

ARCH PHARMALABS LIMITED

Inside story

Company Overview

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Forward-looking statements

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievements of results are subject to risks, uncertainties, and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

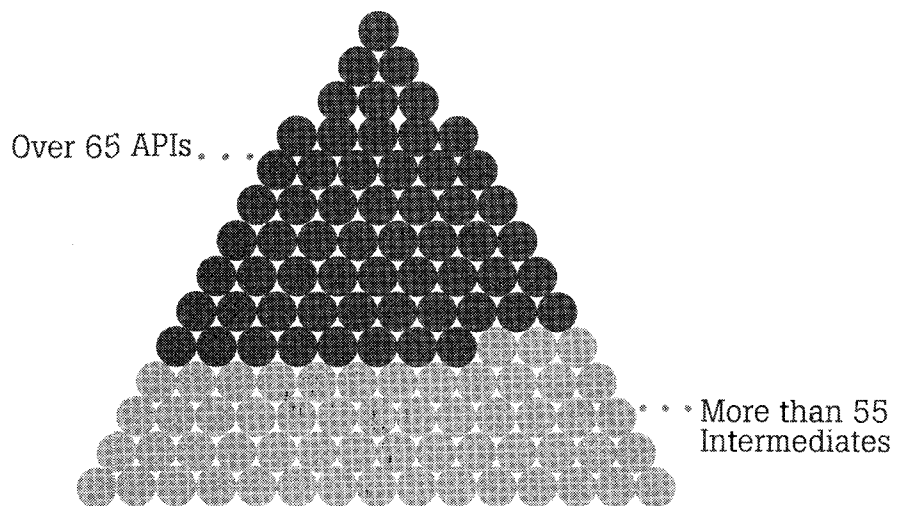
Every day we are striving hard to create value that drives better health outcomes, enhances economic opportunities and helps create a disease-free world. We believe our innovations and ethical practices elevate the quality of patient care across the social pyramid nationally and internationally.



Arch Pharmalabs Limited is an integrated manufacturer of Active Pharmaceutical Ingredients (APIs) and Intermediates. We are also engaged in Contract Research and Manufacturing Services (CRAMS).

PRODUCT MIX

Diversified product mix of APIs and Intermediates with over 120 products (over 65 APIs and more than 55 Intermediates) across various therapeutic segments.

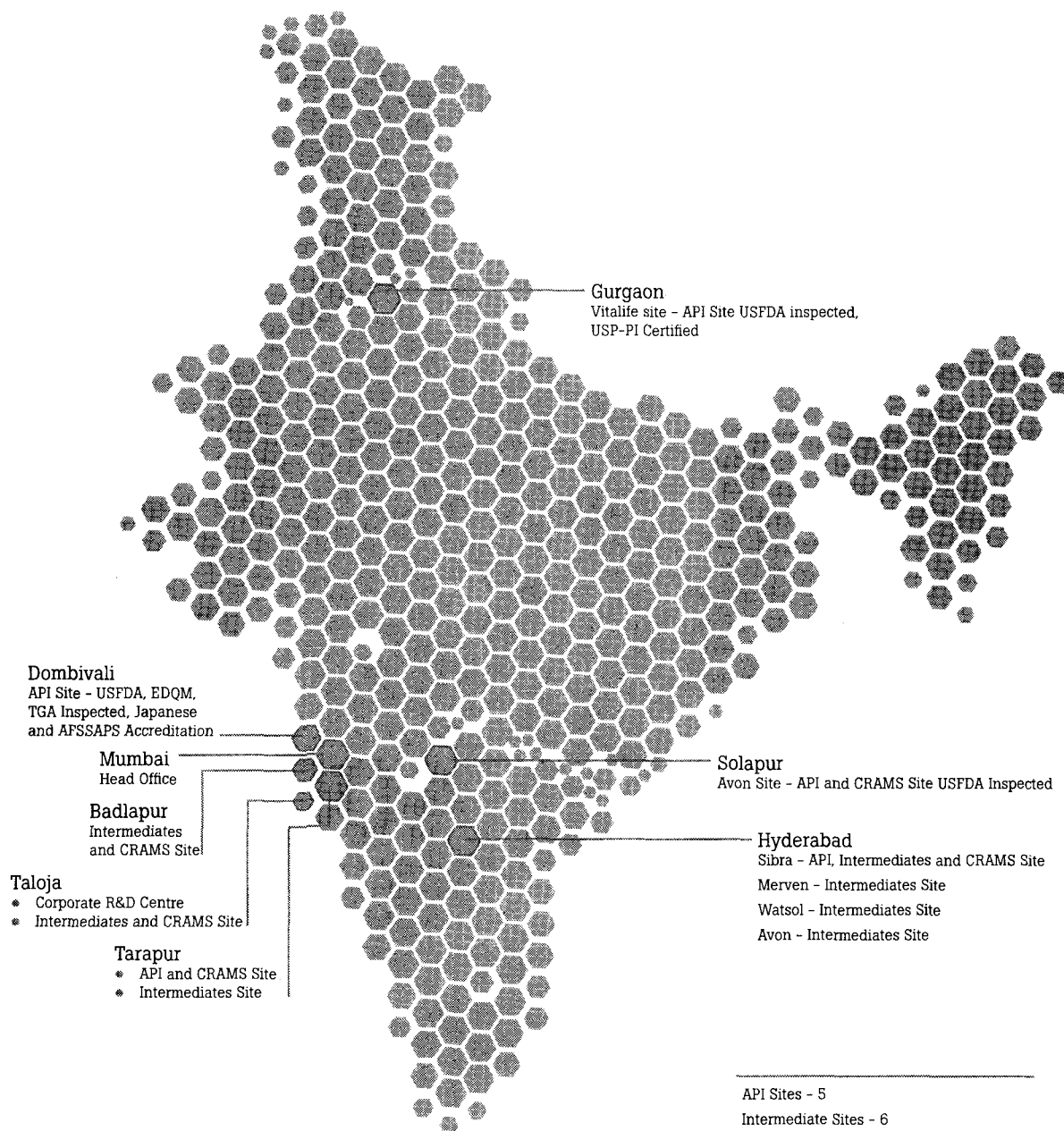


APIs and Intermediates with over

120
Products

Arch facilities across India

11 multipurpose manufacturing facilities and one R&D Centre in India



API Sites - 5

Intermediate Sites - 6

R&D Centre - 1

Reactor Volume - around 1,500 Kilo Litre

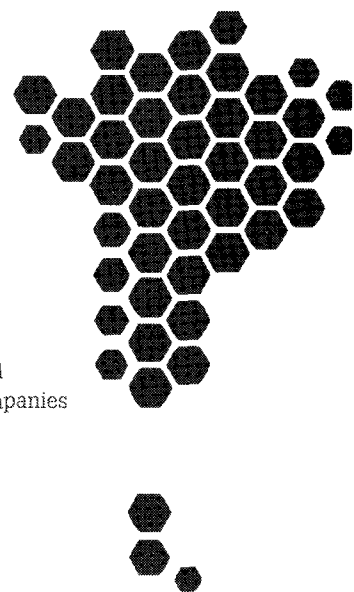
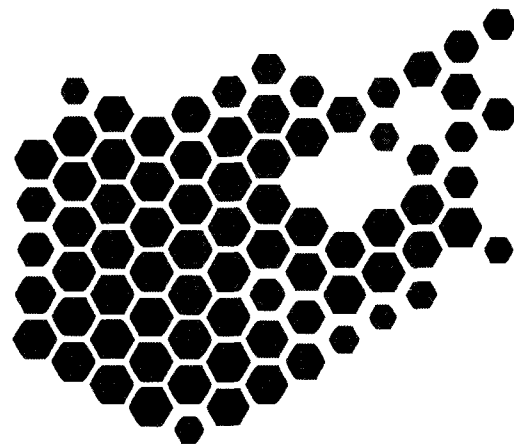
Map not to scale

PROACTIVE FILINGS

Filed 46 Drug Master Filings (DMFs) and dossiers with the relevant regulatory authorities (36 USDMFs filed with USFDA and 10 dossiers filed with the European Directorate for the quality of medicines and healthcare); to deepen our penetration in the regulated markets.

ENHANCED REACH

Catering to over 400 customers including global innovator and generic companies from over 60 countries including the regulated markets, across continents, namely, USA and Canada in North America; Germany, Italy, Spain, Switzerland, Turkey, UK and Ireland in Europe; Japan and Korea in the Far East; Argentina, Brazil and Chile in South America; Oman and UAE in the Middle East; Bangladesh in South Asia; Hong Kong and Singapore in South East Asia, to name some.



Over

400

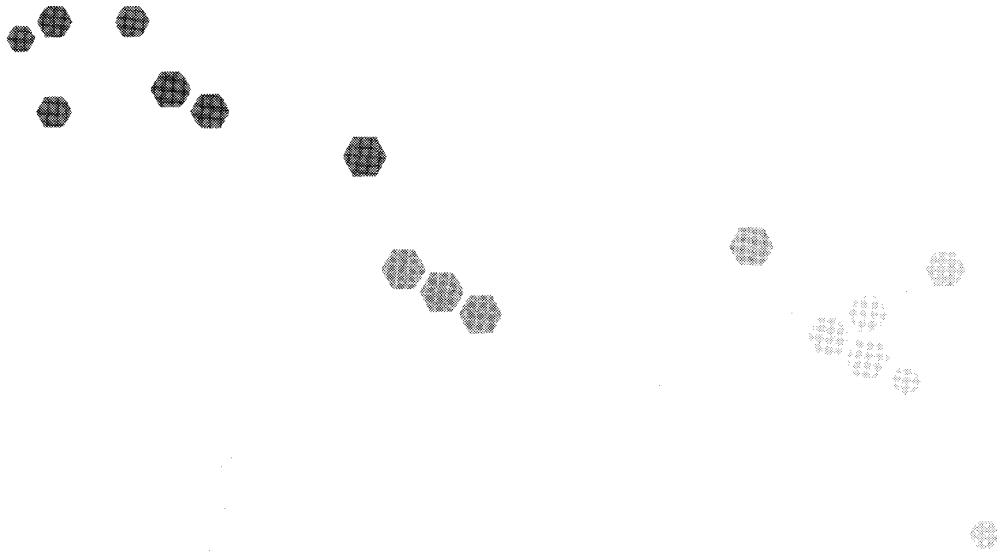
customers including global innovator and generic companies from over 60 countries

● **North America**
USA and Canada

● **South America**
Argentina, Brazil and Chile

● **Europe**
Germany, Italy, Spain, Switzerland, Turkey, UK and Ireland

● **Middle East**
Oman and UAE



Map not to scale

South Asia
Bangladesh

South East Asia
Hong Kong and
Singapore

Far East
Japan and Korea

Our numbers speak volumes about our work



22.67%*
Total Revenue



36.69%*
Exports

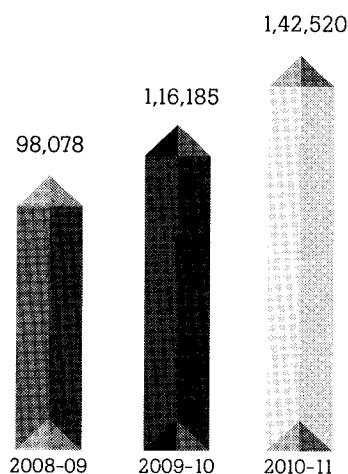


31.67%*
EBIDTA

* Growth in FY 2010-11 over FY 2009-10

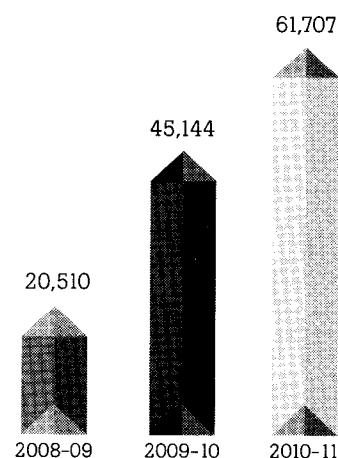
Total Revenue

₹ in Lakhs



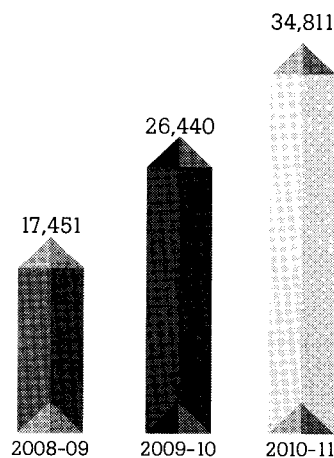
Exports

₹ in Lakhs



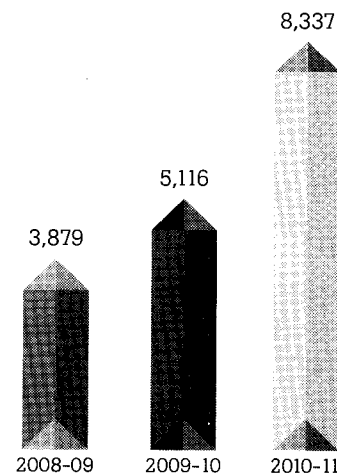
EBIDTA

₹ in Lakhs



Profit After Tax

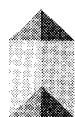
₹ in Lakhs





62.96%*

Post-tax Profit



33.12%*

Book Value Per Share



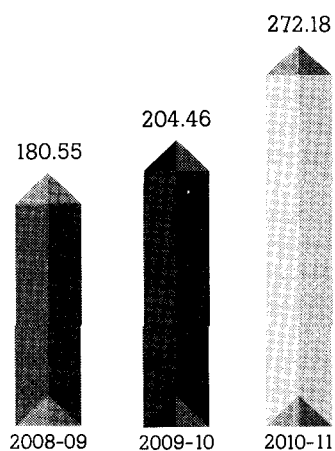
49.65%*

Earnings Per Share (Basic)

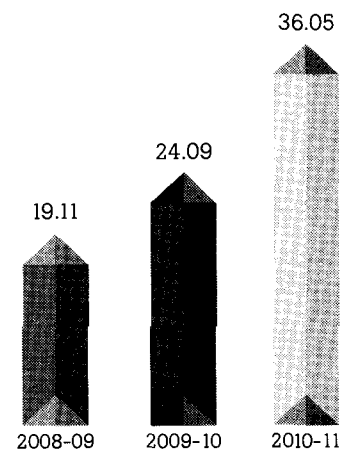
* Growth in FY 2010-11 over FY 2009-10

Book Value Per Share

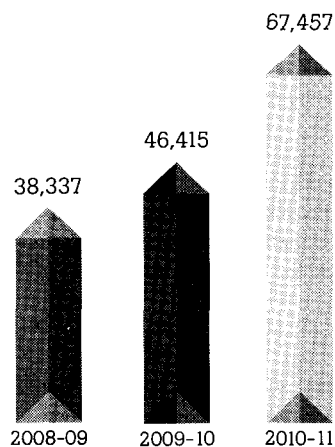
in ₹

**Earnings Per Share**

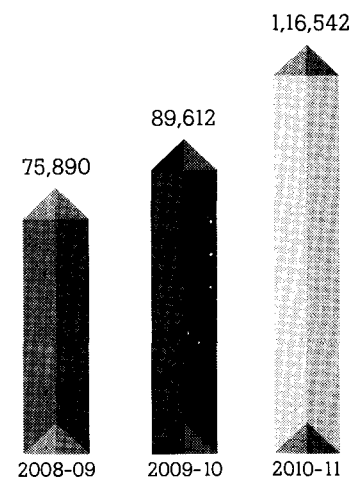
in ₹

**Networth**

₹ in Lakhs

**Gross Block**

₹ in Lakhs



Chairman's review

"FY 2010-11 marked a year of sterling achievements: we grew our capabilities, delivered a larger and an enriched variety of APIs and Intermediates, strengthened our CRAMS focus and streamlined our operations to serve our customers better."

Dear Friends,

In a world of constant evolution in which lifestyles, food habits, stress levels and working hours are transforming at a lightning pace, the global pharmaceutical industry must enhance capabilities to address patients' needs and generate positive health outcomes. Moreover, in a developing country like India with a billion-plus population, affordable healthcare is a crying necessity. Although the demand for advanced medication and healthcare is growing exponentially in India, the country's pharmaceutical industry has progressed considerably in step with changing times, whether in terms of capacities or intellectual capital.

Valued at over US\$10 billion with a Compounded Annual Growth Rate (CAGR) of above 10%, the domestic pharmaceutical industry has come a long way. The industry spends around 18% of its revenue on Research and Development (R&D). Ranked as the third largest emerging market, India's pharmaceutical sector is attracting global investments and alliances, and is poised for a big leap ahead.

Operating in such an environment, FY 2010-11 marked a year of sterling achievements at Arch Pharmed Labs Limited: we grew our capabilities, delivered a larger and an enriched variety of APIs and Intermediates, strengthened our CRAMS focus and streamlined our operations to serve our customers better. In FY 2010-11, we expanded operations and achieved ₹ 1,42,519 Lakhs of Net Consolidated Turnover, compared to ₹ 1,16,185 Lakhs in FY 2009-10. Besides, we reported ₹ 34,811 Lakhs consolidated EBITDA and ₹ 8,337 Lakhs Net Consolidated Profit against ₹ 26,440 Lakhs and ₹ 5,115 Lakhs, respectively. The primary reasons for our higher turnover and profitability were enhanced scale, increased product portfolio, growing clientele and penetration into hitherto unexplored markets.

Exploring opportunities

Moreover, with various drugs going off-patent in the US and EU markets, there are significant opportunities available to Indian CRAMS players. We are constantly developing capabilities to provide a wide range of CRAMS suited to the US, EU and other regulatory requirements. Our cGMP-compliant manufacturing facilities provide us opportunities to partner with innovator and generic companies for on-patent, off-patent, APIs and Intermediates. With more and more innovator companies launching on-patent APIs in India and other emerging markets, we believe that our R&D and low-cost manufacturing capabilities can position us to be a partner of choice for manufacturing such APIs and Intermediates.

However, as existing blockbuster drugs go off-patent in regulated markets, more and more innovator companies are focusing on their generic product portfolio through increased presence in the emerging markets. These innovator companies have identified manufacturing partners in India, to supply generic drugs to them for the emerging markets. The manufacturing partners, in turn, outsource the APIs and Intermediates to companies like us, enhancing opportunities for us.

Strategic collaboration

With our recent collaboration agreement with Mitsui, we intend to gain access to the Japanese pharmaceutical companies. The organisation has also formed a Steering Committee with Mitsui under this agreement for the purpose of expanding business in Japan. Mitsui will not only make the Japanese market more accessible to us, but its global presence will enhance our visibility in other markets.