



**WOCKHARDT**  
A Picture of Health

ANNUAL REPORT 1998-1999

Wockhardt Life Science Ltd

Our achievements are causing  
a chain reaction.

Come  
witness the  
moment.

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WOCKHARDT

For every company  
there comes a moment when,  
the continuous process of lateral thinking  
precipitates a sea change.

For us, this kind of proactivity  
is causing a chain reaction.

Report

Our strategic placement, through acquisitions  
and tie-ups in new markets, is yielding rich rewards.  
The increased reach and expanded product base  
is helping us increase the visibility of  
brand Wockhardt. This is driving us to explore  
newer markets and stronger alliances.

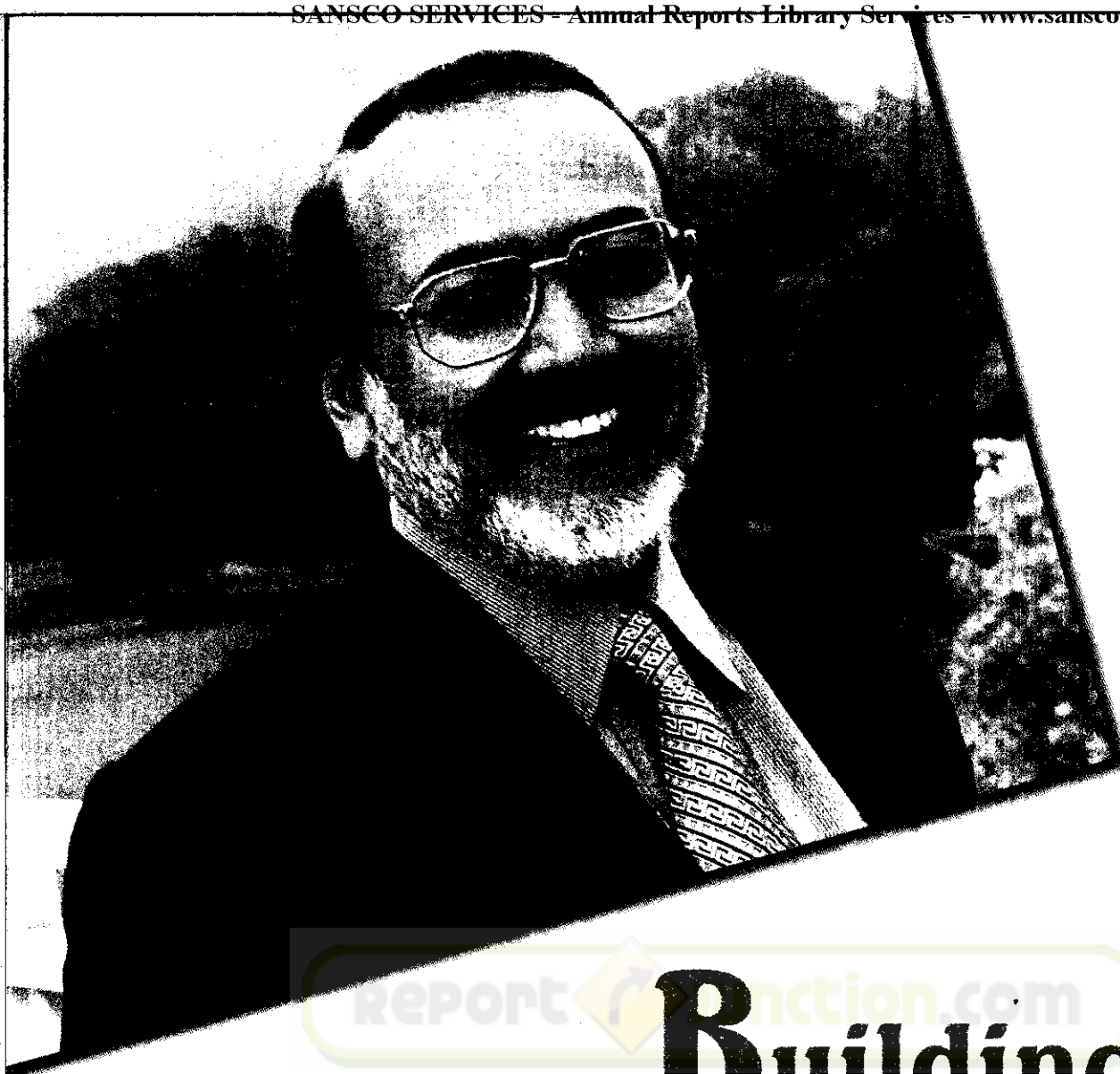
To exploit these opportunities more effectively,  
we, in turn, are evolving further.

We have de-merged into separate pharmaceutical  
and life-sciences businesses, to enable  
each one to tap its own full potential.

Opening up new windows of opportunity  
to achieve a whole new vista of goals.

Come, discover the power of a new vision.

If you watch closely enough,  
you will even see the exact moment of change.



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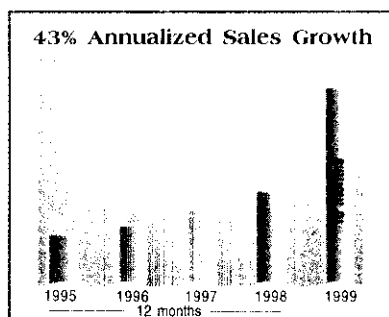
# **Building on the foundations of a vision**

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# Dear Shareowners,

Today, we look on a new millennium filled with the promise of new aspirations and the wherewithal to accomplish them. A continuity of Wockhardt's long-held belief in the business of health. A vision that has seen us grow from our achievements.

These last eighteen months have been one of the most exciting ones in Wockhardt's history. We acquired and turned around two companies, Merind Limited in India and The Wallis Laboratory in the UK. Our joint-ventures in the United States with Sidmak Laboratories Inc.; and in India, with the German company, Rhein Biotech, both started commercial operations. Our exports, during the calendar year 1999, crossed Rs.1 billion (US\$ 22 million). We also continued our research



thrust and invested Rs. 416 million (US\$ 9 million) in R&D and filed 10 patents. In the domestic market,

we grew in stature and size and are now ranked fifth in India.

Our Merind integration strategy revolved around our objective of value creation at every stage. On the one hand, we augmented sales through introduction of value-added products.

On the other hand, we improved the financials of the company by quickly adopting Wockhardt's systems and practices. It also involved taking several hard strategic decisions, including some like discontinuation of non-profitable products, and business worth Rs.300 million in sales.

This has also been a period of major decision making, which will have a major impact both for the pharmaceutical business as well as our life-sciences business. From January 2000, Wockhardt has demerged into two companies. One is Wockhardt Limited, a pharmaceutical company which is globally competitive with a commitment to Research and Development. The other is Wockhardt Life Sciences, a business which will unlock its full growth potential in Hospitals, Hospital Products and Agrisciences during the next decade.

Our vision is based on a strategy of widening our customer reach and creating mega-brands through stronger customer relations. We are looking to our R&D to develop a steady stream of innovative products with competitive advantages through state-of-the-art technology.



**Habil F. Khorakiwala**

Chairman

# WOCKHARDT'S WINNING STROKES

For the Financial Year 1998-1999

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Wockhardt now  
ranks among  
the top 5  
pharmaceutical  
companies in India

Wockhardt  
had an  
annualized  
sales growth  
of 43%

Integration  
of Merind  
business  
achieved

De-merged into  
Pharmaceutical  
and Life Sciences  
businesses

Joint-venture  
with Sidmak  
Laboratories,  
for US market,  
began operations



WOCKHARDT

Wockhardt  
Hospital &  
Heart Institute  
launched world's  
1st virtual  
family visit

Wockhardt  
Hospital &  
Kidney Institute,  
Calcutta,  
commenced  
operations

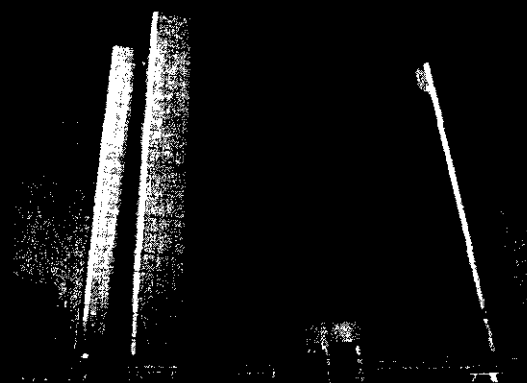
The Wallis  
Laboratory, UK,  
turns around

33 new  
products  
launched

Drug Master  
Files for five bulk  
actives filed  
(Fluoxetine,  
Felodipine,  
Omeprazole,  
Azithromycin and  
Famotidine)

US FDA approval  
received for  
Ranitidine tablets.  
Two more  
ANDAs filed

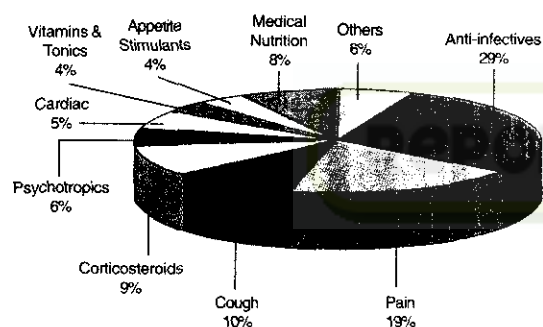
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The new millennium Wockhardt Towers  
A landmark in healthy, eco-friendly work  
environment.



## Perfecting the competitive edge: Wockhardt Pharmaceuticals



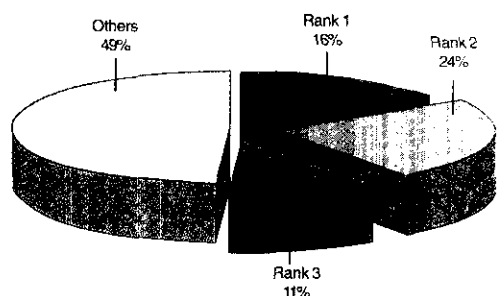
Wockhardt draws its global competitive advantage from its strengths in the domestic market. Ranked 5th in India, Wockhardt, today, has leadership status in therapeutic segments such as pain and inflammation, anti-infectives, anti-depressants, corticosteroids, cough syrups, etc.

### Out in the front, once again

In 1999, Wockhardt's retail pharmaceutical sales increased 11.4%, while the industry grew at 8.4%. Consequently, Wockhardt increased its share of the total branded pharmaceutical market to 2.37%, from 2.29% in June, 1998. Over the years, Wockhardt has always endeavoured to create big brands by providing better customer service. Our range of pharmaceuticals are, therefore, marketed through five customer focussed divisions, each targeted towards a few specific or broad specialties of medical practice. In order to maximize customer coverage, Wockhardt's major brands, starting with Spasmo-Proxyvon, are now co-promoted by more than one marketing division. All our major products either improved or maintained their market shares.

- Spasmo-Proxyvon continued as market leader in the anti-spasmodic segment, with sales growing by 31% to cross the Rs.300 million mark.
- Sparx, the fluoroquinolone anti-bacterial, gained more ground with a 33% growth.
- Proxyvon grew 26%, and remains amongst India's preferred choices in the moderate to severe pain management segment.
- Cephalosporins are a new and major focus area for Wockhardt. In this, Powercef has reached the No.2 position in its category, within two years of launch.
- With a customer focussed approach to concept selling, our specialised range of medical nutrition products began to show impact, while our paediatric nutrition products grew 55%.

### 51% SALES FROM PRODUCTS RANKED TOP 3





“Medical experts believe that Hepatitis-B is as serious a killer disease as HIV in India. Wockhardt's biotechnology research in collaboration with German partner - Rhein Biotech, has helped launch Biovac-B, a vaccine for the prevention of this killer disease. Wockhardt expects to be a principal player in this market in the next few years.”

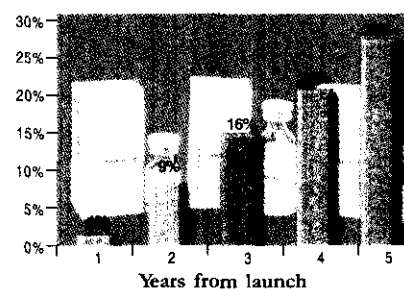


## Winning markets with a new range of quality drugs

Wockhardt believes that a continuous stream of new products is vital for the sustained growth of the company. During the last eighteen months, Wockhardt launched 11 new pharmaceutical products in India.

- Kefstar, a broad spectrum cephalosporin antibiotic, available as adult tablets and paediatric dry syrup for treatment of respiratory and other infections and as an injectable for severe infections, was launched in mid-1999. This product is already making its mark in the cephalosporin antibiotics market.
- Immumod, a novel immuno-stimulant, is providing excellent results as a synergistic adjuvant in several life-threatening conditions.
- The major paediatric nutrition products introduced included Easum (weaning food) and Nusobee Casein (specialised food for infantile diarrhoea).

**FRESHNESS INDEX**



The company constantly monitors the success of products launched in the preceding five years through the Freshness Index. As can be seen, products launched during this period contributed 28% of current sales.



*Brand Wockhardt has now gained visibility in the United States. Wockhardt's Ranitidine tablets are now being jointly marketed in the United States of America with partner Sidmak Laboratories Inc., NJ.*

## INTERNATIONAL BUSINESS

### Wallis - A boost in fortunes

Wockhardt acquired The Wallis Laboratory in March 1998 as a loss-making company. By June 1999, through a well-devised and executed strategy, Wockhardt has turned the company around, to post a US\$ 0.94 million profit on sales of US\$ 17.8 million. The performance for the period ending December, 1999 has also seen a 44% growth in sales to US\$ 10.51 million. Wallis also recorded a net profit of US\$ 1.08 million, which amounts to a net margin of 10.27%.

As part of Wockhardt's continuing strategic initiatives, growth plans for Wallis have been firmed up. Registration dossiers for as many as 16 new products will be filed with the Medicines Control Agency (MCA), UK during the year 2000. Most of these products are being developed at Wockhardt's R&D Centre at Aurangabad, and include nine analgesics, five gastroenterology products, one cardiac drug and one anti-allergenic. About 12 of these products are expected to be launched in the coming year.

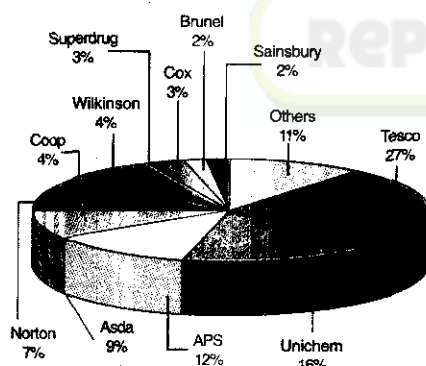
### Sidmak Joint Venture - Gaining momentum in the US market

As part of Wockhardt's stated policy of globalisation, it has entered into a joint venture with the New Jersey based Sidmak Laboratories Inc., USA, for marketing Wockhardt products in US markets. The joint venture covers a series of 15 Wockhardt products that will be made available till the year 2003. The current brand sales of these products in the US alone are over US\$ 10.5 billion. The unique feature of this joint venture is that it is based on shared costs and profits, and all products will carry names of both Wockhardt and Sidmak on the label. The joint venture started commercial operations in May 1999, with the launch of Wockhardt's Ranitidine tablets.

### Other Ventures

Besides the Wallis and Sidmak ventures, Wockhardt is also in discussions with similar major generic pharmaceutical players in North America, the European Union, Australia, South Africa, etc. In March 1998, it had entered into an agreement with Ferring of Norway to market Wockhardt products in the Scandinavian region. Wockhardt Egypt Limited, a joint-venture company for marketing Wockhardt products in Egypt, has started commercial operations during the year.

SALES YEAR ON YEAR 1998-99



Wallis draws its competitive advantage from the fact that all the major players in the UK market are its long-term customers. This will play an important role in Wockhardt's strategies for penetration into the UK generics market.

US\$ 17.8 MILLION (GB£ 11 MILLION)

