Financial Review – Period ended March 2011 *(Rupees in crore)*

	Quarter Ended			Year Ended		
	31/03/2011	31/03/2010	% change	31/03/2011	31/03/2010	% change
Domestic	652.23	568.78	14.7%	2817.76	2511.10	12.2%
Exports - Formulations	742.75	613.93	21.0%	2675.56	2320.49	15.3%
APIs & others	232.20	146.30	58.7%	679.23	580.09	17.1%
Total Exports	974.95	760.23	28.2%	3354.79	2900.58	15.7%
% of exports to total sales	59.9%	57.2%		54.4%	53.6%	
Total Sales	1627.18	1329.01	22.4%	6172.55	5411.68	14.1%
Other operating income						
Technology knowhow/fees	20.71	13.55		63.70	153.76	
Others	33.27	43.65		130.44	111.63	
Total	53.98	57.20	-5.6%	194.14	265.39	-26.8%
Income from Operations	1681.16	1386.21	21.3%	6366.69	5677.07	12.1%
Material Cost	799.80	610.82		2914.57	2470.58	
% to total sales	49.2%	46.0%		47.2%	45.7%	
Operating margin	302.11	257.99	17.1%	1337.45	1353.16	-1.2%
% to income from operations	18.0%	18.6%		21.0%	23.8%	
Profit before tax	251.01	253.13	-0.8%	1158.13	1229.99	-5.8%
% to income from operations	14.9%	18.3%		18.2%	21.7%	
Profit after tax	214.01	275.53	-22.3%	967.13	1081.49	-10.6%
% to income from operations	12.7%	19.9%		15.2%	19.1%	

During the year 2010-11, the Company posted a growth of 12% in income from operations and profits after tax were about 15% of overall revenues. During the fourth quarter, the company posted a growth of more than 21% in income from operations. Operating margins (as a percent to income from operations) are lower on a year-on-year basis due to change in product mix resulting in increase in material cost by 3% and negative contribution of Indore SEZ because of optimization. Profits after tax are lower by about 22% primarily on account of one-time exceptional income (Rs. 95 cr) in fourth quarter FY0910 and increased factory overheads at Indore SEZ.

During the quarter, domestic sales grew by about 15% and export sales grew by more than 28%. Other operating income for the quarter was lower by about Rs. 3 cr.

Material cost has increased by about 3% on year-on-year basis due to changes in product mix primarily due to higher proportion of anti-retrovirals in formulation exports. The increase in staff cost (Rs. 30 cr) is due to increase in manpower particularly at Indore SEZ and annual increments. Depreciation has increased by about Rs. 20 cr due to additions to fixed assets mainly on account of commissioning of Indore SEZ factory. Other expenditure has increased mainly due to increase in selling expenses and factory expenditure, in particular at Indore SEZ, such as repairs & maintenance, power & fuel, stores & spares, etc. The increase in selling expenses is in line with the increase in export turnover.