

My Dear Shareholders,

On behalf of the board of directors, I welcome you all to this 35th Annual General Meeting of your company. I would like to briefly share with you the major highlights and achievements of your company during the fiscal just gone by. I am sure by now you must have gone through the Annual Report for 2007-08 and reviewed the results.

Your company reported total consolidated operating revenues of Rs.1360 crores for the year 2007-08, representing modest growth of around 4%. The German market witnessed structural changes which led to severe price erosions. This coupled with lack of success in a large tender by an insurance company resulted in significant drop in revenues at Heumann, your company's subsidiary in Germany. Excluding Heumann the revenue growth was 11%. I am happy to share with you that despite a modest sales growth, Net profit grew by 43% from Rs 94 crores in 2006-07 to Rs.135 crores in 2007-08.

The good operating performance has reflected in an increase in proposed dividend distribution for the year over the previous year. The Board is pleased to propose an increase in dividend rate of 10% from 60% to 70% i.e. Rs. 3.50 per share.

I feel proud to inform you that your company achieved No. 1 ranking in the cardiology segment in the domestic market, during the year. The company also reached 3rd position in the neurology segment.

International sales accounted for 44% of the total sales. As explained earlier Heumann had an exceptional year resulting in sales de-growth. The international sales grew by 12% excluding Heumann.

Your Company has commenced production for the US market at its USFDA approved facilities at Chatral. During the year it successfully entered this largest generic market with the launch of Citalopram. As at March 08, the product portfolio comprised of 4 approved ANDAs, 11 ANDAs under approval and 35 ANDAs under development. During the year the Company effected site transfer of 48 products of Heumann, Germany from various high cost European manufacturing locations to India. This will help to reduce the manufacturing cost and improve margins of our German operations.

To cater to the growing needs of the domestic markets, your company had undertaken to expand its tablet formulations capacity at Baddi plant by 30%. The commercial production out of the expanded area would commence in the second half of this year. I am also happy to inform you that the project execution for the new vial-filled injectible formulation manufacturing facility with a capacity of 290 lacs vials per annum at Chatral plant is progressing as per schedule and is expected to commence commercial production during financial year 2009-10.

Let me now share with you the outlook for the coming year. In domestic business, your company has undertaken a series of initiatives in several areas including doctor coverage, new product introductions and focus on key brands. These measures are expected to impact sales positively leading to accelerated growth in the domestic business.

Our international operations are expected to post good performance in the current year. Operations in Brazil are expected to contribute significantly with high growth performance. Heumann restructured last year to adapt to new market conditions and the operations are expected to breakeven in the current year. The operations in Russia, Europe (excluding Heumann) & ROW will continue to contribute with high growth performance. Considerable investments have also been made in product development for US market and the healthy product pipeline is expected to yield significant revenue growth in the coming years.

During the first quarter the company has posted sales growth of 17% with healthy growth in operating margins.

International generic business continues to offer significant growth opportunities in the coming years. The domestic market is also estimated to grow at double digit rates and both these areas offer significant growth prospects. Your company has invested in manufacturing and R&D infrastructure over the years and has positioned itself well to meet the growth requirements. Having acquired land at Special Economic zone, Ahmedabad and in the North-Eastern state of Sikkim the company is also well placed to meet capacity expansion needs in manufacturing.

Lastly, I would like to extend our sincere gratitude to all our stakeholders including the medical fraternity, our customers, our business partners and every body who have reposed great trust in us and in our products. I also thank the various central and state government bodies, the financial institutions and all our employees for supporting us in our activities and helping us grow further.

I thank all of you for attending this meeting.