

**WOCKHARDT LIMITED**

Registered Office : Wockhardt Towers, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051

**NOTICE**

Notice is hereby given that the Eleventh Annual General Meeting of the members of **WOCKHARDT LIMITED** will be held at Y. B. Chavan Auditorium, Gen. Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Mumbai 400 021 on Monday, September 20, 2010 at 3.30 p.m. to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2010, Profit and Loss Account for the fifteen months period ended March 31, 2010 and the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Aman Mehta, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Bharat Patel, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

**SPECIAL BUSINESS:**

5. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:  
"RESOLVED THAT in accordance with the provisions of Articles of Association of the Company and Sections 198, 269, 309, 310 and other applicable provisions, if any, read with Schedule XIII to the Companies Act, 1956, including any statutory modification or re-enactment thereof, for the time being in force and subject to the receipt of requisite approvals, if any, consent of the Company be and is hereby accorded to the re-appointment of Mr. Habil F. Khorakiwala, as Whole-Time Director designated as "Executive Chairman" of the Company, for a period of 5 (five) years with effect from March 1, 2010, on the terms and conditions including remuneration as stated hereunder:

**(A) REMUNERATION**

The total remuneration payable to Mr. Habil F. Khorakiwala shall not exceed 5% of the net profit of the Company during the year and in case there are more than one Managing and/or Whole Time Director than 10% of the net profits of the Company during the year, for all of them taken together, as laid down in Section 309 of the Companies Act, 1956.

Remuneration shall consist of any and/or all of the following:

- (a) Monthly salary on a time scale as may be decided by the board
- (b) Commission
- (c) Perquisites such as House Rent Allowance or Company owned furnished accommodation/furnishing of accommodation, provision/reimbursement of expenses incurred on gas, electricity, water, maintenance, helper allowance, security services, Medical reimbursement for self and family, Leave Travel Concession for self and family, Club fees, premium towards personal accident insurance, Provision of car with driver, telephone at residence, etc.

**(B) PERQUISITES**

In addition to the above, Mr. Habil F. Khorakiwala will also be eligible to the following perquisites which shall not be included in the computation of the ceiling on remuneration specified in (A) above:

- (a) Contribution to the provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961;
- (b) Gratuity at a rate not exceeding half a month's salary for each completed year of service, and
- (c) Encashment of leave at the end of the tenure

The above remuneration is subject to the limits of 5% or 10% of the net profits of the Company, as the case may be, as laid down in Section 309 of the Companies Act, 1956, and the overall limit of 11% of the net profits as laid down in Section 198 of the Companies Act, 1956.

# DETERMINED TO SUCCEED

a new journey for growth



**WOCKHARDT**  
annual report 2009-10



# SNAPSHOT

## Wockhardt's Strategic Vision: More and More with Less and Less

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**“After climbing a great hill, one only finds that there are many more hills to climb.”**

**- Nelson Mandela**

Wockhardt has a clear vision for its future success.

We have come a long way in the last 40 years. We have many past glories to celebrate. While we take pride in those achievements we have our sights set firmly on the journey ahead. There are some obstacles as well as immense opportunities.

Just as a mountaineer plots his course, ensures he has packed the right equipment, prepares himself for the unexpected and uses his past experience to make his way safely through difficult terrain, so we will too. We are planning our next phase of growth, making sure we have the right resources to hand, preparing ourselves, determined to get to the next peak. From there we will see the view and plan our path accordingly.



## Highlights of the 15 month period January 2009 - March 2010

### NET SALES

**₹45bn**

US\$ 1bn

### OPERATING PROFIT (EBIDTA)

**₹8.2bn**

US\$ 190mn

◆ Wockhardt wins Government of India Patent Award as the 'Pharmaceutical Company with the maximum number of Patent filings and grants from India'.  
Total 74 patents granted

◆ Launch of Spectra division to serve extra-urban and rural markets in India

◆ Dedicated Cardiology division launched in India

◆ Launched Alyante, a custom research and manufacturing division partnering other pharma companies in their research activities

◆ Solid and sterile facility at Aurangabad and liquid facility at Morton Grove pass a full-fledged US FDA inspection

◆ 22 ANDAs approved by the US FDA and 18 approvals from the European Union

◆ Wockhardt UK wins a special tender for critical supplies to the Department of Health

◆ Wockhardt UK finalises two new manufacturing contracts for future business

◆ Wockhardt launches 51 new products globally

◆ Wockhardt's Information Technology department wins the 'CIO 100 Award' for the second consecutive year, exemplifying the highest level of operational and strategic excellence in IT

◆ Wockhardt Foundation, the CSR arm of Wockhardt, touches 43 million lives through its various medical and social programmes and initiatives.





## FROM THE CHAIRMAN

### My dear shareowners,

A decade ago I saw a changing world that I believed would present us with large-scale future opportunities. And so we began an exciting new leg of our journey. We ventured outside India to create an international footprint and to position ourselves in European and US markets.

Critical mass has been achieved both in terms of our international presence and our world-class research and development and manufacturing capabilities. We are now leveraging our core research and management strengths in the regulated markets of the US, the UK, Ireland and France.

Our acquisition strategy is complete and we are focussed on capturing the value of those investments. Our consolidated revenue has touched ₹45 billion (US\$ 1 billion) during the 15 month period.

We are not resting on our laurels but have our sights set clearly on creating future success. The next stage of the journey is already underway.

We are determined to succeed.

### Rebalancing of global economy creates new markets

In the past couple of years we have witnessed tectonic change and seen a global economic rebalancing taking shape. Over-spent European governments are struggling to cut their deficits. As they grapple with spiralling healthcare costs they are turning to generics as a solution.

Healthcare reforms in the US, which seek to bring an additional 40 million citizens under medical insurance cover, will create long-term demand for generic drugs. These reforms, combined with major economic pressures, are resulting in new competitive pricing and regulatory policies that favour generics.

Now Wockhardt with its well established presence in both Europe and the US, and its strength as a manufacturer of generics, is primed to capture the opportunities those shifts present.

While the developed world finds itself tightening its belt so India's growth story continues apace. Liberalisation and sustained economic growth are creating new markets for pharmaceuticals. Rising incomes and changing demographics in

**“I saw a changing world that presents us with exciting, large-scale opportunities at home and in the key markets of the US and Europe”**



India mean groups that were previously excluded are demanding access to healthcare. Our sustained investment in the business in India – world-class facilities, new technologies, talented people – means we are also perfectly poised to play an important role in meeting demand in India.

To do this we are moving into the rural and extra urban markets. Our determination can be seen in the rapid extension of our product range and the way we have significantly boosted our sales force.

#### **More and more with less and less**

While we continue to invest for growth we are determined to manage our costs effectively too. We have made significant progress in cost-reduction in all areas of the business in the past year. We have adopted a strategy of 'more and more with less and less'. In all corners of our operations we have initiatives to ensure we use our resources efficiently. Technology plays a critical role and our modern fully automated plant at Shendra is a great example of the kind of highly efficient world-class facility we have invested in.

#### **Partnerships: Collaborating with the best to move up the value chain**

International pharmaceutical companies are realising the cost-benefits of outsourcing some of their research and manufacturing activities to lower cost countries. The evolution of Contract Research and Manufacturing Services (CRAMS) is a fast emerging business opportunity for Wockhardt.

Having invested heavily in our manufacturing, research and biotechnology facilities, Wockhardt is ideally placed to meet the technological and manufacturing needs of other companies. We are building a reputation as a world-class partner and the route of strategic alliances offers great potential.

Future success will see Wockhardt seize value-added opportunities which are more sustainable and less price-driven. I see the Wockhardt of the future investing in Intellectual Property and gaining greater exposure to branded business. A three year strategic plan has been created and a Corporate Governing Council, drawn from the

talented ranks of our global management team, is charged with ensuring the plan is delivered.

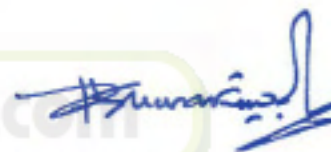
#### **People:**

##### **Lifeblood of the organisation**

It is through our people's hard work and innovation that we achieve our success. We have developed world-class systems to help our people share and transfer their knowledge across the globe. We have a management team with the qualities to support our future growth.

The journey ahead will be challenging. We have a wealth of past experience to draw on. We are constantly checking our coordinates to ensure we are on track.

We are determined to succeed.



Dr. Habil Khorakiwala  
Chairman





# INDIA: Pursuing market expansion

Wockhardt is one of the strongest integrated pharmaceutical, biotechnology and healthcare companies in India. As Wockhardt continues on its journey of excellence, it has set its sights on reaching new heights by capturing new opportunities and market share.

The company is capitalising on its past successes through a strategy of introducing new products and exploring

new markets. This focus resulted in the domestic business showing a 20% growth in the first six months of 2010.

## **Tapping opportunities in extra-urban markets**

Through its new division, Spectra, Wockhardt is now foraying into extra-urban and rural markets to reach India's vast untapped potential. The need for healthcare in small town

locations, driven by continued economic growth, has led to significantly increased demand for pharmaceuticals. This, along with a product offering specifically geared for these new markets, brings a relatively faster return on investment. The penetration of the extra-urban market has allowed the company to build relationships with more than 70,000 new doctors who are able to recommend Wockhardt products.



### Focusing on the fast-growing lifestyle diseases segment

Wockhardt has introduced new products into the orthopaedic, dental and dermatology segments through its in-licensing agreements. A new cardiology division has been created to cover one of the fastest-growing segments of lifestyle diseases. The company's consistent focus on key lifestyle diseases such as diabetes and nephrology, supported by biotechnology products such as Wosulin, Glaritus and Wepox are driving growth in the

Super Specialties division.

In addition, Wockhardt's nutritional segment has significantly boosted business growth in India. Dexolac and Nusobee remain the most prescribed brands in the infant food formulation segment and its heritage product Protinex was awarded 'Most Trusted Brand' by The Reader's Digest 'Asia's Trusted Brands' Survey.

### Reinforcing the portfolio through consolidation and focus

By building on its product portfolio and

expanding and restructuring divisions, the company has developed a sharper focus for its 'Power Brands' segment for better growth.

Wockhardt plans to triple its workforce to meet the demands of new business and increased growth in the next three years.

Through an IMS-commissioned study the company is further sharpening its understanding of customers. This insight is helping to improve sales force effectiveness and productivity.

'The company is capitalising on its past successes through a strategy of introducing new products and exploring new markets'





# USA: Continuing ascent





More than a decade ago Wockhardt saw the huge role generics would play in the world's largest pharmaceuticals market. With a two-pronged strategy of filing Abbreviated New Drug Approvals (ANDA) and building on the basket of branded generics of Morton Grove, Wockhardt has gained critical mass in the US market.

#### **Capturing the value chain with ANDAs**

Wockhardt gains competitive advantage and strengthens its US operations by filing ANDAs, that include technologically advanced and challenging products involving complex modified-release technologies.

During the period January 2009 to March 2010, Wockhardt received 22 ANDA approvals and launched eight new products, thereby expanding its product basket to 87. Of these approved ANDA products marketed in the US, nine products rank among the top four generics in their respective therapies, according to Wolters Kluwer March 2010 data.

The Generics Bulletin 2009 noted Wockhardt's rare distinction of being among the top five companies globally to have received 23 ANDA approvals from the US FDA in a single calendar year.

#### **Morton Grove boosts market presence**

Wockhardt has ramped up its US business by introducing a number of branded generic products from Morton Grove, a leading liquid generic and speciality dermatology company. This boosted Wockhardt's US revenues by providing a complete range of dosage forms from tablets, capsules and liquids to injectables.

Morton Grove is a robust business showing promising growth year-on-year. Based on March 2010 Wolters Kluwer data, 13 Morton Grove products ranked No.1 and another 13 products ranked No. 2 in their respective therapeutic groups in the US.

#### **Generics provide firm footing**

The launch of the Nicardipine injection gained the company a significant foothold in the US injectables market. Wockhardt was among the first to market this generic in the US. It now commands a 28% market share, second only to Sandoz in this product.

Bromfed DM is the only FDA approved Non-Narcotic Cough Cold (NNCC) prescription product in the US. To facilitate its promotion amid stiff competition, Wockhardt launched a Paediatric Sales team of 30 dedicated territory representatives, gaining 10% share of the market segment.

Cost rationalising and restructuring have recently been completed. The company has a varied product basket and a strong ANDA pipeline. With Morton Grove's manufacturing facility having passed a full FDA inspection, the stage is set for Wockhardt USA to capture an even bigger market share as the US Administration drives through healthcare reform and increases the role of generics.

**'The stage is set for Wockhardt USA to capture an even bigger market share as the US Administration drives through healthcare reforms'**

