

Dear Shareholders,

On behalf of the board of directors and on my personal behalf, I welcome you all to this 38th Annual General Meeting of your Company. I am sure, by now you would have received and reviewed the Annual Report for the year 2010-11. I would like to share with you the highlights of the performance and other achievements of the Company during the last fiscal year.

It gives me pleasure to inform you that the Company achieved consolidated operating revenues of ' 2226 crores, a growth of more than 16% over prior year. The India branded business recorded '838 crores, registering a growth of 15%. The international revenues grew by 16% to '1125 crores. Contract manufacturing business also grew by 16% to '238 crores.

The performance of the Company needs to be seen in the context of additional spend on account of new initiatives and certain one off items. New market development initiatives in Indian branded business segments namely entering new therapies and new geographies and in International segment, where the Company entered Mexico have resulted in significant spend. This initiative would require 2-3 years gestation period before becoming profitable. During the year under review, additional provisions of '28 crores were made for Chargeback claims in U.S. The Company also wrote off '53 crores of MAT credit entitlement assets in the previous year. Adjusting for these items, the profit growth is in line with revenue growth.

However the performance for 2010-11 still remains a concern. Vigorous efforts are on to ensure that new initiatives start producing results at a faster pace and measures have been initiated to sharpen customer focus, build brands and improve field force productivity.

I am pleased to inform you that the Board has decided that, as a policy, the Company would endeavour to distribute 30% of its annual consolidated profit after tax as dividend in one or more tranches. In line with this policy, the Board has recommended a normal annual dividend of 120% and a special dividend of 40% aggregating to 160% for the year under review, i.e., an increase from '6 per share to '8 per share.

Manufacturing

The recently commissioned new formulation manufacturing facility at Sikkim has started commercial production. Tablets and capsule manufacturing and packing facilities at Indrad Plant have been expanded. The final module of API expansion at Indrad is also nearing completion and is expected to commence production in the second quarter of the current year. I am also happy to inform you that

in order to meet the increasing requirements of the international markets, the Company has commenced building a new formulation and API manufacturing facility at Dahej SEZ in Gujarat.

Marketing

On the operational front, the domestic branded business witnessed a robust growth on account of improved performance in Anti Infective & Gastro portfolios during the year under review. The Company expanded its regional reach to embrace semi-urban and rural markets. The Company further deepened its therapeutic reach in Gynaecology segment. On the international front, revenues grew by 17% in Brazil and adjusted for chargeback claims revenues in U.S. grew by 60%. Other territories also witnessed healthy growth.

Research and Development

Continuous investment in R&D over the years has positioned your Company strongly to meet the growth requirements. The most advanced discovery program of the Company that is the Advanced Glycosylation End Products (AGE) program is now in Phase II clinical trials in India and Europe. This development has considerable potential in the poorly served diabetic heart failure segment and other chronic complications arising out of AGE formation. During the year, the Company has also advanced its second NCE to Phase-I clinical trial which targets cardio metabolic risks. The first part of Phase I has been successfully completed in Europe and second part is currently in progress in India.

Outlook for the coming year

Let me now share with you the outlook for the coming year. The domestic market is anticipated to grow at a healthy pace as in the recent past and the company's endeavor would be to do better in the context of its new initiatives.

International operations are expected to remain buoyant in the current year also. Brazil & Europe will continue to post healthy growth in revenues aided by a slew of new product introductions. The U.S. business will see high double digit growth, with regular stream of new product approvals. Mexico is a promising market for branded generic business where the Company has recently commenced its operations. Thailand has also been identified as an important market in Asia Pacific and potential molecules are to be launched in this market. The Company has also commenced operations in UK and Romania.

Lastly, I would like to extend our sincere gratitude to all our stakeholders including the medical fraternity, our customers and our business partners, 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. My colleagues on the Board have always provided valuable guidance to whom I owe my gratitude.

I thank all of you for attending this meeting.