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Team  **WOCKHARDT**

We know. We can. Therefore we do.

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If you have a dream, the odds don't count.

At Wockhardt, we have, at all times, believed in our dreams. Pursuing them, challenging the odds, persisting in their potential and not resting till they see the light of the day.

Wockhardt has made it a mission to meet challenges and set new paradigms in the healthcare industry. Backed by deep insight of the business and a burning desire to find new answers, every Wockhardian thinks and acts with a sense of competitive urgency.

With our innate ability for constant innovation and a passion to achieve excellence, the future of the healthcare industry is here.



## Dear Shareowners,

*"We are all born with a divine fire in us. Our efforts should be to give wings to this fire," as India's President Dr. A P J Abdul Kalam puts it.*

It is this fire, this desire to be more than what we are at the moment; a desire to increase the boundaries of ourselves; a desire to feel more, learn more, express more; a desire to grow, improve, purify and expand, that has seen us in good stead.

Wockhardt today is a Rs. 9.8 billion (US \$ 215 million) pharmaceutical company, recording an impressive growth of 21% in sales and 36% in profitability.

We have crossed two key milestones in this financial year. Wockhardt became Asia's first and the only company outside US and Europe to manufacture and market recombinant insulin. We acquired CP Pharmaceuticals of UK, in one of the industry's largest overseas acquisitions, making us one of the top 10 generic companies in the UK.

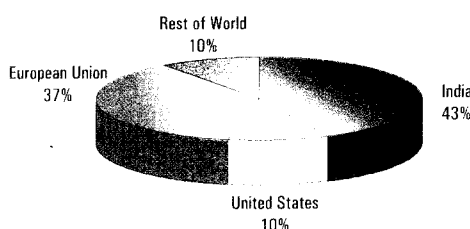
Over the years, our insight into changing world markets has grown exponentially. This is evident in the increasing contribution of International Business to the overall sales pie, which now stands at 57%, up from 16% five years ago.



Our exemplary performance in the international market is the result of our strategic focus in the world's largest market - the US - and consistent growth in the European Union. These developments have propelled Wockhardt into new orbits, providing new growth opportunities in the world market.

### Spreading Wings

Wockhardt Sales - 2003



Let me briefly take you through Wockhardt's performance path in the past 10 years : Our Sales have grown by 23%, Profits by 30% and R&D investment by 63% on a compounded annual growth basis. Investors' confidence in the company has been rewarded by a 20% annualised return during this period.



Our strategic growth drivers will come from two key areas: Value-added generics to developed markets like US and Europe, and supply of biogenerics to less regulated markets. Simultaneously, we are also working towards registration of our biopharmaceuticals in the developed markets. For this, we are building global capacities for key biopharmaceuticals at our world-class Biotech Park at Aurangabad in India.

Our new drug discovery programme has promising lead molecules in its pipeline. In addition to WCK-771, which will soon undergo Phase II clinical trials, another new chemical entity WCK-1457 shows potent activity against enterococci, and is undergoing toxicity studies.

I am a firm believer in the Wockhardian's attitude and ability to drive change. Our process of innovation and the quest for excellence will be never ending. It is our people who will steer our growth and continue to set new benchmarks in pharmaceuticals and biotechnology in the years to come.

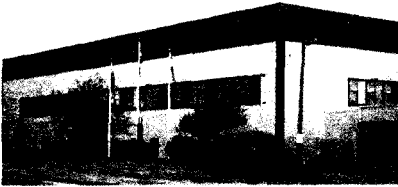
Habil Khorakiwala  
Chairman

# Team Wockhardt's Performance

## Year 2003

### CP PHARMACEUTICALS ACQUIRED

Acquires CP Pharmaceuticals of UK to become one of the top 10 generic companies in UK



### INTERNATIONAL BUSINESS UP 64%

International business surges ahead, constituting 57% of consolidated revenue



### STEPS UP R&D INVESTMENT

R&D investment increases to 7.9% of sales from 6.2%

### WOSULIN LAUNCHED

Launches Wosulin, Asia's first recombinant insulin



### BECOMES GLOBAL NO. 2 IN VITAMIN B12

Emerges as the second largest player in Vitamin B12 worldwide

### BIOPHARMACEUTICALS REGISTERED

Receives marketing registrations for biopharmaceuticals in three countries



### EMR GRANTED

Becomes the first Indian pharmaceutical company to get Exclusive Marketing Rights for novel antibacterial

### TOP PERFORMING BRANDS IN INDIA

Spasmo-Proxyvon becomes a Rs. 500 million (US \$ 10.96 million) brand  
Wepox becomes the No.1 erythropoietin brand by volume

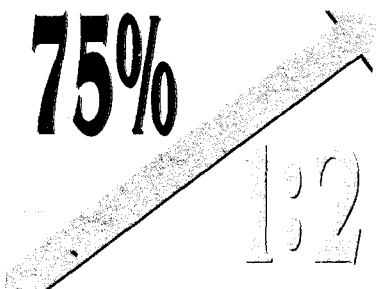


### NET PROFIT VAULTS 36%

Net Profit increases to Rs. 1.43 billion (US \$ 31.35 million)

### OPERATING MARGINS RISE TO 18.3%

Operating Margins climb 100 basis points



### ENHANCING VALUE FOR SHAREOWNERS

Dividend increases to 75% from 65%

Bonus in the ratio of 1:2

Stock split of Rs. 10 to Rs. 5



## Human Resource Management

Adding Value by  
Investing in  
Every Wockhardian

Our people are our  
lifeline. It is their initiative

and energy that make

Wockhardt a place of

excitement, challenge

and opportunities.

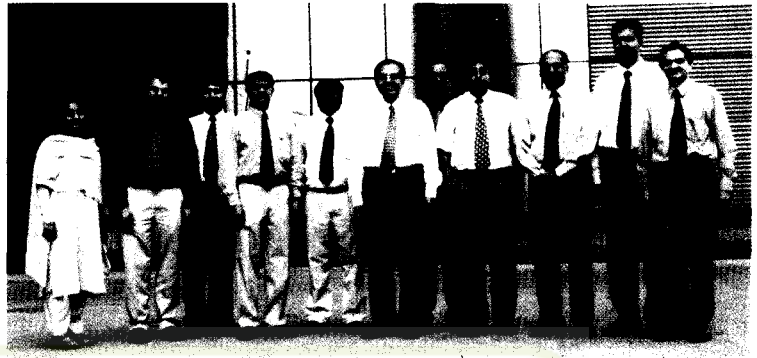
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## People Power

Learning bestows confidence, ability and energy to achieve goals. As a knowledge-based organisation, the spirit of learning permeates every Wockhardian.

The company believes in investing in its 3500 employees through various training programmes aimed at enhancing personal effectiveness and upgrading skills, to achieve organisational synergy and performance.



Wockhardians across various functions and locations successfully completed 10,300 man-days of learning initiatives in 2003. During the year, a series of 15 programmes were conducted for the field force. Training has also been provided to employees at our manufacturing facilities at Mumbai, Aurangabad, Ankleshwar and Daman, in areas of Safety, Good Manufacturing Practices and Total Quality Management. The Human Resources team also conducted programmes for the middle and senior management in creativity, goal setting, competency and team building.



## Energising Team Wockhardt

We understand that motivation is simply a matter of investing time and energy in Wockhardians, and rewarding them for outstanding efforts.

Wockhardt offers vertical and horizontal growth to aspiring and deserving employees. Around 300 employees at various levels received promotions in the past year - a testimony to our commitment to each individual's career path.

At Wockhardt, motivation takes many forms. Our rewards and awards functions recognise and motivate employees for outstanding performance, long service contribution and good suggestions.



In 2003, three Wockhardians received gold medals for their extraordinary performance as 'Outstanding Wockhardians'. Employees across various functions and locations also received awards for their Significant Performance during the year.

At the manufacturing plant level, the 'Suggestion Scheme' elicits useful contribution from employees. Wockhardians are recognised for their noteworthy suggestions, leading to better productivity, efficiency, safety and cost savings. One out of every two suggestions gets implemented spontaneously. Over 1500 suggestions were made by the workforce during the year, of which almost 50% have been implemented.

Receiving the Long Service award is also a matter of great pride for the loyal Wockhardian.

## Sharpening the Competitive Edge

In creating a learning environment, Wockhardt has always endeavoured to upgrade the skills and competencies of its people. One of the ways we do this is through a mind-stimulation and sales-competency development initiative, called 'The Edge'. This two-year part-time course is the first of its kind in