the Audit Committee are as per Section 292A of the Companies Act, 1956 and the guidelines set out in the listing agreements with the Stock Exchanges inter alia includes a review of financial reporting process, draft financial statements and auditors' report (before submission to the board), accounting policies and practices, internal controls and internal audit systems, risk management policies and practices, related party transactions, internal audit reports and adequacy of internal audit function.

The role of the audit committee includes recommending the appointment and removal of external auditor, discussion of audit plan, fixation of audit fee and also approval for payment of any other services.

During the year, four meetings were held one of which was before finalisation of accounts. The said meetings were held on February 22, 2007, April 26, 2007, July 25, 2007 and October 23, 2007. The Secretary of the Company acts as a Secretary to the Committee.

The constitution of the Committee and the attendance of each member of the Committee is given below:

Name	Designation	Wholtime/ Independent	Profession	Committee Meetings Attended
Dr. B. L. Maheshwari	Chairman	Independent Director	Management Consultant	4
Mr. Shekhar Datta	Member	Independent Director	Business Professional	3
Mr. R. A. Shah	Member	Independent Director	Solicitor	3
Dr. Abid Hussain	Member	Independent Director	Consultant	2
Mr. Aman Mehta	Member	Independent Director	Business Professional	3
Mr. Bharat Patel	Member	Independent Director	Business Professional	2

3. INVESTORS GRIEVANCE COMMITTEE

The Investors Grievance Committee specifically looks into redressing of shareholders and investors complaints such as transfer of shares, non-receipt of shares, non-receipt of dividends and to ensure expeditious share transfer process. During the year ended December 31, 2007, four meetings of the Committee were held.

The Committee is headed by Dr. B. L. Maheshwari and the constitution of the Committee and the attendance of each member of the Committee is given below:

Name	Committee Meetings Attended	Name	Committee Meetings Attended
Dr. B. L. Maheshwari	4	Dr. Abid Hussain	2
Mr. Shekhar Datta	3	Mr. Aman Mehta	3
Mr. R. A. Shah	3	Mr. Bharat Patel	2

During the year the Company has received 69 communications from the shareholders and the same have been attended within 10 days from the date of receipt.

Name & Designation of compliance officer

Mr. R. B. Gandhi — Company Secretary

4. REMUNERATION OF DIRECTORS

The remuneration of the executive and non-executive directors is approved by the Board of Directors within the limits fixed and approved by the shareholders in the general meeting. In addition to the annual remuneration, the Non-executive Directors are paid sitting fees of Rs. 20,000/- for each meeting of the Board attended by them.

The table below gives details of the remuneration paid to each director. During the year ended December 31, 2007, the Company did not advance any loans to the Directors:

Director	Relationship with other directors	Business relationship with Wockhardt if any	No. of equity shares held by non-executive director	Remuneration for the year 2007 (Rs. in Millions)			
				Sitting fees	Salary	Comm.	Total
Mr. H. F. Khorakiwala	–	Promoter	N.A.	–	9.860	70.960	80.820
Dr. Abid Hussain	–	None	–	0.010	–	1.000	1.010
Mr. R. A. Shah	–	None	–	0.035	–	1.000	1.035
Dr. B. L. Maheshwari	–	None	4,500	0.035	–	1.000	1.035
Mr. Shekhar Datta	–	None	–	0.035	–	1.000	1.035
Mr. Aman Mehta	–	None	–	0.030	–	1.000	1.030
Mr. Bharat Patel	–	None	–	0.015	–	1.000	1.015
Mr. Rajiv Gandhi	–	Executive	N.A.	–	9.110	–	9.110

No Stock Options have been granted during the year to any of the above directors.

5. BOARD MEETINGS & ATTENDANCE AT BOARD MEETINGS & ANNUAL GENERAL MEETING

The Board of the Company met five times during the last year, i.e. on February 22, 2007, March 8, 2007, April 26, 2007, July 25, 2007 and October 23, 2007. The Company placed before the Board the quarterly results of the Company, the annual operating plans and budgets and performance of various divisions from time to time. Information regarding recruitment of senior executives, show cause notices which are materially important, default if any, in financial obligations, details of joint ventures & collaborations, labour problems, signing of wage agreements, etc. is also placed before the Board as and when the same takes place. The minutes of the meetings of the Audit Committee, Investors Grievance Committee and other committees are placed before the Board at regular intervals.



The attendance at the Board Meeting and Annual General Meeting was as under:

Director	Attendance	
	Board meeting	AGM
Mr. H. F. Khorakiwala	5	√
Dr. Abid Hussain	2	√
Mr. R. A. Shah	4	√
Dr. B. L. Maheshwari	5	√
Mr. Shekhar Datta	4	√
Mr. Aman Mehta	4	√
Mr. Bharat Patel	3	√
Mr. Rajiv Gandhi	5	√

Details of previous AGMs, Postal Ballot & special resolutions passed at such AGM:

For the financial year 2004 AGM was held on April 20, 2005 at 3.30 p.m at Y. B. Chavan Auditorium, Mumbai and special resolutions pertaining to following business were passed:

- Approval of payment of commission to non-executive directors.
- Re-appointment of the managing director of the Company for a further period of five years.

For the financial year 2005 AGM was held on June 30, 2006 at 3.00 p.m. at Rama Watumull Auditorium, Churchgate, Mumbai 400 020. No special resolutions were passed at this AGM.

For the financial year 2006 AGM was held on May 18, 2007 at 3.00 p.m at Y. B. Chavan Auditorium, Mumbai and special resolutions pertaining to following business were passed:

- Approval of payment of remuneration to Mr. Rajiv Gandhi, a Whole-time director of the Company.

During the last year no resolution were put through postal ballot and neither during the current year any resolution is proposed to be conducted through postal ballot.

6. MANAGEMENT DISCUSSION & ANALYSIS REPORT

The Management discussion and Analysis Report for the year ended 31st December, 2007 is published separately in this Annual Report.

7. DISCLOSURES

- The independent Directors on the Company's Board, apart from receiving Directors' remuneration, do not have any other material pecuniary relationship or transactions with the Company, its promoters, its management or its subsidiaries, which in the judgement of the Board affect the independence of judgement of the Directors. The register of contracts containing the transactions in which the Directors are interested is placed before the Board regularly for its approval. Transactions with related party are disclosed in the schedules to the Annual Accounts in the annual report.
- The Company has established procedures to enable its Board to periodically review compliance of all laws applicable to the Company, as well as steps taken by the Company to rectify instances of non-compliances.
- The Company has laid down a "Code of Business Conduct and Ethics" for the members of the Board of Directors and the senior management. The Code has been posted on the website of the Company. All Board members and senior management personnel have affirmed compliance with the Code for the year 2007. A declaration to this effect signed by the CEO is given in this report.
- The CEO and CFO have certified to the Board with regards to the Financial Statements and other matters as required in Clause 49 of the Listing agreement.
- The Company has defined and adopted a Risk Management Policy, and has also set up a core group, which assesses the risks and lays down the procedure for minimization of the risks. The above will facilitate not only in risk assessment and timely rectification but also help in minimization of risk associated with any strategic, operational, financial and compliance risk across all business operations. These control procedures and systems ensure that the Board is periodically informed on the material risks faced by the Company and the steps taken by the Company to alleviate those risks.

- f. The Company has continued to comply with the requirements of the stock exchanges, SEBI and other statutory authorities on all matters relating to capital markets during the last three years; no penalties or strictures have been imposed on the Company by the stock exchanges or SEBI or any other statutory authorities relating to the above.
- g. The non-mandatory requirements of the revised clause 49 of the listing agreement are neither necessary nor desirable and hence the Company does not consider the need to adopt them.

8. NOTES ON DIRECTORS APPOINTMENT/RE-APPOINTMENT

Relevant details forms part of the Directors' Report.

9. COMMUNICATION TO SHAREHOLDERS

The quarterly and annual results of the Company are generally published in The Free Press Journal and Navshakti. In addition to this the quarterly and annual results are sent to all the shareholders by way of Chairman's Letter to the shareholders. The quarterly as well as annual results and the presentations, if any, made to institutional investors or to the analysts are also posted on Company's website, www.wockhardt.com As per the requirement of the listing agreement the Company is also been filing all the data relating to quarterly financial results, shareholding pattern and annual report, electronically on the EDIFAR website.

10. AUDITORS CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

Certificate from the Auditors is enclosed alongwith this report.

Auditors' Certificate on Corporate Governance

To
The Members of Wockhardt Limited

We have examined the compliance of conditions of corporate governance by Wockhardt Limited, for the year ended on December 31, 2007, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For S. R. Batliboi & Co.
Chartered Accountants

per Vijay Bhatt
Partner
Membership No.: 36647

Place : Mumbai
Date : March 17, 2008