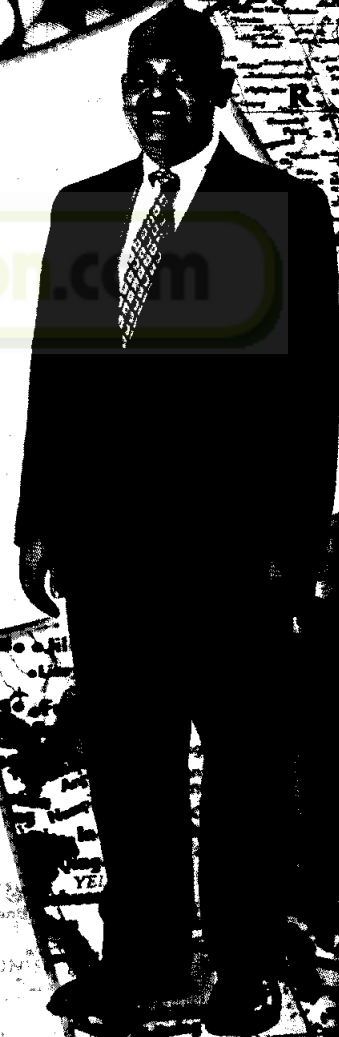


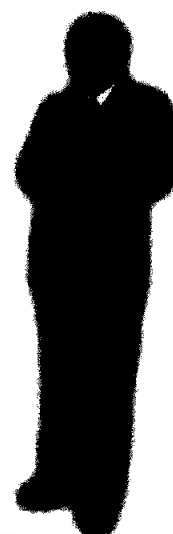
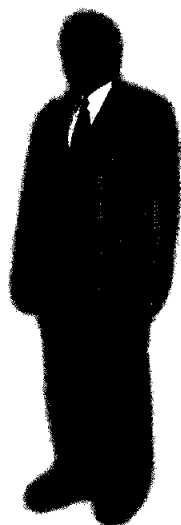
Global Gameplan

A People's Movement in Wockhardt



Wockhardt's Vision

**"To be the most
admired pharmaceutical
company in India"**



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Introduction

The winds of change sweeping across the world have seen the emergence and acknowledgement of Indian mindware by the global community. Reaping rich dividends of this phenomenon is the business of pharmaceuticals. And Wockhardt. An organisation that has reassessed its position in the world and is breaking new ground in the field of medicine.

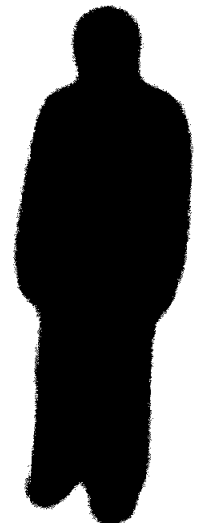
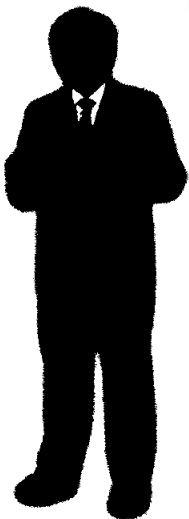
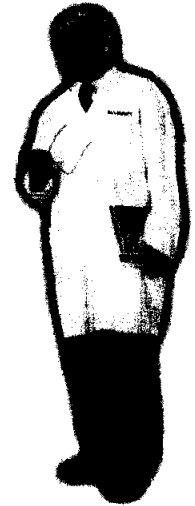
It was not easy.

It took investment. In Research & Development - the lifeblood of a pharmaceutical enterprise. In technology, that paved the way for new medicines.

It took people with guts. People who believed in themselves. People who were inspired enough to turn their belief into a movement. A movement that encompassed all the spheres of their work.

It is these people who will continue to show the way and open doors to opportunities.

In India. And around the world.



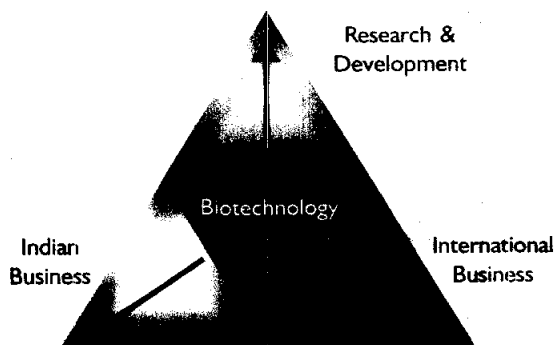
Redefining the rules

Dear Shareowners,

Wockhardt has become globally competitive. Efforts in research have driven your organisation forward towards the set objectives. We are extremely proud of our R&D team for their significant achievements during the last few years and their competence and potential to achieve Wockhardt's strategic goals.

We are amongst the front-runners in establishing a comprehensive concept-to-market programme for recombinant biotechnology research. Our team has developed end-to-end capabilities including constructing genes, expressing proteins using all three major expression systems. This capability has resulted in the

WOCKHARDT BUSINESS MODEL



introduction of two biotechnology products Biovac-B (Hepatitis-B Vaccine) and Wepox (Erythropoietin). We have already achieved leadership position in Biovac-B in India and in less than one year achieved a

25% market share for Wepox. Today 10% of our business in India comes from biotechnology products. We have already developed recombinant Human Insulin and the product is undergoing clinical trials. We expect this product to be in the market in the coming year 2003.

In the year 2001, we have filed 22 patents in the fields of biotechnology, drug discovery and novel drug delivery systems.

We are indeed very proud that within 4 years of launching our New Drug Discovery programme, we have completed pre-clinical work of a life-saving MRSA responsive anti-infective [WCK-771] which is even superior to Vancomycin and Linezolid. This proprietary drug of Wockhardt has now entered Phase - I human clinical trial. Two more drugs are in the pipeline.

In the field of Novel Drug Delivery technologies, we are focussing on patentable technology for anti-cancer products and other novel drug delivery systems in the areas of cardiology, diabetes and psychotropic substances.

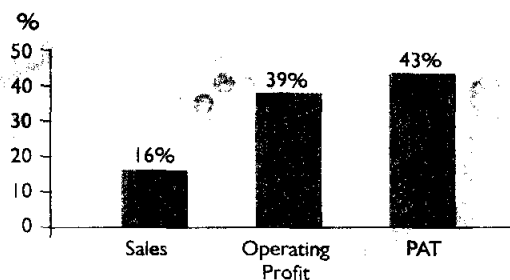
International business now constitutes 35% of our total sales, with both our exports from India and our UK subsidiary Vallis Laboratory continuing to grow significantly. Wockhardt's growth in the international market will come through strategic alliances. During the year 2001, we entered into five new alliances. The development of innovative technology based 'Super-Generics' is also progressing and in the short term will be a significant



basis for Wockhardt's growth in the regulated markets.

Financially, the year 2001 saw all-round growth and improvement in the operating efficiency resulting in a sales growth of 16% with consolidated sales of Rs. 7.4 billion. Your company crossed the billion-rupee profit milestone (Rs. 1.02 billion) with a net profit growth of 43% and an operating profit growth of 39%. The operating margin jumped from 16.8% to 20% of sales in 2001. Wockhardt's continuing focus on productivity of capital and enhanced shareholder returns has resulted in a sharp expansion of both RoCE to 32.3% from 21.3% last year and RoNW to 32.3% from 29.7%.

Growth of 2001 over previous year

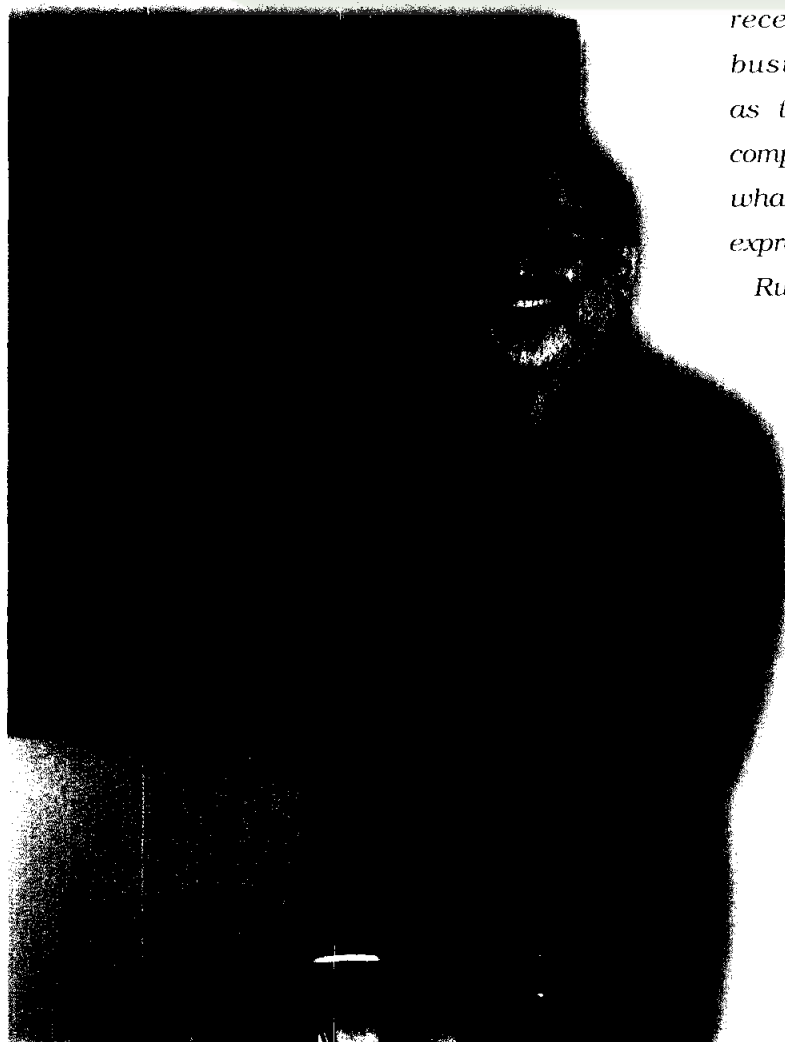


Since our initial public offering ten years ago, our sales have grown 650% and profits by 800%. We are also amongst a select band of pharmaceutical companies from India who are global in their outlook and performance.

You will be happy to know that a recent study by one of India's prime business magazines ranked Wockhardt as the 24th largest value creator across all companies and industries in India. Much of what we are doing is in line with the view expressed by Kevin Kelly in his book *New Rules for the New Economy...*

"Wealth in the new regime flows directly from innovation, not optimisation; i.e. wealth is not gained by perfecting the known, but imperfectly seizing the unknown."

Habil Khorakiwala
Chairman



Benchmarking with the leaders

Cipla Mar, 2001	Dr. Reddy's Lab Mar, 2001	Glaxo (GSK) Dec, 2001	PARAMETERS
10637	9912	10974	Total Operational Income (Rs. in Millions) ⁽²⁾
38%	24%	(-)18%	Growth over previous year
22%	25%	10%	Operating Profit Margin
17%	15%	4%	Net Profit Margin
24.7%	26.1%	7.8%	Return on Net Worth ⁽³⁾
31.8%	23.2%	15.6%	Return on Capital Employed ⁽⁴⁾
29.9	22.8	5.9	Earnings Per Share (Rs.)
1005	1052	340	Current Market Price (Rs.) ⁽⁵⁾
34	46	58	Price Earnings Ratio
5.7	3.4	2.3	Market Capitalisation/Sales
45%	40%	55%	Dividend Rate
17%	10%	81%	Dividend Payout Ratio ⁽⁶⁾
			Income Break-up
80%	55%	86%*	Pharmaceuticals
20%	45%	14%*	Active Pharmaceutical Ingredients (API) & Others
			Income Break-up
75%	57%	94%	India
25%	43%	6%	International
409	415	58*	Total R&D Expenses (Rs. in Millions) ⁽⁸⁾
3.8%	4.2%	0.6%*	R&D Expenses (% to Total Operational Income)
			R&D Areas
No	Yes	No (India)	Biotechnology
Yes	No	No (India)	Novel Technologies
Yes	Yes	No (India)	New Drug Discovery
Anti Fungals, Anti-Histamine & Anti-AIDS	Diabetes, Cancer, Anti-infectives & Pain Management		Areas of New Drug Discovery Programme
Only API	Both	None	Pharmaceuticals & API manufacturing approved by US FDA

- Source of Information for all Companies is their Annual Report as well as other Company published documents, presentations & website
- Total Operational Income is arrived at by considering the following items: Sales, Export Incentives, Royalty, Technical Knowhow, Licensing, and R&D Income, Processing Income, Commission & Discounts and Income from Clinical Services
- Return on Net Worth (RoNW) is based on year end Net Worth. Preference Capital is excluded for this purposes
- Return on Capital Employed (RoCE) is based on year end Capital Employed
- Current market price is as of 28th February, 2002



Wockhardt Dec, 2001	Aventis Pharma Dec, 2001	Pfizer Nov, 2001	Ranbaxy Dec, 2001
6494	5892	4103	21500
16%	7%	11%	20%
20%	17%	17%	16%
16%	11%	12%	11%
32.3%	41.0%	28.0%	13.2%
32.3%	36.7%	45.5%	17.3%
28.2	28.9	20.3	20.7
532	342	448	819
19	12	22	40
3.0	1.3	2.6	4.4
65%	60%	50%	75%*
26%	23%	27%	58%*
76%	96%*	87%*	65%
24%	4%*	13%*	35%
74%	79%	95%*	51%
26%	21%	5%*	49%
402	19*	142*	687
6.2%	0.3%*	3.8%*	3.2%
Yes	No (India)	No (India)	No
Yes	No (India)	No (India)	Yes
Yes	No (India)	No (India)	Yes
Sepsis, Anti-infectives			Anti-infectives, Respiratory, Urology, Cardiovascular & Oncology
Both	None	None	Both

- 6) Dividend Payout Ratio is the Gross Dividend Payout (including Dividend Tax) as a percentage of Net Profit of the company
- 7) The RoCE Ratio for Glaxo and Aventis Pharma, and the RoNW Ratio for Ranbaxy are estimates
- 8) The R&D Expenses for Ranbaxy includes only the revenue expenditure as the details of capital expenditure are not available
- 9) * Denotes figures pertaining to the previous period

A world of opportunities

FINANCIAL YEAR 2001

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WEPOX (r-Erythropoietin)
successfully launched

BIOVAC-B: Leader
in Hepatitis-B vaccine market

R&D Investment of
Rs. 402 million (6.2% of Sales)

22 new patents filed. Total 52

Sales Growth: +16%
Exports Growth: +41%



Net Profit: Rs. 1 billion
Growth: + 43%

Operating Margin: 20%
+ 330 Basis Points

RoCE: 32.3%
RoNW: 32.3%

Top 5 products constitute 61%
of Export Sales

METHYCOBAL of Eisai, Japan
launched successfully
in India

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Thinking several moves ahead

RESEARCH AND DEVELOPMENT PURSUIT

At the Wockhardt Research Centre, three hundred scientists are involved in the pursuit of discovering new drugs, constructing genes, innovating drug delivery systems and novel chiral chemistry for developing active pharmaceutical ingredients.

In the year 2001, your company invested Rs. 402 million in R&D, constituting 6.2% of total turnover. So far, Wockhardt has strategically invested Rs. 1.5 billion in the past four years in R&D.

Biotechnology - the key growth driver

Wockhardt's Erythropoietin, Wepox was genetically engineered for the first time in India by our own biotechnology research team.

The product is effective in treating severe anaemia caused by kidney failure and cancer. Wepox received spontaneous acceptance from the medical fraternity and garnered a 25% market share by December 2001.

Two more products, Human Insulin and Interferon alpha 2b are already developed and are undergoing clinical testing in India. Human Insulin is planned for launch in India in the first half of 2003, whereas Interferon alpha 2b will get launched later.

Drug Discovery programme - meeting future challenges

In a short span of four years, our multi-disciplinary research team has developed MRSA responsive anti-infective WCK-771, which has shown superior

