

My Dear Shareholders,

On behalf of the board of directors, I welcome you all to this 37th Annual General Meeting of your Company. I am sure by now you would have reviewed the financial results and the other items in Annual Report for the year 2009-10. I will summarise the highlights and achievements of the Company during last fiscal year.

It gives me immense pleasure to inform you that the company achieved consolidated operating revenues of Rs.1916 crores, a growth of more than 17% over prior year. The domestic business reached Rs. 726 crores registering a growth of 17% as compared to 7% in 2008-09. The international sales grew by 15% to Rs. 970 crores. I am happy to share with you that the Company recorded a Net Profit of Rs.231 crores, registering a growth of more than 25% over the year 08-09. During the year the Company wrote off Rs 53 crores of MAT credit entitlement asset, created in prior years. Adjusted for MAT in both the periods, PAT grew significantly by 72%.

The good performance and growth outlook has prompted us to propose an accelerated dividend distribution for the year. The Board is pleased to propose a dividend of 120% as compared to 80% in previous year i.e. an increase from Rs. 4 per share to Rs. 6 per share.

On the operational front, the domestic business witnessed a robust growth on the back of series of initiatives undertaken during the year. The Company expanded its reach to semi-urban and rural markets through launch of a dedicated division. The Company moved to expand its therapeutic reach by entering into Gynaecology segment. On the international front, sales in US almost tripled and reached to Rs. 93 crores. The Brazilian operations registered revenue growth of 18%. Operations in other geographies were satisfactory except for Russia and CIS region which de-grew by 35% due to adverse economic conditions and poor demand.

The construction of a new formulations manufacturing facility at Sikkim is at an advanced stage of completion and installation of plants and machineries is progressing as per schedule. The Project is expected to commence commercial production during the third quarter of the current year. The Company also undertook expansion in formulation and API capacities at Indrad Plant. I am also happy to inform you that a new injectible formulation manufacturing facility of Human Insulin was commissioned at Indrad during the year.

Let me now share with you the outlook for the coming year. The domestic business is expected to contribute significantly with continued high growth performance. Some of the key initiatives undertaken are to:

- expand the Company's reach into semi-urban and rural market to have pan India presence
- consolidate recent entry into Gynecology
- increase sales force & customer base to give proper push to all brands

International operations are expected to remain buoyant in the current year also. Brazil & Europe will continue to post healthy growth in revenues. The North American business will see high double digit growth, with regular stream of new product approvals. The Company has robust product pipeline which offers good opportunities for growth in coming years. The Company has launched marketing operations in Mexico, a large market having an approximate market of USD 9 Billion. UK, Romania, Thailand and Canada are other market entries planned for the near future.

To cater to the growing requirements of international markets, your Company has started to build a new formulation and API manufacturing facility at Dahej SEZ in Gujarat. Your company continues to invest in R&D infrastructure over the years and has positioned itself well to meet the growth requirements. Your company is working on several in-house New Chemical Entity projects. After successful completion of Phase –I clinical trials, the Advanced Glycosylation End Products (AGE) program, the Company has initiated multi-centered Phase – II trials in India and Europe for the indication of diabetic related heart failure. One more New Chemical Entity related to cardiovascular area has advanced to phase-1 of clinical trials.

During the first quarter the company has posted sales growth of 13% with healthy operating margins.

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.