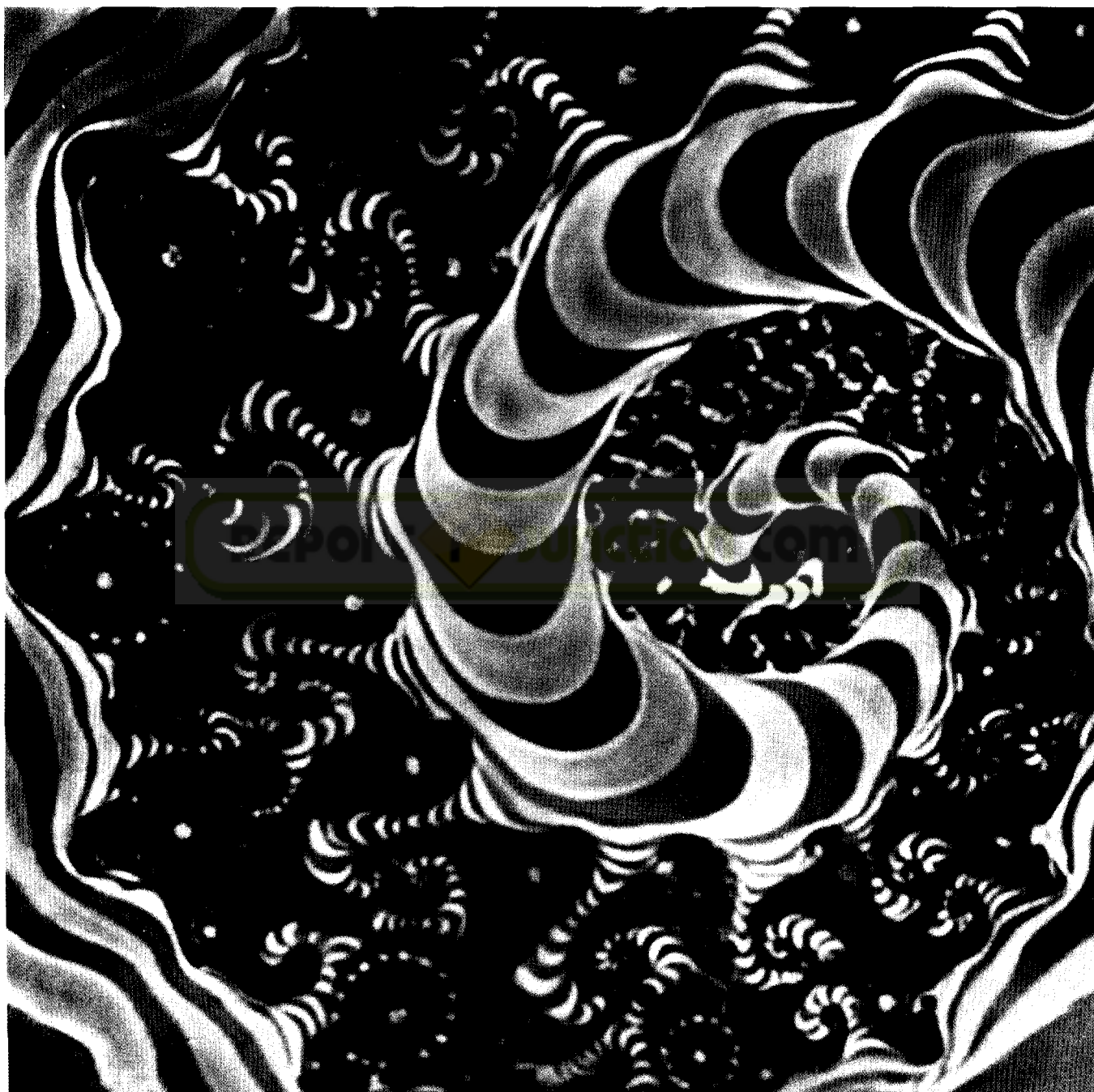


Wockhardt Limited
Annual Report 2004



Understanding
the DNA of change

Every moment today
takes us a step closer
to the future.

Every change today
transforms
the world tomorrow.

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Every new year brings with it a looking back. Of milestones achieved. Of benchmarks set. Of bars raised.

Every new year brings with it a looking forward. To new horizons. Fresher avenues. And greater challenges.

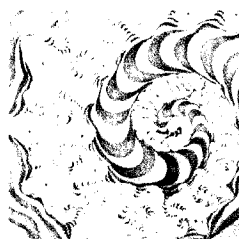
But straddling the moment between retrospection and anticipation is a rich present full of promise. At Wockhardt, we have taken the present and harnessed it. Every moment of the way. With just one word, transformation.

Transformation and change are what have brought us where we are today. That is because, at Wockhardt, we understand the very essence of change, the very DNA of it.

Today, Wockhardt has changed from an Indian company focused on the domestic market to become a global Indian, establishing a presence in over 90 countries.

Getting letter-perfect in mastering change, today transformation permeates every cell of the organisation. Transforming a variety of functions, systems and processes.

Today, Wockhardt is moving more confidently towards tomorrow than ever before. Because having mastered the intricacies of change, we are now poised to create it.



DNA, the imprint of living organisms, explains the attributes of life and its diversity.

The visual of the DNA structure shown on the cover is taken from a mural at the Wockhardt Biotech Park, Aurangabad.

Dear Shareowners,

The world we have created
is a product of our thinking;
it cannot be changed
without changing our thinking.

– Albert Einstein

When I look back at Wockhardt from its inception, I feel a strange sense of pride. A sense of pride not at our tangible growth because that was inevitable, not at our achievements because those were ultimately possible, not at our laurels because they were a logical consequence. I feel a sense of pride at our evolution, our transformation and the way we have changed intrinsically while upholding the same values, with a steadfast commitment and an unwavering determination to make a significant contribution to healthcare.

Truly, it's not without thought that we say, healthcare is in our genes.

But genetic determination notwithstanding, every living creature is a creature of change. In fact, if we do not change, we stop growing and essentially stop living.

Change can be extrinsic or intrinsic. I attribute the continuing success of our organisation to the fact that we have been able to successfully anticipate change over a period of time, manage change and now create change. We have transformed ourselves from reactive agents to proactive beings.

Mahatma Gandhi has succinctly said, "You must be the change you wish to see in the world." How well we, at Wockhardt, have actually lived this pithy proverb! From a privately-held company until 1992, Wockhardt is today a pharmaceutical and biotechnology major owned by over 35,000 shareowners. Their initial investment of Rs. 195 per share in 1992 has grown to Rs. 2,172 over these 12 years.

We started with a dream of foraying into biotechnology. Today that has become a reality.



On September 23, 2004, none other than His Excellency, the President of India, Dr. A P J Abdul Kalam inaugurated our world-class biotech park in Aurangabad. This global-scale facility would not have been possible had we not transformed our mindsets to think the impossible.

We have just launched Wosulin Pen, India's first automatic insulin delivery device, with recombinant insulin cartridge. This will offer great convenience to diabetes patients in India and is more affordable.

We have numbers that show the tangible growth of the company. Numbers that ratify our phenomenal growth. Wockhardt today is a Rs. 12.39 billion pharmaceutical and biotechnology company, recording an impressive growth of 32% in sales and 50% in profitability in 2004. Sales have grown from Rs. 1 billion in 1992 to over Rs. 12 billion in 2004, recording a compounded annual growth (CAGR) of 21%. But what stands behind these numbers is the sweeping transformation in the way we conduct our business.

Wockhardt has metamorphosed from an Indian company focused on the domestic market to become a global Indian company with its presence in UK, Germany, USA and many other countries. From Rs. 70 million in 1992, international business has grown 100-fold to more than Rs. 7 billion, with 50% of the overall revenue now coming from Europe and USA. Five hundred Wockhardians now work in these markets. During



President of India
Dr. Abdul Kalam at the
Wockhardt Biotech Park

the year, Wockhardt raised \$110 million through a foreign currency convertible bond. This has been earmarked for further acquisitions in Europe.

The wealth of Wockhardt's 35,000-plus shareowners has grown 2.5 times in the last two years. The company's market capitalisation has increased to Rs. 38.55 billion on December 31, 2004 from Rs. 16.19 billion in 2002. The quantum of dividend has been doubled over the previous year.

Of course, the customer remains the focal point of all our efforts. Recently, we had the honour of Nobel laureate, Dr. Joseph Murray, who



Nobel laureate,
Dr. Joseph Murray

performed the world's first organ transplant, addressing the medical community at the Wockhardt Medical Excellence Awards. Seven of India's medical icons were the proud recipients of these awards.

Our mindsets, our systems, our technologies and finally, our people, are all part of a global transformation that is pervading every cell of our organisation. While the world transforms our thinking, our thinking changes the world. And I believe it is this transformation that will take our organisation through the challenges of change and help us emerge triumphant in the future.

Habil Khorakiwala
Chairman

Performance Highlights



WOCKHARDT UK LAUNCHES CORPORATE IDENTITY

- Consolidates UK businesses - CP Pharmaceuticals and Wallis
- Becomes the largest Indian generics company in UK
- Employs over 400 people. Has a portfolio of 278 products
- Annual sales cross the £50 million mark



ESPARMA - INNOVATIVE ACQUISITION IN GERMANY

- Enters Europe's largest generic market.
- Acquires brands with sales & marketing organisation



WOCKHARDT USA INC. - SUBSIDIARY LAUNCHED IN US

- Three products launched under own banner
- Bethanechol chloride becomes market leader
- Files 6 ANDAs with US FDA. 10 ANDAs pending approval

JOINT VENTURES AND A SUBSIDIARY SET UP GLOBALLY

- Majority joint ventures set up in Mexico and South Africa
- A wholly-owned subsidiary set up in Brazil
- New developments will expand global presence in biopharmaceuticals

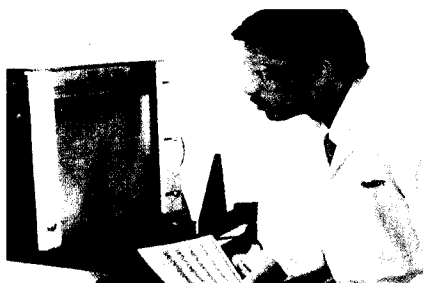


INDIA'S PRESIDENT DR. A P J ABDUL KALAM INAUGURATES WOCKHARDT BIOTECH PARK

- India's largest biopharmaceuticals complex
- Capacities to cater to 10%-15% of global demand in major biopharmaceuticals

NINE MARKETING APPROVALS FOR BIOPHARMACEUTICALS RECEIVED

- 25 approvals in pipeline from countries in Russia, South America, Central Asia, South East Asia and North Africa



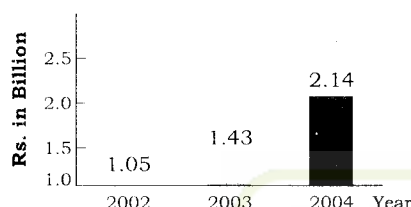
ACHIEVES BREAKTHROUGH IN GLARGINE TECHNOLOGY

- Second company worldwide to develop this new advance on insulin
- Launch scheduled for 2006

BIOPHARMACEUTICALS POST 81% SALES GROWTH IN INDIA

- Now accounts for 10% of Indian business
- Wosulin captures 25% of new prescriptions for insulin in less than two years of launch

PROFIT DOUBLES IN 2 YEARS



NET PROFIT DOUBLES IN TWO YEARS. SALES CROSS THE RS.10-BILLION MARK

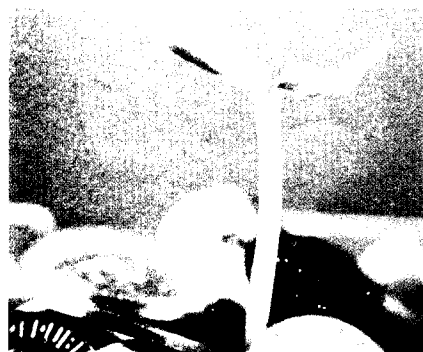
- Post-tax profit vaults from Rs. 1.05 billion in 2002 to Rs. 2.14 billion in 2004 on sales of Rs. 12.39 billion

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RAISES \$110 MILLION THROUGH FOREIGN CURRENCY CONVERTIBLE BOND (FCCB)

- Becomes trend-setter in Indian financial market by becoming the first Indian company to tap the FCCB route following general elections in 2004
- Funds earmarked for new acquisitions in Europe



R&D INVESTMENT GROWS BY 45% TO RS. 943 MILLION

- 140 patents filed till date, 30 in 2004, including three in biotechnology

SHAREOWNERS WEALTHIER BY 2.5 TIMES IN TWO YEARS

- Market capitalisation increases to Rs. 38.55 billion in 2004 from Rs. 16.19 billion in 2002
- Doubles quantum of dividend over previous year



We've overcome challenges.

We've converted obstacles
into opportunities.

We've harnessed the most
powerful agents of change.

But most of all,
we've transformed ourselves.

Preparing for Change Before Change Beckons

Wockhardt's transformation from a domestic firm to an organisation with a global footprint is a fascinating chronicle of innovation, enterprise, entrepreneurship and knowledge management.


At Wockhardt, we have anticipated changes before they appeared on the horizon. We were among the first in India to see the forces of globalisation sweeping the world that have changed the face of India Inc. and made India one of the fastest growing economies of the world.

We have been passionate about healthcare from the very beginning, providing the medical community with high-quality, innovative medicines to help the medical profession's mission of healing and promoting well-being. Long before the word biotechnology became popular, Wockhardt realised that biotechnology was destined to transform the practice of medicine.

In a short span of seven years, Wockhardt has developed a clutch of promising lead molecules that are under various stages of pre-clinical and clinical trials.

As 2004 drew to a close, there was great concern across all walks of life on how India's transition to the product patent regime would impact the industry and the people. Wockhardt had seen the writing on the wall and has been preparing for the transition for several years. The company took up the challenge by filing 140 patents. Two new chemical entities are under clinical trials and three are in pre-clinical stage.

Wockhardt has transformed its vision into action and results, converting its dream into reality.



Every cell within us today
is programmed for
the transformation
that ushers in the future
of medicine.