Financial Review – Period ended March 2010

Financial performance:

(Rupees in crore)

	Quarter Ended			Year Ended		
	31/03/2010	**31/03/2009**	**% change**	**31/03/2010**	**31/03/2009**	**% change**
Domestic	568.78	524.45	8.5%	2511.32	2278.95	10.2%
Exports - Formulations	613.93	555.27	10.6%	2318.76	2161.91	7.3%
APIs & others	146.30	168.94	-13.4%	580.17	580.78	-0.1%
Total Exports	760.23	724.21	5.0%	2898.93	2742.69	5.7%
% of exports to total sales	57.2%	58.0%		53.6%	54.6%	
Total Sales	1329.01	1248.66	6.4%	5410.25	5021.64	7.7%
Other operating income						
Technology knowhow/fees	13.55	99.89		160.29	217.75	
Others	43.65	27.64		111.63	78.67	
Total	57.20	127.53	-55.2%	271.92	296.42	-8.3%
Income from Operations	1386.21	1376.19	0.7%	5682.17	5318.06	6.8%
Material Cost	610.82	566.52		2481.79	2366.67	
% to total sales	46.0%	45.4%		45.9%	47.1%	
Operating margin	257.99	349.15	-26.1%	1360.23	1036.13	31.3%
% to income from operations	18.6%	25.4%		23.9%	19.5%	
Profit before tax	348.13	295.67	17.7%	1330.51	901.31	47.6%
% to income from operations	25.1%	21.5%		23.4%	16.9%	
Profit after tax	275.53	252.92	8.9%	1082.01	776.81	39.3%
% to income from operations	19.9%	18.4%		19.0%	14.6%	

During the year, the company posted a growth of about 7% in income from operations. During the quarter, domestic sales grew by about 9% and export sales grew by 5%. Exports of formulations grew by more than 10% whereas exports of APIs & others have declined by about 14%. The decline in exports of APIs & others is primarily due to seasonal variations. Technical knowhow/fees for the quarter has decreased by about Rs. 87 cr on account of a high base on a year-on-year basis (mainly due to one-time payment for certain technical services).

Material cost (as a percent to total sales) has marginally increased during the quarter due to changes in product mix. Operating margins have reduced by about 26% mainly due to lower technical knowhow/fees as indicated above.

The increase in staff cost (Rs. 22 cr) is due to overall increase in manpower as well as annual increments. The increase in other expenditure is in line with the increase in operations. Interest cost has decreased by about Rs. 13 cr due to repayment of short-term working capital loans and fixed deposits availed by the company. While depreciation is lower by about Rs. 6 cr, it is in line with the current year's trend.

The Company has provided for tax under Minimum Alternate Tax (MAT). However, the liability for the current quarter has increased due to the increase in rate of MAT.

During the quarter, the company signed an agreement with Piramal Healthcare Limited for sale of intellectual property rights in India related to the brand "i-pill" for an aggregate consideration of Rs. 95 crore.