Strides
ARCOLAB LIMITED

20 YEARS OF LEAVING INNOVATIVE IMPRINTS

ANNUAL REPORT 2010

OUR R&D CAPABILITIES, GLOBAL ACQUISITIONS AND PARTNERSHIPS ARE CREATING FUTURISTIC SYNERGIES FOR SUSTAINABLE GROWTH

inspiring synergies

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.

Making our vision a reality

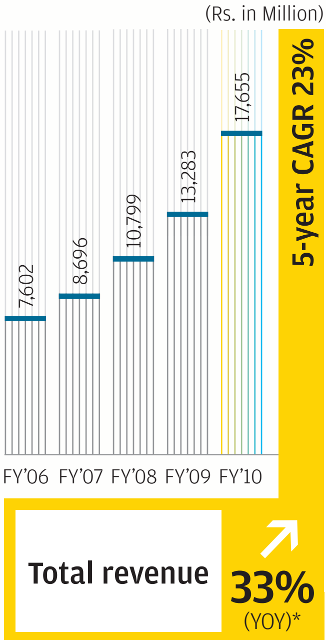
Vision

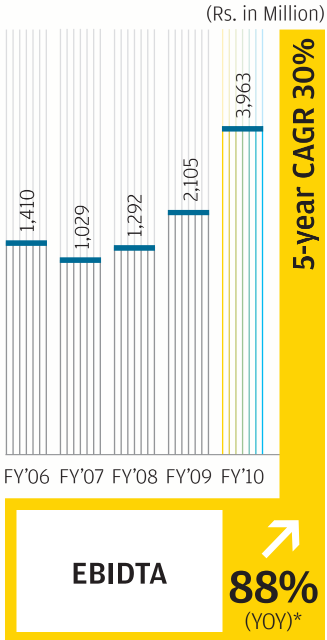
To be a profitable provider of high quality pharmaceutical products and solutions that create strategic value for our partners and to provide a rewarding workplace for our employees.

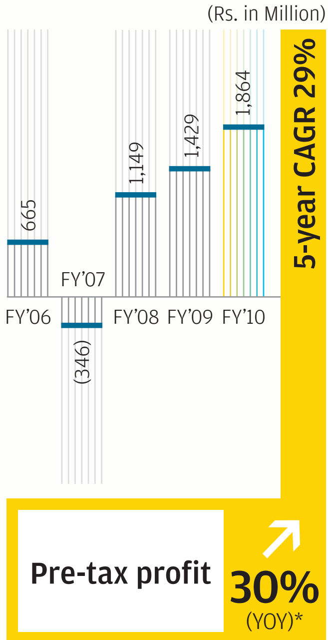
At Strides Arcolab, the big picture is multiple synergies driving unprecedented growth. These synergies are emerging from cutting-edge research and development, restructured business, multi-locational manufacturing facilities, global acquisitions, all-encompassing partnerships (knowledge sharing, regulatory and strategic) and above all, multi-dimensional capabilities of our people.

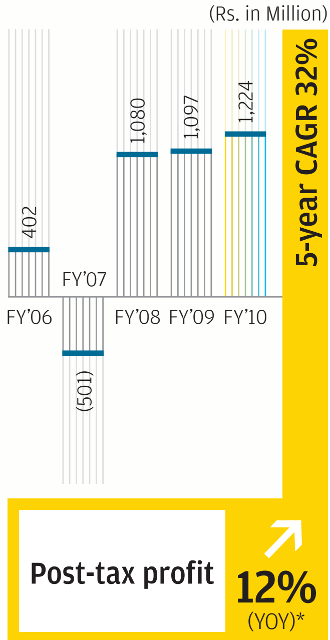
We have already commenced the journey for level-next growth through strategic focus and execution excellence in all our businesses to create greater stakeholder value.

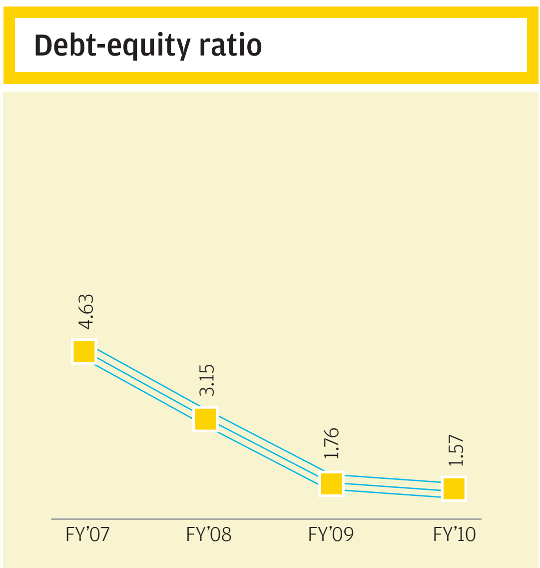
Excellence in numbers

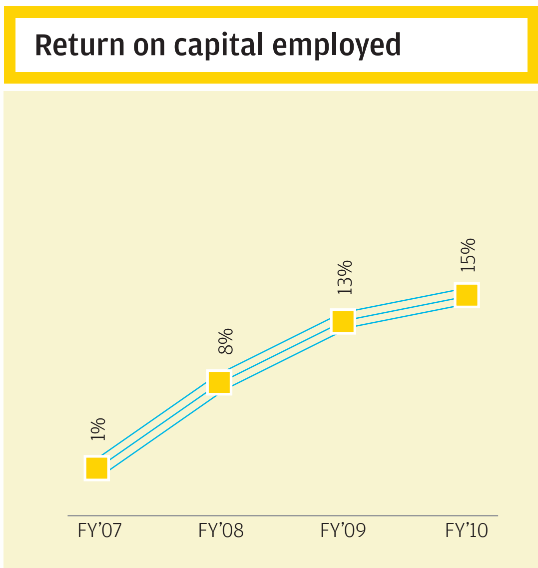




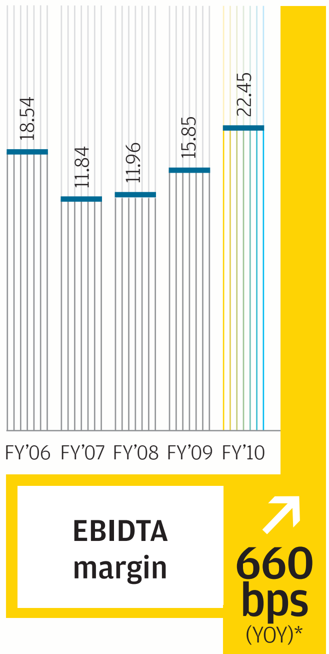




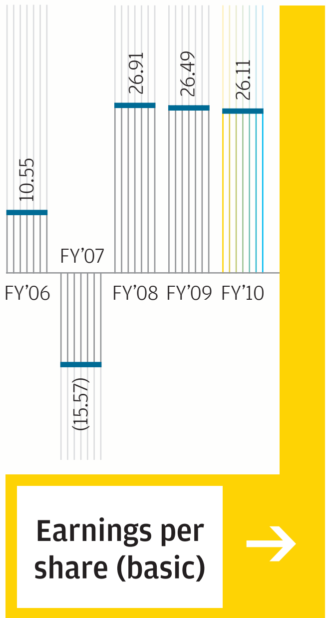




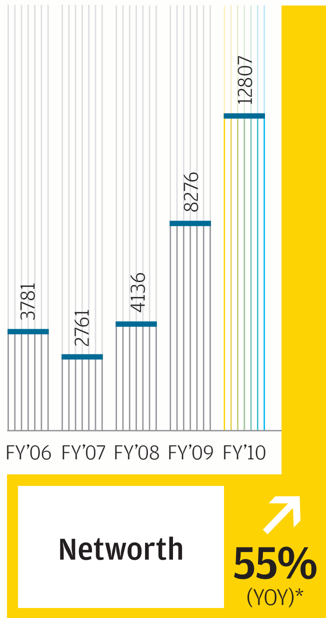
(%)



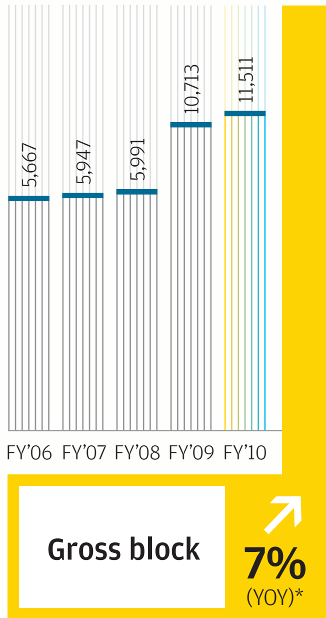
(Rs.)



(Rs. in Million)

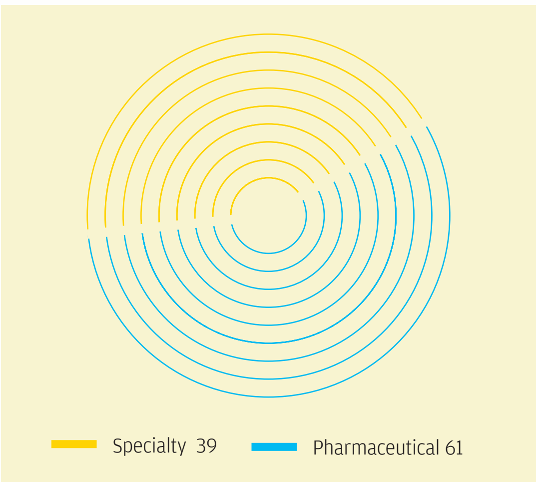


(Rs. in Million)

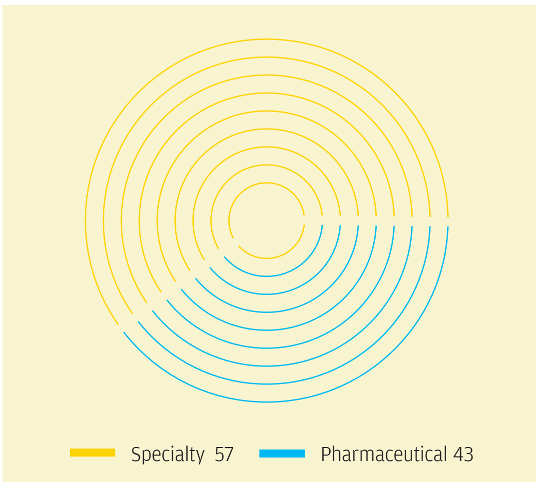


*in FY2010

Revenue by division FY2010 (%)



EBIDTA by division FY2010 (%)



Setting the pace.
Shaping the future.

Q1 (January-March)

- Pfizer and Strides collaborated for generic products for the US oncology market
- Acquired Penems and Penicillin facilities in Campos, Brazil from Aspen
- Restructured Oncology arrangements with Aspen - Strides to acquire 100% interest in the oncology business

Q2 (April-June)

- FCCB - 2005 issue redeemed
- Strides and Pfizer strengthen partnership - oncology agreement extended to EU, Canada, Australia, New Zealand Japan and Korea - agreement for niche sterile injectables for the US region

Q3 (July-September)

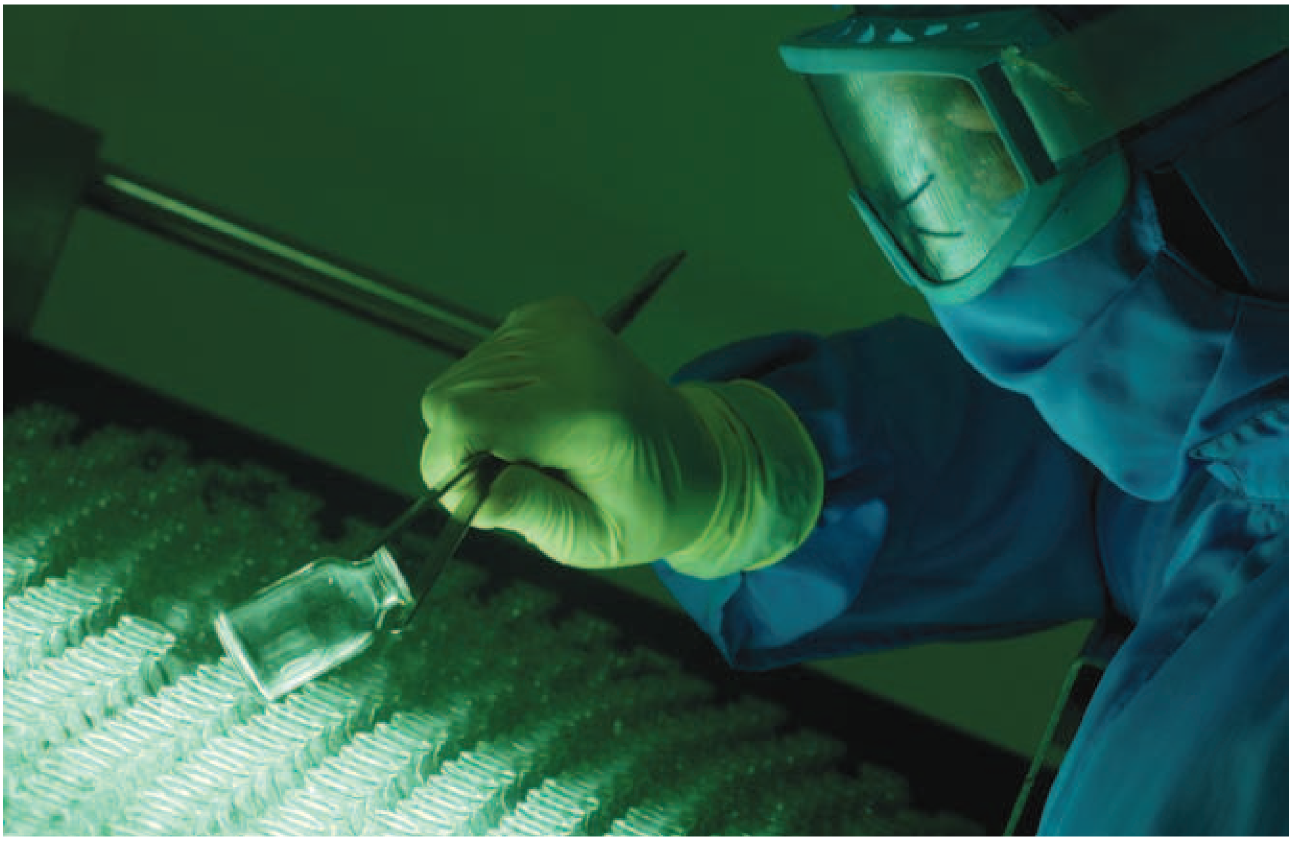
- Received MHRA approval for Campos facility Brazil
- Raised USD 100 Million (Rs.450 crore) through a Qualified Institutional Placement (QIP) issue

Q4 (October-December)

- Generic Oseltamivir received WHO prequalification for treating H1N1 - globally, the second company to receive WHO prequalification for generic Oseltamivir
- Specialties business rebranded as Agila
- Acquired 70% stake in Bangalore-based biotechnology firm, Inbiopro Solutions
- Received 50th ANDA approval
- Redeemed preference shares

Post balance sheet development

- Agila signs agreement with BioChimico to set up a joint venture company in Brazil



Providing enhanced value through agila

Agila, the reinvigorated Specialties business, stands for agility, dynamism and a future-focused approach to business, supported by globally acclaimed R&D capabilities.

In 2010, we rebranded our Specialties business as Agila. The rebranding initiative enhances focus on the Specialties business and demonstrates Strides' objective to emerge as a sterile-driven enterprise.

Agila will operate from eight world-class global manufacturing facilities, including one of the largest steriles capacity in India and among the world's largest lyophilization (freeze drying) capacities. We are focused on key therapeutic areas like anti-infectives, oncology, antibiotics, steroids, cephalosporins central nervous system (CNS), gastro intestinal, ophthalmics and peptides.

From the CEO's desk

20 YEARS OF LEAVING INNOVATIVE IMPRINTS

As we celebrate 20 years, we look back with a sense of pride at how much we have achieved over the last two decades, growing from a fledgling enterprise to one that is respected globally.

Dear Friends,

In the life of any individual, the first twenty years are significant. It is the period when one grows from total dependence on others to taking one's first steps, finding one's way around and finally reaching adulthood and maturity, ready to take on the world. In the challenging journey through life, one accomplishes multiple milestones and leaves behind inspiring imprints for future generations.

The same with Strides. Today, as we celebrate 20 years, we look back with a sense of pride at how much we have achieved over the last two decades, growing from a fledgling enterprise to one that is respected globally. The partnerships that we have built along the way testify our commitment to excellence. Today, we are ready for a credible growth trajectory, leveraging emerging global opportunities.

The global pharmaceutical industry is witnessing an evolution in strategy and operations against the backdrop of an increasingly integrating world. Integrating in terms of markets, knowledge, infrastructure and regulatory compliance. The catalyst behind this integration is discovering unknown synergies. We have been consistently taking advantage of these value streams to drive growth. Value streams of partnerships, multi-locational facilities, research and development and above all our people. These synergies have enabled us to widen our visibility in multiple domains. Our partnerships are now multi-dimensional: strategic, research and development-oriented and even regulatory. Our growth momentum is driven by both specialty and pharma businesses, supported by a strong licensing income. We also want to emerge as a major player in branded pharmaceutical business.

Agila

Agila represents our prime focus and reflects our objective to emerge as a significant player in the sterile segment. Sterile injectables constitute 46% of the total drug shortage in the USA. This is primarily due to process complexity and relatively long gestation, with very few players having the capability to make sterile injectable products. We are consistently developing a pipeline for drugs, which are part of the FDA shortage list.

A significant portion of our revenue will be allocated for the manufacture of specialised sterile products (US-patented products whose patents will expire by 2015).

Moving up the value chain

We acquired 70% stake in Inbiopro Solutions, a Bangalore-based biotechnology firm. This acquisition marks our foray into biologics, strengthening our offering in the Specialty segment. This acquisition will enable us to leapfrog in the fast growing and complex biopharmaceutical industry, without having to start from scratch. A decidedly significant advantage in the oncology domain would be providing opportunities for licensing income in the coming years.

Financial achievements

In FY2010, we enhanced our revenue to Rs.17,655 Million, compared with Rs.13,283 Million in FY2009. We launched new products, increased licensing income and strengthened partnerships. Strides Arcolab's EBITDA was Rs.3,963 Million in FY2010, compared to Rs.2,105 Million in the last fiscal, and a net profit of Rs.1,224 Million in FY2010 against Rs.1,097 Million in FY2009. We also successfully placed USD 100 Million (Rs.4,550 Million) QIP in FY2010.

Next altitude

We have now the experience, capability and the commitment to scale the next altitude. We have already begun our preparations to make it a reality and have identified our set of priorities:

- Encourage filings in various regulated markets through research and development focus
- Develop our value chain, along with partners in emerging markets like Africa, Brazil, India, Indonesia and Turkey, among others
- Enhance focus on Specialty business for regulated markets through partnerships
- Concentrate more on non-Specialty segment for emerging markets, catering to the end customer through our own distribution network
- Drive organic growth in the UK, Canada, Indonesia and Turkey
- Upgrade operational facilities and supply chain capabilities

We want to be positioned as an innovation-focused organization to make affordable drugs for people across the world. We are living in exciting times when global growth is driven by developing economies. Hundreds of thousands of more people are breaking the shackles of poverty and backwardness in these countries with the hope for a better quality of life. At Strides, we are committed to deliver, while continuing with our partnership and research capabilities to access new markets to spread the message of wellness.

Arun

PROMISING FUTURE

USD 20 Billion

is the cumulative local market value of our partnerships in the Oncology domain

Partnering widening possibilities

We partnered with Pfizer and GlaxoSmithKline to commercialise off-patent sterile injectables and oral products globally.

We further strengthened our relationship by signing two new licensing and supply agreements with Pfizer to address new markets and product segments. Under the first agreement, we will license and supply up to 38 generic oncology products to Pfizer for markets in the European Union, Canada, Australia, New Zealand, Japan and Korea. The second agreement covers niche sterile injectables for the US market. The finished dosage form products will be commercialised by Pfizer.

We also restructured our oncology arrangement with Aspen, acquiring 100% interest in the Oncology business. The new arrangement provides enhanced focus and ownership of a key domain in our specialties business. The developing synergy will enable us to cater to over 100 countries where Aspen enjoys a strong visibility.

Unfolding opportunities

We forayed into biopharmaceuticals with the acquisition of 70% stake in a Bangalore-based biotechnology firm, Inbiopro Solutions. We will start with biologics, strengthening our Specialty segment offering.

POISED FOR GROWTH

USD 13 Billion

is the expected market for Biologics by 2015. biopharmaceuticals is expected to grow at a CAGR of 10%

This strategic move will result in the following:

- Strides will gain immediate access to a pipeline of eight products, including five monoclonal antibodies for oncology (estimated USD 28 Billion market) with commercialization expected in 2013
- Facilitate access to high expression mammalian and microbial platform-based development capabilities
- Definite advantage in the biologics industry, which is characterised by specialised expertise in recombinant DNA technology and manufacturing process development with stringent and well defined regulatory guidelines, resulting in long gestation periods for product development
- Gain from the synergy of Inbiopro's strong development capabilities and our strong injectable manufacturing/regulatory and commercialization capabilities
- Generate more licensing income from the Inbiopro product pipeline through our enhanced footprint in emerging markets

Developing focused minds

At Strides, we are not complacent about what we have achieved; we are making ourselves future-ready as we stand at the threshold of level-next growth.

TEAM STRENGTH

2700+ employees

Operating in a knowledge-driven industry, our level-next growth will be catalyzed by leadership development programmes conducted across our multi-locational global facilities. We are focusing on nurturing skills through intensive training and retention of skilled people to handle the challenges of a growing regulatory environment.

Some of our human resource initiatives comprise the following:

- We hired around 300 employees for the brands business in India
- Grandix employees were smoothly integrated into Strides
- HR intervention Sankalpa was initiated at our pharmaceutical plant in Bengaluru, to drive accountability and ownership on the shop-floor, producing encouraging results
- The Balance Score Card system was institutionalised as part of our Performance Management System
- Emerging Leaders and Power of Expression programs were launched for the first time
- Twentieth year of Strides was celebrated through several employee engagement events. To commemorate this celebration Strides Foundation was launched with a focus on Education and Healthcare

Converging passion and performance

1990

- Incorporated the Company as Strides Pharmaceuticals Private Limited

1992

- Exports to Nigeria commenced

1994

- Venture capital funding received from Schroders

1995

- New sterile manufacturing facility in Bangalore commenced production

1996

- Acquired Plama Laboratories Limited, a bulk drug facility in Mangalore
- Acquired Remed Laboratories

1997

- Name changed to Strides Arcolab Limited

1998

- Established soft gelatin capsule plant in India

1999

- Entered LATAM market through investments in Infabra, Brazil
- Acquired Global Remedies Limited, a manufacturing plant at Hosur, Tamil Nadu
- Plama Laboratories and Remed Laboratories merged with Strides Arcolab Limited
- Crossed revenue of Rs.100 Crores

2000

- Acquired Strides soft gelatin facility in the USA
- Listed on the National Stock Exchange of India Limited (NSE)

2001

- Acquired Bombay Drugs & Pharmas Limited, which has manufacturing facilities in Tarapur, Maharashtra and Panoli, Gujarat

2002

- Acquired a stake in Solara, Mexico and set up manufacturing plants in Brazil and Mexico
- Bombay Drugs & Pharmaceuticals merged with Strides Arcolab Limited

2003

- Commenced development and manufacture of drugs against AIDS, TB and Malaria

2004

- Listed on the Bombay Stock Exchange Limited (BSE)
- Collaborated with Akorn Inc., USA to penetrate the US hospital market for sterile products

2005

- Inaugurated the global research and development centre, Star Technology and Research or STAR at Bangalore
- Crossed revenue of Rs.500 Crores

2006

- Alliance with the Clinton Foundation for supplying AIDS drugs
- Acquired ICN Valeant Sterile's manufacturing unit in Poland
- Acquired a controlling stake in BeltapharmSpA, Italy
- Acquired Drug Houses of Australia (Asia) Pte Limited, Singapore
- Collaborated with Invent Farma in Spain to market products in the Spanish and Portuguese markets

2007

- Collaborated with Sagent Pharmaceuticals for specialty products in the USA
- Acquired Grandix, a brand marketing company to enter the Indian domestic market
- Acquired 100% ownership of Farma Plus AS, Norway
- Ceded 50% ownership in LATAM operations to Aspen Group
- Collaborated with Aspen Group to set up an Oncology facility in India

2008

- Crossed revenue of Rs. 1,000 Crores
- Made a significant licensing deal with GlaxoSmithKline Pharmaceuticals for distribution in over 95 countries in emerging markets
- Acquired controlling stake in Ascent PharmaHealth, an Australian Stock Exchange listed company and a major generics player in Australia
- Shutdown of soft gel facility in the USA

2009

- Launched Ray of Life, a critical care division with a portfolio of specialty products addressing the hospital segment in India
- Launched Starflu to treat H1N1
- Restructured business divisions into Pharma and Specialty

2010

- Crossed revenue of Rs.1,500 Crores
- Collaborated with Pfizer to license and supply 40 off-patent products, largely oncology products for the USA market
- Acquired Penems and Penicillin facility in Campos, Brazil from Aspen
- Extended Pfizer transaction to cover Canada, Australia, European Union, Japan, New Zealand and Korea
- Rebranded Specialty business as 'Agila'
- Acquired controlling stake in Inbiopro Solutions to enter the biopharmaceuticals segment
- Strides and Aspen restructure Oncology arrangements - Strides acquires 100% interest in Oncology business

We see the future unfolding

Enhanced focus on specialised sterile products

Specialised sterile products have the potential to generate attractive revenues. We plan to target products that are currently in demand in the US, Europe and other regulated markets due to supply constraints, as well as United States-patented products whose patents are set to expire by 2015. These sterile products command higher profit margins due to high entry barriers.

Maximise reach through partnerships

We focus primarily on marketing partnerships with global pharmaceutical companies for product distribution. After partnering with companies like Pfizer and GSK, we plan to seek partnership opportunities across all sectors for our new products. These products are licensed at a later stage of development to yield high profit margins. We plan to continue such deferred licensing to enhance sales and profit margins.

Widen presence in emerging markets

The demand for our products in the emerging markets will continue to grow in line with evolving healthcare standards, insurance penetration and increased government spending on healthcare. We have established strategic partnerships with leading global pharmaceutical companies in emerging markets and have experience in the product registration process in many of these jurisdictions.

Leverage existing cost advantage

We completed significant expansion of our manufacturing facilities in India. The existing Indian facilities are cost effective compared to facilities in North America or Europe, with no compromise on quality. We continue to rationalise operating costs to improve operating margins.

We believe knowledge accretion is crucial

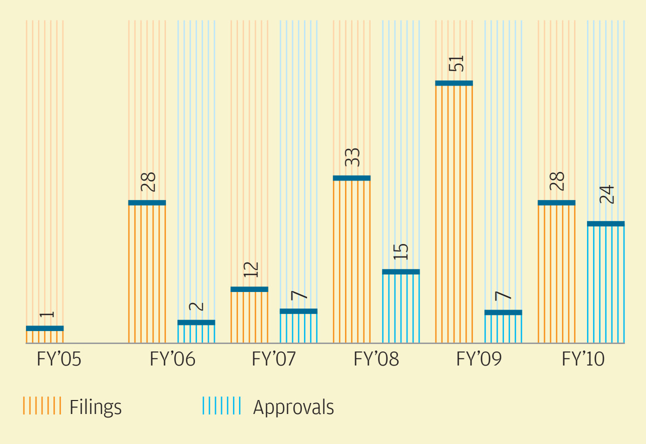
Our knowledge-driven business focus will help enhance our products portfolio and reinforce our brand. The research and development team comprises approximately 350 researchers, including those with postdoctoral experience. The team works with our strategic partners to file ANDAs in the United States and file product registrations in other jurisdictions. The areas of particular emphasis comprise process development, analytical services, packaging development and microbiological testing.

Highlights: 2010

More than 20 European DCP submissions were made

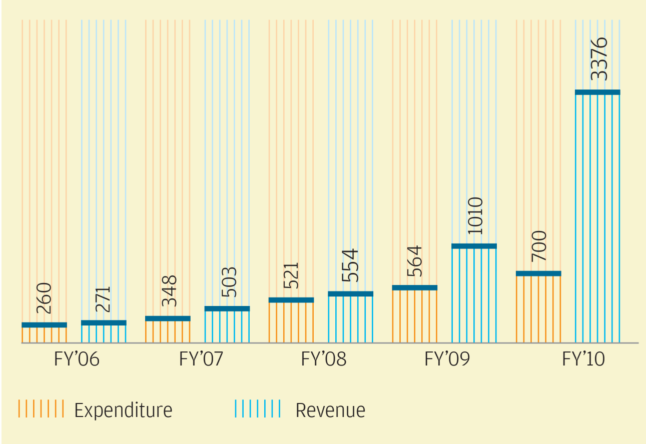
Differentiated delivery formats, sustainable generics business and end-to-end customer support for business needs continue to be other key areas

ANDA filings and approvals



(Rs. in Million)

Robust research and development expenditure and revenue



Number of filings and approvals in regulated and emerging markets

Region	2010		Cumulative	
	Filings	Approvals	Filings	Approvals
Other regulated markets	32	14	136	47
Emerging markets	70	41	482	314

We enhance social relevance

At Strides, we believe that the society is integral to our identity to which we remain committed for sustainable growth. In 2010, we launched the Strides Foundation to reinforce our social commitment. The objective of the foundation is to support education and healthcare.

Long-term social commitment

- **Development of vocational skills:** Empowering children with vocational skills like carpentry, painting, cooking, music, stitching and computers, among others
- **Parent improvement programme:** Conducting improvement programmes for parents through workshops, plays and other ways
- **Big buddy:** Mentoring school children by being a friend, philosopher and guide
- **Academic programme for excellence:** Assisting children to improve performance at school
- **Teachers training:** Training teachers to help them develop teaching abilities

Parivartan

Strides Arcolab Limited and People Pro's social commitment 'Leadership Adoption Programme in Schools,' which involves working closely with school children to bring about a change in their lives. Since inception in 2009, it has seen a significant improvement in academic performance (100% as per annual report from school) and attendance.

We counter risks and maximise returns

Regulatory risk	**Delay in approval of facilities and products by the United States FDA and other applicable regulatory authorities may hinder growth**	Strides Arcolab operates 14 manufacturing facilities across six locations in India, Singapore, Nigeria, Poland, Brazil and Italy. Most of these facilities have been approved by foreign regulatory authorities, including the United States FDA, MHRA and MCA in the United Kingdom, TGA in Australia, ANVISA in Brazil and Health Canada in Canada. Its high regulatory compliance standards have made it a preferred partner among big pharmaceutical companies. In the past, the Company has received United States FDA approvals for three existing facilities in Bengalaru. The Company has made significant capital investments in new state-of-the-art manufacturing facilities in India and Poland; and expects to get United States FDA approval.
Partnership risk	**Inability of partners to garner market share may hamper growth strategy**	The Company partnering with leading global pharmaceutical and generic companies such as Pfizer, GSK, Aspen and Sandoz in South Africa, Australia, Europe and the United States. The Company has extended and strengthened partnership with Pfizer for the manufacture of specialty sterile injectables for the US markets. Moving forward, Strides intends to deepen such partnerships for unexplored products and geographies.

Retention risk	**Strides may fail to retain intellectual capital, which might be detrimental to business sustainability**	Strides Arcolab has been able to attract and retain senior and middle-management executives from big organizations as well as from its acquired companies. The organization believes that carefully nurtured intellectual capital provides a significant competitive advantage during strategic forays into unexplored geographies.
Forex risk	**Exchange rate fluctuations may adversely affect operations as export sales and overseas sales, along with a portion of the Company's expenditures are denominated in foreign currencies**	The Company maintains an intelligent balance between imports and exports, a natural hedge against its foreign currency debt.
Integration risk	**Efforts to integrate acquired businesses or synergies may not yield timely or effective results, adversely affecting the financial performance of Strides Arcolab**	The Company's growth strategy involves the acquisition of new technologies, businesses, products and services and the creation of strategic partnerships in areas in which it does not currently operate, and it is doing that successfully over the years.

Board of Directors

1. Deepak Vaidya

Deepak Vaidya was appointed as a Board member in January 1998, and became the Chairman of the Board in December, 2005. In his previous stint, Deepak was the Country Head of Schroder Capital Partners (Asia) Pte. Ltd., for over 12 years. Deepak is currently the Chairman of Arc Advisory Services Pvt. Ltd. He has immense experience in the corporate financial services Industry in India and abroad.

2. Arun Kumar

Founder and Promoter Director of Strides Arcolab Limited, Arun Kumar is on the Board as the Managing Director since inception. In his earlier stint, he was the General Manager of British Pharmaceuticals Limited. He has rich experience and deep knowledge of the pharmaceutical industry.

3. K.R. Ravishankar

K.R Ravishankar has been in the pharmaceutical business for over 20 years. He started as an entrepreneur, and then joined Strides as co-promoter. He has been a Board member since March 1994. He was Executive Director of the Company till he resigned from the executive post in December 2007 and continues to be on the Board of the Company.

4. Venkat S. Iyer

Venkat Iyer has over 32 years of experience in the field of formulations, natural products, nutraceuticals, herbal extracts and natural drugs. His previous assignments were with companies like Ranbaxy, Kancor Flavors and Extracts, GSK India and Searle India. Venkat is with Strides Arcolab Limited since 1999. He is a Master of Science [Chemistry] and has a Diploma in Business Management.

5. M.R Umarji

M.R Umarji is a consummate banking professional. In his earlier stints, he held key positions at the Reserve Bank of India, Corporation Bank and Dena Bank. He is the Chief Legal Advisor to the Indian Banks Association, and also a Director of J M Financial Products Ltd., ITZ Cash Cards Ltd and UTI Investment Advisory Services Limited.

6. Mukul Sarkar

Mukul Sarkar possesses 20 years of financial experience. He is a Bachelor of Technology in Mechanical Engineering from IIT, Kharagpur, India. He also has a Post Graduate Diploma in Management (equivalent to MBA) from IIM, Kolkata, India. He is General Manager and Group Head, Corporate Banking Group, Export-Import Bank of India (Exim Bank), handling credit proposals of large corporate clients in overseas investments including acquisitions, export credit, working capital, project finance, import finance and financing joint ventures, among others. It also includes business development, product development, loan syndication and structured financing. Prior to joining Exim Bank, he worked as Chief Manager in SBI Capital Markets Ltd., India's premier Merchant Banking organization. He has steered many IPOs and Rights Offers of Indian companies.

7. A.K Nair

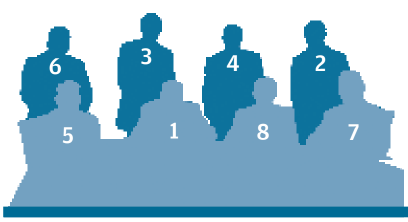
A.K Nair is the Vice Chairman of the Cochin based SCMS Group of Educational Institutions, and is an engineer by profession and a Management Graduate from Cochin University. He is a Director of Nitta Gelatin India Limited, a joint venture of KSIDC and Nitta Gelatin Inc. & Mitsubishi Corporation, Japan. In his earlier stints, he was the Executive Director and Managing Director of KSIDC, and was also the Managing Director of Kerala Chemicals and Proteins Limited now known as Nitta Gelatin India Limited.

8. P.M. Thampi

P.M. Thampi has over 43 years of working experience in the Indian chemical industry. He worked in ICI India for 29 years, before assuming the position of Chairman and Managing Director with BASF India for 14 years. Currently, Thampi is the Chairman of Pioneer Balloon India Pvt. Ltd. and the Director of several leading companies, including HDFC Asset Management Company Limited. He is an active member of Indo German Chamber of Commerce, and has served as its Vice President and President.

9. Virtanes Saatci *

Virtanes Saatci has served as the Director since February 1995. He brings over four decades of experience in the pharmaceutical industry. Virtanes has made significant contributions in developing the overseas market of Strides.



* Not in picture

Management team

Arun Kumar
Group CEO

Venkat S. Iyer
Executive Director and CEO - Agila

T.S. Rangan
Group CFO

Adam Levitt
CEO - Americas Operations

Aloka Sengupta
President, Business Development-India Operations

Dennis Bastas
Founder, Managing Director and CEO - Ascent Pharmahealth Limited

Manish Gupta
CEO - Pharma

Nitin Ghadiyar
President - Brands

Sinhue B. Noronha
CEO - Africa

Sridhar S. Rao
President, Quality Assurance

Statutory Reports

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Management Discussion and Analysis

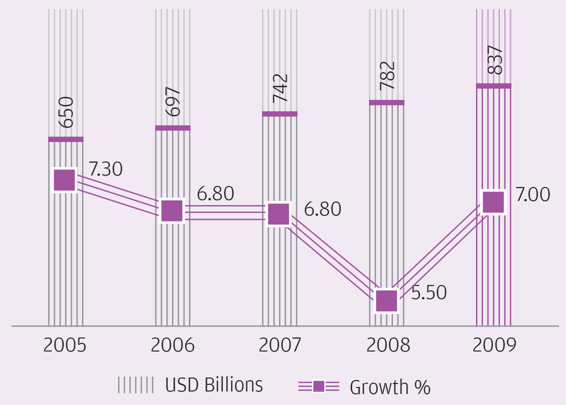
1 GLOBAL PHARMACEUTICAL MARKET

The global pharmaceutical market grew 7% to USD 837.2 Billion in FY2009 and is expected to have registered 4-5% growth in FY2010.

Global pharmaceutical trends in FY2010

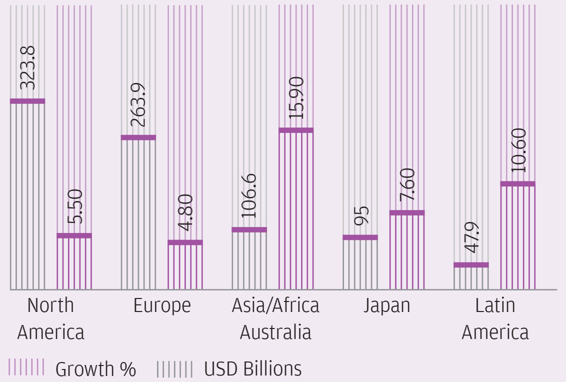
- Generic drugs segment i.e., therapeutic equivalents of patented or innovative drugs, continued to evolve, as a number of branded products lost their patent protection during the year
- Increased focus on specialty-driven therapies, especially HIV therapies, oncology products, and biologics
- High volume sales of antipsychotics, lipid regulators, proton pump inhibitors and antidepressants
- Fewer products won regulatory approval, with approvals being received for diseases like acute coronary syndrome, diabetes, rheumatoid arthritis, cancer and meningitis
- Shift in growth from regulated markets to pharmerging markets
- Higher government investments and increased private sector funding on healthcare
- Globally, the manufacturing capacity for injectable products was limited during the year, particularly for lyophilised products
- Partnerships between Western and Indian drug makers

Growth of global pharmaceutical market over the years



(Source: IMS Health)

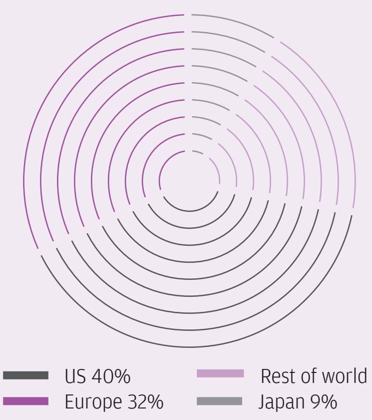
Global pharmaceutical market by region in FY2009



(Source: IMS Health)

The global injectable market stood at USD 200 Billion in the year FY2009

Break up by region of global injectable market in FY2009



(Source: IMS Health)

Expected growth of pharmaceutical market in FY2010

Market	Expected Growth
North America	3-5%
Europe	3-5%
Asia / Africa / Australia	13-15%
Japan	0-2%
Latin America	10-12 %

(Source: IMS Health)

The industry is projected to clock a growth of 5-7% to reach USD 880 Billion in FY2011, and USD 1.1 Trillion by FY2014 (Source: IMS Health).

Big Pharma convergence

The Big Pharma players are fast transforming their traditional business model that was focused on regulated markets and patented drugs, to now shift focus to offering low cost generics to emerging markets. The reasons for the shift are growth of generic products, declining R&D productivity, and decreasing healthcare budgets all over the world. The Big Pharmas and other pharma MNCs are not just keeping pace with the growth in the emerging pharmaceuticals market, but are experiencing industry leading growth of around 15-16%, with some of them even growing at a rate of 20-25%. Most pharma majors have ambitious targets of achieving region wise revenue share from emerging markets at 25% in another 3-4 years (Source: Outlook Business, Dated 5th February, 2011).

The next strategy adopted by Big Pharma players in India would be an India specific strategy of having a broad based generic product basket which would include anti-infectives, as 'one size fits all' theory now no longer rules. Big Pharmas have even set up headquarters in India, China and Latin America, have already begun employing more people, broad basing the product portfolio, and building their brands. Big Pharma players need not set up manufacturing units as they can easily source locally, thus relieving them of investing a huge amount of CAPEX. Apart from offering a wide variety of generics, most pharma MNCs are launching patented products at country specific pricing, getting rural exposure, and entering into contract manufacturing and sourcing partnerships with local players (Source: Outlook Business, Dated 5th February, 2011).

Pharma trends 2011 and beyond

The growth of generics has outpaced the growth of branded products the world over. Drugs with sales of more than USD 120 Billion are expected to go off patent in the next 3 years, which will increase the demand of generics and lower their prices. Its sales are expected to skyrocket to more than USD 30 Billion in FY2011 all over the world, especially in the major regulated markets. (Source: IMS Health).

The global market for APIs is being transformed as biologic ingredients are increasingly being used in drugs. Biologic ingredients are set to grow 12-15% per year to reach USD 12 Billion by FY2011 (Source: www.pharmaceutical-int.com). Injectables, oncology, biosimilars, anti-diabetic drugs and cardiovascular medicines, especially anti-hypertensive drugs, are expected to see the fastest growth in FY2011 (Source: IMS Health, Pharmaceutical Drug Manufacturers).

Patents of Oncology Injectables, currently worth USD 8.3 Billion, are set to expire by FY2015. Scarcity value in the Injectables space is leading to consolidation. Stricter regulations will be implemented soon, especially in the arena of pricing, as pricing pressure is not expected to ease in the near future.

Hence, the key growth and sustainability factors summed up are:

- Faster drug development
- Cutting down costs
- High growth in emerging markets
- Regulatory Compliance
- Entry of Biosimilars
- Mergers & Acquisitions
- Big Pharma Convergence

Global pharma industry challenges

- Increasing competition in generic segment
- Declining research and development (R&D) productivity i.e., the number of commercial launches of new innovative drugs
- Shrinking average patent life
- Pricing is today one of the most important issues in the pharma world. Rising cost of new product development, spiraling healthcare budgets and mounting governmental pressure to reduce drug prices have forced companies to produce cheaper generic drugs

2 US HEALTH CARE REFORM

Health care reform in the United States in FY2010 was enacted nationally and most recently in two bills: the Patient Protection and Affordable Care Act which became law on March 23, 2010 and was shortly thereafter amended by the Health Care and Education Reconciliation Act of 2010 which became law on March 30, 2010.

Effect of the US reform

Types of change	Types of impact
Growth in covered lives	■ Increased volume in most segments for payers, providers and suppliers ■ Capacity of delivery system likely challenged in many markets
Reallocation of lives and introduction of insurance exchanges	■ New market segments will create disruptions for individual and small group business model ■ Changes in profit pools by segment ■ Distribution channels disrupted
Increased funding burden to pay for changes -- Price controls, taxes, rebates	■ Added costs/margin squeeze for suppliers and payers; pricing implications unclear
Enhanced interoperability and growth of health information exchanges	■ Increased standards and sharing of electronic information requirements
Quality initiatives -- comparative effectiveness standards developed	■ Higher transparency ■ Evidence and value-based medicine goes mainstream

Roadmap

What happens in FY2015?

- Medicare creates a physician payment program aimed at rewarding quality of care rather than volume of services
- Independent Payment Advisory Board established to develop and submit proposals to Congress and the private sector aimed at extending the solvency of Medicare, lowering health care costs, improving health outcomes for patients, promoting quality and efficiency, and expanding access to evidence-based care

What happens in FY2017?

- Businesses that have more than 100 employees will be allowed to participate in the state insurance exchanges, if the state government allows it

What happens in FY2018?

- Excise tax on high cost employer-provided plans is imposed. The first USD 27,500 of a family plan and USD 10,200 for individual coverage is exempt from the tax with even higher levels set for plans covering retirees and people in high risk professions

What happens in FY2020?

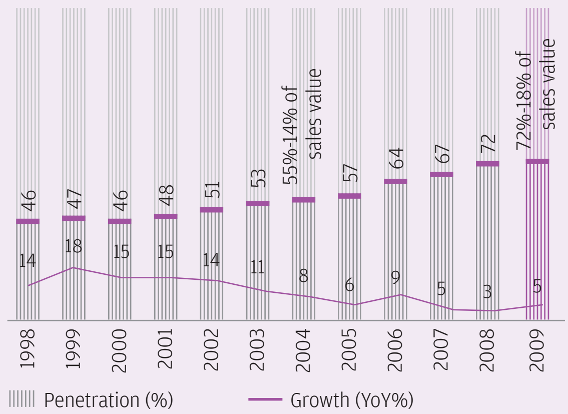
- Donut hole coverage gap in Medicare prescription benefit is phased out. Seniors continue to pay the standard 25% of their drug costs until they reach the threshold for Medicare catastrophic coverage, when their copayments drop to 5%

3 THE REGULATED PHARMACEUTICAL MARKETS

In FY2009, the US pharmaceutical market stood at nearly USD 300.3 Billion. Use of generic products, including branded generics, continued to rise, and represented nearly 72% of the US pharma market in FY2009. The total number of generic prescriptions dispensed increased by 5.9% in FY2009, while the number of branded prescriptions dispensed declined by 7.6% (Source: IMS Health). Generic injectables and specialty injectables are niche areas and do not face much competition in the US. In fact, limited production capacity has led to shortages in their supply in the US, thus creating opportunities in this segment (Source: ESPICOM report titled "Injectable Generic Drugs: Prospects & Opportunities to FY2014").

In FY2010, the US pharmaceutical market stood at around USD 310 Billions, and the European pharmaceutical market at around USD 130 Billions. Patent expiries and drug budget controls have subdued growth among brands in developed markets, and will continue doing so in FY2011.The US will continue to remain the largest pharmaceutical market in FY2011, with expected growth at 3-5% to reach USD 320-330 Billion. The five major European countries (Germany, France, Italy, Spain, and UK) are expected to grow at a collective pace of 1-3% in 2011 (Source: IMS Health).

Generic drugs: penetration and rise in prescription drug expenditure in US



(Source: Daiwa Securities)

4 THE EMERGING PHARMACEUTICAL MARKETS

The seventeen 'pharmerging' countries (China, India, Russia, Brazil, Turkey, Venezuela, Poland, Argentina, Mexico, Vietnam, South Africa, Thailand, Indonesia, Romania, Egypt, Pakistan and the Ukraine) are forecasted to grow at a 15-17% rate, to reach USD 170-180 Billion in FY2011. They are expected to contribute nearly half of the global pharma sales by FY2013 (Source: IMS Health).The emerging markets offer low entry barriers in terms of product registration requirements and intellectual property rights. All of the pharmerging countries are price sensitive, and hence, there is a rising demand of generics.

The Asia Pacific pharmaceutical market, comprising mainly of India, China, Malaysia, South Korea and Indonesia, has emerged as one of the fastest growing pharmaceutical markets in the recent past. This can be attributed to the favorable regulatory environment, rising disposable incomes, several health insurance schemes, and low manufacturing costs. Increased R&D activities and increased contract manufacturing, especially in generics and APIs, have helped this region to achieve a market size of nearly USD 187 Billion in FY2009. The Asia Pacific region is expected to grow at a CAGR of around 12.6% during 2010-2012. The region has the potential to become the global API production hub in next few years (Source: Pharmaceutical Drug Manufacturers).

The Middle East combined with the African Pharmaceutical market is projected to grow at a CAGR of around 11% during 2010-2012. The development of infrastructure and rapidly changing regulations in this region are being seen as the cause of its growth. Also there is a high prevalence of diseases and huge population base that increases the overall pharmaceutical sales in this part of the world. Presently South Africa, Saudi Arabia and Israel dominate the region's pharmaceutical industry due to their better infrastructure and regulatory environment. However, The Middle East pharma market depends on imported pharmaceutical drugs and therapeutics. (Source: Pharmaceutical Drug Manufacturers).

Emerging markets at USD 55 Billion is small compared to Europe and US, but these markets are expected to reach USD 400 Billion by FY2020.

5 THE INDIAN PHARMACEUTICAL MARKET

The Indian drug market stood at USD 11 Billion in FY2010. Within emerging markets, India ranks third, after China at USD 16.2 Billion and Turkey at USD 11.2 Billion. Rising disposable incomes, increased revenues, growing insurance penetration, greater life expectancy and a shift in disease profile towards chronic life-style illnesses makes India one of the fastest growing. This growth is supported by an increase in production of domestic formulations and exports of formulations (Source: Outlook Business, Dated 5th February, 2011).India is primarily a branded generics market with a small percentage of unbranded generics. Branded generic exports are expected to grow at a CAGR of 21-23% during 2009-2014 (Source: Crisil, March 2010).India is expected to reach USD 20 Billion by FY2015 (Source: IBEF).

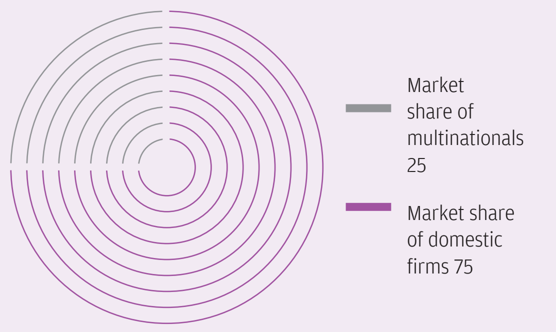
The API and formulations market in India

Indian pharma companies manufacture and export API's and formulations. The formulations market in India, led by therapeutics such as anti-diabetic, neuro / central nervous system (CNS), cardiovascular, respiratory and anti-infectives segment, stood at a market size of Rs.417 Billion in 2009-10, a growth of 17.7% over 2008-09. The anti-infectives segment, which occupies the largest share in the domestic formulations market, also witnessed a steady growth. With increased incidence of lifestyle diseases, the domestic formulations market is forecasted to reach Rs.525-535 Billion by 2011-12 (Source: Crisil, August 2010).

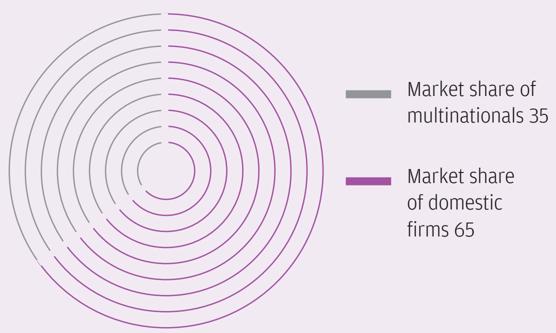
Pharma MNC's in India

The Indian pharma market is highly fragmented with 300 large and 18,000 mid sized and small companies. The Indian market has been flooded with pharma MNC's in the last two years. Earlier global MNC's had established a small footprint in India, and mainly operated through contract research and manufacturing. Global pharma majors had to outsource to countries like India because of the rising pricing pressure, thinning product lines, and higher costs of drug development. Now, pharma global giants are eyeing high volume growth in India, are more comfortable with Indian pricing than they were a few years ago, and are launching patented products from their parent's portfolio at extremely low rates. In order to grow their business in India, global giants are adopting a three pronged strategy of building a portfolio of branded generics, launching patented drugs, and widening their presence to rural India. However, investments in R&D are not coming into India (Source: Outlook Business, Dated 5th February, 2011).

MNC's are looking at a 40% rise in market share over 10 years



2007 (Actual) : USD 8.4 Billion size of the drug market in India



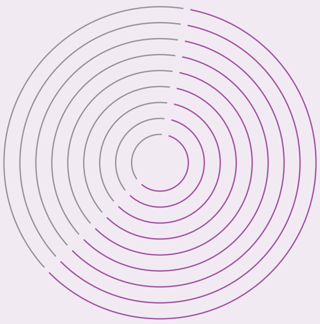
2017 (Projected) : USD 21.5 Billion size of the drug market in India

(Source: IMS Health)

Exports from India

Traditionally, the favoured export destination for Indian pharmaceutical players has been emerging markets (SRM) such as Africa, Asia, CIS and Latin America. As opportunities in generics opened up in regulated markets (RM), i.e., US and Europe, large Indian players shifted their focus to these countries. Medium and small players, in the meanwhile, continued to export to the untapped emerging markets, earning profits in the range 18-21% and 12-15%, respectively. emerging markets import formulations from India, as they do not have a well defined API industry. India exports to these countries through tenders (Source: Crisil, August 2010).

Share of exports market in FY2009



While the share of emerging markets is expected to fall to 57% by 2014, the exports to emerging markets is expected to grow at a CAGR of 13-15% in between FY2009 and FY2014.

Region wise growth

Particulars	Africa	Asia	CIS	Latin America
Market size (USD Billion)	10	39.4	22	46.5
Growth in exports - 2009 to 2014 (CAGR %)	12-13	10-11	16-17	15-16
Market penetration FY2009 (%)	11.4	2.4	2.5	0.8
Market penetration FY2014 (%)	14	2.5	2.7	1.2
Share in exports to SRM FY2009 (%)	37	31	16	13
Share in exports to SRM FY2014 (%)	36	28	18	14

Note: Asia excludes China and Japan
(Source: Crisil, August 2010).

While margins in regulated markets are higher, emerging markets offers steady margins and low regulatory risks. Indian players earn 25-30% in CIS markets, 20-25% in Latin American markets, and 10-20% in Asian and African markets. A number of Indian mid-sized and large players have already set-up front-end distribution offices in CIS and Latin America. CIS is the most lucrative amongst the emerging markets and is characterised by few local players and a large number of global players, especially European companies (Source: Crisil, August 2010).

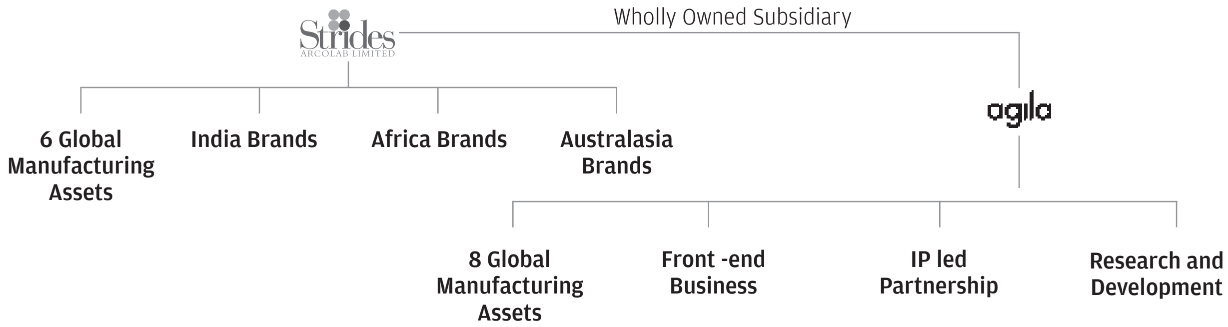
Advantages of India

- Amongst world's leading 5 API producers
- Leading generic manufacturer - 60,000 generic brands across 60 therapeutic categories
- Highest number (119) of USFDA approved manufacturing plants outside USA
- Low manufacturing and labor costs
- Outsourcing opportunities
- Innovative product development
- Strong quality and technical capabilities. Use of advanced technology
- Low cost of clinical trials and R&D

6 OVERVIEW OF STRIDES ARCOLAB LIMITED

The Company is primarily involved in two businesses, the pharmaceutical business and the specialised sterile products business branded as Agila. The pharmaceutical business is further divided into two product lines, manufacturing and branded generics. The pharmaceutical business offers a wide range of products across several major therapeutic categories, including anti-biotics, oncology, anti-bacterials, HIV/AIDS and malaria drugs. Agila develops and manufacture sterile products across many therapeutic areas and formats. The Company has one of the largest lyophilisation (freeze-drying) capacities in the world.

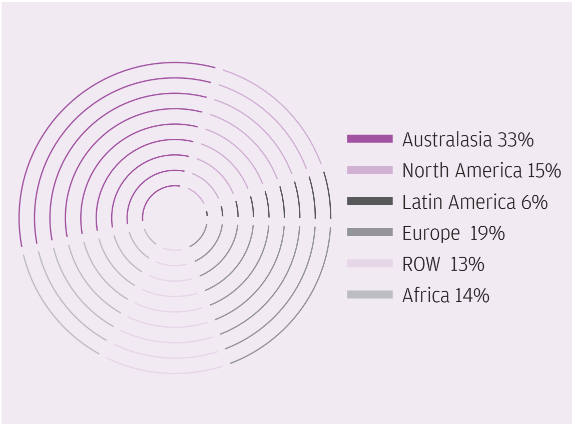
Business structure



Brief snapshot

- **Integrated:** Integrated value chain capabilities from identifying high value opportunities to development to regulatory review to commercialization, helping reduce lead times and sustain market position.
- **Focus on high-margin, high value products:** Aggressively targeting products that are in short supply, near term patent expiries and difficult to manufacture segments. Strategically moving towards larger sized molecules.
- **Proactive filings:** Filed 153 ANDA (113 in steriles) and acquired 55 approvals (35 in steriles) as on December 31, 2010. Also filed branded generics product registrations: 300+ in Africa, 60+ in Australia, and 400+ in eight South East Asian markets.
- **Investments:** Significant investments completed in specialties space. Pending FDA approval for four new plants will allow acceleration of developed markets strategy.
- **Partnership:** Strategic partnerships with pharmaceutical majors such as Pfizer, GSK, Novartis, Teva and Aspen in US, Europe, Australia, LATAM, and South Africa. Recent partnerships with Pfizer and GSK validate Strides' niche capabilities in sterile injectables and pharmaceuticals portfolio.
- **Diverse portfolio:** Offers extensive range of products covering Orals, Semi Solids and Specialty injectables including Beta-lactams, Cephalosporins, Oncolytics and Penems. A wide product portfolio is critical for getting GPO contracts in the USA and other countries.

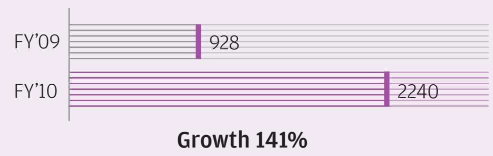
Revenue by geography



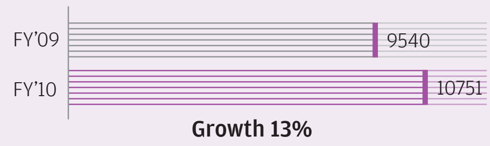
Business divisions performance

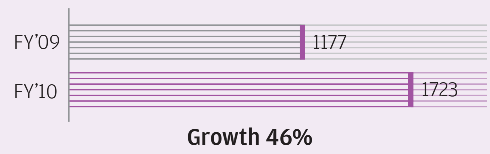
Specialty (Agila)

Revenue	Percentage contribution to revenue, FY2010	Revenue growth (Rs. in Million)
Rs.6,904 Million	39%	 **Growth 85%**

EBIDTA from division	EBIDTA margin from division	EBIDTA growth (Rs. in Million)
Rs.2,240 Million	32%	

Pharmaceutical

Revenue	Percentage contribution to revenue, FY2010	Revenue growth (Rs. in Million)
Rs.10,751 Million	61%	

EBIDTA from division	EBIDTA margin from division	EBIDTA growth (Rs. in Million)
Rs.1,723 Million	16%	

Business division	Division strengths	Product categories	Division strategy
Specialty (Agila)	■ One of the most competitive steriles franchises globally with eight manufacturing facilities ■ Full services player with a well diversified portfolio ■ Track record of filing 40+ ANDAs annually in the last two years ■ Significant investment in manufacturing facilities ■ 25 out of 35 steriles ANDA approvals pending commercialization ■ Long-term customer contracts and joint ventures to provide stable revenue stream	**Product categories** ■ Anti-Infective (Anti-biotic, Anti-viral and Anti-fungal) ■ Oncology ■ Analgesic ■ Anti-thrombotic ■ Central nervous system ■ Gastroenterology Packaging formats ■ Vials - Liquid and Dry Powder ■ Pre-filled syringes (PFS) ■ Ampoules ■ Lyophilized form ■ Focus on pre-filled syringes and lyophilized formats	■ Enhance consolidation of manufacturing abilities ■ Developing a substantial R&D pipeline ■ Filings in large value molecules ■ Enhance sales focus on North America and Europe ■ Optimum capacity utilization focusing on Lyophilized and Liquid vials ■ Supply chain focus shift to enhanced forecasted business ■ Retention and training of talent pool ■ Continued regulatory compliance

Business division	Division strengths	Product categories	Division strategy
Pharmaceutical	▪ Supplies oral products to regulated markets ▪ Develops and manufactures different oral presentation forms and therapeutic categories like soft gel caps, tablets and capsules, semi solids andimmunosuppressants ▪ 38 ANDA filings as on date, of which 20 have already been approved ▪ Facilities approved by major regulatory authorities like USFDA, MHRA, MCC, TGA and ANVISA ▪ EU approved semi solids facility in Milan, Italy ▪ Long term customer contracts to provide stable revenue stream ▪ Moving forward, oral plants can support growth with limited capex requirements	▪ Anti-infective (anti-biotic, anti-viral, anti-fungal and anti-tubercular) ▪ Anti-diabetic ▪ Anti-malarial ▪ Central nervous system ▪ Cardiovascular ▪ Immunosuppressant ▪ Over-the-counter (anti-allergy products, antacids, cough suppressants, anti-histamines, anti-diarrheal products and laxatives, anti-fungal products, anti-itch lotions and creams, nasal decongestants and cold remedies, motion sickness products and vitamin and supplements) ▪ Analgesic ▪ Anthelmintic ▪ Anti-psoriatic ▪ Gastroenterology ▪ Anti-retroviral	▪ Increase portfolio of value-added margin attractive products ▪ Continued focus on Research and Development to create a steady product pipeline ▪ Develop new markets across unexplored geographies ▪ Proactively leverage operational synergies in areas like raw material, quality control and product placement among others ▪ Growth of own IP generics in the US through Pfizer and Paddock ▪ Commercialization of new business - Janssen, Bristol and Chanelle ▪ Source change approvals for ATM; commercialization of site transfer approvals for CoPharma ▪ Roll-out of strong development program, especially in soft gel

Branded generics play

	Australasia	Africa	India
Description	Operating as Ascent Pharmahealth, a leading pharmaceutical, generic and consumer health company listed on the ASX	Leading player manufacturing and marketing volume-driven generics and margins-driven branded products	▪ Emerging as a niche player in branded pharmaceutical products ▪ Two major businesses: Grandix and Ray of Life
Manufacturing	Dedicated facility in Jurong, Singapore	Three dedicated facilities: one in Lagos, Nigeria and two in India	Oral plant in Bangalore also used for manufacturing branded generics
Footprint	Australia (5th largest) and Singapore (largest) with growing operations in five other emerging South-East Asian markets	West Africa, French Africa and other parts of Africa	Grandix has presence in five states in South India
Products	Ethically promoted generic pharmaceuticals, OTC and skincare (prescription and consumer) products with some well established consumer brands, like Avene (Skincare), Hairy Lemon (OTC), Estelle (Prescription medicine) and Dermorganics (Organic Skincare)	▪ Branded generics, commodity generics and OTC products marketed through own sales team in partnership with local distributors ▪ French Africa business is front-ended comprising ethically promoted and OTC products	▪ Grandix covers therapeutic areas of diabetes, cardiovascular diseases, neurology and female healthcare ▪ Ray of Life covers critical care health products in oncology segment

	Australasia	Africa	India
Sales (FY2010)	Rs.5,837 Million	Rs.1,375 Million	Rs.596 Million
Holding	■ Owns 60.3% stake in Ascent Pharmahealth ■ Discussions ongoing with Ascent in relation to a scheme of arrangement to acquire the remaining minority shares in APH at a price of USD 0.40 per share	100% stake	100% stake

Global disease eradication

Strides Arcolab supplies drugs in the anti-retroviral, tuberculosis and malaria segment through UNITAID, President's Emergency Plan for AIDS Relief (PEPFAR) and Clinton Foundation among others. Oral dosage forms facility in Bangalore is pre-qualified by WHO for manufacturing anti-retroviral drugs (ARVs) and anti-TB products and by the US FDA for ARVs under the PEPFAR programme. We supply ARV products to global procurement agencies catering to disease prone regions in Africa, Asia and Latin America, and have received several ANDA approval under the PEPFAR programme. We have distributed to more than 27 countries worldwide.

Anti-retroviral (ARV)

- 16 ANDA approvals by US FDA under the PEPFAR programme
- 7 anti-retroviral drugs have been prequalified by the WHO
- Partnership with Clinton Foundation for supply of AIDS (ARV) drugs

Anti-tuberculosis

- Technical and marketing alliance with Big pharma for supply of anti-TB products to the Global TB Drug Facility
- 9 products with 2 of them pre-qualified by the WHO in association with big pharma

Anti-malarial and H1N1

- 5 different anti-malarial products
- Partnership with the Ministry of Health, Government of India in control of Influenza A H1N1
- Indian government's approval of restricted retail sale of Oseltamivir (Starflu) for H1N1 treatment
- Oseltamivir (Starflu) has been pre-qualified by WHO - Strides is the 2nd company globally to receive it

Regulatory filing status

	Steriles	Orals	Total
No. of NDAs/ANDAs filed till FY2010	115	38	153
No. of NDAs/ANDAs approved till FY2010	35	20	55

7 FINANCE REVIEW

The Company, during the year 2008, had early adopted Accounting Standard (AS) 30 'Financial Instruments: Recognition and Measurement' and consequential limited revisions to other applicable Accounting Standards as have been announced by ICAI. Accordingly the Company changed the designation and measurement principles for all significant assets and liabilities including FCCBs and ECBs.

Pursuant to the notification dated February 11, 2011 issued by The Institute of Chartered Accountants of India regarding certain accounting treatment under AS 30, which clarified that in case of conflict between mandatory Accounting Standards as notified under the Companies Act,1956 and AS 30, provisions of mandatory Accounting Standards shall prevail over. Consequently, the Company has reversed net exchange gain of Rs. 695.68 million recognized till December 31, 2009 on restatement of certain US Dollar denominated investments that was designated as fair value hedge since such restatement is not in accordance with AS 13 "Accounting for Investment".

Consolidated

Performed creditably in FY2010 (Rs in Million)

Particulars	FY2010	FY2009	Growth
Revenue	17,655	13,283	33%
EBITDA	3,963	2,105	88%
PBT	1,864	1,429	30%
PAT (after minority)	1,224	1,097	12%
EPS* (In Rs.)	26.11	18.03	45%

* Adjusted PAT in FY2009 = Rs.1,096 less gain on FCCB Buyback Rs.371 Million

- Revenue increased 33% from Rs.13,283 Million in FY2009 to Rs.17,655 Million in FY2010; boosted by new product launches, growth in all key markets, increased licensing income and strengthened partnerships.
- EBITDA margin grew 660 bps from 16% in FY2009 to 22% in FY2010.
- Other income increased 177% from Rs.236 Million in FY2009 to Rs.697 Million in FY2010. Other income comprised around 18% of EBIDTA in FY2010.
- Income from Specialties increased 85% from Rs.3,743 Million in FY2009 to Rs.6,904 Million in FY2010 and EBITDA grew 141% from Rs.928 Million in FY2009 to Rs.2,240 Million in FY2010, following extended collaboration with Big Pharma, product launches in regulated markets and increased capacity utilization.
- Income from Pharma increased 13% from Rs.9,540 Million in FY2009 to Rs.10,751 Million in FY2010 and EBITDA grew 46% from Rs.1,177 Million in FY2009 to Rs.1,723 Million in FY2010, on account of newer markets and new products in the African region, expanded operation on 'Ray of Life' (critical care division) and strong growth in Ascent's Australasia business.
- Total expenditure increased 23% from Rs.11,178 Million in FY2009 to Rs.13,692 Million in FY2010; on account of enhanced operations and rising raw material costs.
- The Company's average capital employed increased 56% from Rs.16,192 Million in FY2009 to Rs.27,134 Million in FY2010. Average return on capital employed increased by 200 bps from 13% in FY2009 to 15% in FY2010.
- Share capital decreased from Rs.894 Million in FY2009 to Rs.577 Million in FY2010, mainly on account of redemption of preference shares (Rs.492 Million).
- Reserves and surplus increased 70% from Rs.7,241 Million in FY2009 to Rs.12,230 Million in FY2010 following an increase in premium on issue of fresh equity shares and retained earnings.
- Total borrowings grew 38% from Rs.14,569 Million in FY2009 to Rs.20,098 Million in FY2010 to meet growth/ expansion requirements.

	FY2010	FY2009
Debt / Equity	1.57	1.76
Debt/Equity (Net of Cash)	1.30	1.65
Secured LT Debt / EBITDA	2.36	2.22
EBITDA / Interest	2.70	2.77

- The Company's gross block increased 7% from Rs.10,713 Million in FY2009 to Rs.11,511 Million in FY2010 following the expansions of facilites. Accumulated depreciation as a proportion of gross block stood at 26% in FY2010.
- Average inventory increased from Rs.2,033 Million in FY2009 to Rs.2,727 Million FY2010. Inventory turnover stood at 2.95 times in FY2010 (3.45 times in FY2009).
- Excluding licensing income, debtor turnover strengthened from 2.93 times in FY2009 to 3.22 in FY2010.
- Cash-and-bank balances improved from Rs.912 Million in FY2009 to Rs.3,395 Million in FY2010 owing to receipts from Akorn-Strides deal with Big Pharma.
- Loans and advances increased 405% from Rs.1,751 Million FY2009 to Rs.8,840 Milliion in FY2010 due to advances for Brazilian operations, advance taxes and deposits with statutory authorities.
- Current liabilities increased 42% from Rs.5,099 Million in FY2009 to Rs.7,249 Million in FY2010 on account of consideration due to Aspen and increase in advance from customers
- Provisions increased 14% from Rs.1,743 Million in FY2009 to Rs.1,988 Million in FY2010 due to increased provision for taxation.

Standalone

Performed commendably in FY2010 (Rs in Million)

Particulars	FY2010	FY2009*	Growth
Revenue	5,294	4,879	9%
EBITDA	947	624	52%
PBT	891	725	23%
PAT	736	616	20%
EPS	15.69	14.51	8%

* FY2009 recasted for comparable purpose

- Revenue increased by 9% from Rs.4,879 Million in FY2009 to Rs.5,294 Million in FY2010, on account of enhanced India operations.
- EBITDA margin grew 500 bps from 13% in FY2009 to 18% in FY2010.
- Other income increased 89% from Rs.132 Million in FY2009 to Rs.248 Million in FY2010. Other income was around 26% of EBIDTA in FY2010.
- Profit after tax increased by 20% from Rs.616 Million in FY2009 to Rs.736 Million in FY2010
- Debt increased by 18% from Rs.12,322 Million in FY2009 to Rs.12,419 Million in FY2010 to meet growth/ expansion of business requirements.
- Gross block increased 4% from Rs.4,285 Million in FY2009 to Rs.4,451 Million in FY2010 following the expansion of facilities.
- Cash-and-bank balances increased by 158% from Rs.314 Million in FY2009 to Rs.810 Million in FY2010.

8 OPPORTUNITY AND THREATS/ RISK AND CONCERNS

[For a detailed response, please read the section on risk management]

9 PEOPLE MANAGEMENT

Strides Arcolab believes in maintaining a healthy and supportive work environment where employees can realise their potential to the fullest. The Company's employee strength was approximately 2700 as on December 31, 2010 out which over 500 are from several nationalities; portraying a multi-cultural work platform.

The Company ensures that it employ the best. It is necessary to define the role before the hiring is done. Keeping this in mind, we have well defined job responsibilities, in hand, for better clarity of role. Failures in talent management may be more recognisable than the concept itself: Too many employees, leading to layoffs and restructurings on the one hand and not enough talent, leading to talent crunches on the other. The Company recognises the importance of this fact and thereby has an institutionalised manpower budgets in place, so that we don't hire, when it's really not required.

The Company's rigorous process of balance score card as a means for goal setting and to get senior and middle management aligned to the strategy of the Company. The Company also continues to invest in leadership and technical competency development through engagement with BITS Pilani, IIM Bangalore and JSS Mysore. The Stock options were also granted to few employees under the Strides Arcolab ESOP 2006 scheme and Strides Arcolab ESOP 2008 scheme.

10 INTERNAL CONTROL SYSTEMS AND ADEQUACY

At Strides we have invested significant amount of money and time and have built a world-class IT infrastructure to ensure adequate internal controls for our business process and practices across our functions. We have a strong internal audit program within our system and are also supported by Grand Thornton which regularly cover various operations on a continuous basis. Our Audit Committee reviews all internal audit observations on a regular basis.

Directors' Report

Dear Shareholders,

We are pleased to present the Twentieth Annual Report together with the Audited Accounts for the year ended December 31, 2010.

1 CONSOLIDATED FINANCIALS

(Figures in Million)

		Year ended December 2010		Year ended December 2009	
		Rupees	USD *	Rupees	USD *
1.1	**Financial Results**				
	Income	17,655.43	394.89	13,283.41	285.54
	Operating Profit (EBIDTA)	3,963.21	88.64	2,105.04	45.25
	Cash Profit/(Loss)	2,044.77	45.73	1,126.98	24.23
	Net Profit (PAT)/(Loss)	1,224.47	27.39	1,096.83	23.58
	Retained earnings	12,229.51	273.53	7,240.92	155.65
1.2	**Profits**				
	Operating Profit (EBIDTA)	3,963.21	88.64	2,105.04	45.25
	Less : Interest	1,466.50	32.80	759.07	16.32
	Depreciation & amortization	638.98	14.29	491.90	10.57
	Exceptional items incl. AS 30	5.99	0.13	(575.30)	(12.37)
	Profit before tax	1,863.72	41.68	1,429.37	30.73
	Less: Provision for Tax				
	Current	451.67	10.10	285.82	6.14
	Deferred	0.27	0.01	(60.71)	(1.31)
	Fringe Benefit Tax	-	-	3.38	0.07
	MAT credit entitlement	-	-	(9.50)	(0.20)
	Profit/(Loss) after tax	1,411.78	31.58	1,210.38	26.02
	Available for appropriation	2,924.28	65.41	1,941.73	41.74
1.3	**Appropriations**				
	Dividend				
	on Equity Shares (proposed)	91.59	2.05	60.32	1.30
	on Preference Shares	-	-	88.49	1.90
	Dividend Tax	14.98	0.34	25.29	0.54
	Transfer to General Reserve	36.78	0.82	52.76	1.13
	Transfer to Capital Redemption Reserve	491.61	11.00	-	-
	Reversal of dividend and tax on preference shares no longer payable	(148.54)	(3.32)	-	-
	Balance carried to Balance Sheet	2,437.86	54.53	1,714.87	36.86

Note: *1 USD = Rs.46.52 (Exchange Rate as on December 31, 2009).
1 USD = Rs.44.71 (Exchange Rate as on December 31, 2010).
Previous year figures have been regrouped/ restated wherever necessary to make them comparable with those of the current year.

2 TURNOVER AND PROFITS

On a consolidated basis, the total income during the year stood at Rs.17,655 Million against Rs.13,283 Million in the previous year, growth of 33%. The Company posted a net profit of Rs.1,224 Million as against Rs.1,097 Million in the previous year.

On a Standalone basis, the total income during the year stood at Rs.5,294 Million as against Rs.4,879 Million in the previous year. The Standalone net profit is Rs.736 Million as against a net profit of Rs.616 Million for the previous year.

Detailed analysis on financial performance is given in the Management Discussion and Analysis Report which forms part of this Directors' Report.

3 DIVIDEND

The Board is pleased to recommend a dividend of 15 % (i.e., Rs.1.50/- per equity share of Rs.10/- each for the year ended December 31, 2010

4 CAPITAL

The Authorised share capital of the Company as at December 31, 2010 is Rs.1,517,500,000 divided into 89,750,000 equity shares of Rs.10/- each and 620,000 Cumulative Reedemable Preference Shares of Rs.1,000/- each.

The Issued, Subscribed and Paid-Up Capital of the Company as at December 31, 2010 is Rs.577,446,710 divided into 57,744,671 equity shares of Rs.10/- each.

During the year:

- There has been an increase in the Equity Capital of the Company on account of allotments consequent to amalgamation, exercise of stock options, conversion of warrants and allotment to Qualified Institutional Buyers (QIBs). Please refer to Equity History of the Company for allotment details.
- There has been reduction in the Preference Capital of the Company on account of redemption of 491,606 Cumulative Redeemable Preference Shares of Rs.1,000/- each issued to K.V Pharmaceuticals Company, USA in the year 2005.

5 BUSINESS OVERVIEW

2010 was a game changing year for us as we saw the fructification of many of our plans in our goal to become a global sterile powerhouse. Our partnership with Pfizer and entry into the biologics space has strengthened and consolidated our position in the specialty segment. Ray of Life, our critical care offering for the domestic market, has also made significant progress with a wide range of high quality Oncology products at an affordable price for Indian consumers.

The Company re-branded its specialties division, Strides Specialties Private Limited as Agila Specialties Private Limited. The name 'Agila' was chosen to reflect the brand ethos of the Company's specialised product offering which is smart, agile, determined and pragmatic. 'Agila' carves out a new identity to the specialties division in the rapidly changing segment of the healthcare industry.

The Company had a very stable year of operation post restructuring of its business into two divisions viz. Pharma and Specialties.

The Key Business highlights of 2010 include:

Specialties

- Performance boosted by new product launches in regulated markets and additional revenue generated by new facilities
- Significant ramp up in capacity utilization
- Acquisition of Penem and Penicillin facility in Campos, Brazil
- Acquisition of complete ownership in Oncology business

- 16 new product launches in regulated market, 5 in USA and 11 in other regulated markets

Pharma and Branded Generics

India Pharma

- Prequalification from WHO for Strides H1N1 generic drug Oseltamivir 75mg capsules
- Commercialization of Ergocalciferol in Q'3 of 2010 in USA

Australasia Region

- The sales growth in Australia was influenced by the Pfizer distribution agreement which saw Ascent Pharma health Limited, the Company's subsidiary, promote and distribute a range of Pfizer's branded 'Established Products' throughout the year.
- The Asia business successfully registered a number of new pharmaceuticals during the year into several of these markets and succeed in gaining some new contracts

Africa Region

- Added 4 new markets, Congo, Mali, Mozambique, Malawi
- 57 new products registered in Africa
- Commenced full-fledged production of tablets in Nigerian facility

India Brands

- India Brands (Grandix) operations integrated into Strides with flagship brand 'Renerve', consolidating its leadership position
- Ray of Life launched 3 therapeutic segments in India, i.e., Oncology, Nephrology and Hi-end Antibiotics
- Ray of Life launched over 15 brands in the cancer chemotherapy segment in Oncology and around 10 top molecules introduced in Hi-end antibiotics

Merger and Business Restructuring Update

The Company has successfully completed consolidation of its operations into two different business verticals viz Specialties Business, Pharmaceutical Business pursuant to the Scheme of Amalgamation sanctioned by the Hon'ble High Court of Mumbai, Chennai and Karnataka and pursuant to the hive-off of Specialties and Research and Development business of the Company to Agila Specialties Private Limited, a wholly owned subsidiary of the Company.

Medgene Pharmaceuticals Private Limited, a wholly owned subsidiary of the Company merged with Agila Specialties Private Limited in the Specialties Vertical pursuant to the Order of the Hon'ble High Court of Karnataka passed on February 6, 2010.

Strengthened partnership with Pfizer

i) Collaboration with Pfizer for the US market

Strides entered into a collaboration with Pfizer, wherein Pfizer will commercialise 40 off-patent sterile injectable and oral products in the United States through its Established Products Business Unit. These finished dosage form products will be licensed and supplied by Strides, Onco Laboratories Limited and Onco Therapies Limited.

ii) Extended collaboration with Pfizer in additional geographies

The Company strengthened its partnership with Pfizer by signing two additional License and Supply Agreements pursuant to which, Strides will license and supply upto 38 generic Oncology products to Pfizer for markets in the European Union, Canada, Australia, New Zealand, Japan and Korea and supply niche sterile injectables for the U.S. market. With the additional agreements signed, the collaboration between Pfizer and Strides Arcolab now extends to a total of 45 products addressing countries around the globe.

iii) Sale of product portfolio by Akorn-Strides LLC to Pfizer Inc.

During the year, Akorn-Strides LLC, a Joint Venture (JV) between the Company and Akorn Inc., USA entered into an agreement with Pfizer to sell 22 abbreviated New Drug Approvals (ANDAs) owned by the JV.

The gross sale consideration of USD 63.20 Million was divided between Akorn Inc., USA and the Company in the agreed ratio of 55.3797% and 44.6203%. The Company was entitled to USD 28.20 Million in cash as its share of the consideration in addition to entering into supply agreement with Pfizer for manufacture and supply of these products.

Settlement with K. V. Pharmaceuticals Company, USA.

The Company executed a settlement agreement with KV Pharmaceuticals Company, USA (K.V Pharma) pursuant to which the Company has retained all rights in relation to the products developed under the License and Supply Agreement executed earlier with K. V Pharma.

The settlement also provided for redemption of preference shares issued to K.V Pharma.

Qualified Institutional Placement

During the year, the Company raised Rs.4,550 Million by way of private placement of equity shares to Qualified Institutional Buyers. The Company allotted 10,742,533 equity shares of Rs.10/- each at a price of Rs.423.55 per share.

Redemption of FCCBs

During the year, the Company redeemed outstanding USD 34 Million of the USD 40 Million FCCBs raised by the Company in the year 2005. USD 6 Million of the above was bought back during the year 2009. The total payout for redeeming the Bonds was USD 46.50 Million as the Bonds were redeemable at a premium of 136.78%.

Acquisitions/Investments/Joint Ventures

Acquisitions:

The Company completed consolidation of the Oncology Business by restructuring the Oncology arrangements with Aspen. Consequently, the Company now holds 100% stake in Onco Therapies Limited, India and Onco Laboratories Limited, Cyprus which were earlier 50:50 Joint Venture with Aspen.

As a part of well-articulated strategy to focus on core speciality injectable business, the Company entered into an understanding with Aspen to acquire the Penems and Penicillin facility in Campos, Brazil with related products. This acquisition is subject to obtaining necessary regulatory approval which are pending as of December 31, 2010.

The Company acquired 70% stake in Inbiopro Solutions Private Limited, a Bangalore based bio-technology company. This acquisition made through the Company's wholly owned subsidiary Agila Specialties Private Limited marks the Company entry into the biologics space. The acquisition enhances Company's Specialty portfolio while giving the Company a leap start of at least 3 years in the fast growing and complex biopharmaceutical industry. This acquisition consolidates the Company's Specialty portfolio. The acquisition gives the Company immediate access to a pipeline of 8 products estimated to have global sales of over USD 28 Billion. Commercialization of these products is expected to begin in 2013.

Investments:

During the year, Agila Specialties Private Limited (Agila), a wholly owned subsidiary of the Company, allotted further shares to the Company for a non-cash consideration equivalent to Rs.1,000 Million. The allotment was pursuant to the hive-off of the Specialties business and the Research and Development business of the Company to Agila.

Linkace Limited, Cyprus, a wholly owned subsidiary of the Company acquired 100% stake in Strides Inc., USA, a subsidiary of the Company, by acquiring 84.53% interest held by the Company, 11.18% interest held by Strides Arcolab International Limited, United Kingdom, a wholly owned subsidiary of the Company and balance 4.29% interest held by a minority shareholder.

Linkace Limited, Cyprus, acquired additional 3 % stake in Ascent Pharmahealth Limited (Ascent), a subsidiary of the Company listed in the Australian Stock Exchange. Pursuant to this investment, the Company now holds 60.33% shareholding interest in Ascent. During early 2010, the Company made a non-binding and indicative offer for acquiring the minority shareholding of Ascent at AUD 0.35 per share (later revised to AUD 0.40 per share) to be resulting in privatization of Ascent. The privatization process is expected to be completed in 2011.

Linkace Limited, Cyprus, acquired the residual 49% stake in Co-Pharma Limited, UK, from Aspen Global Incorporated, Mauritius, thereby Co-Pharma became a wholly owned subsidiary of the Company.

Linkace Limited, Cyprus transferred its 80% stake in Formulle Naturelle (Proprietary) Limited, South Africa to Aspen Pharmacare Holdings Limited, South Africa.

Joint Ventures:

During the year, the Company restructured its US operations and identified Strides Inc, USA as a holding entity for all its investments in US. Consequently, the interest of the Company in Akorn-Strides LLC, USA (a 50:50 JV between the Company and Akorn Inc., USA) and Sagent-Strides LLC, USA (a 50:50 JV between SAIL, UK and Sagent Inc., USA) have been consolidated under Strides Inc.

6 SUBSIDIARIES

During the year, the following companies became subsidiaries of the Company: African Pharmaceutical Development Company, Cameroon, Agila Specialties (Malaysia) SDN BHD, Malaysia, Ascent Pharmacy Services Pty Limited, Australia, Inbiopro Solutions Private Limited, India, Linkace Investments Pty Ltd, Australia, Onco Laboratories Limited, Cyprus, Strides Farmaceutica Participacoes Ltda, Brazil, Strides Pharmaceuticals (Holding) Limited, Mauritius and Strides Pharmaceuticals (Mauritius) Limited, Mauritius

7 RESEARCH & DEVELOPMENT

Detailed write-up on Research & Development activity forms part of the annexure to the Directors' report.

8 CONSOLIDATED FINANCIALS

In accordance with Accounting Standard AS-21 on consolidated financial statements read with Accounting Standard AS-27 on Accounting for Joint Ventures, the audited consolidated financial statements are provided in this Annual report.

In terms of the Central Government approval under Section 212(8) of the Companies Act, 1956, the audited Financial Statements of the Company's subsidiaries have not been attached to this Report. The Financial Statements of the said subsidiaries will be kept for inspection during business hours by any investor at the registered office and the corporate office of the Company. The Company will also make available the audited annual accounts and related information of the subsidiary companies, upon request by any investor of the Company.

9 CORPORATE GOVERNANCE

The Company has complied with all the mandatory requirements of Corporate Governance specified by the Securities & Exchange Board of India through clause 49 of the Listing Agreement. As required by the said clause, a separate Report on Corporate Governance forms part of the Annual Report of the Company. A certificate from the Statutory Auditors of the Company regarding compliance with the conditions of Corporate Governance also forms part of this Report.

10 MANAGEMENT DISCUSSION AND ANALYSIS

Pursuant to clause 49 of the Listing Agreement entered into with the Stock Exchanges, Management Discussion and Analysis report forms part of this Report.

11 FIXED DEPOSITS

The Company has not accepted any fixed deposits and accordingly no amount is outstanding as on the balance sheet date.

12 EMPLOYEE STOCK OPTION SCHEMES

The Company has granted ESOPs to few eligible employees under the Strides Arcolab ESOP 2006 and Strides Arcolab ESOP 2008 and to Directors under Strides Arcolab ESOP 2008 (Directors), particulars of which are provided in the Corporate Governance Report forming part of this report. Further, Statement giving additional information in terms of Regulation 12 of Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 is annexed to this Directors' Report.

13 BOARD OF DIRECTORS

Mr. Deepak Vaidya and Mr. M.R Umarji are the Directors who retire by rotation and being eligible, offer themselves for reappointment.

Mr. John Mathew, nominee director representing Export Import Bank of India ceased to be a director of the Company w.e.f August 31, 2010 and Mr. Mukul Sarkar has been nominated by Export Import Bank of India to his position effective that date.

Dr. Ronald Ling, a non-executive director on the Board of the Company resigned from the Company with effect from October 14, 2010. Dr. Ling was a nominee of Zenith Pharmaceuticals Limited, Mauritius, a Foreign Venture Capital Investor and his exit is pursuant to sale of investments held by Zenith.

14 PERSONNEL

Information pursuant to Section 217 (2A) of the Companies act, 1956 read with Companies (Particulars of Employees) Rules, 1975 will be provided on request.

15 DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 217 (2AA) of the Companies Act 1956, the Directors state that they have:

a) followed the applicable accounting standards in the preparation of annual accounts. However the deviation on the accounting standard has been with reference to the scheme of arrangement sanctioned by the Hon'ble High Court of Mumbai for amalgamation of the Company's subsidiaries Global Remedies Limited, Grandix Pharmaceuticals Limited, Grandix Laboratories Limited and Quantum Remedies Private Limited (the transferor companies) with Strides Arcolab Limited (the transferee company). Refer notes to accounts for details of the same.

b) selected such accounting policies and applied them consistently and made adjustments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.

c) taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities and

d) prepared the annual accounts on a going concern basis.

16 CONSERVATION OF ENERGY, R& D, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING/OUTGO

The particulars as prescribed under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 are set out in the Annexure to the Directors' Report.

17 STATUTORY AUDITORS

The Statutory Auditors viz., Deloitte Haskins & Sells, Chartered Accountants, Bangalore (ICAI registration number 008072S) retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. Your Directors recommend their reappointment.

18 DEPOSITORY SYSTEM

As the Members are aware, your Company's shares are tradable compulsorily in electronic form and your Company has established connectivity with both the depositories, i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited. In view of the numerous advantages offered by the Depository system, members are requested to avail the facility of dematerialization of the Company's shares on either of the Depositories as aforesaid.

19 ACKNOWLEDGEMENT

Your Directors place on record their sincere appreciation for the significant contribution made by the employees through their dedication, hard work and commitment and the trust and confidence reposed on us by the medical profession and trade.

We also acknowledge the support and wise counsel extended to us by the bankers, financial institutions, Government agencies, analysts, shareholders and investors at large.

For and on behalf of the Board of Directors
Arun Kumar - Vice Chairman & Managing Director
K.R. Ravishankar -Director

Place: Bangalore, India
Date: April 25, 2011

Annexure to the Directors' Report

Particulars required by the Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988 forming part of the Directors' Report for the year ended December 31, 2010.

1 CONSERVATION OF ENERGY

a) Measures taken during the period for conservation of energy

Specialties:

- Efficiency of boiler improved from 11.23 Kg/ltr of Furnace Oil to 13.4 Kg/Ltr of Furnace Oil by increasing the condensate recovery and optimization.
- 21.5% reduction in power consumption achieved by following methods:
  - o Warehouse Air Handling Unit (Raw Material & Finished Goods area) are made to run based on temperature.
  - o Scheduling of Non-critical Air Handling Unit of secondary packing material & office area using BMS (Building Management System).
- 32.8% reduction in steam consumption achieved by initiating following steps
  - o Steam consumption reduced for heating feed water for boiler.
  - o Change control initiated for Relative Humidity limits in production area.
- Screw chiller is being installed in place of Low energy efficient Vapor Absorption Machine chiller in order to save the Energy cost in Steriles Products Division 1(SPD - 1).
- Energy saving is being initiated by installing Indian Boiler Regulation approved Shell type boiler, which will be operated in place of existing Non Indian Boiler Regulation coil type boiler in Cephalosporin Plant.

Pharma:

- Replacement of ammonia based chiller with high efficiency screw chillers resulted in 160,000 KWH in power saving.
- Steam/Fuel ratio maintained at 14 kg/ltr for last 3 years.

b) Plans for the future for conservation of energy

Specialties:

- Recovery of second pass Reverse Osmosis (RO) reject, Multi Effect Distillation Still dump & Pure Steam Generator dump
- Chilled water cassette unit for quarantine area in order to switch off packing hall AHU's (Air Handling Unit) when there is no activity.
- To utilise Electricity Board power during night to switch off one DG set which will improve the efficiency and also reduce the auxiliary power consumption. This initiative can save minimum of 5% fuel.
- Recovery of First pass RO rejects from all three blocks of sterile complex-1.
- Recovery of Vial washing machine water from the Beta - Lactum Division block.
- Replacement of Low efficient Non Indian Boiler Regulation Coil type boilers stage wise into Indian Boiler Regulation Shell type boiler for sterile-1 complex.
- Provision of Fan coil Dust Extraction units in quarantine area to stop the packing hall AHU and chiller when there is no packing/inspection activity in SPD - 1.

Pharma:

- High efficiency 500 TR centrifugal chiller is being commissioned
- Energy conservation audit is under progress from Honeywell to identify and implement saving measures in all the identified areas.
- Rain water recycling upto 400 kl capacity is under construction to recycle water for process application

2 RESEARCH & DEVELOPMENT (R&D)

The vision of Strides Research and Development is to be a profitable provider of high quality pharmaceutical products and solutions that create strategic values to its partners and to provide rewarding work place to the employees.

The Research and Development strategy includes building a strong development backbone and product pipeline catering to diverse therapeutic categories with key focus on sterile specialty formulations. To gear up for the Strides future growth plans, special emphasis is given in the arena of Biosimilars and new Drug delivery systems.

Continued focus is also on development of soft-gelatin pipeline to become a significant player in soft-gelatin domain globally.

With innovative formulation development skill sets and competitive development cost, the Strides R&D could successfully deliver value to the customers.

In-licensing platform technologies is a part of growth strategy to aid value stream at Strides

Strong technical leadership and global talent pool in place to take the future growth initiatives of the organization.

Execution excellence:

1. Strides emerged as a leader in sterile space with strong technical leadership and research capabilities.
2. Enhanced valuation of the organization by receiving maximum number of approvals from US FDA
3. Intellectual property creation by filing maximum number of dossiers in USA, Europe, ANZ and ROW markets.
4. Execution excellence in the areas of development and regulatory submissions supported Strides to align with customer expectations.
5. Continued expansion of business in the domestic markets with niche product basket.

As committed, European filings have been the focus area of submissions in the year 2010. More than 20 European DCP(Decentralised Procedure) submissions were made in year 2010. For Research and Development, year 2010 has been a year of focus to build the development pipeline and new product launches to drive the growth of domestic business.

The focus on the differentiated delivery formats, sustainable generic business and end-to-end customer support for their business needs, continue to be the other key areas of Research and Development throughput.

Looking forward, Research and Development will be focusing on the value added intellectual property in the areas of patent challenge/invalidations, NDA submissions, dosage form conversions and line extensions. In addition to this, portfolio maximization will be an additional key focus area. With a substantial value created in terms of dossier approvals and capacities, Research and Development continues to remain the growth engine for the organisation.

The future plan is to:

1. Continue creating value streams in Steriles & Pharma by maximising existing portfolio by line extensions and product cost improvements (portfolio maximisation) and geographical expansions
2. Aggressive registration strategy to enable geographic (Organic/Inorganic) expansions in key emerging markets Brazil, Mexico, Turkey, Indonesia & India.
3. Create a new portfolio of fewer yet more valuable molecules in R&D and to achieve capabilities with first to file , Paragraph IV, delivery systems and devices.

Expenditure on R&D

Particulars	Year Ended December 31, 2010	Year Ended December 31, 2009
Capital	39.77	16.54
Revenue	700.42	564.00
Total	**740.19**	**580.54**

For and on behalf of the Board of Directors

Arun Kumar - Vice Chairman & Managing Director

K.R. Ravishankar -Director

Place: Bangalore, India

Date: April 25, 2011

FORM A

Form of disclosure of particulars with respect to Conservation of Energy

	December 31, 2010*	December 31, 2009
A. Power and Fuel Consumption		
1. Electricity		
(a) Purchased		
Units	9,627,550	17,208,665
Total Amount (Rs. in Million)	51.47	84.62
Rate/Unit (Rs.)	5.34	4.92
(b) Own generation		
(i) Through diesel generator		
Units	1,642,084	2,199,479
Diesel consumed in litres	496,237	669,750
Unit per ltr., of diesel oil	3.30	3.28
Cost/Unit (Rs.)	10.15	9.29
(ii) Through steam turbine/generator		
Units	-	-
Units per ltr., of fuel oil/gas	-	-
Cost/Units	-	-
2. Coal (specify quality and where used)		
Quantity	-	-
Total Cost	-	-
Average Rate	-	-
3. Furnace Oil		
Quantity (k. ltrs)	457.18	457.14
Total amount (Rs. in Million)	13.26	10.61
Average Rate	29.00	22.32
4. Others (Diesel) Steam Boiler		
Quantity (in k. ltrs)	18.98	31.39
Total Amount (Rs. in Million)	7.30	1.08
B. Consumption per unit of production (with details)		
a) Softgel & Tablets Division		
Electricity units per Million	3,658	3,467
Furnace oil units per Million	-	-
Diesel units per Million	645	506

Note: *The figures for 2010 and 2009 are not comparable due to transfer of Specialties and the R&D business of the Company to its wholly owned subsidiary viz Agila Specialties Private Limited. The figures for 2010 above are reflective of the data for the Pharma business only of the Company. Accordngly, the consumption per unit of production is given for Softgel & Tablets Division in the Pharma Vertical and excludes the Sterile Products Division and Antibiotics Division of the Specialties Vertical which were disclosed in the annual report for the period ending December 31, 2009.

For and on behalf of the Board of Directors

Arun Kumar - Vice Chairman & Managing Director

K.R. Ravishankar -Director

Place: Bangalore, India

Date: April 25, 2011

FORM B

Form of Disclosure of Particulars with respect to absorption

1. Technology Absorption, Adaptation and Innovation and Benefits derived as a result of the above efforts

Specialties:

- BMS is being used for temperature based operation of Warehouse (Raw Materials & Finished Goods area), Air Handling Units and scheduling Air Handling Units of Secondary packing material and office area.
- SAP Preventive Maintenance module implemented.
- Ultra Filtration unit installed for recovery of water from Vial Washing area.
- Cold storage capacity enhancement done to accommodate more cold chain products in SPD - 1.
- Parallel Backup Supervisory Control And Data Acquisition system installed for Lyophilisers in SPD - 1 for critical backup of Lyophilisation process data.
- Beta Lactum plant Dry powder filling line dehumidifier is being upgraded to achieve the low RH requirement of the plant.

Pharma:

- Installation and commissioning of state of the art technology in Granulation, compression and packaging equipments have given capacity increase and technological advantage in manufacturing.

2. Pollution Control Measures

Specialties:

- In-house Incinerator is being used for incinerating cytotoxic waste.

Pharma:

- Hazardous waste categorization and agreements with Karnataka State Pollution Control Board approved vendors for their disposal has been put in place.
- Additional hazardous waste storage area made as per Karnataka State Pollution Control Board norms.

3. Foreign Exchange earnings and outgo

Foreign exchange earned on FOB basis	Rs.3,277.19 Million
Foreign exchange used	Rs.137.72 Million

For and on behalf of the Board of Directors
Arun Kumar - Vice Chairman & Managing Director
K.R. Ravishankar -Director

Place: Bangalore, India
Date: April 25, 2011

ANNEXURE TO DIRECTORS' REPORT

Details as per SEBI (Employees Stock Options Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 forming part of the Directors' Report for the year ended December 31, 2010.

Sl. No.	Description	Strides Arcolab ESOP 2006	Strides Arcolab ESOP 2008	Strides Arcolab ESOP 2008 - Directors
A	Options granted as on December 31, 2010	1,000,000	1,382,500	300,000
B	The pricing formula	Decided by the Compensation Committee from time to time, which shall not be less than 85% of the Market Price of the shares on the date of grant of option.		
C	Options vested	380,000	235,000	60,000
D	Options exercised	290,000	223,000	60,000
E	The total number of shares arising as a result of exercise of options	290,000	223,000	60,000
F	Options lapsed/surrendered	240,000	54,500	40,000
G	Variation of terms of options	None	None	None
H	Money realised by exercise of options (Rs.)	30,667,500	23,750,150	3,540,000
I	Total number of options in force at the end of the year	150,000	884,000	200,000
J	Employee-wise details of options granted during the year:			
	i) Vice Presidents and above		287,500	
	ii) Other identified employees		87,500	
	iii) Any other employees who received a grant in any one year of option amount to 5% or more of options granted during that year	None	None	None
	iv) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversion) of the Company at the time of grant	None	None	None
K	Diluted Earnings Per Share (DEPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard 20 'Earnings Per Share'	Refer Note Below		
L	Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value of the options, shall be disclosed. The impact of the difference on profits and EPS of the Company shall be disclosed	Refer Note Below		Not applicable
M	Weighted average exercise prices of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock	Rs.105.75	Rs.106.50	Rs.59.00

<table>
<tr><th>Sl. No.</th><th colspan="2">Description</th><th colspan="2">Strides Arcolab ESOP 2006</th><th colspan="2">Strides Arcolab ESOP 2008</th><th colspan="2">Strides Arcolab ESOP 2008 - Director</th></tr>
<tr><td>N</td><td colspan="2">Weighted average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock</td><td colspan="6">Refer Note Below</td></tr>
<tr><td></td><td colspan="2"></td><td colspan="3">Dec 31, 2010</td><td colspan="3">Dec 31, 2009</td></tr>
<tr><td>O</td><td colspan="2">A description of the method and significant assumptions used during the year to estimate the fair value of options, including the following weighted average information:</td><td colspan="3">Base: Black Scholes Model</td><td colspan="3">Base: Black Scholes Model</td></tr>
<tr><td></td><td>i)</td><td>risk free interest rate</td><td colspan="3">8% pa</td><td colspan="3">8% pa</td></tr>
<tr><td></td><td>ii)</td><td>expected life</td><td colspan="3">3 years</td><td colspan="3">3 years</td></tr>
<tr><td></td><td>iii)</td><td>expected annual volatility of shares</td><td colspan="3">49.96%</td><td colspan="3">57%</td></tr>
<tr><td></td><td>iv)</td><td>expected dividend/yield</td><td colspan="3">13.24%</td><td colspan="3">0.51%</td></tr>
<tr><td></td><td>v)</td><td>the price of the underlying share in market at the time of option grant</td><td colspan="3">Rs.136.70 per share</td><td colspan="3">Rs.21.45 per share</td></tr>
</table>

Note : As per the Scheme approved by the Honorable High Court of Judicature, expense relating to ESOP is permitted to be recorded in the BRR. Accordingly, there would be no impact on EPS if the options were accounted at fair values instead of intrinsic values.

For and on behalf of the Board of Directors
Arun Kumar - Vice Chairman & Managing Director
K.R. Ravishankar -Director

Place: Bangalore, India
Date: April 25, 2011

Corporate Governance Report

For the year ended December 31, 2010 (pursuant to Clause 49 of Listing Agreement with Stock Exchanges)

1 OUR APPROACH TO CORPORATE GOVERNANCE

Leadership and Governance go hand in hand in a very successful company. For both to work well, you need a clear path of what you want to Aspire, Act and Achieve (the 3 As).

For Strides, Governance is about making sure:

- Taking the business in the right strategic direction
- Initiating appropriate actions to proactively manage the change
- Reviewing and Strengthening the internal controls in line with future strategies
- Doing the right thing for all stakeholders.

The same is articulated in our Vision and Mission statements, which is reproduced below:

Strides Vision

To be a profitable provider of high quality pharmaceutical products and solutions that create strategic value to our partners and to provide a rewarding work place for our employees.

Strides Mission

We innovate and operate in niche areas; deliver high quality products and compelling service that ensure that our customers view us as a long term and reliable partner

How do we make it happen?

The Company is fully compliant with the requirements of the prevailing and applicable Corporate Governance Code. Your Company's compliance with requirement is presented in the subsequent sections of this Report.

2 BOARD OF DIRECTORS

The Board of Directors guide, direct and oversee the management and protect the long term interests of shareholders, employees and the society at large.

Composition of Board of Directors

The Board currently comprises of 9 Directors, out of which 2 are Executive Directors and 7 are Non-Executive Directors. Out of the 7 Non-Executive Directors, 5 are Independent Directors.

The Board represents an optimal mix of professionalism, knowledge and experience. All the directors on the Board are highly experienced professionals in their respective fields and known personalities in the corporate world. A detailed profile of the members of the Board of Directors are provided in page no. 28 of the Annual Report.

Director's category and directorships held:

	Category of Directorship*	Date of Joining the Board	No. of other Directorships held	No. of other Committees of which Member	Chairmanship of Committees of other Companies
Deepak Vaidya (Chairman)	NED & ID	Jan 16, 1998	6	3	1
Arun Kumar (Executive Vice Chairman & Managing Director)	P & ED	Jun 28, 1990	3	1	–
K.R. Ravishankar	P & NED	Mar 11, 1994	5	1	–
Virtanes Saatci	NED	Feb 24, 1995	–	–	–
Dr. Ronald Ling #	NED	Jul 07, 2005	–	–	–
John Mathew	NED & ID	Jul 01, 2009	–	–	–
Mukul Sarkar **	NED & ID	Aug 31, 2010	3	1	1
M.R. Umarji	NED & ID	Oct 27, 2005	4	–	–
A.K. Nair	NED & ID	Oct 27, 2005	9	3	-
P.M. Thampi	NED & ID	Dec 21, 2005	2	3	–
V S Iyer	ED	Jan 19, 2010	2	–	–

* P = Promoter; NED = Non Executive Director; ED = Executive Director; ID = Independent Director

** = Nominee Director of Export Import Bank of India appointed on August 31, 2010 in place of Mr. John Mathew

= Consequent to the sale of shares held by Zenith Pharmaceuticals Limited in the Company, Dr. Ronald Ling, a nominee of Zenith, resigned as a Director of the Company with effect from October 14, 2010.

NOTE

- While considering the total number of directorships of directors, their directorships in Private Companies, Foreign Companies, Section 25 Companies, Alternate Directorships, if any, and their directorship in the Company have been excluded.
- While considering membership and Chairmanships of Directors in committees only Audit Committee and Shareholders' / Investors' Grievance Committee is included and their membership and chairmanships in the Company is excluded.
- None of the Directors is a member of the Board of more than fifteen companies or a member of more than ten Board-level Committees or Chairman of more than five such Committees.
- None of the Directors are related to any other Director.

Board Meetings

The Board meets at regular intervals to discuss and decide on Company's business policy and strategy. The Board meetings are pre-scheduled and a tentative annual calendar of Board meetings is circulated to the Directors to facilitate them to plan their schedules and to ensure meaningful participation.

However, in case of a special and urgent business need the Board's approval is sought by circulating the resolution, which is ratified in the next Board Meeting.

During the year ended December 31, 2010, six Board Meetings were held. These were held on January 19, 2010, February 24, 2010, April 22, 2010, June 28, 2010, July 27, 2010 and October 27, 2010. The Nineteenth Annual General Meeting was held on May 31, 2010.

Attendance of Directors at Board Meeting and AGM

Name	Board meetings attended during the year	AGM Attended
Deepak Vaidya	6	YES
Arun Kumar	6	YES
K.R. Ravishankar	3^	YES
Virtanes Saatci	–	–
Dr. Ronald Ling	5^	–
John Mathew	3	–
Mukul Sarkar	1	–
M.R. Umarji	5	YES
A.K. Nair	3	–
P.M. Thampi	6	–
V S Iyer	6	YES

^ = includes one meeting attended through conference call

The Company Secretary of the Company attends all the meetings of the Board and updates the Board on all key Compliance and Governance matters. The Company also seeks professional advice on key corporate actions to ensure adherence to compliance and governance matters.

3 COMMITTEES OF THE BOARD

The Board Committees play a vital role in the governance structure of the Company and are being set out to deal with specific areas/activities which concern the Company and need a closer review.

The Board supervises the execution of its responsibilities by the Committees and is responsible for their action. The minutes of the meetings of all the Committees are placed before the Board for review.

The Board has currently established the following statutory and non-statutory Committees:

A Audit Committee

i) Brief description of terms of reference

The Audit Committee has been constituted in accordance with the requirements of Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956 and the terms of reference of the Audit Committee include:

- **Oversight**
  –the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- **Recommending to the Board**
  –the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
  –approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- **Reviewing with the management**
  –the annual financial statements before submission to the Board for approval, with particular reference to:
  a. Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.

b. Changes, if any, in accounting policies and practices and reasons for the same.
c. Major accounting entries involving estimates based on the exercise of judgment by management.
d. Significant adjustments made in the financial statements arising out of audit findings,
e. Compliance with listing and other legal requirements relating to financial statements,
f. Disclosure of any related party transactions
g. Qualifications in the draft audit report.
--quarterly financial statements before submission to the Board for approval.

–the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.) the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issues, and making appropriate recommendations to the Board to take up steps in this matter.

–performance of statutory and internal auditors, adequacy of the internal control systems.

- **Reviewing**
  –the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
  –the findings of internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
  –functioning of the Whistle Blower mechanism, in case the same is existing.
- **Discussion**
  –with Internal Auditors any significant findings and follow up there on.
  –with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post–audit discussion to ascertain any area of concern.
- **Looking into**
  –the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- **Others**
  –Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
  –To investigate any activity within its terms of reference.
  –To seek information from any employee.
  –To obtain outside legal or other professional advice.
  –To secure attendance of outsiders with relevant expertise, if considered necessary.

ii) Composition and attendance details

The Audit Committee comprises of Non–Executive Independent Directors as its members. Mr. M.R. Umarji is the Chairman and Mr. John Mathew (upto August 31, 2010), Mr. Mukul Sarkar (wef August 31, 2010), Dr. Ronald Ling (upto October 14, 2010), Mr. A.K.Nair, Mr. P.M. Thampi and Mr. Deepak Vaidya are its Members.

The Audit Committee met four times during the year ended December 31, 2010, i.e., on February 24, 2010, April 22, 2010, July 27, 2010 and October 27, 2010.

The meetings of the Audit Committee are also attended by the Managing Director, Group Chief Financial Officer, Statutory Auditors and Internal Auditors as special invitees.
The Company Secretary acts as secretary of the Committee.

Attendance of members at the Audit Committee meetings

Sl. No.	Name	Designation & Category	Meetings attended
1	M.R. Umarji	Chairman & Member (NED & ID)	4
2	John Mathew	Member (NED & ID)	2
3	Mukul Sarkar	Member (NED & ID)	1
4	A.K. Nair	Member (NED & ID)	2
5	P.M. Thampi	Member (NED & ID)	4
6	Deepak Vaidya	Member (NED& ID)	4
7	Dr. Ronald Ling	Member (NED)	3

B Remuneration Committee

i) Brief description of terms of reference

The Company has constituted a Remuneration Committee. The terms of reference of the Committee is to recommend the remuneration by way of salary, perquisites, allowances and commission for executive directors including pension rights and any compensation payment.

The Committee also functions as the Compensation Committee as prescribed under SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 and administers the Long Term Incentive Plan of the Company and determines eligibility of employees for the same.

ii) Composition

The Remuneration Committee comprises of Independent Directors – Mr. M R Umarji as the Chairman and Mr. Deepak Vaidya, Mr. P M Thampi and Mr. A K Nair as Members.

The Remuneration Committee met three times during the year ended December 31, 2010 on January 19, 2010, February 24, 2010 and October 27, 2010.

Attendance of Members at Remuneration Committee Meetings

Sl. No.	Name	Designation & Category	Meetings attended
1	M.R. Umarji	Chairman & Member (NED & ID)	3
2	Deepak Vaidya	NED & ID	3
3	P M Thampi	NED & ID	3
4	A K Nair	NED & ID	2

iii) Remuneration Policy

The remuneration of the employees consists of fixed pay i.e., Basic pay, allowances, perquisites etc. and a variable pay and varies with different grades and is related to the industry pattern, qualification, experience and responsibilities handled by the employee. The objectives of the remuneration policy is to motivate employees and recognise their contribution, reward merit and to attract and retain talent in the organization.

iv) Details of remuneration to all directors

Non–Executive Directors and Independent Directors are paid sitting fees of Rs.20,000/- for attending every meeting of the Board and Audit Committee.

Details of Remuneration paid/payable to directors for the year ended December 31, 2010 are as follows:

Non-Executive Directors

(Amount in Rs.)

Name of the Director	Sitting fee	Salary & Perquisites	Bonus	Total (Rs.)
Deepak Vaidya (Chairman)	2,00,000	–	–	2,00,000
Dr. Ronald Ling	1,40,000	–	–	1,40,000
John Mathew	1,00,000	–	–	1,00,000
Mukul Sarkar	40,000	–	–	40,000
M.R. Umarji	1,80,000	–	–	1,80,000
A.K. Nair	1,00,000	–	–	1,00,000
P.M. Thampi	2,00,000	–	–	2,00,000
K. R. Ravishankar	40,000	–	–	40,000
Virtanes Saatci	–	–	–	–

Executive Directors

Name of the Director	Salary and Allowances (Rs.)	PF (Rs.)	Total (Rs.)
Arun Kumar (Executive Vice Chairman & Managing Director	28,531,200	1,468,800	30,000,000
V.S. Iyer (Executive Director)	21,150,000	1,350,000	22,500,000

During the year there were no pecuniary relationships or transactions between the Company and any of its Non-Executive Directors.

Stock Options were granted to Non-Executive Directors (except Nominee Director) and Independent Directors of the Company under the under the Strides Arcolab ESOP 2008 (Directors) Scheme on March 17, 2009 at an exercise price of Rs.59/- per share.

Details of the options granted, vested, exercised and outstanding as on December 31, 2010

	Outstanding Options as at January 1, 2010	Options/Grants exercised during the year	Balance Options as at December 31, 2010
Deepak Vaidya	50,000	10,000	40,000
Virtanes Saatci	50,000	10,000	40,000
Dr. Ronald Ling *	50,000	10,000	–
M R Umarji	50,000	10,000	40,000
A K Nair	50,000	10,000	40,000
P M Thampi	50,000	10,000	40,000

* Ceased to be a Director w.e.f October 14, 2010 and hence the balance options lapsed in terms of the ESOP scheme.

C Shareholders'/Investors' Grievances Committee

(i) Composition

The Shareholders'/Investors' Grievances Committee has been constituted to operate in terms of the provisions related thereto in the Listing Agreements with the Stock Exchanges and comprises of Mr. Deepak Vaidya as the Chairman, and Mr. M.R. Umarji and Mr. K.R. Ravishankar as Members.

The Committee is entrusted with the responsibility to address the shareholders and investors complaints with respect to transfer of shares, non-receipt of annual report, non-receipt of declared dividends, etc.

The Shareholders'/Investors' Grievance Committee met four times during the year ended December 31, 2010 on February 24, 2010, April 22, 2010, July 27, 2010 and October 27, 2010. The Company Secretary acts as the secretary of the Committee.

Attendance of the Members at Shareholders'/Investors' Grievances Committee Meetings

Sl. No.	Name	Designation & Category	Meetings attended
1	Deepak Vaidya	Chairman & Member (NED & ID)	4
2	M R Umarji	NED & ID	4
3	K R Ravishankar	NED	2^

^ = includes one meeting attended through conference call

(ii) Investor/Shareholder Complaints

During the year ended December 31, 2010, there were 77 complaints from shareholders, all of which were resolved to the satisfaction of the shareholders.

(iii) Reconciliation of Share Capital Audit

The Company conducts a share capital audit on a quarterly basis in accordance with requirements of Securities and Exchange Board of India (Depositories and Participants) Regulations 1996 & SEBI Circular No. D&CC/FITTC/CIR-16/2002 dated December 31, 2002.

The Reconciliation of Share Capital Audit Report obtained from a Company Secretary in Wholetime Practice, which has been submitted to the Stock Exchanges within the stipulated period, certifies that the equity shares of the Company held in the dematerialised form and in the physical form confirms to the issued and paid up equity shares capital of the Company.

(iv) Secretarial Compliance Certificate

As per provisions of the clause 47(c) of the Listing Agreement entered with the National Stock Exchange of India Limited and Bombay Stock Exchange Limited by the Company, the Company has obtained the Secretarial Compliance Certificate on half yearly basis from a Company Secretary in Wholetime Practice to the effect that all transfer of shares are effected within stipulated time. The certificates have been submitted to the Stock Exchanges within the prescribed time limit.

4 GENERAL BODY MEETINGS

Details of the Annual General Meetings held in the last three years and summary of Special Resolutions passed therein:

Financial Year ended	Date and Time	Venue	Special Resolutions passed
December 31, 2008	June 27, 2008 11.00 a.m.	Hotel Tunga Regency, Plot No. 37, Sector 30-A, Vashi, Navi Mumbai 400 703	Fixing remuneration of Mr. Arun Kumar, Managing Director for remaining period of his tenure
December 31, 2009	April 24, 2009 11.00 am	Hotel Tunga Regency, Plot No. 37, Sector 30-A, Vashi, Navi Mumbai 400 703	None
December 31, 2010	May 31, 2010 11.30 am	The Regenza by Tunga, Plot No. 37, Sector 30-A, Vashi, Navi Mumbai 400 703	Appointment of Mr. V.S Iyer as Executive Director

During the year, one Special Resolution was passed by the shareholders through Postal Ballot on December 21, 2010. Voting pattern for this resolution is as under:

S.No.	Item	No. of valid votes polled	Votes Cast	
			For	Against
1	Approval for substitution of new set of Articles of Association of the Company	19,924,565	19,919,244 (representing 99.973% of total net valid votes pooled)	5,321 (representing 0.0267% of total net valid votes pooled)

Mr. Giji Joseph K.J., Company Secretary in Whole-time Practice was appointed as Scrutinizer for overseeing the postal ballot process.

The resolution was passed with requisite majority.

The Company has complied with the procedures for the conduct of postal ballot in terms of the Companies (Passing of Resolution by Postal Ballot) Rules, 2001 and the amendments thereto.

5 DISCLOSURES

i) There are no materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large.

Transactions with the related parties are disclosed in Note 21 of Schedule P to the financial statements in the Annual Report.

As per the Composite Scheme of Arrangement ("the Scheme") under Sections 391 - 394 of the Companies Act, 1956 for amalgamation of Global Remedies Limited, Grandix Pharmaceuticals Limited, Grandix Laboratories Limited and Quantum Remedies Private Limited (the "Transferor Companies") with and into Strides Arcolab Limited ("the Transferee Company"), as approved by the Hon'ble High Courts of Judicature at Mumbai, Karnataka and Chennai, a separate reserve account titled Reserve for Business Restructure (BRR) has been created by Fair Valuation of Assets of the Company for adjustment of certain expenses / impairments against the BRR. The same being at variance with applicable accounting standards, necessary disclosure has been made in the Notes to accounts in Standalone and Consolidated Financials Statements.

ii) The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on matters relating to capital markets during the last 3 years. No penalties or strictures have been imposed on the Company by the Stock Exchange or SEBI or any statutory authorities relating to the above.

iii) The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement.

iv) As regards the adoption of non–mandatory requirements as contained in Annexure I–D to clause 49 of the Listing Agreement, the Company has implemented the requirements with relation to constitution of Remuneration Committee and matters related therewith.

6 REAPPOINTMENT OF DIRECTORS

The Directors of the Company are appointed by shareholders at the General Meetings. The directors, other than Managing Director, Whole-time Director and Nominee Director are directors liable for retirement by rotation at the Company's AGM and are eligible for re-election as directors by the shareholders. The Executive Directors on the Board serve in accordance with the terms of their contract of service with the Company.

The requisite details in terms of clause 49(IV)(G) of the Listing Agreement in respect of the Directors getting reappointed at the ensuing AGM are as under:

Mr. Deepak Vaidya

Holds a commerce degree from the University of Mumbai and is a Fellow Member of Institute of Chartered Accountants of England & Wales, UK.

- Has served as Country Head of Schroder Capital Partners (Asia) Pte. Ltd. for over 12 years and is now Chairman of Arc Advisory Services Private Limited.
- Has valuable corporate experience in the financial field in India and abroad.
- Was appointed to the Board in January 1998, Chairman of the Board since December 2005 and Independent Director since February 25, 2010.

Mr. Deepak Vaidya holds 32,575 shares representing 0.06 % of the paid up share capital of the Company.

Details of companies in which Mr. Deepak Vaidya holds directorships and memberships in Committees

S.No.	Name of the Companies	Committee Membership
1.	Apollo Gleneagles Hospital Limited	Audit Committee
2.	Apollo Health Street Limited	
3.	Apollo Hospitals Enterprise Limited	Audit Committee (Chairman) Remuneration & Nomination Committee Investment Committee
4.	Orchid Chemicals & Pharmaceuticals Limited	Audit Committee
5.	PPN Power Generating Company Limited	
6.	Suntec Business Solutions Private Limited	Audit Committee
7.	UTI Trustee Company Private Limited	–

Mr. Deepak Vaidya is not related to any other Director in the Company.

Mr. M.R. Umarji

A post graduate in Law from Bombay University and a consummate banking professional, has held key positions at Reserve Bank of India, Corporation Bank and Dena Bank. An advisor to the Exim Bank, he also functions as Chief Legal Advisor to the Indian Banks Association, and also a director of JM Financial Products Pvt Ltd, ITZ Cash Limited and UTI Investment Advisory Services Limited. Has numerous articles published in the press to his credit.

Mr. Umarji holds 10,000 shares representing 0.02 % of the paid up share capital of the Company.

Details of his Directorship and Memberships in Committee

S.No.	Name of the Companies	Committee Membership
1	Unit Trust of India Advisory Services Limited	–
2	ITZ Cash Limited	–
3	JM Financial Products Pvt Ltd	–
4	Aegon Trustee Company Pvt Ltd	–

Mr. Umarji is not related to any other Director in the Company.

7 DISCLOSURE OF SHAREHOLDING OF NON-EXECUTIVE DIRECTORS

In terms of Clause 49(IV)(E)(iv) of the Listing Agreement, the shares held by Non-Executive Directors are as under:

Non-Executive Directors	No. of Shares held
Mr. Deepak Vaidya	32,575
Mr. K.R. Ravishankar	1,232,406
Mr. Virtanes Saatci	185,000
Mr. P.M. Thampi	11,000
Mr. M.R. Umarji	10,000
Mr. A.K. Nair	10,000

The following entities in which Mr. K R Ravishankar is interested also hold shares in the Company:

Name of the Entity	No. of Shares held
Agnus Holdings Private Limited	11,705,637
Chayadeep Properties Private Limited	1,086,060
Triumph Venture Holdings LLP	20,000

8 COMMUNICATION TO SHAREHOLDERS

The Company regularly communicates to its stakeholders through multiple channels of communication such as results announcement, annual report, media releases and Company's website.

The quarterly, half-yearly and annual reports of the Company's performance are published in newspapers such as Business Standard, The Financial Express and Lokmath. The quarterly and half-yearly results of the Company are also submitted to the Stock Exchanges where the Company's shares are listed. These are also posted on the Company's website www.stridesarco.com.

The Company also conducts earnings call with analysts and investors and their transcripts are published on the website thereafter. The website of the Company also displays the official news releases and presentations made to the institutional investors and analysts from time to time.

9 GENERAL SHAREHOLDERS INFORMATION

a) Annual General Meeting 2011

Day/Date	Monday, May 30, 2011
Time	11.30 am
Venue	The Regency by Tunga, Plot No.37, Sector 30–A, Vashi, Navi Mumbai – 400 703.

b) Financial Calendar for the Year 2011

Financial Reporting for Quarter/Half Year ended	During
March 31, 2011	April, 2011
June 30, 2011	July, 2011
September 30, 2011	October, 2011
December 31, 2011	February, 2012

c) Date of Book Closure: May 20, 2011 to May 30, 2011 (inclusive of both days)

d) Dividend

The Board of Directors at their meeting held on February 24, 2011 recommended a dividend of Rs.1.50 per share on equity share of face value of Rs.10 each for the financial year ended December 31, 2010, subject to the approval of the shareholders at the Annual General Meeting.

Dividend, if approved by shareholders, will be paid within 30 days from the date of declaration of dividend.

Unclaimed Dividends

Under the Companies Act, 1956, dividends that are unclaimed for a period of seven years, statutorily get transferred to the Investor Education and Protection Fund (IEPF) administered by the Central Government.

The unpaid/unclaimed dividends upto Final Dividend 2001–02 has been transferred to IEPF. Due dates for transfer of unpaid/unclaimed dividend to IEPF is as follows:

Year	Dividend Rate	Date of declaration	Due date
2002–2003	NIL	March 24, 2004	NA
2003–2004	15%	June 22, 2005	August 18, 2012
2005	20%	June 15, 2006	August 13, 2013
2006	20%	June 20, 2007	August 16, 2014
2007	NIL	June 27, 2008	NA
2008	NIL	April 24, 2009	NA
2009	15%	May 31, 2010	July 20, 2017

In view of this, the Members of the Company, who have not yet encashed their divided warrant(s) may write to the Company immediately.

e) Listing on Stock Exchanges and Stock Codes

The names of the Stock Exchanges at which the securities of the Company are listed and the respective stock codes are as under:

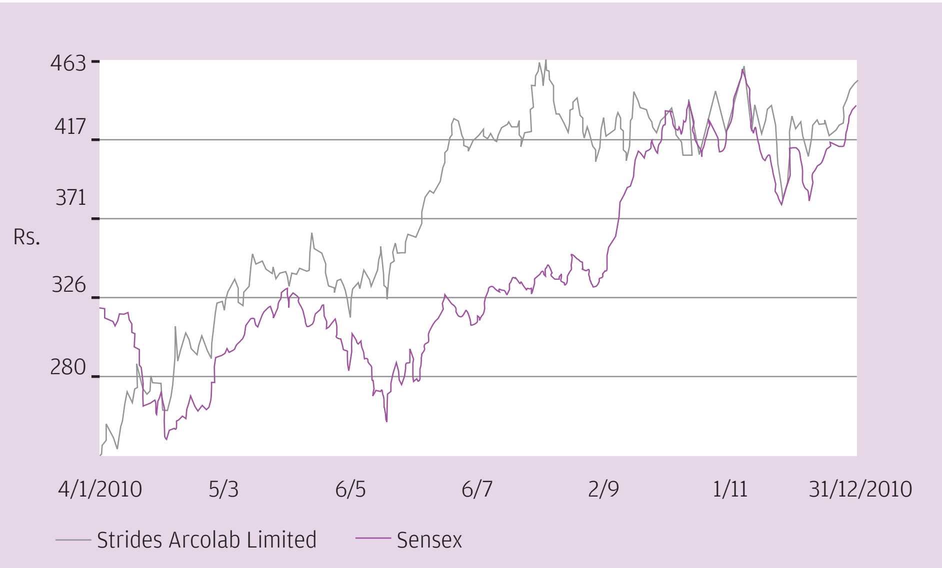
Sl. No.	Name of Stock Exchange	Security Listed	ISIN	Stock Code
1	Bombay Stock Exchange Limited	Equity Shares	INE939A01011	532531
2	National Stock Exchange of India Limited	Equity Shares	INE939A01011	STAR
3	Singapore Stock Exchange	FCCB	XS0305351891	3IKB

f) Market Price Data

The High and Low prices of the shares of the Company at National Stock Exchange of India Limited, Mumbai (NSE) and The Bombay Stock Exchange Ltd, Mumbai (BSE) for the year ended December 31, 2010 is as under.

Month	NSE			BSE		
	High (Rs.)	Low (Rs.)	Volume	High (Rs.)	Low (Rs.)	Volume
January, 2010	312.70	232.30	15,030,634	313.15	233.50	7,501,908
February, 2010	318.40	255.20	9,766,193	320.20	232.40	4,059,418
March, 2010	357.50	295.80	13,150,553	357.70	295.25	6,047,815
April, 2010	370.40	323.40	7,746,418	370.95	324.10	3,377,554
May, 2010	364.95	313.00	6,151,441	364.50	312.60	3,213,284
June, 2010	436.90	326.30	6,836,142	437.90	345.00	2,981,510
July, 2010	438.90	400.00	3,553,096	439.45	408.00	1,330,647
August, 2010	467.65	401.00	3,874,461	467.40	401.00	1,299,171
September, 2010	452.00	400.65	3,937,027	451.50	401.10	1,911,267
October, 2010	461.60	402.50	8,196,846	455.30	400.00	14,187,325
November, 2010	478.00	361.10	5,207,831	477.75	363.00	2,316,651
December, 2010	454.00	392.00	4,818,051	453.50	393.10	1,689,559

g) Performance of Strides Arcolab Limited Share Price to Broad Based Index (BSE Sensex)



h) Registrar and Transfer Agent

Karvy Computershare Private Limited,
Plot No.17 to 24, Vittalrao Nagar,
Madhapur, Hyderabad - 500 081.
Tel. No. 91-40-4465 5000
Fax No. 91-40-2342 0814
e-mail id: svraju@karvy.com

i) Share Transfer System

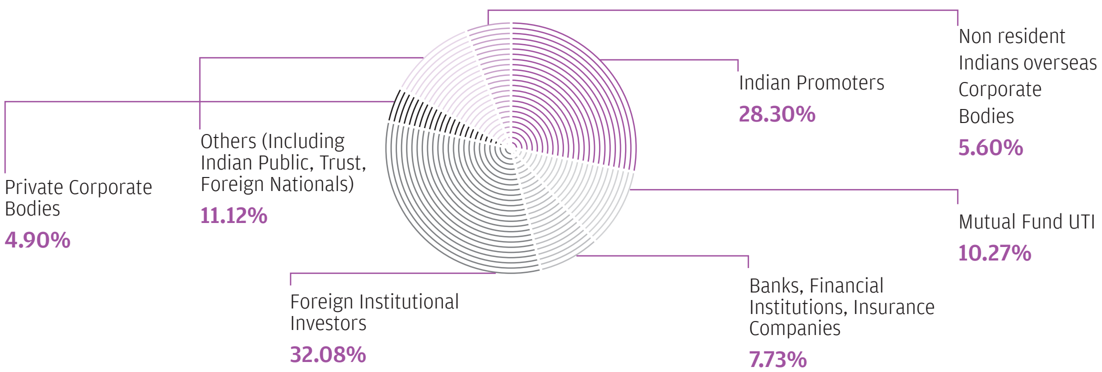
The Company has appointed Karvy Computershare Private Limited, Hyderabad, as its Registrar and Share Transfer Agents to expedite the process of share transfers. The share transfers lodged are being processed on a day-to-day basis and Memorandum of Transfers is generated on a fortnightly basis.

j) Distribution of shareholding as at December 31, 2010

Slab of Shareholding	No. of Shareholders	% to Total Number of Shareholders	Total Shares	Amount	% of Amount to Paid Up Capital
1 - 5000	23,625	93.03	1,627,666	16,276,660	2.81
5001 - 10000	778	3.07	615,481	6,154,810	1.07
10001 - 20000	384	1.51	586,804	5,868,040	1.02
20001 - 30000	152	0.60	386,691	3,866,910	0.67
30001 - 40000	62	0.24	224,526	2,245,260	0.39
40001 - 50000	77	0.30	367,595	3,675,950	0.64
50001 - 100000	109	0.43	835,935	8,359,350	1.45
100001 & Above	208	0.82	53,099,973	530,999,730	91.95
Total	**25,395**	**100.00**	**57,744,671**	**577,446,710**	**100.00**

k) Shareholding Pattern as at December 31, 2010

S.No.	Category	No. of shares held	% to total shareholding
1.	Indian Promoters	16,343,373	28.30
2.	Mutual Funds & UTI	5,922,520	10.27
3.	Banks, Financial Institutions, Insurance Companies	4,466,508	7.73
4.	Foreign Institutional Investors	18,527,195	32.08
5.	Private Corporate Bodies	2,829,072	4.90
6.	Others (including Indian Public, Trust, Foreign Nationals)	6,420,379	11.12
7.	Non Resident Indians/Overseas Corporate Bodies	3,235,624	5.60
	TOTAL	**57,744,671**	**100.00**



l) Group

The names of the Promoters and entities comprising "group" as defined under Monopolies and Restrictive Trade Practices ("MRTP") Act, 1969 for the purposes of Section 3(1)(e)(i) of the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997, include:

Sl. No.	Name of the Promoter/Entity
1	Arun Kumar
2	K.R. Ravishankar
3	Deepa Arun Kumar
4	G. Purushothaman Pillai
5	Gayathri Nair
6	Hemalatha Pillai
7	K. Saraswathi
8	K.R. Anuradha
9	K.R. Lakshmidevi
10	Lakshmi Gopalakrishnan
11	Padma Kumar Pillai
12	Rahul Nair
13	Rajeswari Amma
14	Rajitha Gopalakrishnan
15	Sajitha Pillai
16	Vineetha Mohana Kumar Pillai
17	Agnus Holdings Private Limited
18	Chayadeep Properties Private Ltd
19	Triumph Venture Holdings LLP
20	Agnus Capital LLP
21	Chayadeep Ventures LLP
22	Atma Enterprises LLP
23	Qualichem Remedies LLP
24	Triumph Fincap Ventures Private Limited
25	Pronomz Ventures LLP

m) Dematerialization of Shares & Liquidity

The Company's shares are compulsorily traded in dematerialised form. The Company has established connectivity with both the Depositories viz., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) through the Registrars, Karvy Computershare Private Limited.

As on December 31, 2010, 99.49 % of the paid-up share capital of the Company representing 57,448,621 shares have been dematerialised.

To enable us to serve our investors better, we request investors whose shares are in physical mode to dematerialise the shares and update their bank account with the respective depository participants.

n) Outstanding Warrants or any Convertible instruments

Foreign Currency Convertible Bonds

FCCB 100 Mio – 0% Convertible Bonds Due 2012 – ISIN : XS0305351891

The Company had on June 26, 2007 issued USD 100 Million 'Zero Coupon Convertible Bonds due 2012' at an initial conversion price of Rs.461.553 per share with a fixed rate of exchange on conversion of Rs.40.70 = USD 1.00. The FCCBs are listed at the Singapore Stock Exchange.

As permitted by the Reserve Bank of India, during the year 2009, the Company bought back at discount FCCBs aggregating to face value USD 20 Million out of outstanding USD 100 Million – Zero Coupon Convertible Bonds.

The outstanding USD 80 Million FCCB has an initial conversion price of Rs.461.553 per share and if not converted before June 27, 2012, are redeemable at a premium of 145.058%.

None of the bonds above have been offered for conversion.

o) Employee Stock Options

Statement giving detailed information in terms of Regulation 12 of Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 is annexed to the Directors' Report.

p) Plant Locations

(a) KRS Gardens, Suragajakkanahalli, Kasaba Hobli, Anekal Taluk, Bangalore-562 106

(b) 124, Sipcot Industrial Complex, Hosur- 635 126

(c) No. 9–12, Dewan & Sons Industrial Area, Veroor, Palghar, Dist. Thane-401 404

q) Investors Correspondence

To the Registrars & Share Transfer Agents:

Karvy Computershare Private Limited,
Plot No. 17 to 24, Vittalrao Nagar, Madhapur,
Hyderabad–500 081
Tel. No. 91–40–4465 5000
Fax No. 91–40–2342 0814
Email id: svraju@karvy.com

Contact Persons :

Mr. S.V. Raju or
Mr. Mohan Kumar. A

To the Company:

Mr. Badree Komandur
Group Controller & Company Secretary

Corporate Office :

'Strides House',Bilekahalli,
Bannerghatta Road,
Bangalore–560 076
Tel. No.: 91–80–66580747
Fax No. 91–80–66580800
e–mail id. : badree.komandur@stridesarco.com;
investors@stridesarco.com

Regd. Office :

No. 201, 'Devavrata'
Sector 17, Vashi,
Navi Mumbai–400 705.
Tel. No. 91–22–27895247
Fax No. 91–22–27892924

The Company's designated email id for investor complaints is investors@stridesarco.com

10 CODE OF CONDUCT

Board has adopted Code of Conduct ('Code') for all Board Members and Senior Management of the Company. A copy of the said Code is available on the website of the Company www.stridesarco.com.

The Code provides that members of the Board are required to avoid any interest in contracts entered into by the Company. If such an interests exists, the members are required to make disclosure to the Board and to abstain from discussion, voting or otherwise influencing on any matter in which the concerned Director has or may have such interest. The Code also restricts the Directors from accepting any gifts or incentives in their capacity as Director of the Company, except what is duly authorised under the Code.

All Board Members and senior management personnel have confirmed compliance with the Code for the year 2010.

A declaration to this effect signed by the CEO of the Company is given below:

'I confirm that the Company has in respect of the year ended December 31, 2010, received from its Board Members as well as Senior Management Personnel affirmation as to compliance with the Code of Conduct.'

Arun Kumar
Executive Vice Chairman & Managing Director

CERTIFICATE

To the Members of Strides Arcolab Limited,

We have examined the compliance of conditions of corporate governance by Strides Arcolab Limited ('the Company'), for the year ended on December 31, 2010, as stipulated in clause 49 of the Listing Agreement of the said Company with the said stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above-mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For DELOITTE HASKINS & SELLS
Chartered Accountants

V.Balaji
Partner
Membership No. 203685

Place: Bangalore, India
Date: April 25, 2011

Section 03

Financial Statements

69-200

Auditors' Report

TO THE BOARD OF DIRECTORS OF STRIDES ARCOLAB LIMITED

1. We have audited the attached Consolidated Balance Sheet of **STRIDES ARCOLAB LIMITED** ("the Company"), its subsidiaries and jointly controlled entities (the Company, its subsidiaries and jointly controlled entities constitute "the Group") as at December 31, 2010 the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. The Consolidated Financial Statements include investments in associates accounted on the equity method in accordance with Accounting Standard 23 (Accounting for Investments in Associates in Consolidated Financial Statements) and the jointly controlled entities accounted in accordance with Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of certain subsidiaries and joint ventures, whose financial statements reflect total assets of Rs.23,501.67 Million as at December 31, 2010 total revenues of Rs.11,726.74 Million and net cash inflows amounting to Rs.1,561.46 Million for the year ended on that date as considered in the Consolidated Financial Statements. In respect of these subsidiaries and joint ventures:

   a) the financial statements of the subsidiaries and joint ventures, whose financial statements reflect total assets (net) of Rs.20,319.25 Million as at December 31, 2010, total revenues of Rs.10,848.59 Million and net cash inflows amounting to Rs.1,400.68 Million for the year ended on that date, as considered in these financial statements have been audited by other auditors and where applicable, their conversion based on accounting principles generally accepted in India have been reported upon by other accountants. These reports have been furnished to us, and our opinion, in so far as it relates to amounts included in respect of these subsidiaries is based solely on the audit report of other auditors/accountants;

   b) the financial statements of the subsidiaries and joint ventures, whose financial statements reflect total assets (net) of Rs.3,182.42 Million as at December 31, 2010 and total revenues of Rs.878.15 Million and net cash inflows amounting to Rs.160.78 Million for the year ended on that date, as considered in these financial statements have been compiled by the management and have not been subject to audit by independent auditors.

4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements), Accounting Standard 23 (Accounting for Investment in Associates in Consolidated Financial Statements) and Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006.

5. The Company has early adopted Accounting Standard (AS) 30 'Financial Instruments: Recognition and Measurement', AS 31 'Financial Instruments: Presentation' and AS 32 'Financial Instruments: Disclosure', to the extent such standards do not conflict with the standards notified under section 211(3C) of the Companies Act. Pursuant to the above:

   (a) the Foreign Currency Convertible Bonds (FCCBs or Bonds) issued by the Company have been segregated into two components comprising (i) option component which represents the value of the conversion option given to the FCCB-holders to convert the bonds into equity shares of the company and (ii) debt component which represents the debt to be redeemed in the absence of conversion option being exercised by FCCB-holder, net of issuance costs. The debt component has been recognised and measured at amortized cost and the fair value of the option component has been determined using a valuation model and a charge of Rs. 15.63 million has been recognised in the Profit & Loss Account for the year ended December 31, 2010, being the change in the fair value of embedded option during the year.

(b) the Group has designated its net investment in foreign operations of a subsidiary of the Company, whose functional currency is US dollars, as hedged items, and certain FCCBs and External Commercial Borrowings (ECBs) payable in US dollars as hedging instruments, to hedge the foreign exchange risk arising out of fluctuations between the Indian Rupee and the US Dollar. The exchange fluctuations arising from the restatement of the designated hedging instruments has been recognised in Hedging Reserve account as per the requirements of Accounting Standard 30. Accordingly a debit of Rs. 427.42 million has been recognised in the Hedging Reserve account as at December 31, 2010.

6. We draw attention to Note C.1 of Schedule 'Q' regarding the accounting for the Scheme of Arrangement ('the Scheme') between the Company, some of its subsidiaries and their respective shareholders under section 391 to 394 and the other provisions of the Companies Act, 1956, which has been approved by the Hon'ble High Court of Mumbai. In accordance with the Scheme:

   a) Investments in a subsidiary has been fair valued and the resultant surplus over the previously carried book values, amounting to Rs.5,856.20 Million, has been recorded as a Goodwill on consolidation in these consolidated financial statements with a corresponding credit to Reserve for Business Restructure, instead of such assets being recorded at historical costs as required by Accounting Standard 13 'Accounting for investments' and Accounting Standard 21 'Consolidated Financial Statements'.

   b) Certain expenses (net) amounting to Rs.460.06 Million has been debited to the Reserve for Business Restructure, instead of being charged to the Profit and Loss Account as required by Accounting Standard 5 'Net profit or Loss for the Period, Prior Period Items'.

7. Subject to our comments in paragraph 3(b) above, and read with our comments in paragraph 5 and paragraph 6 above, based on our audit and on consideration of the reports of other auditors/accountants on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India;

   (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at December 31, 2010;

   (ii) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date and

   (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No.008072S)

V. BALAJI
Partner
(Membership No. 203685)

BANGALORE, February 24, 2011

Consolidated Balance Sheet

as at December 31, 2010

(Rupees in Million)

		Schedule	Dec 31, 2010	Dec 31, 2009
I.	**SOURCES OF FUNDS**			
1.	**Shareholders' funds**			
a)	Share capital	A	577.45	893.76
b)	Monies pending allotment		-	141.50
c)	Employees stock options outstanding	B	20.86	34.53
d)	Reserves & surplus	C	12,229.51	7,240.92
			12,827.82	8,310.71
2.	**Minority Interest**		2,724.74	2,585.04
3.	**Loan funds**	D		
a)	Secured loans		13,873.90	7,786.98
b)	Unsecured loans		6,224.45	6,781.74
			20,098.35	14,568.72
4.	**Deferred tax liability (Net)**		46.36	34.15
	Total		**35,697.27**	**25,498.62**
II.	**APPLICATION OF FUNDS**			
1.	**Fixed Assets and Intangible Assets**	E		
a)	Gross block		11,510.70	10,713.26
	Less : Accumulated Depreciation		2,984.41	2,241.06
	Net block		8,526.29	8,472.20
b)	Capital work-in-progress & advances		1,914.55	846.56
			10,440.84	9,318.76
2.	**Goodwill (on consolidation)**		14,756.39	10,093.69
3.	**Investments**	F	17.59	3,413.61
4.	**Deferred Tax Asset (Net)**		15.77	11.13
5.	**Current assets, loans and advances**	G		
a)	Inventories		3,119.97	2,334.20
b)	Sundry debtors		3,837.84	4,202.70
c)	Unbilled debtors		411.72	303.31
d)	Cash & bank balances		3,394.51	912.01
e)	Loans and advances		8,839.95	1,750.67
			19,603.99	9,502.89
	Less: Current liabilities & provisions	H		
a)	Current liabilities		7,248.50	5,098.67
b)	Provisions		1,987.99	1,742.79
			9,236.49	6,841.46
	Net current assets		10,367.50	2,661.43
6.	**Miscellaneous expenditure** (To the extent not written off or adjusted)	I	99.18	-
	Total		**35,697.27**	**25,498.62**
	Basis of Consolidation,			
	Accounting policies and notes on accounts	Q		
	The above schedules form an integral part of the financial statements.			

In terms of our report attached

For DELOITTE HASKINS & SELLS
Chartered Accountants
V. Balaji
Partner

Bangalore, February 24, 2011

For and on behalf of the Board
Arun Kumar - Vice Chairman & Managing Director
K.R.Ravishankar - Director
Badree Komandur - Company Secretary

Bangalore, February 24, 2011

Consolidated Profit & Loss Account

for the year ended December 31, 2010

(Rupees in Million)

	Schedule	Dec 31, 2010	Dec 31, 2009
I. INCOME			
1. Sales & services	J	16,958.44	13,047.71
2. Other income	K	696.99	235.70
Total		**17,655.43**	**13,283.41**
II. EXPENDITURE			
1. Materials consumed	L	8,508.14	7,272.95
2. Increase/(Decrease) in stock	M	(452.88)	(265.29)
3. Personnel cost	N	2,249.19	1,808.07
4. Operating and other expenses	O	3,387.77	2,362.64
5. Finance charges	P	1,466.50	759.07
Total		**15,158.72**	**11,937.44**
III. PROFIT BEFORE DEPRECIATION, AMORTISATION & INCOME TAX		**2,496.71**	**1,345.97**
6. Depreciation	E	638.98	491.90
IV. PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS		**1,857.73**	**854.07**
7. Exceptional Items			
Profit/(Loss) on Sale/Disposal of investments (net) (Refer Note C.13, Schedule 'Q')		(41.61)	-
Reversal of hedge reserve on disposal of foreign operations (net) (Refer Note C.14 Schedule Q)		(95.80)	-
Exchange (loss)/gain on FCCBs, ECBs & Forward exchange contracts (net)		159.03	131.64
Changes in fair value options embedded in FCCB' s (Refer Note C.10.1, Schedule 'Q')		(15.63)	(41.12)
Profit on FCCB buyback (Refer Note C.6, Schedule 'Q')		-	291.17
Interest reversal on FCCB buyback (Refer Note C.6, Schedule 'Q')		-	79.96
Profit on sale of plant		-	113.65
V. PROFIT BEFORE TAX		**1,863.72**	**1,429.37**
Less : Provision for tax:			
- Current		451.67	285.82
- Deferred (Net)		0.27	(60.71)
- Fringe benefit tax		-	3.38
- MAT Credit entitlement		-	(9.50)
VI. PROFIT AFTER TAX BEFORE SHARE OF MINORITY INTEREST AND ASSOCIATE		**1,411.78**	**1,210.38**
Less: Share of Profit/(Loss) of Minority Interest		187.31	113.55
PROFIT AFTER MINORITY INTEREST AND SHARE FROM ASSOCIATE		**1,224.47**	**1,096.83**
Balance brought forward		1,714.87	765.47
Consolidation adjustment		(15.06)	79.43
VII. PROFIT AVAILABLE FOR APPROPRIATIONS		**2,924.28**	**1,941.73**
VIII. APPROPRIATIONS			
Proposed Dividend		91.59	60.32
Tax on dividends		14.98	10.25
Dividend on preference shares		-	88.49
Tax on preference dividends		-	15.04
Transfer to General reserve		36.78	52.76
Reversal of Dividend and Tax on preference shares no longer payable		(148.54)	-
(Refer Note C.7, Schedule 'Q')			
Transfer to Capital Redemption Reserve (Refer Note C.7, Schedule 'Q')		491.61	-
Balance carried to balance sheet		2,437.86	1,714.87
Total		**2,924.28**	**1,941.73**
IX. EARNINGS/(LOSS) PER SHARE			
(Face value of Rs.10 each)			
- Basic (in Rs.)		26.11	26.49
- Diluted (in Rs.)		24.56	19.67
(Refer Note C.22, Schedule 'Q')			
Basis of Consolidation,			
Accounting policies and notes on accounts	Q		
The above schedules form an integral part of the financial statements.			

In terms of our report attached

For DELOITTE HASKINS & SELLS
Chartered Accountants
V. Balaji
Partner

Bangalore, February 24, 2011

For and on behalf of the Board

Arun Kumar - Vice Chairman & Managing Director
K.R.Ravishankar - Director
Badree Komandur - Company Secretary
Bangalore, February 24, 2011

Consolidated Cash Flow Statement

for the year ended December 31, 2010

(Rupees in Million)

			Dec 31, 2010	Dec 31, 2009
A.	CASH FLOW FROM OPERATING ACTIVITIES			
	Net Profit/(Loss) before tax		1,863.75	1,429.37
	Adjustments for:			
	Depreciation and amortisation		638.54	492.87
	Provision for doubtful debts		27.61	8.78
	Interest on borrowings		1,365.80	681.98
	Unrealised Exchange (Gain)/Loss		(59.99)	(293.20)
	Reversal of hedge Reserve on disposal of foreign Operations		(95.80)	-
	Deferred Revenue Expenditure		(99.18)	-
	Profit on FCCB Buyback		-	(291.17)
	Interest reversal on FCCB Buyback		-	(79.96)
	Changes in fair value of embedded derivatives in FCCB' s		15.63	41.12
	Loss/(Profit) on sale of investments (Net)		41.61	-
	Profit on sale of assets (Net)		(0.09)	(112.70)
	Interest received		(44.74)	(20.14)
	Operating profit before working capital changes		3,653.14	1,856.95
	Changes in working capital			
	(Increase)/Decrease in Trade and other receivables		673.82	(1331.91)
	(Increase)/Decrease in Inventories		(839.48)	(795.19)
	Increase/(Decrease) in Trade and other payables		165.23	1,316.77
	(Increase)/Decrease in Margin money		(20.49)	(13.36)
	Net change in working capital		**(20.92)**	**(823.69)**
	Cash generated from operations		**3,632.22**	**1033.26**
	Direct taxes paid and others (Ref note C.23 (c),Sch 'Q')		(392.91)	(137.16)
	Net cash from Operating Activities	A	**3,239.31**	**896.10**
B.	CASH FLOW FROM INVESTING ACTIVITIES			
	Purchase of fixed assets/CWIP		(1,666.73)	(1,310.59)
	Sale of fixed assets		27.94	203.70
	Purchase of investments		(4,179.29)	(419.85)
	Advance towards purchase of investments		(3,839.28)	-
	Sale/redemption of investments		208.30	30.16
	Dividend/Interest received		39.08	20.14
	Net cash used in Investing Activities	B	**(9,409.98)**	**(1,476.44)**

(Rupees in Million)

			Dec 31, 2010	Dec 31, 2009
C.	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Proceeds from issue of share capital/Share warrants		5,031.73	158.87
	Share Issue Expenses		(108.96)	-
	Redemption of preference shares		(325.75)	-
	Buyback of FCCB		-	(705.64)
	Redemption of FCCB		(2,124.86)	-
	Proceeds from long term borrowings		6,952.78	2,260.99
	Repayment of long term borrowings		(2,262.53)	(414.85)
	Proceeds from short term borrowings (Net)		2,631.23	280.73
	Dividends paid (including tax on dividend)		(75.86)	(4.75)
	Interest paid on borrowings		(1,216.84)	(658.96)
	Net cash generated from Financing Activities	**C**	**8,500.94**	**916.39**
	Net Increase/(Decrease) in Cash and Cash Equivalents	**(A+B+C)**	**2,330.27**	**336.05**
	Cash and cash equivalents at the beginning of the year		787.85	458.75
	Effect of exchange differences on restatement of foreign currency cash and cash equivalents		3.74	(2.99)
	Cash and cash equivalents on account of acquisiton & disposal of subsidiaries		127.72	(3.96)
	Cash and cash equivalents at the end of the year		**3,249.58**	**787.85**
	Note: Refer Note C.23, Schedule 'Q' for notes on Cash Flow Statement			
	Basis of Consolidation,			
	Accounting policies and notes on accounts			

In terms of our report attached			
For DELOITTE HASKINS & SELLS	**For and on behalf of the Board**		
Chartered Accountants			
V. Balaji	Arun Kumar	-	Vice Chairman & Managing Director
Partner	K.R.Ravishankar	-	Director
	Badree Komandur	-	Company Secretary
Bangalore, February 24, 2011	Bangalore, February 24, 2011		

Schedules

forming part of the Consolidated Balance Sheet as at December 31, 2010

(Rupees in Million)

	Dec 31, 2010	Dec 31, 2009
SCHEDULE A		
Share Capital		
1. Authorised		
a) Equity		
89,750,000 equity shares of Rs.10 each	897.50	897.50
b) Preference		
620,000 cumulative redeemable preference shares of Rs.1,000 each	620.00	620.00
	1,517.50	**1,517.50**
2. Issued, subscribed and paid-up		
a) Equity		
57,744,671 (Previous year 40,215,614) equity shares of Rs.10 each fully paid. (Refer Note C.9, Schedule 'Q')	577.45	402.15
i) 9,368,875 (Previous year 3,168,875) equity shares of Rs.10 each were allotted to the Promoters and their associate companies on exercising of the Warrants.		
ii) 3,387,979 (Previous year 3,374,455) equity shares of Rs.10 each were allotted for consideration other than cash consequent to amalgamation and issue of bonus shares.		
b) Preference		
Nil (Previous year 491,606), 6% cumulative redeemable preference shares of Rs.1,000 each fully paid (Refer Note C.7, Schedule 'Q')	-	491.61
Total	**577.45**	**893.76**

	Dec 31, 2010	Dec 31, 2009
SCHEDULE B		
Employee Stock Options Outstanding		
Employee Stock Options Outstanding (Refer Note C.11, Schedule 'Q')	36.52	75.34
Less : Deferred employee compensation expenses	15.66	40.81
Closing Balance	**20.86**	**34.53**

	Dec 31, 2010	Dec 31, 2009
SCHEDULE C		
Reserves And Surplus		
1. General Reserve		
Opening Balance	365.29	332.30
Add: Transfer from Profit and loss account	36.78	52.76
Less: Adjustment on account of Merger	-	19.77
Closing Balance	**402.07**	**365.29**

Schedules

forming part of the Consolidated Balance Sheet as at December 31, 2010

(Rupees in Million)

		Dec 31, 2010	Dec 31, 2009
SCHEDULE C			
2.	**Capital Redemption Reserve**		
	Opening Balance	60.00	60.00
	Add: Transfer from Profit and loss account (Refer Note C.7, Schedule 'Q')	491.61	-
	Closing Balance	**551.61**	**60.00**
3.	**Securities Premium**		
	Opening Balance	2,138.49	2,468.14
	Add: Additions during the year on fresh issue of shares	5,026.63	19.03
	Add: Reversal of premium on redemption of FCCB' s and issue expenses on account of buy back (Refer Note C.6, schedule 'Q')	-	254.82
	Less: Amortisation of Premium on redemption of FCCBs and issue expenses (Refer Note C.10.1, Schedule 'Q')	395.06	603.50
	Less: Share issue expenses (Refer Note C.9, Schedule 'Q')	108.96	-
	Closing Balance	**6,661.10**	**2,138.49**
4.	**Exchange Reserve (on consolidation)**		
	Opening Balance	698.52	474.01
	Add: Transactions during the year	(776.70)	224.51
	Closing Balance	**(78.18)**	**698.52**
5.	**Capital Reserve**		
	On Consolidation	62.87	202.11
	Forfeiture of Monies received towards Share Warrants	225.60	225.60
	Closing Balance	**288.47**	**427.71**
6.	**Reserve for Business Restructure** (Refer Note C.1, Schedule 'Q')		
	Opening Balance	2,854.06	-
	Add: Created during the year	-	7,038.54
	Less: Utilisation during the year (Net)	460.06	4,184.48
	Closing Balance	**2,394.00**	**2,854.06**
7.	**Hedge Reserve** (Refer Note C.10, Schedule 'Q')		
	Opening Balance	(1,018.02)	(1,172.04)
	Exchange losses recycled to Profit & Loss Account on disposal of foreign operations	499.10	-
	Other movements in the reserve	91.50	154.02
	Closing Balance	**(427.42)**	**(1,018.02)**
8.	**Profit & Loss Account**	**2,437.86**	**1,714.87**
	Total	**12,229.51**	**7,240.92**

Schedules

forming part of the Consolidated Balance Sheet as at December 31, 2010

(Rupees in Million)

	Dec 31, 2010	Dec 31, 2009
SCHEDULE D		
Loan Funds		
Secured Loans		
1. Long term loans		
a) From banks	9,331.33	4,663.82
b) From others	4.60	5.06
	9,335.93	**4,668.88**
2. Short term loans		
From banks (Refer Note C.10.5 Schedule 'Q')	4,537.97	3,118.10
	4,537.97	3,118.10
Total	**13,873.90**	**7,786.98**
Unsecured Loans		
1. Long term loans		
a) Foreign Currency Convertible Bonds:		
- Debt portion of FCCBs (Refer Note C.6 & C.10.1, Schedule 'Q')	4,381.89	6,166.18
- Fair value of embedded derivatives in FCCB's (Refer Note C.10.1, Schedule 'Q')	190.95	175.32
2. Short term loans		
a) From banks	978.57	-
b) From others	673.04	440.24
Total	**6,224.45**	**6,781.74**

Notes on above :

a) Loans under different categories are secured against certain moveable and immovable assets of the parent company or concerned subsidiary.

b) Some of the above loans are guaranteed by some of the Directors of the Company in their personal capacities.

c) Long term loans from financial institutions and banks (other than hire purchase loans) due within one year Rs.1,693.87 Million (Previous year Rs.886.69 Million). Hire purchase loans due within one year Rs.2.29 Million (Previous year Rs.2.83 Million)

d) Short term loans from Banks include Billls discounted with Banks Rs.956.07 Million (Previous year Rs.1,044.46 Million) (Refer Note C.10, Schedule 'Q'). These loans are secured by the respective debtors. (Refer Note C.10.5, Schedule 'Q')

Schedules

forming part of the Consolidated Balance Sheet as at December 31, 2010

SCHEDULE E:
Fixed Assets & intangible Assets

(Rupees in Million)

Particulars	GROSS BLOCK							DEPRECIATION/AMORTISATION						NET BLOCK	
			Additions		Deletion						Withdrawn on account of				
	As on Jan 1, 2010	Consolidation Adjustment	During the year	On account of Fair Valuation (Refer Note below)	During the year	Impairment adjustment (Refer Note below)	As on Dec 31, 2010	Upto Dec 31, 2009	Consolidation Adjustment	For the year	On Deletion / Adjustments	Impairment	Upto Dec 31, 2010	As at Dec 31, 2010	As at Dec 31, 2009
Tangible Assets															
Freehold Land	804.43	(2.95)	2.89	-	-	-	804.37	-	-	-	-	-	-	804.37	804.43
Leasehold Land	80.22	8.45	-	-	-	-	88.67	-	-	-	-	-	-	88.67	80.22
Buildings	2,033.14	34.04	47.98	-	1.20	-	2,113.96	237.08	(4.86)	93.86	0.10	-	325.98	1,787.98	1,796.06
Furniture & Fixtures	364.02	26.46	22.54	-	13.26	-	399.76	159.88	5.03	48.00	4.17	-	208.74	191.02	204.14
Office Equipments	119.46	(24.94)	30.92	-	4.65	-	120.79	58.24	(0.49)	13.11	1.42	-	69.44	51.35	61.22
Plant & Machinery	4,682.02	330.56	390.22	-	36.43	-	5,366.37	1,076.45	8.69	388.16	28.44	-	1,444.86	3,921.51	3,605.57
Motor Vehicles	59.82	(1.98)	9.04	-	4.47	-	62.41	22.32	(0.84)	12.14	2.22	-	31.40	31.01	37.50
Intangible Assets:															
Registrations, brands & trade marks	2,494.97	(452.68)	205.70	-	63.44	-	2,184.55	646.88	23.34	188.79	59.64	-	799.37	1385.18	1,848.09
Software licences	75.18	221.02	73.62	-	-	-	369.82	40.21	(0.08)	64.54	0.05	-	104.62	265.20	34.97
Total	**10,713.26**	**137.98**	**782.91**	**-**	**123.45**	**-**	**11,510.70**	**2,241.06**	**30.79**	**808.60**	**96.04**	**-**	**2,984.41**	**8,526.29**	**8,472.20**
Previous year	**5,991.11**	**(95.79)**	**3,182.83**	**2,199.82**	**232.82**	**331.89**	**10,713.26**	**2,201.23**	**(218.90)**	**606.91**	**141.82**	**206.36**	**2,241.06**	**8,472.20**	**3,789.88**
Capital Work-in-Progress at cost and advance payments against capital expenditure														1,914.55	846.56
Total														**10,440.84**	**9,318.76**

Note:

1 Pursuant to a Scheme of Arrangement ('the Scheme') sanctioned by the Honorable High Courts of Judicature, during the year ended December 31, 2009, some of the subsidiaries of the Company have been merged with itself effective from January 1, 2009. In accordance with the Scheme, the Company had fair valued certain fixed assets and has recognised certain impairement in fixed assets during the year ended December 31, 2009. (Refer Note C.1 of Schedule Q').

The excess of fair value over carrying value included in gross block is as follows:

a) Land of subsidiary companies Rs.14.25 Million

b) Brands Rs.1,150 Million

c) Land of the Company Rs.754.32 Million

d) Machineries of the Company Rs.281.25 Million

2 Building include buildings on leasehold land Rs.231.12 Million (Previous year Rs.169.16 Million)

3 Gross block of Motor Vehicles include vehicles purchased under hire purchase scheme amounting to Rs.18.83 Million (Previous year Rs.18.83 Million)

4 Additions/Capital work in progress includes interest on borrowings Rs.25.03 Million (Previous year Rs.123.27 Million)

5 Depreciation/Amortisation considered in the Profit and Loss Account is net off Rs.169.62 Million (Previous year Rs.115 Million), being depreciation/amortisation of Brands and Plant & Machinery, fair valued under the Scheme, which are permitted to be debited to BRR.

Schedules

forming part of the Consolidated Balance Sheet as at December 31, 2010

(Rupees in Million)

	Dec 31, 2010	Dec 31, 2009
SCHEDULE F		
Investments (Unquoted)		
1. Long term investments		
Trade investments [at cost less permanent dimunition in value (if any)]		
a) Pharmalatina Holdings Limited, Cyprus		
Investment in 9,772 equity shares of Euro 1 each.	-	5,030.87
Less: dimunition in value of investments (Refer Note A. 2 (i), Schedule 'Q')	-	(1,774.27)
	-	3,256.60
b) Red Vault Investments Pty Limited, Australia	150.87	157.01
Investment in 1,050 Equity shares of AU$ 1 each		
Less: dimunition in value of investments (Refer Note C.1.3 (c) & C.5, Schedule 'Q')	150.87	-
	-	157.01
c) Strides Italia S.r.L, Italy	57.80	60.15
Investment in 286,900 equity shares of Euro 1 each.		
Less: dimunition in value of investments	(57.80)	(60.15)
d) Central Healthcare Service Pty Ltd	17.59	-
Investment in 100 equity shares of AUD 1 each (Refer Note -A.2 (f), Schedule 'Q')		
Total	**17.59**	**3,413.61**

	Dec 31, 2010	Dec 31, 2009
SCHEDULE G		
Current Assets, Loans & Advances		
A. Current assets		
1. Inventories		
a) Raw materials and packing materials	1,464.79	1,094.40
b) Work-in-process	224.66	145.60
c) Finished goods	1,430.52	1,094.20
Total	3,119.97	2,334.20
2. Sundry debtors (unsecured)		
a) More than six months		
- Considered Good	180.82	144.74
- Considered Doubtful	83.18	68.60
	264.00	213.34
b) Others		
- Considered Good	3,657.02	4,057.96
- Considered Doubtful	-	-
	3,921.02	4,271.30
Less : Provision for Doubtful Debts	83.18	68.60
Total	3,837.84	4,202.70
3. Unbilled debtors (Refer Note C 16, Schedule 'Q')	411.72	303.31
4. Cash and bank balances		
a) Cash in hand	4.59	4.06
b) Balance with banks		
i) In current accounts	2,768.32	781.52
ii) In margin money and deposit accounts	142.81	122.32
iii) In Fixed desposit account	478.79	4.11
Total	**3,394.51**	**912.01**

Schedules

forming part of the Consolidated Balance Sheet as at December 31, 2010

(Rupees in Million)

		Dec 31, 2010	Dec 31, 2009
SCHEDULE G			
B.	**Loans and advances** (unsecured, considered good)		
a)	Advance recoverable in cash or in kind or for value to be received	594.18	877.89
b)	Advance income tax and tax deducted at source	762.67	461.74
c)	Deposits with and dues from Government departments	338.18	241.26
d)	Deposits with others	176.45	169.78
e)	Advance towards purchase of investments (Refer Note A. 2 (h) & (i), Schedule 'Q')	6,968.47	-
		8,839.95	1,750.67
Total		**19,603.99**	**9,502.89**

		Dec 31, 2010	Dec 31, 2009
SCHEDULE H			
Current Liabilities And Provisions			
A.	**Current liabilities**		
a)	Sundry creditors	4,198.50	4,452.30
b)	Consideration payable towards puchase of investments (Refer Note A. 2 (f) & (j), Schedule 'Q')	1,541.06	-
c)	Unclaimed dividend	2.12	1.84
d)	Interest accrued but not due	33.59	6.41
e)	Other liabilities	84.70	99.67
f)	Advances received from customers	1,388.53	538.45
Total		**7,248.50**	**5098.67**
B.	**Provisions**		
a)	Leave salary	112.13	92.44
b)	Gratuity and other employee benefits	119.61	123.23
c)	Taxes	1,079.04	649.73
d)	Proposed equity dividend	86.62	60.32
e)	Tax on equity dividends	14.39	10.25
f)	Long Term Employee compensation	576.20	657.50
g)	Preference dividend (Refer Note C.7, Schedule 'Q')	-	134.28
h)	Tax on preference dividend (Refer Note C. 7, Schedule 'Q')	-	15.04
Total		1,987.99	1,742.79
(A + B)		**9,236.49**	**6,841.46**

		Dec 31, 2010	Dec 31, 2009
SCHEDULE I			
Miscellaneous Expenditure			
(To the extent not written off or adjusted)			
a)	Deferred Revenue Expenditure (Refer Note C. 12 , Schedule 'Q')	99.18	-
Total		**99.18**	**-**

Schedules

forming part of the Consolidated Profit & Loss account for the year ended December 31, 2010

(Rupees in Million)

		Dec 31, 2010	Dec 31, 2009
SCHEDULE J			
Sales & Services			
a)	Sale of products	13,564.61	11,993.80
	Less: Excise duty	20.91	25.31
	Net Sales	13,543.70	11,968.49
b)	Development Income	3,375.53	720.05
c)	Licensing Income	-	289.99
d)	Contract manufacturing services	32.43	58.24
e)	Export licences & incentives (net)	6.78	10.94
Total		**16,958.44**	**13,047.71**

		Dec 31, 2010	Dec 31, 2009
SCHEDULE K			
Other Income			
a)	Miscellaneous income (Refer Note C.25, Schedule 'Q')	652.16	215.46
b)	Profit on Sale/Disposal of assets	0.09	0.11
c)	Interest received	44.74	20.13
Total		**696.99**	**235.70**

	Dec 31, 2010	Dec 31, 2009
SCHEDULE L		
Materials Consumed (Refer Note C.1, Schedule 'Q')		
Raw materials & packing materials		
Opening stock	1,094.40	812.26
Consolidation adjustment	(11.17)	(4.78)
	1,083.23	807.48
Add: Purchases	8,889.70	7,559.87
Less: Closing stock	1,464.79	1,094.40
Total	**8,508.14**	**7,272.95**

		Dec 31, 2010	Dec 31, 2009
SCHEDULE M			
Increase/(Decrease) In Stock			
i)	Opening stock		
	Work in process	145.59	117.19
	Finished goods	1,094.20	801.75
		1,239.79	918.94
ii)	Consolidation adjustment		
	Work in process	6.41	(1.68)
	Finished goods	(43.90)	57.24
		(37.49)	55.56
iii)	Closing stock		
	Work in process	224.66	145.59
	Finished goods	1,430.52	1,094.20
		1,655.18	1,239.79
Total		**(452.88)**	**(265.29)**

Schedules

forming part of the Consolidated Profit & Loss for the year ended December 31, 2010

(Rupees in Million)

	Dec 31, 2010	Dec 31, 2009
SCHEDULE N		
Personnel Cost (Refer Note C.1, Schedule 'Q')		
Salaries, wages and allowances	2,027.83	1,645.43
Contribution to provident and other funds	116.72	100.92
Staff welfare expenses	104.64	61.72
Total	**2,249.19**	**1,808.07**

SCHEDULE O		
Operating And Other Expenses (Refer Note C.1, Schedule 'Q')		
Power, fuel & water	302.29	245.78
Consumables	367.64	268.65
Conversion & Processing charges	59.05	43.41
Excise duty paid	1.27	1.41
Freight & forwarding	491.92	376.61
Rent	278.29	184.54
Rates & taxes	167.49	94.10
Communication charges	40.15	39.30
Repairs & maintenance		
- Buildings	10.07	14.10
- Machinery	102.31	44.28
- Others	99.20	81.08
Insurance	37.38	32.51
Travelling & conveyance	173.46	163.98
Advertisement & Selling expenses	279.59	263.06
Commission on sales	108.67	94.33
Legal and Professional fees	320.46	201.28
Other expenses	195.46	115.03
Cost of product rights transferred	325.36	-
Provision for doubtful debts	27.61	8.78
Exchange fluctuation Gain/(Loss) (Net)	-	90.41
Total	**3,387.77**	**2,362.64**

SCHEDULE P		
Finance Charges (Refer Note C.1, Schedule 'Q')		
Bank charges & commission	100.70	77.09
Interest on working capital and other facilities	426.03	332.67
Interest on Fixed loans and Foreign Currency Convertible Bonds	939.77	349.31
Total	**1,466.50**	**759.07**

Notes on Accounts
and accounting policies

SCHEDULE Q

Basis of Consolidation, Significant Accounting Policies and Notes on Accounts:

A. Basis of Consolidation

The Consolidated Financial Statements relate to Strides Arcolab Limited ('the Company'), its subsidiary companies and joint ventures, together "the Group". The Financial Statements of the entities in the Group used in the consolidation are drawn up to the same reporting date as of the Company, i.e. December 31, 2010.

1. Principles of Consolidation

The Consolidated Financial Statements ('the CFS') have been prepared on the following basis:

a. The Financial Statements of the Company and its subsidiary companies have been consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, income and expense. The intra-group balances, intra-group transactions and unrealized profits or losses have been eliminated fully.

b. Share of profit/loss, assets and liabilities in the jointly controlled entities have been consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, incomes and expenses on a proportionate basis to the extent of the Company's equity interest in such entity. The intra-group balances, intra-group transactions and unrealized profits or losses have been eliminated to the extent of the Company' s share in the entity.

c. The excess of cost to the Company of its investments in the subsidiary companies over its share of the equity of the subsidiary companies, at the dates on which the investments in the subsidiary companies were made, is recognized as 'goodwill', being an asset in the CFS. Where the share of the equity in the subsidiary companies as on the date of investment is in excess of cost of investment of the Company, it is recognized as 'Capital Reserve' and shown under the head 'Reserves & Surplus'.

d. Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments as stated above.

e. Investment in Associates has been accounted under the equity method as per Accounting Standard (AS) -23, Accounting for investments in Associates in Consolidated Financial Statements.

2. Information on Subsidiary Companies, Associates & Joint Ventures

a. The following companies are considered in the consolidated financial statements:

Sl. No.	Name of the entity	Country of Incorporation	Ownership at December 31, 2010 held by	Status	% ownership held either directly or through subsidiaries as at December 31,2010	% ownership held either directly or through subsidiaries as at December 31,2009
1.	Arcolab Limited SA	Switzerland	Strides Arcolab Ltd, India (Strides)	Subsidiary	100%	100%
2.	Strides, Inc.	USA	Linkace Limited	Subsidiary	100%	95.71%
3.	Strides S.A. Pharmaceuticals Pty Ltd.	Republic of South Africa	Linkace Limited	Subsidiary	74%	51%

Notes on Accounts
and accounting policies

Sl. No.	Name of the entity	Country of Incorporation	Ownership at December 31, 2010 held by	Status	% ownership held either directly or through subsidiaries as at December 31,2010	% ownership held either directly or through subsidiaries as at December 31,2009
4.	Medgene Pharmaceuticals Pvt Ltd.(merged with ASPL w.e.f January 1, 2010)	India	Agila Specialties Private Limited (ASPL)	Subsidiary	-	100%
5.	Agila Specialties Pvt Limited (formerly Strides Specialties Private Limited)	India	Strides	Subsidiary	100%	100%
6.	Strides Africa Ltd	British Virgin Islands	Strides	Subsidiary	100%	100%
7.	Strides Latina, SA (Refer Note h below)	Uruguay	Pharmalatina Holdings Ltd, Cyprus	Associate	49%	49%
8.	Pharma Strides Canada Corporation	Canada	Strides Inc	Subsidiary	100%	100%
9.	Solara SA De CV (Refer Note h below)	Mexico	Strides Latina SA, Uruguay	Associate	49%	49%
10.	Cellofarm Ltda. (Refer Note h below)	Brazil	Pharmalatina Holdings Ltd, Cyprus	Associate	49%	49%
11.	Akorn Strides LLC	USA	Strides Inc	Joint Venture	50%	50%
12.	Strides Arcolab International Ltd (Formerly known as Strides Arcolab (UK) Ltd)	UK	Strides	Subsidiary	100%	100%
13.	Beltapharm S.p.A	Italy	Strides Arcolab International Ltd, UK (SAIL)	Subsidiary	96.57%	96.57%
14.	Strides Australia Pty Ltd	Australia	SAIL	Subsidiary	100%	100%
15.	Strides Arcolab Polska Sp.z o.o	Poland	Linkace Ltd, Cyprus	Subsidiary	100%	100%
16.	Ascent Pharmahealth (Asia) Pte Ltd.	Singapore	Ascent Pharmahealth Ltd, Australia (APH)	Subsidiary	60.33%	57.33%
17.	Drug Houses of Australia (Asia) Pte Ltd. ('DHA')	Singapore	Ascent Pharmahealth (Asia) Pte Ltd (APHA)	Subsidiary	60.33%	57.33%

Notes on Accounts
and accounting policies

Sl. No.	Name of the entity	Country of Incorporation	Ownership at December 31, 2010 held by	Status	% ownership held either directly or through subsidiaries as at December 31,2010	% ownership held either directly or through subsidiaries as at December 31,2009
18.	Strides CIS Ltd (Formerly known as Raycom Ltd,)	Cyprus	Linkace Ltd, Cyprus	Subsidiary	51%	51%
19.	Strides Arcolab UK Ltd.	UK	SAIL	Subsidiary	100%	100%
20.	Plus Farma ehf	Iceland	SAIL	Subsidiary	100%	100%
21.	Farma Plus AS	Norway	Plus Farma ehf	Subsidiary	100%	100%
22.	Ascent Pharmahealth Asia (Hong Kong) Ltd (formerly Strides Arcolab Hong Kong Ltd)	Hong Kong	APHA	Subsidiary	60.33%	57.33%
23.	Ascent Pharmahealth Asia (Malaysia) SDN.BHD. (Formerly Strides Arcolab Malaysia SDN. BHD)	Malaysia	APHA	Subsidiary	60.33%	57.33%
24.	Starsmore Ltd.	Cyprus	Strides	Subsidiary	100%	100%
25.	Pharmalatina Holdings Limited (formerly Lakerose Ltd.) (refer Note h below)	Cyprus	Starsmore Ltd, Cyprus	Associate	49%	49%
26.	Linkace Ltd.	Cyprus	Starsmore Ltd, Cyprus	Subsidiary	100%	100%
27.	Onco Laboratories Limited ('OLL' & formerly Powercliff Ltd.)	Cyprus	Starsmore Ltd, Cyprus	Subsidiary	100%	50%
28.	Aspen Venezuela CA (formerly Casa de Representaciones Sumifarma CA) (refer Note h below)	Venezuela	Pharmalatina Holdings Ltd, (formerly Lakerose Limited) Cyprus	Associate	49%	49%
29.	Strides Technology & Research Pvt Ltd.,	India	Strides	Subsidiary	100%	100%
30.	Strides Vital Nigeria Ltd.	Nigeria	Strides Africa Ltd, BVI	Subsidiary	74%	74%

Notes on Accounts
and accounting policies

Sl. No.	Name of the entity	Country of Incorporation	Ownership at December 31, 2010 held by	Status	% ownership held either directly or through subsidiaries as at December 31,2010	% ownership held either directly or through subsidiaries as at December 31,2009
31.	Sagent Strides LLC.	Wyoming, USA	Strides Inc	Joint Venture	50%	50%
32.	Co Pharma Ltd.	UK	92.72% held by Linkace Ltd, Cyprus and 7.28% held by SAIL	Subsidiary	100%	51%
33.	Ascent Pharmahealth Asia (B) SDN. BHD. (Formerly Strides Arcolab SDN. BHD.)	Brunei	APHA	Subsidiary	60.33%	57.33%
34.	Formule Naturelle (Pty) Ltd	South Africa	Linkace Ltd, Cyprus	Subsidiary	-	80%
35.	Onco Therapies Limited (OTL)	India	Strides	Subsidiary	100%	51%
36.	Pharmasave Australia Pty Ltd.,	Australia	APH	Subsidiary	60.33%	57.33%
37.	Ascent Pharmahealth Ltd	Australia	Linkace Ltd, Cyprus	Subsidiary	60.33%	57.33%
38.	Ascent Pharmaceuticals Limited [Formerly Genepharm (Australia) Ltd]	New Zealand	APH	Subsidiary	60.33%	57.33%
39.	Ascent Pharma Pty Limited (Formerly Genepharm Pty Ltd,)	Australia	APH	Subsidiary	60.33%	57.33%
40.	Aspen Labs SA De CV (formerly Strides Mexicana SA De CV) (refer Note h below)	Mexico	99% held by Strides Latina and 1% held by SAIL, UK	Associate	49%	49%
41.	Green Cross Pharma Pte Limited (merged with APHA w.e.f January 1, 2010)	Singapore	APHA	Subsidiary	-	57.33%
42.	Strides Pharma (Cyprus) Limited	Cyprus	Linkace Limited	Subsidiary	100%	100%

Notes on Accounts
and accounting policies

Sl. No.	Name of the entity	Country of Incorporation	Ownership at December 31, 2010 held by	Status	% ownership held either directly or through subsidiaries as at December 31,2010	% ownership held either directly or through subsidiaries as at December 31,2009
43.	Strides Specialties (Holdings) Cyprus Limited (formerly known as Powercoast Ltd)	Cyprus	Strides Specialties (Holdings) Ltd., Mauritius	Subsidiary	100%	100%
44.	Strides Specialties (Holdings) Limited	Mauritius	Agila Specialties Pvt Ltd., India	Subsidiary	100%	100%
45.	Strides Pharmaceuticals (Holdings) Limited	Mauritius	Linkace Limited	Subsidiary	100%	100%
46.	Strides Specialty (Cyprus) Limited	Cyprus	Strides Specialties (Holdings) Cyprus Limited	Subsidiary	100%	100%
47.	Strides Pharmaceutical (Mauritius) Limited	Mauritius	Strides Pharmaceuticals (Holdings) Limited Mauritius	Subsidiary	100%	100%
48.	Inbiopro Solutions Private Limited	India	Agila Specialties Pvt Ltd., India	Subsidiary	70%	-
49.	Ascent Pharmacy Services Pty Ltd	Australia	APH	Subsidiary	60.33%	-
50.	Linkace Investments Pty Ltd	Australia	Linkace Limited	Subsidiary	100%	-
51.	Strides Farmaceutica Participacoes Ltda	Brazil	Starsmore Ltd, Cyprus	Subsidiary	100%	-
52.	Agila Specialties (Malaysia) SDN BHD	Malaysia	Strides Specialties (Holdings) Cyprus Limited	Subsidiary	100%	-
53.	African Pharmaceutical Development Company	Cameroon	Strides Pharma (Cyprus) Limited	Subsidiary	80%	-

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b. In respect of entities in Sl. No. 2, 3, 5, 8, 13, 14, 16, 17, 20, 21, 27, 30, 32, 35, 37 & 48 (previous year 3, 4, 5, 8, 13, 14, 16, 17, 20, 21, 27, 30, 32, 34, 37, 38 & 41) the Company' s cost of investment is in excess of its share of equity on the date of investment and the difference has been recognized as goodwill. In respect of 51, the Company' s net worth is in excess of the cost of investment on the date of acquisition and the difference has been recognized as capital reserve.

c. ***Transfers of entities within the Group.***

During the year, as part of certain corporate restructuring/strategic reasons, certain entities within the Group were reorganized. The summary of the same are as follows:

- As part of the restructuring of its US operations, Linkace Ltd, Cyprus was identified as the holding company and US operations were consolidated under Linkace Ltd. Accordingly:

  i. Strides Inc. was transferred from Strides to Linkace Ltd.

  ii. The interest in Akorn LLC was transferred from Strides to Linkace Ltd. and Linkace contributed its share to Strides Inc.

  iii. The interest in Sagent LLC was purchased by Linkace Ltd. from SAIL, UK. Linkace in turn contributed its interest in Sagent JV to Strides Inc.

- Medgene Pharmaceuticals was merged with Agila Specialties Private Limited ('ASPL') with effect from 1st January, 2009 pursuant to the order of the High court of Karnataka received during the year 2010.

- Green Cross Pharma, a subsidiary of APHA has been merged with DHA, with effect from January 1, 2010.

d. During the year, the Companies stated in the table below were acquired/disposed and the CFS include/exclude the balances disclosed in the table relating to these companies. (Figures disclosed are as stated in the consolidated financials of the respective subsidiaries as at the balance sheet date/date of disposal).

(Rupees in Million)

Particulars	**Acquisition**			**Disposal**
	Strides Farmaceutica Participacoes Ltda	**Inbiopro Solutions Private Limited**	**African Pharmaceutical Development Company**	**Formule Naturalle (Pty) Ltd.**
Date	**01. 07. 2010**	**25. 11. 2010**	**01. 01. 2010**	**01. 07. 2010**
Liabilities as at Dec 31, 2010				
Loans	2,408.06	-	0.71	-
Current Liabilities & Provisions	37.42	9.46	41.59	13.33
Deferred tax liability	-	(0.50)	-	(0.03)
Assets as at Dec 31, 2010				
Fixed Assets	-	24.03	2.08	179.48
Goodwill	-	-	-	-
Investments	-	-	-	-
Current Assets	2,409.01	125.11	65.05	98.72
Profit/(Loss) after Tax for the period ended Dec 31, 2010	(42.58)	(3.83)	24.42	9.45

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e. ***The following subsidiaries were set up during the year***

- Linkace Investments Pty Ltd, Australia
- Strides Pharmaceuticals (Holdings) Limited, Mauritius
- Strides Pharmaceuticals (Mauritius) Limited, Mauritius
- Agila Specialties (Malaysia) SDN BHD, Malaysia
- Ascent Pharmacy Services Pty Ltd, Australia

f. ***Further, during the year,***

- The Group has acquired the balance 49% Investment in Co-Pharma Limited, UK, consequent to which Co-Pharma has become wholly owned subsidiary of the Group.
- The Group has acquired an additional 4.29% stake in Strides Inc., USA, from Virmac Investments, Mauritius for total consideration of USD 0.69 Million (INR 31.06 Million) and as at December 31, 2010 the same is not yet paid and included as payable towards acquisition under Current Liabilities & Provision in these CFS. Consequent to this Strides Inc. has become wholly owned subsidiary of the Group.
- The Group has acquired controlling stake in Inbiopro Solutions Private Limited.
- Central Healthcare Services Pty Limited ('CHS') became associate entity of the Group. The investment value as at December 31, 2010 in CHS includes the Group's share of profit from the date of acquisition to December 31, 2010 of Rs.17.59 Million.

g. The legal formalities of acquisition in respect of two subsidiaries, Ephos - 106 Produtos Hospitalares Ltda Me, Brazil and Agila Especialidades Farmaceuticas Ltda, Brazil is in progress as of December 31, 2010, hence not considered for consolidation.

h. During 2008, the Group had entered into a series of agreements with the Aspen Group under which, the Group had decided to dispose its 49% shareholding in Pharmalatina Holdings Limited, Cyprus ('Pharmalatina', formerly known as Lakerose Limited), and a holding company for the Groups operations in the Latin American region. As part of these arrangements, the Group had entered into a Put and Call option agreement (the Agreement) with the Aspen Group (a party that held 51% interest in Pharmalatina Holdings Limited), which provided for the Group to exit from the Latin American operations at a consideration based on a specified EBITDA multiple in respect of EBITDA relating to a defined measurement period and based on such terms as defined in the Agreement.

The agreement referred above also provided that the Group will not be eligible for dividends or profits in respect of its 49% interest in the Associates (referred above). Accordingly, the Group has not consolidated the results of the Latin American with effect from July 1, 2008. The following entities comprise the Latin American operations of the Group:

- Pharmalatina Holdings Limited
- Strides Latina SA, Solara SA De CV, Cellofarm Ltda, Aspen Venezuela CA, Aspen Labs SA De CA, all being subsidiaries of Pharmalatina Holding Limited

In the current year, as mentioned in note (i) below, the Group has entered into 'Exercise of a Call and Put Option Agreement' in terms of which the Group will transfer 49% in Pharmalatina to Aspen as part settlement of purchase consideration payable to Aspen for acquiring the Campos Facility (Refer note (i) below for more details). Pending receipt of certain regulatory approvals for completion of Campos Facility transaction, USD 70 Million (INR 3,129 Million) being the carrying value of the 49% in Pharmalatina is included in advance towards purchase of investments under Loans & Advances in these CFS.

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As at December 31, 2010, due to pending completion of certain legal formalities shares held in Pharmalatina is not yet transferred to the Aspen Group.

i. During the current year, the Group has entered into Binding Heads of Agreement ('BHA')with Aspen Global Incorporated ('Aspen Group' or 'Aspen') for the acquisition of certain assets, liabilities and intangibles associated with manufacturing facility at Campos, Brazil (together referred to as 'Campos Facility') owned by Aspen Group as per the term and conditions mentioned in the BHA.

Pursuant to an amendment to the above mentioned BHA, the parties to the BHA have agreed to settle the purchase consideration payable to Aspen Group towards the acquisition of aforesaid Campos Facility in the following manner:

- USD 67 Million payable in cash, and
- Transfer of 49% shares held by the Group in Pharmalatina Holdings Limited (formerly known as Lakerose Limited) (also refer Note (h) above)

  As at December 31, 2010, the Group has paid a sum of USD 67 Million, being the purchase consideration payable in cash. However, pending receipt of certain regulatory approval and fulfillment of certain conditions mentioned in the BHA, the Campos Facility is not considered for consolidation and USD 67 Million paid to Aspen has been included in advance towards purchase of investment under Loans & Advance in these CFS.

j. In the current year, the Group entered Sale of Share Agreement ('SSA') with Aspen Group for purchase of 49% & 50% shares held by Aspen in Onco Therapies Limited and Onco Laboratories Limited respectively. As per the SSA, the Aspen Group has ceded the economic interest in the mentioned companies in favour of Strides Group effective from January 1, 2010. Accordingly, for the purpose of consolidation, OTL & OLL have been considered as wholly owned subsidiaries of the Group. As at December 31, 2010, Rs.1,510 Million is yet to be discharged in respect of the above acquisitions and the same is included as payable towards acquisition under Current Liabilities & Provision in these CFS. As per the contractual terms, the deferred consideration is subject to interest. Such interest amounting to Rs.162.33 Million has been debited to BRR.

k. Figures pertaining to the subsidiary companies have been reclassified wherever necessary to bring them in line with the Company's financial statements.

l. The CFS include the share of assets, liabilities, income and Expenses, which are included on the basis of Un-audited financial statements, in respect of the following:

- African Pharmaceutical Development Company
- Agila Specialties (Malaysia) SDN BHD, Malaysia
- Arcolab SA, Switzerland
- Ascent Pharmahealth Asia (B) SDN.BHD. (Formerly Strides Arcolab SDN. BHD.)
- Ascent Pharmahealth Asia (Hong Kong) Ltd (formerly Strides Arcolab Hong Kong Ltd)
- Ascent Pharmahealth Asia (Malaysia) SDN.BHD
- Farma Plus AS
- Formule Naturelle (Pty) Ltd, South Africa

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- Inbiopro Solutions Private Limited, India
- Linkace Investments Pty Ltd, Australia
- Pharma Strides Canada Corporation, Canada,
- Plus Farma ehf, Iceland
- Strides Africa Ltd, British Virgin Islands
- Strides Arcolab UK Ltd, UK
- Strides Australia Pty Limited, Australia
- Strides CIS Limited, Cyprus (Formerly known as Raycom Limited)
- Strides Farmaceutica Participacoes Ltda
- Strides Pharma (Cyprus) Limited , Cyprus
- Strides Pharmaceutical (Mauritius) Limited, Mauritius
- Strides Pharmaceuticals (Holdings) Limited, Mauritius
- Strides S.A. Pharmaceuticals Pty Limited
- Strides Specialties (Holdings) Cyprus Limited, Cyprus (formerly known as Powercost Limited)
- Strides Specialties (Holdings) Limited, Mauritius
- Strides Specialty (Cyprus) Limited, Cyprus
- Strides Technology & Research Private Limited, India

(Rupees in Million)

Particulars	Amount
Loans	2,934.69
Fixed Assets	140.90
Current Assets and Loans & Advances	3,216.27
Current Liabilities & Provisions	592.56
Income	1,286.57
Expenditure	1,233.82

m. Exchange Adjustments

On Consolidation,

- In the case of non-integral operations, assets and liabilities are translated at the exchange rate prevailing on the balance sheet date. Revenue and expenses are translated at yearly average exchange rates prevailing during the year. Exchange differences arising out of these translations are included in 'Exchange Reserve' under Reserves and Surplus.
- In the case of integral operations, assets and liabilities (other than non-monetary items), are translated at the exchange rate prevailing on the balance sheet date. Non monetary items are carried at historical cost. Revenue and expenses are translated at yearly average exchange rates prevailing during the year. Exchange differences arising out of these translations are charged to the Profit and Loss account.

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B. Significant Accounting Policies

1. Basis for preparation of financial statements

(a) The financial statements are prepared under the historical cost convention on accrual basis except for certain financial & other assets, liabilities which are measured on fair value basis as permitted by

(i) the Scheme of Arrangement approved by the Honorable High Courts of Judicature ('the Scheme') or,

(ii) Accounting Standard (AS) 30: Financials Instruments: 'Recognition and Measurement' read with AS 31 Financial Instruments: 'Presentation' and AS 32 Financials Instruments: 'Disclosure', to the extent such standards do not conflict with other standards notified under section 211 (3C) of the Companies Act, 1956.

2. Revenue

2.1 Revenue from export sales is recognized on the basis of the shipping bills for exports. Revenue from domestic sales is recognized based on the passage of title to goods which generally coincides with dispatch. Sales include excise duty and are stated net of discounts, other taxes, and sales returns.

2.2 Revenue from development services:

(a) In respect of contracts which require development on end to end basis, revenue is recognised based on technical estimates of the stage of work.

(b) In respect of other development contracts, revenue is recognised on the basis of the performance milestones provided in the contract.

2.3 Revenue from sale of dossiers is recognised on percentage completion method. The extent of completion is determined based on costs incurred and the total cost for completion of the contracts.

2.4 Revenue from contract manufacturing is recognised based on the services rendered in accordance with the terms of the contract.

2.5 Export incentives are accounted on accrual basis and include estimated realisable values/benefits from special import licenses and benefits under Duty Entitlement Pass Book schemes, wherever applicable.

2.6 Dividend income is recognized whenever the right to receive dividends is established.

2.7 Interest and other income is recognized on accrual basis

3. Fixed Assets

Fixed assets and intangibles (other than in-house product development costs) are recorded at their acquisition cost and subsequent improvements thereto except in case of assets which are recorded at fair value as per the Scheme. Cost includes related pre-operative project expenditure and interest on borrowings attributable to the funds borrowed in respect of qualifying assets, for the period up to completion of construction or when the assets are ready to be put to use, as applicable. In-house product development costs are capitalised in accordance with Paragraph 8 below.

4. Impairment of Assets

As at each Balance Sheet date, the carrying amount of fixed assets is tested for impairment if impairment conditions exist. An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is determined:

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(a) in the case of an individual asset, at the higher of the net selling price and value in use.

(b) in the case of cash generating units, at the higher of the unit's net selling price and the value in use. Value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life.

5. Depreciation

Depreciation is provided under the straight-line method based on the following useful lives

Sl. No.	Nature of Asset	Useful life (range)
1	Building	4 to 65 years
2	Plant and Machinery	3 to 25 years
3	Furniture' s & Fixtures	5 to 16 years
4	Office Equipment	5 to 12 years
5	Motor Vehicles	5 to 12 years
6	Software licenses	5 years
7	Registration & Brands	Not exceeding 10 years

With respect to assets carried at fair value cost as permitted under the Scheme, depreciation/amortization is recorded under the straight line method over the balance useful life of the respective assets.

Individual assets costing less than Rs.5,000 are depreciated in full in the year of purchase.

6. Inventories

Inventories comprise raw materials, packing materials, work in process and finished goods. These are valued at the lower of cost and net realisable value. Cost is determined as follows:

Raw materials, packing materials and consumables	on weighted average basis
Work in process	at material cost and an appropriate share of production overheads
Finished Goods	at material cost and an appropriate share of production overheads and excise duty, wherever applicable

7. Employee benefits

The Company' s contribution to Provident Fund is charged to revenue on accrual basis.

Leave balances standing to the credit to the employees that are expected to be availed in the short term are provided for on full cost basis. Liability for unavailed leave considered to be long term is carried based on an actuarial valuation.

Liability for gratuity is funded with SBI Life Insurance Company Limited. Gratuity expenses for the year are accounted based on actuarial valuation carried out as at the end of the fiscal year. The obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of the scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme.

Short term employee benefits like medical, leave travel, etc are accrued based on the terms of employment on a time proportion basis.

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The Company has introduced Long Term Employee Compensation Plan under which certain employees are eligible for retention and performance linked payouts. These payouts are accrued as services are rendered and or when the specific performance criteria are met.

In respect of foreign subsidiaries, liabilities with respect to Employee benefits are accrued based on the laws applicable in those Countries.

8. Research & Development Expenditure

Development expenses incurred on specific/identified in-house developed products are capitalised from the date on which the Company is able to demonstrate technical feasibility and probable future economic benefits in respect of the products. The amount capitalised comprises expenditure that can be directly attributed, or allocated on a reasonable and consistent basis, to creating, producing and making the asset ready for its intended use.

Other development and research expenses are charged to the Profit and Loss account/Reserve for Business Restructure ('BRR').

Fixed assets acquired for Research & Development activities are capitalised and depreciated in accordance with the policy of the Company in paragraph 3 and 5 above.

9. Foreign currency transactions

The transactions denominated in foreign currency are recorded at the exchange rates prevailing on the date of the transaction. Monetary items denominated in foreign currencies at year end are translated at the exchange rate prevailing on the date of the balance sheet. Exchange differences on settlement or restatement are adjusted in the profit & loss account.

10. Investments

(a) Current investments are carried at lower of cost and fair market value. Provision is made to recognize decline, if any, in the carrying value.

(b) Long-term investments are valued at cost except for investments which are recorded at fair value as per the Scheme less impairment considered to be other than temporary.

11. Leases

Lease arrangements, where the risks and rewards incident to ownership of an asset substantially vest with the lessor, are classified as operating leases and the lease rentals thereon are charged to the Profit and Loss Account on accrual basis. Assets acquired under finance lease arrangements are recognised as an asset and a liability is setup at the inception of the lease, at an amount equal to lower of the fair value of leased assets or the present value of the future minimum lease payments.

12. Financial Assets, Financial Liabilities, Financial Instruments, Derivatives and Hedge Accounting.

(a) The Company classifies its financial assets into the following categories: financial instruments at fair value through profit and loss, loans and receivables, held to maturity investments and available for sale financial assets.

Financial assets of the Company mainly include cash and bank balances, sundry debtors, loans and advances and derivative financial instruments with a positive fair value.

Financial liabilities of the Company mainly comprise secured and unsecured loans, sundry creditors, accrued expenses and derivative financial instruments with a negative fair value.

Financial assets/liabilities are recognized on the balance sheet when the Company becomes a party to the contractual

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provisions of the instrument. Financial assets are derecognized when all of risks and rewards of the ownership have been transferred. The transfer of risks and rewards is evaluated by comparing the exposure, before and after the transfer, with the variability in the amounts and timing of the net cash flows of the transferred assets.

Available for sale financial assets (not covered under the notified Accounting Standards) are carried at fair value, with changes in fair value being recognised in Equity, unless they are designated in a fair value hedge relationship, where such changes are recognised in the Profit and Loss account. Loans and receivables, considered not to be in the nature of short-term receivables, are discounted to their present value. Short-term receivables with no stated interest rates are measured at original invoice amount, if the effect of discounting is immaterial. Non-interest-bearing deposits, meeting the criteria of financial asset, are discounted to their present value.

Financial liabilities held for trading and liabilities designated at fair value, are carried at fair value through profit and loss.

Other financial liabilities are carried at amortized cost using the effective interest method. The Company measures the short-term payables with no stated rate of interest at original invoice amount, if the effect of discounting is immaterial.

Financial liabilities are derecognized when extinguished.

(b) Determining fair value

Where the classification of a financial instrument requires it to be stated at fair value, fair value is determined with reference to a quoted market price for that instrument or by using a valuation model. Where the fair value is calculated using financial markets pricing models, the methodology is to calculate the expected cash flows under the terms of each specific contract and then discount these values back to a present value.

(c) Derivative financial instruments

The Group is exposed to foreign currency fluctuations on foreign currency assets and liabilities. The Group limits the effects of foreign exchange rate fluctuations by following established risk management policies including the use of derivatives. The Group enters into forward exchange financial instruments where the counterparty is a bank. Changes in fair values of these financial instruments that do not qualify as a Cash flow hedge accounting are adjusted in the Profit and Loss.

(d) Hedge Accounting

Some financial instruments and derivatives are used to hedge interest rate, exchange rate, commodity, equity exposures and exposures to certain indices. Where derivatives are held for risk management purposes and when transactions meet the criteria specified in AS 30, the Group applies fair value hedge accounting or cash flow hedge accounting as appropriate to the risks being hedged.

(e) Fair value hedge accounting

Changes in the fair value of financial instruments and derivatives that qualify for and are designated as fair value hedges are recorded in the Profit and Loss Account, together with changes in the fair value attributable to the risk being hedged in the hedged asset or liability. If the hedged relationship no longer meets the criteria for hedge accounting, it is discontinued.

(f) Hedges of Net Investments

Hedges of net investments in foreign operations, including monetary items that are accounted for as part of net investment are accounted as follows: the effective portion of the gain or loss on the hedging instrument is recognized

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in shareholders' equity and the ineffective portion recognized in the Profit and Loss Account. The cumulative gain or loss previously recognized in equity is recognized in the Profit and Loss Account on the disposal/partial disposal of the foreign operation.

Hedges of net investments may include non-derivative liabilities as well as derivative financial instruments although for a non-derivative financial liability only the foreign exchange risk is designated as the hedged risk.

13. Employee Stock Option Schemes

Employee stock options are accounted in accordance with the guidelines stipulated by SEBI and Guidance Note on Accounting for Employee Share-based Payments. The difference between the market price of the shares underlying the options granted on the date of grant of option and the option price is expensed in the profit & loss Account/'BRR'

14. Income Tax

Income Tax comprises the current tax provision and the net change in the deferred tax asset or liability during the year. Deferred tax assets and liabilities are recognized for the future tax consequences arising out of temporary differences between the carrying values of the assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates applicable on the Balance Sheet date. Deferred tax assets are recognised and carried forward to the extent that there is a reasonable/virtual certainty (as applicable) that sufficient future taxable income will be available against which such deferred tax asset can be realised. The effect on deferred tax assets and liabilities resulting from change in tax rates is recognized in the income statement in the period of enactment of the change.

Minimum alternative tax ('MAT') paid in accordance to the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax in future years. Accordingly, MAT is recognized as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.

15. Segment Reporting

The accounting policies adopted for the segment reporting are in line with the accounting policies of the Group. Revenue and expenses have been identified to segments on the basis of the nature of their relationship to the business and operating activities of the segment. Revenue and expenses, which relate to the Group as a whole and are not allocable to segments on a reasonable basis, have been included under 'Unallocable income/expenses'. Intersegment sales are made at prevailing market prices.

16. Deferred Revenue Expenditure

The Company operates in an environment which requires the manufacturing facilities to be approved by industry regulators in certain territories prior to manufacture and sale of products in such territories. If the interval between the date of the facility is ready to commence commercial production and the date at which commercial production is expected to commence is prolonged, all expenses incurred during this period are treated as deferred revenue expenditure and amortised over a period not exceeding 3 years from the date of receipt of approvals.

17. Use of estimates

The preparation of financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Examples of such estimates include the useful life of fixed assets (including intangible assets), provision for doubtful debts/advances, provision for employee benefits, deferred employee compensations, allowances for slow moving/non-moving inventory, provision for tax, estimate of percentage of completion of

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work under contracts for development services and sale of dossiers.

Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results may vary from these estimates.

18. Provisions and Contingencies

A provision is recognised when the Company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation. Contingent liabilities are not recognised but are disclosed in the notes to financial statements.

C. Notes On Accounts

1. Scheme of Arrangement under Section 391 - 394 of the Companies Act, 1956

1.1 During the year ending December 31, 2009, the shareholders of the Company, in their meeting held on April 13, 2009 approved the Scheme of Restructuring that envisaged, inter alia:

(a) A Scheme of Arrangement ('the Scheme') to be filed under Sections 391 to 394 of the Companies Act, 1956 covering the merger of some of the subsidiaries of the Company with itself, fair valuation of some of the assets of the Company and creation of a Reserve for Business Restructure ('BRR') out of any surpluses arising from these, to be utilized as specified in the Scheme.

(b) Transfer of the Specialty Pharmaceuticals business along with Research and Development (R&D) to Strides Specialties Private Limited (SSPL), a wholly owned subsidiary of the Company;

1.2 The details of the Scheme of restructuring are given below.

In terms of the Scheme, Global Remedies Limited (GRL), Quantum Remedies Private Limited (QRPL), Grandix Pharmaceuticals Limited (GPL) and Grandix Laboratories Limited (GLL), all subsidiaries of the Company (referred to as 'Transferor Companies'), were merged with the Company (Transferee Company), upon which the undertaking and the entire business, including all assets and liabilities of the Transferor Companies stood transferred to and vested in the Transferee Company at their fair value as determined by the Board of Directors of the Transferee Company.

QRPL and GRL were engaged in the manufacture of Pharmaceutical formulations and were predominantly acting as a captive manufacturer for the Company and catering to the African Markets. Both GPL and GLL were engaged in the marketing of Branded pharmaceutical products.

The Scheme filed by the Company had been approved by the High Courts of Judicature with an appointed date of January 1, 2009 and an effective date of December 31, 2009 ('the Effective Date'), being the date on which all the requirements under the Companies Act had been completed.

In terms of the Scheme and upon the Scheme becoming effective:

- the assets and liabilities of the Transferor Companies and the Transferee Company, whether recorded or not, were recorded at their fair values as determined by the Board of Directors of the Transferee Company;
- the carrying amount of investments in the shares of the Transferor Companies to the extent held by the Transferee Company and Inter-Company balances stood cancelled;
- the face value of the equity shares of the Transferee Company issued to the minority shareholders of GPL and GLL had been credited to the equity share capital account in the books of the Transferee Company.

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- the surplus arising out of the excess of assets over the liabilities of the Transferor Companies acquired and recorded by the Transferee Company over the aggregate of carrying amount of investments in the shares of the Transferor Companies to the extent held by the Transferee Company and the face value of the equity shares of the Transferee Company issuable to the minority shareholders of GPL and GLL, and the excess of the fair value of assets and liabilities of the Transferee Company over their previously recorded carrying values, was credited to the BRR in the books of the Transferee Company.

- the balance in the Securities Premium Account, as appearing in the books of the Transferee Company may be transferred to BRR, to such extent as determined by the Board.

- expenses incurred by the Company or its subsidiaries in the nature of impairment, diminution, loss, amortization and/or write-off of assets/investments/intangibles, interest on borrowings for acquisitions, employee compensation expenses, additional depreciation charged or suffered by the Transferee Company on account of fair valuation, scheme expenses and other expenses or arising in the future as may be determined by the Board of Directors of the Transferee Company, have been/shall be debited to the BRR. The maximum amount that can be written off against the BRR instead of being debited to the Profit and Loss Account on or at any time after January 1, 2009 would be restricted to the balance in the BRR or upto December 31, 2012 and not beyond that.

1.3 The accounting treatment effected for the Scheme was as follows during the year ended December 31, 2010

(a) For the assets and liabilities of the Transferor Companies, the excess of fair value of assets and liabilities over the carrying value of the investment in the Transferor Companies and the equity shares of the Transferee Company issued to the minority shareholders of the Transferor Companies amounting to Rs.146.77 Million was credited to the BRR.

Had the Scheme not prescribed the above accounting treatment of crediting the excess of fair value of assets and liabilities over the carrying value of the investment in the Transferor Companies and the equity shares of the Transferee Company issued to the minority shareholders of the Transferor Companies to the BRR, this surplus of Rs.146.77 Million would have been credited to Capital Reserve as required under the AS 14 ‘Accounting for Amalgamations’.

(b) Upon the Scheme becoming effective, and based on legal advice received, the assets and liabilities of the Transferee Company had been fair valued as determined by the Board of Directors of the Company and the net surplus arising out of such fair valuation (over the carrying value of the respective assets and liabilities prior to the fair valued) was credited to the BRR as follows during the year ended December 31, 2009:

(Rupees in Million)

Particulars of Assets & Liabilities Fair Valued	Amount credited to BRR
(i) Investment in ASPL (a wholly owned subsidiary of the Company)	5,856.20
(ii) Land	754.32
(iii) Machineries	281.25
Net amount credited to BRR	**6,891.77**

Consequent to the above referred fair valuation of Investment in ASPL, the Goodwill as at December 31, 2009 and 2010 is higher to the extent of Rs.5,856.20 Million.

Had the Scheme not prescribed the above accounting treatment, in terms of the Company’ s accounting policy, Land and Machineries would continue to have been carried at cost and Goodwill in these consolidated financial statements would have been lower as referred in the previous paragraph.

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(c) The following expenses incurred during the year have been adjusted against the BRR as per the Scheme:

(Rupees in Million)

Particulars	Dec 31, 2010	Dec 31,2009
Impairment of:		
- Fixed Assets	-	72.70
- Goodwill/Investments	150.87	1,934.49
- Current Assets	-	902.94
Amortisation of Brands/depreciation	169.62	115.00
Interest on Purchase consideration	162.33	-
Compensation in respect of product returns & early termination of procurement contract	-	364.58
Long term Employee Compensation (including cost under ESOP)	38.71	677.65
Restructuring & Other Expenses	146.01	117.13
Realisation of assets written off in earlier years		
Current assets (net)	207.48	-
Expense (net) debited to BRR	**460.06**	**4,184.48**

Had the Scheme not prescribed the above accounting treatment, these would have been included in the Profit & Loss Account for the year.

(d) Had the Scheme not provided for the above accounting treatment, the effect of accounting as per the mandatory accounting standard issued under the Companies (Accounting Standards) Rules, 2006, would have been as under:

In the Profit and Loss account

(Rupees in Million)

Particulars	For the year ended Dec 31, 2010 (Increase)/decrease	For the year ended Dec 31, 2009 (Increase)/decrease
Other income	(214.31)	-
Materials consumed	(6.82)	(244.55)
Personnel costs	(38.71)	(677.65)
Operating and Other expenses	(146.02)	(1,140.10)
Depreciation and Amortisation	(169.62)	(187.70)
Impairment of Goodwill/Investments	(150.87)	(1,934.49)
Interest on Purchase consideration	(162.33)	-
Net Profit after tax	460.06	4,184.48

(Amount in Rs.)

Particulars	For the year ended Dec 31, 2010	For the year ended Dec 31, 2009
After considering the above adjustments the Earnings/(Loss) per share		
Basic	16.30	(77.87)
Diluted	15.33	(77.87)

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In the Balance sheet

(Rupees in Million)

Particulars	As at Dec 31, 2010 (Increase)/decrease	As at Dec 31, 2009 (Increase)/decrease
BRR	(2,394.00)	(2,854.06)
Profit & Loss Account	(4,644.54)	(4,184.48)
Goodwill	(5,856.20)	(5,856.20)
Land	(754.32)	(754.32)
Machineries	(226.63)	(281.25)
Capital Reserve	146.77	146.77

2. Capital Commitments

2.1 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of Advances) Rs.525.98 Million (Previous year Rs.428.50 Million).

2.2 The Group had earlier entered into a Share Purchase Agreement (SPA) with the promoters of Beltapharm S.p.A, which, inter alia, included a put option clause. As per this clause, the promoters of Beltapharm S.p.A. had an option to exercise the put option requiring the Group to acquire the balance 30% of the shares held by the promoters after the expiry of three years from January 1, 2006. Such put option could have been exercised by the promoters at any time during twelve months succeeding the end of the three year period. The price payable for the purchase of the put option shares shall be computed in the manner provided for in the SPA.

During 2009, the Group entered into an addendum to the SPA dated September 14, 2009 with promoters of Beltapharma S.p.A under which the Group acquired 26.57% of interest in Beltapharma S.p.A from the promoters for a total purchase consideration of Euro 1.02 Million (Rs.70.13 Million). The group also entered into a revised put option for the balance 3.43% of Beltapharma S.p.A held by the promoter. On exercise of the revised put option by the promoter, the maximum capital commitment would be Euro 0.13 Million - (Rs.8.81 Million).

3. Contingent Liabilities

3.1 As at the end of the year there are no disputed tax liabilities arising from assessment proceedings relating to earlier years from the income tax authorities (Previous year Rs.207.12 Million).

3.2 The Company preferred appeal with the CESTAT against the order of the Commissioner of Central Excise for disallowing transfer of cenvat credit of Rs.3.86 Million (Previous year Rs.3.86 Million) as on the date of conversion of one of the units of the Company into a 100% EOU.

3.3 Ascent Pharmahealth Limited ('Ascent'), one of the entities in the Group entered into contracts with a software vendor for purchase of relevant software and installation of an ERP and CRM system. In August 2010, Ascent sent a letter of dispute to the vendor claiming that the vendor had not delivered the project on time or within budget and had failed to deliver the project and that Ascent must be reimbursed all fees paid to date, and would not be paying any further fees. In October 2010 the vendor issued a material breach notice to Ascent alleging failure to pay fees in accordance with the contracts. In November 2010 Ascent filed a writ and statement of claim in the Victorian Supreme Court, Australia against the vendor alleging failure to deliver the project. The matter is now scheduled for mediation by the end of March 2011.

3.4 The Group derives the majority of its revenue from the sale of generic pharmaceuticals. Operating in this segment, the Group is occasionally subject to litigation where the Originator seeks to have patents upheld to protect the life of its products against a generic competitor.

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At balance sheet date Ascent Pharmaceuticals Limited ('APL'), a subsidiary of Ascent Pharmahealth Limited, has been joined to proceedings against a generic manufacturer in relation to a generic pharmaceutical that APL licenses from the manufacturer. The manufacturer is the primary respondent and a number of other generic distributors who license the product in Australia have also been joined to the proceeding.

The Originator has been unsuccessful in upholding its patent claims for the same product in other jurisdictions, including the United Kingdom. A final hearing on this matter is not expected before late 2011 and as at balance sheet date the outcome remains uncertain. Accordingly, no liability has been recognized in the accounts at balance sheet date.

3.5 During 2010, the Group has entered into Share Subscription Agreement, Share Holders' Agreement and Share Purchase Agreement (together referred to 'Share Purchase Agreement' or 'SPA') with Inbiopro Solutions Private Limited ('Inbiopro'), Promoters of Inbiopro and Other Shareholders in Inbiopro respectively for purchase of shares in Inbiopro for a total consideration of Rs.649,048,607. The Group has paid a sum of Rs.309,048,607 and balance consideration of Rs.340,000,000 is payable as per the term and conditions mentioned in the SPA.

4. The Company has provided a Guarantee to the extent of US$ 75 Million in connection with a strategic alliance entered into by the Group with Aspen Pharmacare Holdings, Republic of South Africa (Aspen Group) in earlier years.

5. Impairment of Investments:

(a) As at December 31, 2010, the Group has assessed the value of its investment in Red Vault for impairment. Based on such analysis the Group has impaired its investment in Red Vault to the extent of AUD 3.32 Million (INR 150.87 Million) and has accounted for the same in the BRR as provided for under the Scheme

(b) In the year 2009, the group assessed the value of Goodwill relating to its wholly owned subsidiary, Linkace Limited, Cyprus for impairment, if any. Based on such analysis the Group estimated the impairment to the extent of USD 41.58 Million (Rs.1,934.49 Million) and has accounted for the same in the BRR as provided for under the Scheme.

6. Foreign currency convertible bonds:

(a) During the accounting year ending December 31, 2007, the Company had issued Foreign Currency Convertible Bonds (FCCB) amounting to USD 100 Million (Rs.4,070 Million) (FCCB 100 Million) on June 26, 2007. These bonds carry zero coupon and are to be redeemed on June 27, 2012 (unless converted into Equity Shares) at 145.058 per cent of the Principal amount.

The bonds may be redeemed in whole, but not in part at the option of the Company at any time on or after July 18, 2010 and on and prior to June 20, 2012 with a redemption premium of 7.575 per cent (which is identical to the gross yield in case of redemption at maturity) calculated on a semiannual basis.

The Bonds are convertible at any time on or after August 6, 2007 and up to the close of business on June 20, 2012 by the holders of the Bonds into shares at the option of the Bondholder, at an initial conversion price of Rs. 461.553 per share with a fixed rate of exchange of Rs.40.70 per USD on conversion. The bonds are listed on Singapore Exchange Securities Trading Limited, Singapore.

As permitted by the Reserve Bank of India (RBI), during the year 2009, the Company bought back FCCB's with a face value aggregating to USD 20 Million from the outstanding bonds issued under FCCB 100 Million, at a discount.

As at December 31, 2010, none of the outstanding bonds had been offered for conversion.

(b) The Company had issued FCCB's (listed in the Singapore Exchange Securities Trading Limited, Singapore) to the extent of USD 40 Million (FCCB 40 Million) during the year ended December 31, 2005. In the year 2009, as permitted by RBI, the Company had bought back FCCB's with a face value aggregating to USD 6 Million out of the FCCB's face value of USD 40 Million.

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(c) During 2010, as per the term and conditions agreed with the holders of FCCB 40 Million, the Company had redeemed the balance outstanding FCCB's aggregating to USD 34 Million. The Company paid in total USD 46.51 Million (Rs. 2,062.50 Million) including USD 12.51 Million towards redemption premium. An amount of Rs. 61.60 Million paid towards withholding tax on payment of premium on FCCB redemption value has been debited to Securities Premium Account.

7. Cumulative Redeemable Preference Shares

In May 2005, the Company had issued 491,606 6% Cumulative Redeemable Preference Shares (CRPS) of Rs.1,000 each fully paid to K V Pharmaceuticals, USA (KV Pharma) (approx USD 10.95 Million). The Preference shares were redeemable at par along with accrued unpaid dividend on or before December 31, 2012.

The Company, Strides Inc. (a subsidiary of the Company) and KV Pharma had also entered into a License and Supply agreement (LSA) pursuant to which the Company and Strides Inc had agreed to undertake certain development work for developing certain pharmaceutical products, subject to certain terms and conditions mentioned in LSA. In March 2009 due to certain adverse developments at KV Pharma, the Company terminated the said LSA. KV Pharma had approached the International Court of Arbitration disputing the termination of the LSA.

In 2010, pursuant to a negotiation for an out of court settlement, the Company has entered into a Settlement Agreement & Release (Settlement Agreement) with KV Pharma. In accordance with the Settlement Agreement, the rights and obligations of all parties under the LSA and those arising out of the subscription to the CRPS were settled on a net basis. Pursuant to the Settlement Agreement, the Company has paid out KV Pharma an amount of USD 7.25 Million in full and final settlement as referred above. Consequent to the net settlement:

- The dividend on the CRPS that were accrued for in 2005 through 2009 along with the related dividend distribution taxes to the extent unpaid, have been reversed in the current year and the same has been credited under appropriations in the Profit and Loss account

- An amount of Rs.165.86 Million has been credited to the Reserve for Business Restucture ('BRR') (refer Note C.1.3 above) being the extent attributable to recoveries of receivables under the LSA that were written off to the BRR in earlier years.

  Consequent to the redemption of the CRPS as referred above, the Company has credited Capital Redemption Reserve to the extent of Rs.491.61 Million being the face value of CRPS redeemed.

8. Share Warrants

As authorized by the shareholders of the Company in the Extra Ordinary General meeting held on May 13, 2009, 6,180,000 warrants were alloted to Net Equity Ventures Private Limited, a Promoter Group company and 20,000 warrants to relatives of the Promoters, on preferential basis which are convertible into an equivalent number of fully paid up equity shares of Rs.10 each at a price of Rs.91.15 per warrant. These warrants are convertible, in one or more tranches, at any time within a period of 18 months from the date of issue. During the year, the Company has allotted 6,200,000 equity shares of Rs.10 each at a premium of Rs.81.15 per equity share upon conversion of equal number of warrants which was allotted to Promoter Group Company and relatives of the Promoters.

9. During 2010, the Company has received Rs.4,550 Million on issue of 10,742,533 equity shares of Rs.10 each at a premium of Rs.413.55 per equity share to Qualified Institutional Buyers (QIP) in terms of SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009. The purpose of the mentioned issue is to finance overseas acquisitions, repayment and prepayment of debt, investments and other uses, including capital expenditure, as permitted by applicable rules and regulations. The Company has completed the allotment of equity shares on October 1, 2010. Expense incurred in relation to QIP to the extent of Rs.108.96 Million has been debited to Securities Premium Account.

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The proceeds of QIP were utilized during the year as under

(Rupees in Million)

Sl No.	Particulars	
1.	Gross proceeds received	4,550.00
2.	Issue expense	(108.96)
	Net proceeds received	**4,441.04**
3	**Less: Utilization towards**	
	Repayment of term loans	1,675.29
	Investments	1,502.40
	Redemption of preference shares	328.75
	Capital expenditure	33.00
	Working capital	901.60
	Total	**4,441.04**

10. Early Adoption of Accounting Standard - 30: Financial Instruments: Recognition and Measurement, issued by Institute of Chartered Accountants of India:

The Company had chosen to early adopt AS 30: 'Financial Instruments: Recognition and Measurement' during the year ended December 31, 2008, with effect from January 1, 2008. Contemporaneously with this, in the spirit of complete adoption, the Company had also implemented the consequential limited revisions in view of AS 30 to AS 2, 'Valuation of Inventories', AS 11'The Effect of Changes in Foreign Exchange Rates', AS 19 'Accounting for Leases', AS 21' Consolidated Financial Statements and Accounting for Investments in Subsidiaries in Separate Financial Statements', AS 23 'Accounting for Investments in Associates in Consolidated Financial Statements', AS 26 'Intangible Assets', AS 27 'Financial Reporting of Interests in Joint Ventures', AS 28 'Impairment of Assets' and AS 29 'Provisions, Contingent Liabilities and Contingent Assets' as had been announced by the Institute of Chartered Accountants of India (ICAI).

On February 11,2011, the ICAI has issued a notification stating that AS 30 can be adopted only to the extent the Accounting Standard does not conflict with other mandatory standards notified under section 211 (3c) of the Companies Act,1956. In case of conflict, the mandatory standards will prevail. This notification did not have an impact on these CFS, since none of the accounting policies followed by the Group under AS 30 in the CFS contradicted the provision of other mandatory standards.

Consequent to early adoption of AS 30: 'Financial Instruments: Recognition and Measurement' as referred above, the Company has changed the designation and measurement principles for all its significant financial assets and liabilities. The impact on account of the above measurement of these is as described below:

10.1 Foreign Currency Convertible Bonds (the 'FCCBs' or the 'Bonds')

The FCCBs are split into two components comprising (a) option component which represents the value of the option in the hands of the FCCB-holders to convert the bonds into equity shares of the Company and (b) debt component which represents the debt to be redeemed in the absence of conversion option being exercised by FCCB-holder, net of issuance costs.

The debt component is recognized and measured at amortized cost while the fair value of the option component is determined using a valuation model with the below mentioned assumptions.

Assumptions used to determine fair value of the options:

Valuation and amortization method - The Company estimates the fair value of stock options granted using the Black Scholes Merton Model and the principles of the Roll-Geske-Whaley extension to the Black Scholes Merton model. The Black Scholes Merton model along with the extensions above requires the following inputs for valuation of options:

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Stock Price as at the date of valuation - The Company' s share prices as quoted in the National Stock Exchange Limited (NSE), India have been converted into equivalent share prices in US Dollar terms by applying currency rates as at valuation dates. Further, stock prices have been reduced by continuously compounded stream of dividends expected over time to expiry as per the principles of the Black-Scholes Merton model with Roll Geske Whaley extensions.

Strike price for the option - has been computed in dollar terms by computing the redemption amount in US dollars on the date of redemption (if not converted into equity shares) divided by the number of shares which shall be allotted against such FCCBs.

Expected Term - The expected term represents time to expiry, determined as number of days between the date of valuation of the option and the date of redemption.

Expected Volatility - Management establishes volatility of the stock by computing standard deviation of the simple exponential daily returns on the stock. Stock prices for this purpose have been computed by expressing daily closing prices as quoted on the NSE into equivalent US dollar terms. For the purpose of computing volatility of stock prices, daily prices for the last one year have been considered as on the respective valuation dates.

Risk-Free Interest Rate - the risk-free interest rate used in the Black-Scholes valuation method is the risk free, rate that is applicable to the Company.

Expected Dividend - Dividends have been assumed to continue, for each valuation rate at the rate at which dividends were earned by shareholders in the last preceding twelve months before the date of valuation.

Measurement of Amortized cost of debt component:
For the purpose of recognition and measurement of the debt component, the effective yield has been computed considering the amount of the debt component on initial recognition, origination costs of the FCCB and the redemption amount if not converted into Equity Shares. To the extent the effective yield pertains to redemption premium and the origination costs, the effective yield has been amortized to the Securities Premium Account as permitted under section 78 of the Companies Act, 1956. The balance of the effective yield is charged to the Profit and Loss Account.

Consequent to the above method of accounting of FCCBs, the following adjustments were made:

During the year ended December 31, 2009:

(a) Amortization of interest (net) and redemption premium (net) on FCCBs amounting to Rs.168.10 Million and Rs.348.68 Million respectively have been respectively recorded in the Profit and Loss account and in the Securities Premium Account.

(b) Change in the fair values of option component in the FCCBs, being a loss of Rs.41.12 Million has been recorded in the Profit & Loss Account.

During the year ended December 31, 2010:

(a) Amortization of interest (net) and redemption premium (net) on FCCBs amounting to Rs.146.81 Million and Rs.395.06 Million respectively have been respectively recorded in the Profit and Loss account and in the Securities Premium Account.

(b) Change in the fair values of option component in the FCCBs, being a loss of Rs.15.63 Million has been recorded in the Profit & Loss Account.

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10.2 Hedge of Net Investment in Foreign Operations:

The Group has designated certain portions of its net investments in the consolidated operations of Starsmore Limited, whose functional currency is US dollars, as hedged items, and certain FCCB' s and ECB' s payable in US dollars as hedging instruments, to hedge the foreign exchange risk arising out of fluctuations between the Indian Rupee and the US Dollar. The carrying values of the designated hedged items and the hedging instruments as at December 31, 2010 is USD 50 Million (USD 50 Million at December 31, 2009).

Accordingly, the exchange fluctuations arising on restatement of the hedging instruments, to the extent relating to the portion of the hedge considered effective, has been recorded in a Hedging Reserve account as per the requirement of AS 30.

As explained in Note A 2 (i) above, the Group has exchanged its investment in Pharmalatina (an associate of Starsmore) in part consideration for the acquisition of the Campos Facility. Accordingly, the accumulated exchange losses (net) on net hedged instruments accumulated in Hedging Reserve Account upto December 31, 2009, to the extent attributable to the partial disposal of foreign operations deemed to arise out of the non- monetary Exchange as above and amounting to Rs.499.10 Million is recorded in the Profit & Loss account in the current year.

The accumulated exchange losses recognised in the Hedging Reserve as at December 31, 2010 is Rs.427.42 Million (Rs.1,018.02 Million at December 31, 2009).

10.3 The financial assets and liabilities arising out of issue of corporate financial guarantees to third parties are accounted at fair values on initial recognition. Financial assets continue to be carried at fair values. Financial liabilities are subsequently measured at the higher of the amounts determined under AS 29 or the fair values on the measurement date. At December 31, 2010, the fair value of such financial assets are equal to such liabilities and have been setoff in the financial statements.

10.4 As required under the Companies Act, 1956, Redeemable Preference Shares are included as part of share capital and not as debt and dividend on the preference shares is accounted as dividend as part of appropriation of profits and have not been accrued as interest cost.

10.5 The Company has availed bill discounting facility from Banks which do not meet the de-recognition criteria for transfer of contractual rights to receive cash flows from the debtors since they are with recourse to the Company. Accordingly, as at December 31, 2010, sundry debtor balances include Rs.956.07 Million (Previous year Rs.1,044.46 Million) and the corresponding financial liability to the Banks is included as part of short term secured loans.

10.6 Gains/losses on fair valuation of all the open derivative positions as at the balance sheet date not designated as hedging instruments have been recognized in the Profit and Loss Account.

11. Employee Stock Option Scheme:

(a) In the extraordinary general meeting held on January 25, 2007, the shareholders approved the issue of 1,000,000 options under the Scheme titled "Strides Arcolab ESOP 2006" (ESOP 2006).

The ESOP 2006 allows the issue of options to employees of the Company and its subsidiaries (whether in India or abroad). Each option comprises one underlying equity share.

As per the Scheme, the Compensation committee grants the options to the employees deemed eligible. The exercise price of each option shall not be less than 85 per cent of the "Market Price" as defined in the Scheme. The options granted vest over a period of 3 years from the date of the grant in proportions specified in the Scheme. Options may be exercised within 30 days of vesting.

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The difference between the fair price of the share underlying the options granted, on the date of grant of option and the exercise price of the option (being the intrinsic value of the option) representing Stock compensation expense, is expensed over the vesting period.

(b) The ESOP scheme titled "Strides Arcolab ESOP 2008" (ESOP 2008) was approved by the shareholders through postal ballot on June 18, 2008. 1,500,000 options are covered under the scheme for 1,500,000 shares.

In the previous years, the Remuneration Committee of the Company had granted 1,007,500 options under the ESOP 2008 to few eligible employees of the Company. During the current year, the Remuneration Committee in its meeting held on January 22, 2010, June 14, 2010 and September 03, 2010 has granted 137,500, 100,000 and 137,500 options respectively under the ESOP 2008 to few eligible employees of the Company. The options allotted under ESOP 2008 are convertible into equal number of equity shares.

The vesting period of these options range over a period of three years. The options may be exercised with in a period of 30 days from the date of vesting.

(c) The ESOP scheme titled "Strides Arcolab ESOP 2008 (Directors)" (ESOP 2008 Directors) was approved by the shareholders through postal ballot on January 12, 2009. 500,000 options are covered under the scheme for 500,000 equity shares.

The Remuneration Committee of the Company, on March 16, 2009 had granted 300,000 options under the Strides Arcolab ESOP 2008 (Directors) scheme to few Directors of the Company. The shares covered by such options were 300,000 equity shares.

The vesting period of these options range over a period of three years. The options may be exercised with in a period of 30 days from the date of vesting.

(d) In terms of the Scheme of arrangement, employee compensation costs under the above referred various ESOP schemes may be recorded to BRR. Consequently, during the year 2010, an amount of Rs.15.02 Million (net) as noted below has been debited to BRR.

(Rupees in Million)

Particulars	Strides Arcolab ESOP 2006	Strides Arcolab ESOP 2008	Strides Arcolab ESOP 2008 (Director)	Total
Expense during the year	4.37	11.94	1.19	**17.50**
Reversal due to lapses	(11.08)	(1.43)	(0.45)	**(12.96)**
Expense due to re-pricing	6.27	4.21	-	**10.48**
Total	**(0.44)**	**14.72**	**0.74**	**15.02**

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(e) Employee stock options details as on the balance sheet date are as follows

Particulars	During the year 2010		During the year 2009	
Options outstanding at the beginning of the year	**Options (No's)**	**Weighted average exercise price per option (Rs)**	**Options (No's)**	**Weighted average exercise price per option (Rs)**
- ESOP 2006	680,000	105.75	920,000	208.08
- ESOP 2008	786,500	99.81	665,000	122.15
- ESOP 2008 (Director)	300,000	59.00		
Granted during the year:				
- ESOP 2006			-	-
- ESOP 2008	375,000	295.56	342,500	92.10
- ESOP 2008 (Director)			300,000	59.00
Vested during the year:				
- ESOP 2006	380,000	105.75	240,000	105.75
- ESOP 2008	235,000	107.32	221,000	105.75
- ESOP 2008 (Director)	60,000	59.00	-	-
Exercised during the year:				
- ESOP 2006	290,000	105.75	60,000	105.75
- ESOP 2008	223,000	106.50	105,600	105.75
- ESOP 2008 (Director)	60,000	59.00	-	-
Lapsed during the year:				
- ESOP 2006	240,000	105.75	180,000	187.90
- ESOP 2008	54,500	135.26	115,400	122.15
- ESOP 2008 (Director)	40,000	59.00	-	-
Options outstanding at the end of the year				
- ESOP 2006	150,000	105.75	680,000	105.75
- ESOP 2008	884,000	186.35	786,500	99.81
- ESOP 2008 (Director)	200,000	59.00	300,000	59.00
Options available for Grant				
- ESOP 2006	500,000	-	260,000	-
- ESOP 2008	287,400	-	607,900	-
- ESOP 2008 (Director)	240,000	-	200,000	-

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(f) The impact on Earnings per Share if the 'fair value' of the options (on the date of the grant) were considered instead of the 'intrinsic value' is as under:

(Rupees in Million)

Particulars	Dec 31, 2010	Dec 31, 2009
STRIDES ARCOLAB ESOP:		
Net Profit/(loss) (as reported)	1,224.49	1,096.84
Add: stock based employee compensation (intrinsic value)		
Less: stock based compensation expenses determined under fair value method for the grants issued (See note below)	Refer Note Below	Refer Note Below
Net Profit/(loss) (proforma)	1,224.49	1,096.84
	Rs.	Rs.
Basic earnings/(loss) per share (as reported)	26.11	26.49
Basic earnings/(loss) per share (proforma)	Refer Note below	
Diluted earnings/(loss) per share (as reported)	24.56	19.67
Diluted earnings/(loss) per share (proforma)	Refer Note below	Refer Note below

Note: As per the Scheme approved by the Honourable High Courts of Judicature, expense relating to ESOP is permitted to be recorded in the BRR. Accordingly, there would be no impact on Earnings per Share if the options were accounted at fair values instead of intrinsic value.

(g) The fair value of the options has been determined under the Black-Scholes model. The assumptions used in this model for calculating fair value are as below:

Assumptions	Dec 31, 2010	Dec 31, 2009
Risk Free Interest Rate	8.00%	8.00%
Expected Life	3 years	3 years
Expected Annual Volatility of Shares	50%	57%
Expected Dividend Yield	13.24%	0.51%

12. Pending approval from the Food and Drug Administrations, USA, certain costs amounting to Rs.99.17 Million incurred at new manufacturing facilities of ASPL set up for manufacturing to the USA market, are being deferred and will be amortized over 3 years in accordance with the accounting policy of the Group. Details of cost deferred is as follows:

(Rupees in Million)

Particulars	Dec 31, 2010
Salaries	33.77
Power, fuel & water	46.15
Consumables	6.28
Repairs & Maintenance	10.62
Others	2.36
Total	**99.18**

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13. Exceptional items for the current year include net loss of Rs.40.80 Million, recognized on sale of investments in Formule Naturelle Pty. Ltd.

14. Reversal of exchange fluctuation loses from hedge reserve on disposal of foreign operations included under Exceptional Items is net off an amount of Rs.403. 30 Million, being exchange fluctuation gains attributable to the disposed operations, which are recycled into the Profit & Loss Account from the Exchange Reserve on Consolidation. Also refer note 10.2 above.

15. Interest in Joint ventures

The Group's aggregate share of the Assets and Liabilities (as at December 31, 2010) in the below mentioned Joint Ventures and the share in the income and expenses of the Joint Ventures for the year ended December 31, 2010 is as follows:

(Rupees in Million)

Sl. No.	Particulars	Akorn Strides LLC	Sagent Strides LLC	Onco Therapies Limited	Onco Laboratories Limited
A	Assets	278.64 (244.34)	158.25 (128.07)	- (763.06)	- (631.68)
B	Liabilities	154.92 (61.29)	23.16 (28.96)	- (111.68)	- (36.31)
C	Expenses	342.61 (182.62)	119.79 (73.32)	- (65.35)	- (1.68)
D	Income	369.33 (262.33)	133.46 (72.63)	- (72.06)	- (289.71)
E	Capital Commitments	Nil	Nil	Nil	Nil

Note:

(a) Figures in brackets relates to previous year ended December 31, 2009.

(b) As at December 31, 2010, Onco Therapies Limited and Onco Laboratories Limited are subsidiaries within the Group.

16. Unbilled revenue includes income recognised on development services contracts and contracts for production of dossiers, against which no invoices are raised, and are net of advances received against the respective contracts.

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17. Details of Research and Development expenditure incurred

(Rupees in Million)

Particulars	For the year ended Dec 31, 2010	For the year ended Dec 31, 2009
Salaries	206.69	192.81
Materials	195.02	139.10
Bio Study Expenses	36.16	11.52
Professional fees	4.03	2.23
Consumables	110.20	107.26
Interest	0.01	2.81
Travelling expenses	4.10	7.69
Advertisement expenses	-	-
Rent	21.00	19.63
Depreciation	22.29	25.64
Others	100.92	55.31
Total	**700.42**	**564.00**

The above are as certified by the management and relied upon by the auditors and include costs associated with the development services undertaken for customers.

18. Consolidated Segment Information

During the year ended December 31, 2010, the Group operated in only one business Segment viz 'Pharmaceuticals'. Consequently no separate Primary Segment disclosures have been made.

Information about Secondary Segment

Geographic Segment

Revenue attributable to location of customers is as follows:

(Rupees in Million)

Geographic location	Revenue from external customers for the year ended			
	Dec 31, 2010		Dec 31, 2009	
	Rupees in Million	%	Rupees in Million	%
Africa	1,796.46	11%	1,906.88	15%
Australasia	5,823.91	34%	4,011.48	30%
North America & Europe	5,703.53	34%	2,677.50	21%
South & Central America	1,120.43	7%	1,083.76	8%
India	581.73	3%	1,062.68	8%
Rest of the World	1,932.38	11%	2,305.41	18%
Total	**16,958.44**	**100%**	**13,047.71**	**100%**

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Segment assets based on their location are as follows:

(Rupees in Million)

Geographic Location	Carrying amount of Segment Assets	Additions To Fixed assets	Carrying amount of segment assets	Additions to Fixed assets
	At Dec 31, 2010		At Dec 31, 2009	
Africa	1,114.79	17.65	1,026.20	16.52
Australasia	3,514.88	208.23	2,804.22	87.85
North America & Europe	9,542.26	618.15	4,473.00	574.85
South & Central America	3,851.35	0.02	617.90	-
India	26,032.87	1,006.86	22,945.90	754.63
Total	**44,056.15**	**1,850.91**	**31,867.22**	**1,433.85**

Note: Additions to fixed assets disclosed above do not include assets on the date of acquisition in respect of new subsidiaries that have been consolidated during the year.

19. Deferred Taxation

Tax provision has been made in accordance with the requirements of Accounting Standard 22 "Accounting for taxes on income"

The deferred tax balances included in the balance sheet comprises the tax impact arising from timing differences on account of the following:

(Rupees in Million)

Particulars	For the year ended Dec 31, 2010	For the year ended Dec 31, 2009
Depreciation	(197.53)	(210.53)
Section 43B Disallowances	-	0.34
Business Loss unabsorbed depreciation	26.75	41.28
Others	(21.39)	63.80
Total	**(192.17)**	**(105.11)**
Deferred tax liability relating to the above	**46.36**	**34.15**
Depreciation	0.31	(48.64)
Section 43B Disallowances	0.61	-
Business Loss unabsorbed depreciation	-	2.18
Others	81.08	100.34
Total	**82.00**	**53.88**
Deferred tax Assets relating to the above	**15.77**	**11.15**

Recognition of Deferred tax assets with respect to unabsorbed depreciation and tax losses has been done only in cases where there is corresponding timing differences creating deferred tax liabilities and the amount of such assets recognised is restricted to the extent of such liabilities. Deferred Tax assets in respect of business losses are recognized based on the criteria of virtual certainty

During the year, the Company has MAT credit of Rs.154.58 Million which has not been recognised as a matter of prudence.

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20. Related Party Transactions:

Names of Related Parties:

Joint Ventures (JV)	• Akorn Strides LLC, USA • Sagent Strides LLC, USA
Associates	• Aspen Venezuela CA • Aspen Pharma Industria Farmaceutica, Brazil (formerly known as Cellofarm Ltda) • Pharmalatina Holdings Limited, Cyprus • Solara SA De CV, Mexico • Strides Latina, SA, Uruguay • Aspen Labs SA De CV, Mexico
Key Management Personnel	• Mr. Arun Kumar - Vice Chairman & Managing Director • Mr. V.S. Iyer (Executive Director) w.e.f. January 19, 2010 • Mr. Dennis Bastas • Mr. Mark Bisset (up to October 31, 2010) • Mr. Mohana Kumar Pillai
Enterprises owned or significantly influenced by key management personnel and relatives of Key Management Personnel	• Agnus Global Holdings Pvt Limited, India • Arcolab (India) Private Limited (merged with Agnus Holdings Pvt Ltd w.e.f. March 24, 2010) • Atma Projects, India • Higher Pharmatech Private Limited, India • Caryl Pharma Private Limited (merged with Agnus Holdings Pvt Ltd w.e.f. March 24, 2010) • Chayadeep Properties Private Limited, India • Agnus Global Holdings Pte Limited, Singapore • Agnus Holdings Private Limited, India • Fraxis Life Sciences Limited, India • Atma Enterprises LLP, India • Chayadeep Ventures LLP, India • Qualichem Capital LLP, India • Agnus Capital LLP, India • Triumph Ventures LLP, India • Mrs. Deepa Arun Kumar • Net Equity Ventures Private Limited (merged with Agnus Holdings Pvt Ltd w.e.f. March 24, 2010) • Nous Infosytems Private Limited, India • Patsys Consulting Private Limited, India • Sequent Scientific Limited, India • Sequent Research Limited , India • Sequent Global Holdings Limited, Mauritius • Sequent Scientific Limited • Vedic Elements Private Limited • Sequent Antibiotics (P) Limited, India • Sequent Oncolytics (P) Limited, India • Triumph Fincap Holdings Private Limited, India • Agnus IPCO Limited, BVI • Santo Finco Ltda, Madeira • Strides Italia srl, Italy • Keerthapathi Ravishankar - HUF • Mrs. K. Saraswathi • Mr. G.P. Pillai

Note:

Related parties disclosed above are as identified by the Management and relied upon by the Auditors.

Related Party Balances as at December 31, 2010

(Rupees in Million)

SL No.	Nature of Transactions	Associates		Joint Ventures		Key Management Personnel		Enterprises owned or significantly influenced by key management personnel or their relatives	
		Year Ended 31.12.10	Year Ended 31.12.09	Year Ended 31.12.10	Year Ended 31.12.09	Year Ended 31.12.10	Year Ended 31.12.09	Year Ended 31.12.10	Year Ended 31.12.09
Advances Receivable/(Payable) as at									
1	Aspen Labs SA De CV (formerly Strides Mexicana SA De CV)		0.46						
2	Aspen Venezuela CA (formerly Casa de Representaciones Sumifarma CA)	3.50	3.64						
3	Atma Projects								41.71
4	Aspen Pharma Industria Farmaceutica, Brazil (formerly Cellofarm Ltda)	(3.26)	(1.97)						
5	Pharma Latina Holding Limited (formerly Lakerose Ltd)	0.23	0.24						
6	Solara S.A. de C.V.	2.23	2.32						
7	Sequent Research Limited								2.31
8	Strides Latina	7.02	7.31						
9	Mr. Arunkumar					(0.69)	24.39		
10	Mr. V.S. Iyer					6.74			
11	Strides Mexicana S.A. De.C.V	0.45							
12	Akorn Strides LLC			29.53					
13	Sequent Global Holdings Limited							20.93	33.72
14	Agnus Global Holdings Limited								37.34
15	Sequent European Holdings Limited								4.67
16	Central Healthcare Services Pty Ltd.	121.97							
17	Eris Pharmaceuticals (Australia) Pty Ltd.	5.35							
Creditors Balance as at (net of Advance paid)									
1	Chayadeep Properties Private Limited							4.63	(0.05)
2	Sequent Scientific Limited (formerly P I Drugs & Pharmaceuticals Limited)							(0.80)	(219.52)
3	Atma Projects							37.67	
4	Sequent Research Limited							0.61	
Debtors Balance as at (Net of advance received)									
1	Akorn Strides LLC			(2.58)	37.30				
2	Aspen Venezuela CA (formerly Casa de Representaciones Sumifarma CA)	229.51	65.85						
3	Aspen Pharma Industria Farmaceutica, Brazil (formerly Cellofarm Ltda)	238.69	307.24						
4	Sagent Strides LLC			58.82	18.76				
5	Sequent Scientific Limited (formerly P I Drugs & Pharmaceuticals Limited)							23.44	
6	Solara S.A. de C.V.	35.68	11.14						

Related Party Transactions for the year ended December 31, 2010

(Rupees in Million)

SL No.	Nature of Transactions	Associates		Joint Ventures		Key Management Personnel		Enterprises owned or significantly influenced by key management personnel or their relatives	
		Year Ended 31.12.10	Year Ended 31.12.09	Year Ended 31.12.10	Year Ended 31.12.09	Year Ended 31.12.10	Year Ended 31.12.09	Year Ended 31.12.10	Year Ended 31.12.09
Sales of materials/services									
1	Akorn Strides LLC			268.37	199.34				
2	Aspen Venezuela CA (formerly Casa de Representaciones Sumifarma CA)	371.70	192.71						
3	Aspen Pharma Industria Farmaceutica, Brazil (formerly Cellofarm Ltda)	599.84	725.04						
4	Laboratorios Domac S.L				3.88				
5	Onco Laboratories Limited (formerly Powercliff Limited)				123.18				
6	Sagent Strides LLC			115.93	102.74				
7	Sequent Scientific Limited (formerly P I Drugs & Pharmaceuticals Limited)							22.61	20.37
8	Solara S.A. de C.V.	93.14	89.34						
Interest received									
1	Sequent Scientific Limited (formerly P I Drugs & Pharmaceuticals Limited)							1.72	
Other Income									
1	Akorn Strides LLC			0.08					
Purchase of materials									
1	Sequent Research Limited							33.36	40.09
2	Sequent Scientific Limited (formerly P I Drugs & Pharmaceuticals Limited)							5.18	502.48
3	Strides Italia S r L								0.88
Purchase of Machinery/Assets									
1	Atma Projects							5.07	15.88
Jobwork Charges payable									
1	Sequent Scientific Limited (formerly P I Drugs & Pharmaceuticals Limited)								0.01
Interest Paid									
1	Agnus Holdings Private Limited							2.18	0.17
2	Sequent Scientific Limited (formerly P I Drugs & Pharmaceuticals Limited)							7.66	2.61
Managerial Remuneration									
1	Arun Kumar					30.00	36.96		
2	Mr. V.S. Iyer					22.50			
3	Mark Bisset					1.83	18.09		
4	Mohana Kumar Pillai					16.21	12.59		
5	Dennis Bastas					41.34	29.93		
Reimbursement of Expenses Incurred by									
1	Aspen Pharma Industria Farmaceutica, Brazil (formerly Cellofarm Ltda)		21.75						

(Rupees in Million)

SL No.	Nature of Transactions	Associates		Joint Ventures		Key Management Personnel		Enterprises owned or significantly influenced by key management personnel or their relatives	
		Year Ended 31.12.10	Year Ended 31.12.09	Year Ended 31.12.10	Year Ended 31.12.09	Year Ended 31.12.10	Year Ended 31.12.09	Year Ended 31.12.10	Year Ended 31.12.09
2	Onco Laboratories Limited (formerly Powercliff Limited)				0.49				
3	Sequent Scientific Limited (formerly P I Drugs & Pharmaceuticals Limited)							0.05	0.03
4	Sequent European Holdings Limited								316.33
Reimbursement of Expenses Incurred on behalf of									
1	Akorn Strides LLC			2.35	1.72				
2	Aspen Pharma Industria Farmaceutica, Brazil (formerly Cellofarm Ltda)		7.41						
3	Sequent Scientific Limited (formerly P I Drugs & Pharmaceuticals Limited)							3.39	12.22
4	Sagent Strides LLC			3.23					
5	SeQuent Research Limited							3.25	
Rent Paid									
1	Chayadeep Properties Pvt Ltd							68.94	42.74
2	Atma Projects							29.86	30.01
Loans/advances given / Repaid by Company									
1	Agnus Holdings Private Limited							81.96	4.50
2	Aspen Venezuela CA (formerly Casa de Representaciones Sumifarma CA)		0.03						
3	Aspen Pharma Industria Farmaceutica, Brazil (formerly Cellofarm Ltda)	0.20	0.28						
4	Sequent Scientific Limited (formerly P I Drugs & Pharmaceuticals Limited)							225.70	70.00
5	Strides Latina S.A		2.78						
6	SeQuent Research Limited							1.82	
7	Central Healthcare Services Pty Ltd.	121.97							
8	Eris Pharmaceuticals (Australia) Pty Ltd.	5.35							
Loans/advances taken by company/repaid to company									
1	Agnus Holdings Private Limited							80.00	4.50
2	Sequent Scientific Limited (formerly P I Drugs & Pharmaceuticals Limited)							221.72	70.00
Receipt of Share application monies against warrants									
1	Net Equity Ventures Private Limited							202.32	140.90
2	GP. Pillai							0.68	0.23
3	Mohana Kumar pillai							0.68	0.23
4	Agnus Holdings Private Limited							220.09	
Investments sold									
1	Laboratorios Domac S.L								26.16
Deposits given									
1	Atma Projects								19.30
2	Chayadeep Properties Private Limited								16.61

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21. Leases

The group' s significant leasing arrangements are mainly in respect of factory buildings, residential and office premises. The aggregate lease rentals payable on these leasing arrangements charged to the Profit and Loss account is Rs.278.29 Million (Previous year Rs.184.54 Million).

The Group has entered into non-cancelable lease agreements for its facilities and office premises. The tenure of lease ranges from 3 years to 15 years. The said lease arrangements have an escalation clause wherein lease rental is subject to an increment ranging from 6% to 15%. Details of the lease commitment at the year end are as follows

(Rupees in Million)

Particulars	For the year ended Dec 31, 2010	For the year ended Dec 31, 2009
Not Later than one year	204.43	201.59
Later than one year up to five years	750.89	527.52
Later than five years	783.48	723.38

22. Earnings/(Loss) per share:

(Rupees in Million)

Particulars	For the year ended Dec 31, 2010	For the year ended Dec 31, 2009
Profit after tax as per the Profit & Loss Account	1,224.87	1,096.83
Preference Dividend and tax there on	-	(34.51)
Profit attributable to Equity Shareholders	**1,224.87**	**1,062.32**
Interest Expense & Exchange fluctuation gain on Foreign Currency Convertible Bonds (FCCBs) etc., (Net)	See note (b) below	20.79
Profit/(Loss) attributable to Equity Shareholders (on dilution)	**1,224.87**	**1,083.11**
Weighted Average number of Shares for Basic EPS	46,893,259	40,094,560
Add: Effect of Warrant, Employee Stock Options outstanding & FCCBs	2,957,659	14,969,746
Weighted Average Number of equity shares for diluted EPS	**49,850,918**	**55,064,306**
Nominal value of equity shares (Rs.)	10.00	10.00
Earnings/(Loss) Per Share		
- Basic	**26.11**	**26.49**
- Diluted	**24.56**	**19.67**

Note:

(a) The amount of preference dividend for 2009 does not include the amount of any preference dividends accrued in the Profit & Loss Account in the current year in respect of previous years since the same has been considered for determining Earning per share in respective years.

(b) The FCCB' s outstanding at December 31, 2010 are antidilutive and hence ignored for the purpose of computing diluted earnings per share.

(c) During the year ending December 31, 2010 the Company has reversed the preference dividend along with dividend tax thereon accrued in earlier years amounting to Rs.1,48.54 Million, since such divided is no longer payable consequent to the agreement with the preference shareholders. Consequent to the above reversal such amount is also available for distribution to the equity shareholders. The basic and diluted EPS for the year ended December 31, 2010 after considering the reversal of preference dividend and tax thereon is Rs.29.58 & Rs 27.54 respectively.

23. Cash flow statement

(a) The Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard - 3 on “Cash Flow Statements”, issued under Section 211 (3C) of Companies Act, 1956.

(b) Interest paid is inclusive of and purchase of Fixed Assets excludes, interest capitalized Rs.25.03 Million (Previous year Rs.100.59 Million).

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(c) Direct tax paid and Others in the Cash Flow Statement includes outflows on account of permitted utilization from the BRR of Rs.69.80 Million (Previous Year Rs.49.03 Million) and Direct Taxes of Rs.323.11 Million (Previous Year Rs.88.13 Million)

d) Reconciliation of Cash and Cash Equivalents to Cash and Bank balances included in Schedule G.A.4:

(Rupees in Million)

Particulars	As at Dec 31, 2010	As at Dec 31, 2009
Cash in hand	4.59	4.06
Balance with banks in current accounts	2766.20	783.79
Fixed Deposits	478.79	-
Cash and cash equivalents	**3,249.58**	**787.85**
Margin money not included above	142.81	122.32
Unpaid dividend accounts not included above	2.12	1.84
Cash and bank balances as per Schedule G.A.4	**3,394.51**	**912.01**

24. Employee benefits pertaining to overseas subsidiaries have been accrued based on their respective local labour laws.

Details of Gratuity benefits provided to employees in the Company and its subsidiaries in India.

(Rupees in Million)

Sl. No.	Particulars	Dec 31, 2010	Dec 31, 2009
I	**Components of employer expense**		
1	Current Service cost	15.30	15.53
2	Interest cost	6.65	5.34
3	Expected return on plan assets	(2.11)	(1.87)
4	Curtailment cost/(credit)	-	-
5	Settlement cost/(credit)	-	-
6	Past Service Cost	-	-
7	Actuarial Losses/(Gains)	(23.12)	(2.89)
8	Total expense recognised in the Statement of Profit & Loss	(3.28)	16.11
II	**Actual Contribution and Benefits Payments for year ended December 31, 2010.**		
1	Actual benefit payments	2.76	2.60
2	Actual Contributions	0.73	3.23
III	**Net asset/(liability) recognised in balance sheet as at December 31, 2010**		
1	Present value of Defined Benefit Obligation (DBO)	96.41	91.41
2	Fair value of Plan Assets	42.16	27.33
3	Funded status [Surplus/(Deficit)]	54.25	(64.09)
4	Unrecognised Past Service Costs	-	-
5	Net asset/(liability) recognised in balance sheet	54.25	(64.09)
IV	**Change in Defined Benefit Obligations during the year ended December 31, 2010**		
1	Present Value of DBO at beginning of period	91.41	75.79
2	Current Service cost	15.30	15.53
3	Interest cost	6.65	5.34
4	Curtailment cost/(credit)	-	-
5	Settlement cost/(credit)	-	-
6	Plan amendments	-	-
7	Acquisitions	-	-

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(Rupees in Million)

Sl. No.	Particulars	Dec 31, 2010	Dec 31, 2009
8	Actuarial (gains)/ losses	(14.19)	(2.65)
9	Benefits paid	(2.76)	(2.60)
10	Present Value of DBO at the end of period	96.41	91.41
V	**Change in Fair Value of Assets during the year ended December 31, 2010**		
1	Plan assets at beginning of period	28.20	30.74
2	Acquisition Adjustment	-	-
3	Actual return on plan assets	2.11	1.87
4	Actual Company contributions	0.73	3.23
5	Actuarial gains/(losses)	13.89	(5.04)
6	Benefits paid	(2.76)	(2.60)
7	Plan assets at the end of period	42.16	28.20
VI	**Assumptions**		
1	Discount Rate	8.00%	7.5%
2	Expected Return on plan assets	8.00%	Up to 7.5%
3	Salary escalation	7.00%	8% to 15%
4	Withdrawal rates	10.00%	10.00%

Note

1. The estimate of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.
2. In the absence of information relating to category wise breakup of Plan Assets, the same has not been disclosed.

25 Details of Miscellaneous income

(Rupees in Million)

Particulars	Dec 31, 2010	Dec 31, 2009
Compensation for termination of contract	243.28	28.41
Marketing & Distribution Income	228.16	58.66
Provision no longer required written back	38.68	-
Project management fees	-	53.90
Rental Income	43.84	63.53
Customers advances no longer payable written back	57.26	-
Others	40.94	10.96
Total	**652.16**	**215.46**

26. Disclosures relating to financial instruments to the extent not disclosed elsewhere in Schedule Q.

26.1 Breakup of Allowance for Credit Losses is as under

(Rupees in Million)

Particulars	For the year ended Dec 31, 2010	For the year ended Dec 31, 2009
Provision for Bad and Doubtful Debts at the beginning of the Year	68.60	73.79
Additional Provision during the year	27.61	19.27
Less: Consolidation adjustment	9.73	(10.48)
Less: Provision reversed during the year	3.30	13.98
Provision for Bad and Doubtful Debts at the end of the Year	**83.18**	**68.60**

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26.2 Details on Derivatives Instruments & Un-hedged Foreign Currency Exposures

The following derivative positions are open as at December 31, 2010. While these transactions have been undertaken to act as economic hedges for the Company' s exposures to various risks in foreign exchange markets, they have not qualified as hedging instruments in the context of the rigour of such classification under Accounting Standard 30. These instruments are therefore classified as held for trading and gains/losses recognized in the Profit and Loss Account.

I. The Company has entered into the following derivative instruments

(a) Forward Exchange Contracts [being a derivative instrument], which are not intended for trading or speculative purposes, but for hedge purposes, to establish the amount of reporting currency required or available at the settlement date of certain payables and receivables.

The following are the outstanding Forward Exchange Contracts entered into by the Company as on December 31, 2010.

Currency	Amount	Buy/Sell	Cross Currency
AUD	12,000,000	Sell	Rupees
USD	29,000,000	Sell	Rupees
USD	15,000,000	Buy	Rupees
EUR	700,000	Buy	AUD

(b) Interest Rate Swaps to hedge against fluctuations in interest rate changes: No. of contracts: Nil (Previous year : Nil)

(c) Currency Swaps (other than forward exchange contracts stated above) to hedge against fluctuations in changes in exchange rate. No. of contracts: Nil (Previous Year: Nil)

II. The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

(Figures in Million)

Receivable/(Payable) in INR	Receivable/(Payable) In Foreign currency		Receivable/ (Payable) in INR	Receivable/ (Payable) In Foreign currency	
At December 31, 2010			At December 31, 2009		
7,591.82	USD	169.84	(7,040.01)	USD	(151.33)
137.13	EUR	2.29	(196.06)	EUR	(2.93)
56.99	AUD	1.25	245.69	AUD	5.87
(2.72)	CAD	(0.06)	(1.27)	CAD	(0.03)
(562.28)	GBP	(8.12)	109.62	GBP	1.46
(1.12)	JPY	(2.04)	(0.98)	JPY	(1.94)
(1.79)	CHF	(0.04)	1.97	CHF	0.40

III. The Company had not entered into any option contracts, that were outstanding as at December 31, 2010,

IV. Loss on Forward Exchange Derivative contracts (Net) included in the Profit and Loss account for year ended December 31, 2010 amounts to Rs.72.12 Million (Previous Year: Loss (Net) Rs.117.87 Million).

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26.3 Categories of Financial Instruments

a. Loans and Receivables:

The following financial assets in the Balance Sheet have been classified as Loans and Receivables as defined in Accounting Standard 30. These are carried at amortized cost less impairment if any.

The carrying amounts are as under:

(Rupees in Million)

Particulars	Dec 31, 2010	Dec 31, 2009
Sundry Debtors	3,837.84	4,202.70
Unbilled Debtors	411.72	303.31
Advance recoverable in cash	353.02	595.76
Cash and Bank Balances	3,394.51	912.01

In the opinion of the management, the carrying amounts above are reasonable approximations of fair values of the above financial assets.

b. Financial Liabilities Held at Amortized Cost

The following financial liabilities are held at amortized cost. The Carrying amounts of Financial Liabilities are as under:

(Rupees in Million)

Particulars	Dec 31, 2010	Dec 31, 2009
Secured Loans:		
Long term loans	9,335.93	4,668.88
Short term loans	4,537.97	3,118.10
Unsecured Loans		
Long term loans:		
Foreign currency convertible bonds (debt component)	4,381.89	6,166.18
Short term loans:		
From banks	978.57	-
From others	673.04	440.24
Current Liabilities		
Sundry Creditors	4,198.50	4,410.23
Consideraton payable towards purchase of investments	1,541.06	-
Unclaimed dividend	2.12	1.84
Interest accrued but not due	33.59	6.41
Other Liabilities	84.70	99.67
Provision For:		
Leave salary	112.13	92.44
Gratuity & other employee benefits	119.61	123.23
Long Term Employee Compensation	576.20	657.50
Equity Dividend (including dividend distribution tax thereon)	101.01	70.57
Preference Dividend (including dividend distribution tax thereon)	-	149.32

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c. Financial Liabilities Held for Trading

The option component of FCCBs has been classified as held for trading, being a derivative under AS 30. The carrying amount of the option component was Rs.190.95 Million as at December 31, 2010 and Rs 175.32 Million as at December 31, 2009. The difference in carrying value between the two dates, amounting to Rs 15.63 Million is taken as loss to the Profit and Loss Account of the year in accordance with provisions of AS 30.

The fair value of the option component has been determined using a valuation model. Refer to Note C.10.1 above on FCCBs for detailed disclosure on the valuation method.

26.4 Financial assets pledged

(Rupees in Million)

The following financial assets have been pledged

Financial Asset			Carrying value Dec 31, 2010	Carrying value Dec 31, 2009	Liability/Contingent Liability for which pledged as collateral	Terms and conditions relating to pledge
I.	Investment in Subsidiary		3,493.16	3,162.90	Loan from Banks	The Shares have been pledged against specific Borrowing, the charge will be extinguished on repayment of the Loan.
II.	Margin Money with Banks					
	A.	Margin Money for Letter of Credit	131.18	101.61	Letter of Credit	The Margin Money is interest bearing deposit with Banks. These deposits can be withdrawn on the maturity of all Open Letters of Credit.
	B.	Margin Money for Bank Guarantee	11.63	14.98	Bank Guarantee	The Margin Money is interest bearing deposit with Banks. These Deposits are against Performance Guarantees. These can be withdrawn on the satisfaction of the purpose for which the Guarantee is provided.
	C.	Other Margin Money	-	5.73	Margin Money as Guarantee for Loan to Subsidiary	The Margin Money is interest bearing deposit with Banks. This Deposit is against Guarantees for Loan advanced to Subsidiary.
III.	Sundry debtors		956.07	1,044.46	Bills discounted	The Bills discounted with Banks are secured by the Receivable

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26.5 Nature and extent of risks arising from financial instruments

The main financial risks faced by the Company relate to fluctuations in interest and foreign exchange rates, the risk of default by counterparties to financial transactions, and the availability of funds to meet business needs. The Balance Sheet as at December 31, 2010 is representative of the position through the year. Risk management is carried out by a central treasury department under the guidance of the Management.

Interest rate risk

Interest rate risk arises from long term borrowings. Debt issued at variable rates exposes the company to cash flow risk. Debt issued at fixed rate exposes the company to fair value risk. In the opinion of the management, interest rate risk during the year under report was not substantial enough to require intervention or hedging through derivatives or other financial instruments. For the purposes of exposure to interest risk, the company considers its net debt position evaluated as the difference between financial assets and financial liabilities held at fixed rates and floating rates respectively as the measure of exposure of notional amounts to interest rate risk. This net debt position is quantified as under:

Financial assets/(liabilities)

(Rupees in Million)

Particulars	Dec 31, 2010	Dec 31, 2009
Fixed		
Financial Assets	3,251.70	789.69
Financial liabilities	(5,023.25)	(8,987.57)
	(1,771.55)	**(8,197.88)**
Floating		
Financial Assets	-	-
Financial liabilities	(14,884.15)	(5,405.83)
	(14,884.15)	**(5,405.83)**

Credit risk

Credit risk arises from cash and cash equivalents, financial instruments and deposits with banks and financial institutions. Credit risk also arises from trade receivables and other financial assets.

The credit risk arising from receivables is subject to concentration risk in that the receivables are predominantly denominated in USD and any appreciation in the INR will affect the credit risk. Further, the Company is not significantly exposed to geographical distribution risk as the counterparties operate across various countries across the Globe.

Liquidity risk

Liquidity risk is managed using short term and long term cash flow forecasts.

The following is an analysis of undiscounted contractual cash flows payable under financial liabilities and derivatives as at December 31, 2010. (Figures in brackets relates to Previous Year).

Notes on Accounts
and accounting policies

(Rupees in Million)

Financial Liabilities	Due within					
	1 year	1 and 2 years	2 and 3 Years	3 and 4 years	4 and 5 years	beyond 5 years
Bank & Other Borrowings	7,883.45	2,264.90	2005.59	952.00	827.00	912.25
	(3,999.78)	(1,177.57)	(1,141.08)	(933.40)	(356.51)	(161.35)
Interest payable on borrowings	33.59	-	-	-	-	-
	(11.42)					
Hire Purchase Liabilities	2.29	0.41	-	-	-	-
	(4.78)	(1.90)	(0.51)			
Other Borrowings	677.64	4,381.89				
	(2,545.30)		(4,066.21)			
Trade and other payables not in net debt (excluding provision for expense)	5,826.38	-	-	-	-	-
	(4,511.74)	-	-	-	-	-
Fair Value of Options		190.95		-	-	-
	(1.96)		(173.36)			
Fair value of Forward exchange derivative contracts	-	-	-	-	-	-
	(166.80)					
Total	**1,4389.75**	**6,838.15**	**2,005.59**	**952.00**	**827.00**	**912.25**
Total	**(11,241.78)**	**(1,179.47)**	**(5,381.16)**	**(933.40)**	**(356.51)**	**(161.35)**

For the purposes of the above table, undiscounted cash flows have been applied. Undiscounted cash flows will differ from carrying values in the financial statements and the fair values. Floating interest rates have been computed by applying interest rates on the Balance Sheet date. Foreign currency liabilities have been computed applying spot rates on the Balance Sheet date

Foreign exchange risk

The company is exposed to foreign exchange risk principally via:

- Debt availed in foreign currency
- Net investments in subsidiaries and joint ventures that are in foreign currencies
- Exposure arising from transactions relating to purchases, revenues, expenses etc., to be settled (outside the Group) in currencies other than the functional currency of the respective entities.

Notes on Accounts
and accounting policies

26.6 Sensitivity analysis as at December 31, 2010

Financial instruments affected by interest rate changes include Secured Long term loans from banks, Secured Long term loans from others, Secured Short term loans from banks and Unsecured Short term loans from banks and others. The impact of a 1% change in interest rates on the profit of an annual period will be Rs.148.84 Million (Previous year Rs 54.06 Million) assuming the loans as of December 31, 2010 continue to be constant during the annual period. This computation does not involve a revaluation of the fair value of loans as a consequence of changes in interest rates. The computation also assumes that an increase in interest rates on floating rate liabilities will not necessarily involve an increase in interest rates on floating rate financial assets.

Financial instruments affected by changes in foreign exchange rates include FCCBs, External Commercial Borrowings (ECBs), loans in foreign currencies to erstwhile subsidiaries and joint ventures. The Company considers US Dollar and the Euro to be principal currencies which require monitoring and risk mitigation. The Company is exposed to volatility in other currencies including the Great Britain Pounds (GBP) and the Australian Dollar (AUD).

Particulars	Increase/(Decrease) in Equity in	
	2010	**2009**
A 5% appreciation in the US dollar	(379.59)	(352.00)
A 5% depreciation in the US dollar	379.59	352.00
A 5% appreciation in the Euro	6.86	(9.80)
A 5% depreciation in the Euro	(6.86)	9.80
A 5% appreciation in the Australian Dollar	2.85	12.28
A 5% depreciation in the Australian Dollar	(2.85)	(12.28)
A 5% appreciation in the GBP	(28.11)	5.48
A 5% depreciation in the GBP	28.11	(5.48)

For the purposes of the above table, it is assumed that the carrying value of the financial assets and liabilities as at the end of the respective financial years remains constant thereafter. The exchange rate considered for the sensitivity analysis is the exchange rate prevalent as at December 31, 2010.

27. Previous year’ s figures have been recast/restated, wherever necessary, to conform to the current year’ s classification

For and on behalf of the Board

Arun Kumar	-	Vice Chairman & Managing Director
K.R.Ravishankar	-	Director
Badree Komandur	-	Group Controller & Company Secretary

Bangalore, February 24, 2011

Break up of Cash and Bank Balances

(Rupees in Million)

Entity	Cash on hand		Bank balance		Overnight Deposit		Cash & Cash Equivalent		Margin		Total	
	Dec 31, 2010	Dec 31, 2009	Dec 31, 2010	Dec 31, 2009	Dec 31, 2010	Dec 31, 2009	Dec 31, 2010	Dec 31, 2009	Dec 31, 2010	Dec 31, 2009	Dec 31, 2010	Dec 31, 2009
Akorn Strides LLC	-	-	26.94	18.06	-	-	26.94	18.06	-	-	26.94	18.06
African Pharmaceutical Development	0.18	-	2.71	-	-	-	2.89	-	-	-	2.89	-
Arcolab Limited SA	-	-	29.29	27.71	-	-	29.29	27.71	-	-	29.29	27.71
Ascent Pharmahealth Limited	0.66	0.67	(3.60)	191.74	-	-	(2.95)	192.41	-	-	(2.95)	192.41
Ascent Pharmahealth (Asia) Pte Ltd	0.00		24.36	-	0.17		24.53	-	-	-	24.53	-
Beltapharm S p A	0.13	0.29		-	-	-	0.13	0.29	-	-	0.13	0.29
Cash in Transit	-	-	48.23	-	-	-	48.23	-	-	-	48.23	-
Co-pharma Ltd	-	-	3.69	0.54	-	-	3.69	0.54	-	-	3.69	0.54
Drug House of Australia (Asia) Pte Ltd	0.08	0.08	112.90	73.80	-	-	112.99	73.88	-	-	112.99	73.88
Farma Plus AS	-	-		24.05	-	-	-	24.05	-	-	-	24.05
Formule Naturalle (Pty) Ltd	-	-		54.77	-	-	-	54.77	-	-	-	54.77
Greencross Pharma Pte Ltd	-	-		3.25	-	-	-	3.25	-	-	-	3.25
Inbiopro Solutions Private Limited	0.01		4.38	-	106.90	-	111.29	-	-	-	111.29	-
Linkace Ltd	-	-	4.65	1.67	-	-	4.65	1.67	-	-	4.65	1.67
Medgene Pharmaceuticals Pvt Ltd	-	-		0.05	-	-	-	0.05	-	-	-	0.05
Onco Therapies Ltd	0.05	0.03	410.12	51.48	-	-	410.16	51.51	5.25	2.68	415.41	54.19
Plus farma ehf	1.62	1.81	21.58		-	-	23.20	1.81	-	-	23.20	1.81
Onco Laboratories Ltd (formerly Powercliff Ltd)	-	-	2.59	0.38	347.71	-	350.30	0.38	-	-	350.30	0.38
Agila Specaility Pvt Ltd (Formerly known as Stides Speciality Pvt Ltd)	0.15	0.02	74.66	5.72	-	1.00	74.80	6.74	1.00	-	75.80	6.74
Strides (CIS) Limited	-	-	11.20	4.98	-	-	11.20	4.98	-	-	11.20	4.98
Sagent Strides LLC	0.02	-		0.02	-	-	0.02	0.02	-	-	0.02	0.02
Starsmore Ltd	-	-	9.31	0.58	-	-	9.31	0.58	-	-	9.31	0.58
Strides Africa Limited BVI	-	-	0.09	0.55	-	-	0.09	0.55	-	-	0.09	0.55
Strides Arcolab International Ltd	-	-	1.12	51.09	-	-	1.12	51.09	-	-	1.12	51.09

(Rupees in Million)

Entity	Cash on hand		Bank balance		Overnight Deposit		Cash & Cash Equivalent		Margin		Total	
	Dec 31, 2010	Dec 31, 2009	Dec 31, 2010	Dec 31, 2009	Dec 31, 2010	Dec 31, 2009	Dec 31, 2010	Dec 31, 2009	Dec 31, 2010	Dec 31, 2009	Dec 31, 2010	Dec 31, 2009
Strides Arcolab Limited	1.50	1.04	652.10	198.38	20.13	0.50	673.73	199.92	136.56	119.64	810.29	319.56
Strides Arcolab Polska Sp Z.oo	0.03	0.10	1.17	4.24	1.39		2.59	4.34	-	-	2.59	4.34
Strides Australia Pty Ltd	-	-	0.08	0.08	-	-	0.08	0.08	-	-	0.08	0.08
Strides Inc	0.00	-	1,270.87	17.93	-	-	1,270.87	17.93	-	-	1,270.87	17.93
Strides SA Pharmaceuticals Pty Ltd	0.00	-	0.06	0.08	-	-	0.06	0.08	-	-	0.06	0.08
Strides Singapore Pte Ltd	-	-		48.67	-	-	-	48.67	-	-	-	48.67
Strides Vital Nigeria Ltd	0.15	0.02	7.93	1.60	2.50	2.61	10.58	4.23	-	-	10.58	4.23
Strides Technology & Research Pvt Ltd	-	-	0.10	0.10	-	-	0.10	0.10	-	-	0.10	0.10
Strides Farmaceutica Participacoes LTDA	0.00	-	28.70	-	-	-	28.70	-	-	-	28.70	-
Strides Pharma (Cyprus) Limited	-	-	23.04	-	-	-	23.04	-	-	-	23.04	-
Strides Specialties (Cyprus) Limited	-	-	0.04	-	-	-	0.04	-	-	-	0.04	-
Strides Specialties (Holdings) Cuprus Limited	-	-	0.03	-	-	-	0.03	-	-	-	0.03	-
Strides Specialties (Holdings) Limited, Mauritius	-	-	0.00	-	-	-	0.00	-	-	-	0.00	-
Total	**4.59**	**4.06**	**2,768.32**	**781.52**	**478.79**	**4.11**	**3,251.70**	**789.69**	**142.81**	**122.32**	**3,394.51**	**912.01**

A Historical Perspective

(Rupees in Million)

Financials	2010 In USD mio	2010	2009	2008	2007	2006
Income, Profit & Dividend						
Total Income	**394.98**	**17,655.44**	**13,283.41**	**10,799.14**	**8,696.25**	**7,601.98**
EBIDTA	88.66	3,963.21	2,105.04	1,292.10	1,029.44	1,409.56
Depreciation & Amortisation	14.29	638.98	491.90	400.63	377.14	336.18
Exceptional Items (Gain)/Loss	(0.13)	(5.99)	(575.30)	1,409.03	299.12	-
Profit After Tax (PAT)	27.39	1,224.47	1,096.83	1,079.63	(501.21)	402.29
Equity Dividend	2.05	91.59	60.32	-	-	69.90
Dividend Rate %	15.00	15.00	15.00	-	-	20.00
Liabilities & Assets						
Liabilities						
Equity Share Capital	12.92	577.45	402.15	400.50	350.04	349.54
Preference Share Capital	-	-	491.61	491.61	491.61	491.61
Monies Pending Allotment	-	-	141.50	-	189.87	354.31
Reserves & Surplus	273.59	12,229.51	7,240.92	3,244.10	1,729.65	2,585.13
Total Net Worth	**286.51**	**12,806.96**	**8,276.18**	**4,136.21**	**2,761.17**	**3,780.59**
ESOPS	0.47	20.86	34.53	17.89	4.73	-
Long Term Loans	208.86	9,335.93	4,668.88	2,822.74	2,820.20	2,473.58
Short Term Loans	138.47	6,189.58	3,558.34	3,012.11	2,419.40	1,274.58
FCCBs	102.30	4,572.84	6,341.50	7,185.27	7,534.29	1,770.40
Total Borrowings	**449.63**	**20,098.35**	**14,568.72**	**13,020.12**	**12,773.89**	**5,518.56**
Minority Interest	60.96	2,724.74	2,585.04	1,802.84	169.34	527.20
Deferred Tax Liability	1.04	46.36	34.15	87.43	106.76	196.22
Total Liabilities	**798.60**	**35,697.27**	**25,498.62**	**19,064.49**	**15,815.89**	**10,022.57**
Assets						
Gross Block	257.51	11,510.70	10,713.26	5,991.11	5,947.48	5,667.18
Net Block incl CWIP	233.58	10,440.84	8,472.20	6,385.41	7,427.91	5,816.32
Goodwill	330.12	14,756.39	10,093.69	5,905.35	5,527.48	1,695.12
Investments	0.39	17.59	3,413.61	3,464.01	19.45	14.97
Deferred tax Asset	0.35	15.77	11.13	43.36	2.50	
Net Current Assets	231.94	10,367.50	2,661.43	3,265.39	2,832.18	2,487.49
Miscellaneous Expenditure	2.22	99.18	-	0.97	6.37	8.67
Total Assets	**798.60**	**35,697.27**	**24,652.06**	**19,064.49**	**15,815.89**	**10,022.57**
Key Indicators						
Earnings Per Share (EPS)	**0.58**	**26.11**	**26.49**	**26.91**	**(15.57)**	**10.55**
Cash Earnings Per Share (CEPS)	1.68	74.87	45.55	28.93	24.58	34.02
Book Value	6.11	273.09	184.59	90.84	35.57	59.88
Debt : Equity Ratio	1.57	1.57	1.76	3.15	4.63	1.46
Operating Profit Margin (%)	22.45	22.45	15.85	11.96	11.84	18.54
Net Profit Margin (%)	6.94	6.94	8.26	10.00	(5.76)	5.29
Return on Net Worth (RONW %)	9.56	9.56	13.25	26.10	(18.15)	10.64

** 1 USD = Rs.44.70 (Exchange rate as on December 31, 2010)*

Auditors' Report

TO THE MEMBERS OF STRIDES ARCOLAB LIMITED

1. We have audited the attached Balance Sheet of **STRIDES ARCOLAB LIMITED** ("the Company") as at December 31, 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. The Company has early adopted Accounting Standard (AS) 30 'Financial Instruments: Recognition and Measurement', AS 31 'Financial Instruments: Presentation' and AS 32 'Financial Instruments: Disclosure', to the extent such standards do not conflict with the standards notified under section 211(3C) of the Companies Act. Pursuant to the above, the Foreign Currency Convertible Bonds (FCCBs or Bonds) issued by the Company have been segregated into two components comprising (a) option component which represents the value of the conversion option given to the FCCB-holders to convert the bonds into equity shares of the Company and (b) debt component which represents the debt to be redeemed in the absence of conversion option being exercised by FCCB-holder, net of issuance costs. The debt component has been recognised and measured at amortized cost and the fair value of the option component has been determined using a valuation model and a charge of Rs.15.63 Million has been recognised in the Profit & Loss Account for the year ended December 31, 2010, being the change in the fair value of embedded option during the year.

5. We draw attention to Note B.5 of Schedule 'P' regarding the accounting for the Scheme of Arrangement ('the Scheme') between the Company, some of its subsidiaries and their respective shareholders under section 391 to 394 and the other provisions of the Companies Act, 1956, which has been approved by the Hon'ble High Court of Mumbai. In accordance with the Scheme:

   (a) Investments in a subsidiary has been fair valued and the resultant surplus over the previously carried book values, amounting to Rs.5,856.20 Million, has been credited to Reserve for Business Restructure instead of such assets being recorded at historical costs as required by Accounting Standard 13 'Accounting for investments'.

   (b) Certain expenses (net) amounting to Rs.46.95 Million has been debited to the Reserve for Business Restructure, instead of being charged to the Profit and Loss Account as required by Accounting Standard 5 'Net profit or Loss for the Period, Prior Period Items'.

6. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:

   (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

(ii) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

(iii) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

(iv) subject to our comments in paragraph 5 above and read with our comments in paragraph 4 above, in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;

(v) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and read with our comments in paragraph 5 above, give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st December, 2010;

(b) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

7. On the basis of the written representations received from the Directors as on December 31, 2010 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on December 31, 2010 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No.008072S)

V. BALAJI
Partner
(Membership No.203685)

BANGALORE, 24 February, 2011

Annexure to the Auditors' Report

(Referred to in paragraph 3 of our report of even date)

(i) Having regard to the nature of the Company's business/activities/result, clauses iii(d), vi, xii, xiii, xiv & xix of CARO are not applicable.

(ii) In respect of its fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

(iii) In respect of its inventory:

(a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.

(b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

(iv) In respect of loans, secured or unsecured, granted by the Company to companies, firms or other parties covered in the Register under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:

(a) The Company has granted loans aggregating to Rs.100 Million to one party during the year. At the year-end, the outstanding balance of such loan granted aggregated to Nil and the maximum amount involved during the year was Rs.100 Million.

(b) The rate of interest and other terms and conditions of such loans are, in our opinion, *prima facie* not prejudicial to the interests of the Company.

(c) The receipts of principal amounts and interest have been regular/as per stipulations.

In respect of loans, secured or unsecured, taken by the Company from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:

(a) The Company has taken loans aggregating to Rs.190 Million from two parties during the year. At the year-end, the outstanding balance of such loans taken aggregated to Nil and the maximum amount involved during the year was Rs.151.05 Million.

(b) The rate of interest and other terms and conditions of such loans are, in our opinion, *prima facie* not prejudicial to the interests of the Company.

(c) The payments of principal amounts and interest in respect of such loans are regular/as per stipulations.

(v) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources do not exist for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.

(vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:

(a) The particulars of contracts or arrangements referred to Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.

(b) In our opinion and having regard to our comments in paragraph (v) above, with regard to purchases of certain items of inventory for which comparative quotes are not available, transactions (excluding loans covered by our comments under paragraph (iv) above) made in pursuance of such contracts or arrangements, in excess of Rs.5 Lakhs in respect of any party, have been made at prices which are, prima facie, reasonable having regard to the prevailing market prices at the relevant time.

(vii) In our opinion, the Company has an internal audit system which is commensurate with the size and nature of its business.

(viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.

(ix) According to the information and explanations given to us in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at December 31, 2010 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on December 31, 2010 on account of disputes are given below:

Name of statute	**Nature of the dues**	**Amount (Rs. in Million)**	**Period to which the amount relates**	**Forum where dispute is pending**
Income - tax Act, 1961	Income Tax	63.88	AY 2007-08	Dispute Resolution Panel
Customs and Excise Laws	Excise duty	3.86	Aug-2005	Customs and Excise Service Tax Appellate Tribunal

(x) The Company does not have accumulated losses at the end of the financial year and has not incurred cash losses during the year and in the immediately preceding financial year.

(xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks and financial institutions. The Company has not issued any debentures.

(xii) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by wholly owned subsidiary companies from banks and financial institutions, are not *prima facie* prejudicial to the interests of the Company.

(xiii) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained, other than temporary deployment pending application.

(xiv) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long-term investment.

(xv) According to the information and explanations given to us, the Company has made preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956 at a price which is *prima facie* not prejudicial to the interests of the Company.

(xvi) The management has disclosed the end use of monies raised under a Qualified Institutional Placement of its equity shares in the notes to the financial statements and we have verified the same.

(xvii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No.008072S)

V. BALAJI
Partner
(Membership No.203685)

BANGALORE, 24 February, 2011

Balance Sheet

as at December 31, 2010

(Rupees in Million)

	Schedule	Dec 31, 2010	Dec 31, 2009
I. SOURCES OF FUNDS			
1. Shareholders' funds			
a) Share capital	A	577.45	893.76
b) Monies pending allotment		-	141.50
c) Employees stock options outstanding account	B	20.86	34.53
d) Reserves & surplus	C	13,462.74	8,209.50
		14,061.05	**9,279.29**
2. Loan funds	D		
a) Secured loans		6,461.36	5,980.89
b) Unsecured loans		5,957.20	6,341.50
		12,418.56	**12,322.39**
Total		**26,479.61**	**21,601.68**
II. APPLICATION OF FUNDS			
1. Fixed assets & Intangible assets	E		
a) Gross block		4,451.15	4,285.31
Less : Accumulated depreciation		1,336.00	1,016.38
Net block		3,115.15	3,268.93
b) Capital work-in-progress & advances		375.28	112.14
		3,490.43	**3,381.07**
2. Investments	F	18,200.67	15,180.42
3. Current assets, loans and advances	G		
a) Inventories		1,293.08	955.03
b) Sundry debtors		1,597.31	2,075.27
c) Unbilled revenues		145.28	-
d) Cash & bank balances		810.29	313.82
e) Loans and advances		4,654.76	3,597.85
		8,500.72	**6,941.97**
Less: Current liabilities & provisions	H		
a) Current liabilities		2,221.38	2,206.30
b) Provisions		1,490.83	1,695.48
		3,712.21	**3,901.78**
Net current assets		4,788.51	3,040.19
Total		**26,479.61**	**21,601.68**
Accounting policies and notes on accounts	P		

The above schedules form an integral part of the financial statements.

In terms of our report attached

For DELOITTE HASKINS & SELLS	**For and on behalf of the Board**
Chartered Accountants	
V. Balaji	Arun Kumar - Vice Chairman & Managing Director
Partner	K.R.Ravishankar - Director
Bangalore, February 24, 2011	Badree Komandur - Company Secretary

Profit & Loss Account

for the year ended December 31, 2010

(Rupees in Million)

		Schedule	Dec 31, 2010	Dec 31, 2009
I.	INCOME			
	1. Sales & services (including export incentives)	I	5,046.38	7,694.42
	2. Other income	J	248.06	131.50
	Total		**5,294.44**	**7,825.92**
II.	EXPENDITURE			
	1. Materials consumed	K	3,015.41	4,473.36
	2. (Increase)/Decrease in stock	L	(78.54)	(119.86)
	3. Personnel cost	M	525.51	836.60
	4. Operating and other expenses	N	884.63	1,367.01
	5. Finance charges (Net)	O	420.77	598.03
	Total		**4,767.78**	**7,155.14**
III.	PROFIT BEFORE DEPRECIATION, EXCEPTIONAL ITEMS AND TAX		526.66	670.78
	6. Depreciation	E	**150.82**	**226.85**
IV.	PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS		**375.84**	**443.93**
	7. Exchange Gain/(Loss) on FCCB, ECB, Forward Exchange contracts & certain monetary items (net) (Refer Note B.8 Schedule 'P')		948.03	391.60
	8. Reversal of Exchange Fluctuation on Restatement of Hedged investments in earlier years (Refer Note B.8 Schedule 'P')		(695.68)	-
	9. Changes in fair value of embedded derivatives in FCCBs (Refer Note B.8.1 Schedule 'P')		(15.63)	(41.12)
	10. Profit on sale of Investment (Refer Note B.11 & B.12 Schedule 'P')		94.40	-
	11. Provision no longer required for dimunition in value of investment (Refer Note B.11 Schedule 'P')		183.87	-
	12. Profit on FCCB Buyback		-	291.17
	13. Interest reversal on FCCB Buyback		-	79.96
V.	PROFIT BEFORE TAX		**890.83**	**1,165.54**
	Less: Provision for tax - Current		155.21	164.10
	- Deferred [Net]		-	(57.05)
	- Fringe Benefit Tax		-	3.35
VI.	PROFIT AFTER TAX		**735.62**	**1,055.14**
	Profit before tax from Continuing Operations		890.83	725.29
	Less: Tax expense		155.21	108.94
	Net profit from Continuing Operations		**735.62**	**616.35**
	Profit before tax from Discontinued Operations		-	440.25
	Less: Tax expense		-	1.46
	Net profit from Discontinued Operations		**-**	**438.79**
VII.	PROFIT AFTER TAX		**735.62**	**1,055.14**
	Balance brought forward		780.60	(47.68)
VIII.	PROFIT AVAILABLE FOR APPROPRIATIONS		**1,516.22**	**1,007.46**
IX.	APPROPRIATIONS			
	Dividend on equity shares (Refer Note B.22 Schedule 'P')		91.59	60.32
	Tax on equity dividend		14.98	10.25
	Dividend on preference shares		-	88.49
	Tax on preference dividends		-	15.04
	Transfer to general reserve		36.78	52.76
	Reversal of Dividends on preference shares and taxes thereon, no longer payable (Refer Note B.4. Schedule 'P')		(148.54)	-
	Transfer to Capital Redemption Reserve (Refer Note B.4. Schedule 'P')		491.61	-
	Balance carried forward to Balance sheet		1,029.80	780.60
X.	Total		1,516.22	1,007.46
XI.	EARNINGS PER SHARE			
	(Refer Note B.28 Schedule 'P')			
	(Face value of Rs.10 each)			
	-Basic (in Rs.)		15.69	25.46
	-Diluted (in Rs.)		11.98	18.06
	Accounting policies and notes on accounts	P		
	The above schedules form an integral part of the financial statements.			

In terms of our report attached

For DELOITTE HASKINS & SELLS
Chartered Accountants
V. Balaji
Partner
Bangalore, February 24, 2011

For and on behalf of the Board

Arun Kumar - Vice Chairman & Managing Director
K.R.Ravishankar - Director
Badree Komandur - Company Secretary

Cash Flow Statement

for the year ended December 31, 2010

(Rupees in Million)

			Dec 31, 2010	Dec 31, 2009
A.	**CASH FLOW FROM OPERATING ACTIVITIES**			
	Net Profit before tax		**890.83**	**1,165.54**
	Adjustments for:			
	Depreciation and amortisation		150.82	226.85
	Unbilled Debtors written off		-	17.55
	Loss on sale of assets/Assets written off		1.62	1.14
	Interest Expenses		947.69	542.08
	Interest received/recovered from Group Companies and others		(621.11)	(21.51)
	Unrealised Exchange (Gain)/Loss (net)		(251.53)	(286.26)
	Profit on FCCB Buyback		-	(291.17)
	Interest reversal on FCCB Buyback		-	(79.96)
	Profit on Sale of Investment		(94.40)	-
	Provision for diminution in value of investment reversed		(183.87)	-
	Changes in fair value of embedded derivatives in FCCBs		15.63	41.12
	Operating profit before working capital changes		**855.68**	**1,315.38**
	Changes in working capital			
	(Increase)/Decrease in Trade and other receivables		478.41	(769.20)
	(Increase)/Decrease in Inventories		(376.40)	(625.34)
	Increase/(Decrease) in Trade and other payables		(205.93)	573.13
	(Increase)/Decrease in Margin money and Unpaid Dividend Accounts		(17.20)	(12.34)
	Net change in working capital		**(121.12)**	**(833.75)**
	Cash generated from operations		734.56	481.63
	Direct taxes paid (Refer Note B.29 (c) Schedule 'P')		(172.03)	(98.50)
	Net cash from Operating Activities	A	**562.53**	**383.13**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Purchase of fixed assets/CWIP		(400.04)	(844.59)
	Investment in subsidiaries/Joint Ventures		(5,396.00)	(147.89)
	Refund of share application money		829.36	-
	Change in loans and advance to Group Companies		1,372.83	(500.81)
	Sale of fixed assets		6.42	3.08
	Dividend/Interest received		28.97	46.23
	Net cash used in Investing Activities	B	**(3,558.44)**	**(1,443.98)**

(Rupees in Million)

			Dec 31, 2010	Dec 31, 2009
C.	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Proceeds from issue of Shares/Warrants (Net)		5,031.73	158.87
	Share issue expenses		(108.96)	-
	Redemption of 6% cumulative redeemable preference shares		(325.75)	-
	Buy Back of FCCBs		-	(705.64)
	Redemption of FCCBs		(2,124.86)	-
	Proceeds from/(Repayment of) short term borrowings		899.02	297.86
	Proceeds from long term borrowings		3,208.15	2,117.07
	Repayment of long term borrowings		(2,219.16)	(231.13)
	Dividend paid (including tax on dividend)		(75.86)	-
	Interest paid on borrowings		(812.87)	(452.63)
	Net cash generated from Financing Activities	**C**	**3,471.44**	**1,184.40**
	Net Increase/(Decrease) in cash and cash equivalents during the year	**A+B+C**	475.53	123.55
	Effect of exchange differences on restatement of foreign currency cash and cash equivalents		3.74	(3.37)
	Cash inflow (net) on account of Merger & transfer of business		-	17.08
	Cash and cash equivalents at the beginning of the year		192.34	55.08
	Cash and cash equivalents at the end of the year		**671.61**	**192.34**

Note: Refer Note B.29, Schedule 'P' for notes on Cash Flow Statement

In terms of our report attached

For DELOITTE HASKINS & SELLS	**For and on behalf of the Board**		
Chartered Accountants			
V. Balaji	Arun Kumar	-	Vice Chairman & Managing Director
Partner	K.R.Ravishankar	-	Director
Bangalore, February 24, 2011	Badree Komandur	-	Company Secretary

Schedules

forming part of the Balance Sheet

(Rupees in Million)

	Dec 31, 2010	Dec 31, 2009
SCHEDULE A		
Share Capital		
1. Authorised		
a) Equity		
89,750,000 (Previous year 89,750,000 equity shares of Rs.10 each)	897.50	897.50
b) Preference		
620,000 cumulative redeemable preference shares of Rs.1,000 each	620.00	620.00
	1,517.50	**1,517.50**
2. Issued, subscribed and paid-up		
a) Equity		
57,744,671 (Previous year 40,215,614) equity shares of Rs.10 each fully paid.	577.45	402.15
i) 9,368,875 (Previous year 3,168,875) equity shares of Rs.10 each were allotted to the Promoters and their associate companies on exercising of the Warrants.		
ii) 3,387,979 (Previous year 3,374,455) equity shares of Rs.10 each were allotted for consideration other than cash consequent to amalgamation and issue of bonus shares.		
b) Preference		
Nil (Previous year 491,606), 6% cumulative redeemable preference shares of Rs.1,000 each fully paid (Refer Note B.4 Schedule 'P')	-	491.61
Total	**577.45**	**893.76**

SCHEDULE B		
Employee Stock Options Outstanding		
Employee Stock Options Outstanding	36.53	75.34
(Refer Note B.9, Schedule 'P')		
Less: Deferred employee compensation expenses	15.67	40.81
Closing Balance	**20.86**	**34.53**

Schedules

forming part of the Balance Sheet

(Rupees in Million)

		Dec 31, 2010	Dec 31, 2009
SCHEDULE C			
Reserves And Surplus			
1.	**General Reserve**		
	Opening Balance	244.02	191.26
	Add: Transfer from Profit & Loss account	36.78	52.76
	Closing Balance	**280.80**	**244.02**
2.	**Capital Reserve**	225.61	225.61
	Closing Balance	**225.61**	**225.61**
3.	**Capital Redemption Reserve**		
	Opening Balance	60.00	60.00
	Add: Transfer from Profit & Loss account	491.61	-
	(Refer Note B.4 Schedule 'P')		
	Closing Balance	**551.61**	**60.00**
4.	**Securities Premium**		
	Opening Balance	2,138.49	2,468.14
	Add: Additions during the year on fresh issue of shares	5,026.63	19.03
	Add: Reversal of premium on redemption of FCCB's and issue expenses on account of buy back	-	254.83
	Less : Amortisation of Premium on redemption of FCCB's and issue expenses	395.06	603.50
	(Refer Note B.8.1 Schedule 'P')		
	Less : Share issue expenses	108.96	-
	(Refer Note B.7 Schedule 'P')		
	Closing Balance	**6,661.10**	**2,138.50**
5.	**Reserve for Business Restructure** (Refer Note B. 5, Schedule 'P')	-	
	Opening Balance	4,760.77	-
	Add: Created during the year	-	7,038.54
	Less: Utilisation during the year (Net)	46.95	2,277.77
	Closing Balance	**4,713.82**	**4,760.77**
	Carried forward for further utilisation	2,394.00	2,854.06
	Reserved for consolidation adjustment	2,319.82	1,906.71
	(**Note:** Out of the balance Rs.4,713.82 Million, a sum of Rs.2,319.82 Million has been reserved for adjustment in Consolidated Financial Statements as at December 31, 2010)		
	Closing Balance	**4,713.82**	**4,760.77**
6.	**Profit & Loss Account**	**1,029.80**	**780.60**
	Total	**13,462.74**	**8,209.50**

Schedules

forming part of the Balance Sheet

(Rupees in Million)

	Dec 31, 2010	Dec 31, 2009
SCHEDULE D		
Loan Funds		
A. Secured Loans		
1. Long term loans		
a) From banks	3,237.23	2,947.87
b) From others	-	5.06
	3,237.23	2,952.93
2. Short term loans		
From banks (Note 'e' below)	3,224.13	3,027.96
	3,224.13	3,027.96
Total	**6,461.36**	**5,980.89**

Notes :

a) Long term loans (other than hire purchase loans) are secured by a pari passu first charge on all movable properties and the immovable properties at certain facilities of the Company. Hire purchase loans from Banks are secured by hypothecation of assets acquired thereunder.

b) Long term loans (other than hire purchase loans) due within one year Rs.1,225.58 Million (Previous year Rs.524.18 Million). Hire purchase loans from banks due within one year Rs.1.58 Million (Previous year Rs.4.78 Million).

c) Short term loans from banks are working capital loans, which are secured by a pari passu first charge on the Company's immovable property located at Navi Mumbai and the current assets of the Company and by a pari passu second charge of certain other immovable properties.

d) Some of the above loans amounting to Rs.3,375 Million (Previous year Rs.1,505 Million) are guaranteed by some of the Directors of the Company in their personal capacities.

e) Short term loans from Banks includes Bills discounted with various Banks for Rs.480.35 Million (Previous year Rs.1,044.46 Million) (Refer Note B.8.4 Schedule 'P'). These loans are secured by the underlying receivables.

	Dec 31, 2010	Dec 31, 2009
B. Unsecured Loans		
1. Long term loans		
a) Foreign currency convertible bonds (FCCB's) (Refer Note B.8.1 Schedule 'P')		
- Debt Portion of FCCB's	4,381.89	6,166.18
- Fair value of embedded derivatives in FCCB's	190.95	175.32
b) From Subsidiaries (Note 'a' below)	681.52	-
	5,254.36	6,341.50
2. Short term loans		
a) From banks	502.84	-
b) From others	200.00	-
	702.84	-
Total	**5,957.20**	**6,341.50**

Note :

a) Long term loans from Subsidiaries due within one year Rs.480 Million (Previous year Rs.Nil).

Schedules

forming part of the Balance Sheet

SCHEDULE E
Fixed Assets & Intangible Assets

Rupees in Million

Sl No	Particulars	GROSS BLOCK: As on Jan 01, 2010	Additions: During the year	Additions: On account of Merger Refer Note (a) below	Additions: On account of Fair Valuation Refer Note (a) below	Deletions: During the year	Deletions: On account of Hiveoff Refer Note (b) below	Deletions: On account of impairement Refer Note (a) below	GROSS BLOCK: As on Dec 31, 2010	DEPRECIATION: Upto Dec 31, 2009	For the Year	Withdrawn on Deletions / Adjustments	Withdrawn on Deletions / Adjustments of Hive off Refer Note (b) below	Withdrawn on account of impairement	Upto Dec 31, 2010	NET BLOCK: As on Dec 31, 2010	NET BLOCK: As on Dec 31, 2009
	Tangible Assets																
1	FREEHOLD LAND	767.51	2.89	-	-	-	-	-	770.40	-	-	-	-	-	-	770.40	767.51
2	LEASEHOLD LAND	48.13	-	-	-	-	-	-	48.13	-	-	-	-	-	-	48.13	48.13
3	BUILDING	503.28	22.88	-	-	0.30	-	-	525.86	98.15	24.75	0.03	-	-	122.87	402.99	405.13
4	FURNITURE & FIXTURES	83.70	5.99	-	-	1.93	-	-	87.76	26.17	6.73	-	-	-	32.90	54.86	57.53
5	OFFICE EQUIPMENT & COMPUTERS	56.25	21.43	-	-	1.35	-	-	76.33	29.97	8.51	0.56	-	-	37.92	38.41	26.28
6	PLANT & MACHINERY	1,550.50	75.25	-	-	4.64	-	-	1,621.11	671.36	146.60	0.37	-	-	817.59	803.52	879.14
7	MOTOR VEHICLES	25.72	-	-	-	1.09	-	-	24.63	6.77	2.41	0.30	-	-	8.88	15.75	18.95
	Intangible Assets																
8	REGISTRATIONS & BRANDS (Refer note 'f' below)	1,190.71	-	-	-	-	-	-	1,190.71	147.31	117.97	-	-	-	265.28	925.43	1,043.40
9	SOFTWARE LICENCES	59.51	46.71	-	-	-	-	-	106.22	36.65	13.91	-	-	-	50.56	55.66	22.86
	Total	**4,285.31**	**175.15**	**-**	**-**	**9.31**	**-**	**-**	**4,451.15**	**1,016.38**	**320.88**	**1.26**	**-**	**-**	**1,336.00**	**3,115.15**	**3,268.93**
	Previous Year	2,674.67	1,812.61	1,278.90	1,035.57	5.69	2,336.21	174.54	4,285.31	1,062.04	341.85	1.47	268.20	117.84	1,016.38	3,268.93	1,612.62
	Capital work in progress at cost and advance payments against capital expenditure															375.28	112.14
	Total															**3,490.43**	**3,381.07**

Notes :

a) Pursuant to a Scheme of Arrangement (the Scheme) sanctioned by the Honorable High Courts of Judicature, during the year ended December 31, 2009, some of the subsidiaries of the Company have been merged with itself effective from January 1, 2009 upon which certain assests have been fair valued. (Refer Note B.5, of Schedule 'P')

b) During the year ended December 31, 2009, the Company had entered into Business Transfer Agreement (BTA) with Strides Specialties Private Limited (SSPL), a Wholly Owned Subsidiary of the Company for transfer of Specialty Business Undertaking (including R&D Business), on Slump Sale basis. Consequent to which, fixed asset pertaining to the above business to the extent of gross block of Rs.2,336.21 Million and accumulated depreciation of Rs.268.20 Million had been transferred to Strides Specialties Private Limited (Refer Note. B.5.4, Schedule 'P')

c) Buildings include buildings on leasehold land Rs.96.51 Million (Previous year Rs.75.08 Million).

d) Motor Vehicles include Vehicles purchased under Hire purchase schemes amounting to Rs.18.83 Million (Previous year Rs.18.83 Million).

e) Additions/Capital work in progress includes interest on borrowings Rs.12.46 Million (Previous year Rs.100.59 Million).

f) Depreciation/Amortisation considered in the Profit and Loss Account is net off Rs.170.06 Million (Previous year Rs.115 Million), being depreciation/amortisation of Brands and other assets fair valued under the Scheme, which are permitted to be debited to BRR.

Schedules
forming part of the Balance Sheet

(Rupees in Million)

					Dec 31, 2010	Dec 31, 2009	
SCHEDULE F							
Investments (Unquoted) (share application money)							
			Face Value	**Nos**	**Value**	**Nos**	**Value**
1.	**Long term investments**						
	Trade investments						
	A) Subsidiaries						
i)	Agila Specialties Private Limited (Formerly Strides Specialties Private Limited)	Equity	Rs.10/-	15,100,000	6,982.20	12,600,000	5,982.20
ii)	Onco Therapies Limited (Equity Shares of Rs.10/- each, partly paid at Rs.7/- (Previous year Rs.3/-) per share at a premium of Rs.413/- (Previous year Rs.177/-) per share)	Equity	Rs.10/-	543,687	228.36	543,687	97.87
iii)	Arcolab SA, Switzerland	Equity	SFR 1000	1,000	45.00	1,000	45.00
iv)	Strides Africa Ltd, British Virgin Islands (Refer Note B.8, Schedule 'P')	Equity	US$ 1/-	4,522,911	198.68	4,522,911	210.11
v)	Strides Arcolab International Ltd, UK	Equity	GBP 1/-	1,000,000	78.38	1,000,000	78.38
vi)	Strides Arcolab International Ltd., UK (formerly known as Strides Arcolab (UK) Ltd., UK) (Share application money)	Equity		-	2,449.60	-	2,449.60
vii)	Agila Specialties Private Limited (Formerly Strides Specialties Private Limited)	0.1% Redeemable Preference shares	Rs.100/-	200,000	200.00	200,000	200.00
viii)	Strides Inc, USA (Refer Note B.11, Schedule 'P')	Equity	US$ 1/-	-	-	13,605,000	614.23
ix)	Strides Inc, USA (Refer Note B.11, Schedule 'P')	6% Redeemable Preference shares	US$ 1/-	4,010,883	183.87	4,010,883	183.87
x)	Starsmore Limited	Equity	EUR 1	3,500	408.87	3,500	408.87
xi)	Starsmore Limited (Share application money) (Refer Note B.8, Schedule 'P')	Equity		-	7,105.87	-	4,318.75
xii)	Onco Therapies Limited	Equity	Rs.10/-	683,468	364.74	683,468	364.74
xiii)	Agila Specialties Private Limited (Share application money)	Equity	Rs.10/-				1,000.00

Schedules

forming part of the Balance Sheet

(Rupees in Million)

SCHEDULE F					Dec 31, 2010	Dec 31, 2009	
			Face Value	Nos	Value	Nos	Value
xiv)	Strides Technology & Research Pvt. Ltd	Equity	Rs.10/-	10,000	0.10	10,000	0.10
B)	*Joint Ventures*						
i)	Akorn Strides LLC, USA (Refer Note B.8 & B.12, Schedule 'P')	Equity		-	-	-	69.80
				-	**18,245.67**	**-**	**16,023.52**
	Less :						
	Diminution in value of Investments						
i)	Strides Inc, USA (Refer Note B.11, Schedule 'P')	Equity	US$ 1/-	-	-	-	614.23
ii)	Strides Inc, USA (Refer Note B.11, Schedule 'P')	6% Redeemable Preference shares	US$ 1/-	-	-	-	183.87
iii)	Arcolab SA, Switzerland	Equity	SFR 1000	-	45.00	-	45.00
					45.00		**843.10**
					18,200.67		**15,180.42**
	Aggregate value of unquoted investments				18,200.67		15,180.42

Additions during the year : (net off refund of share appliation money/ exchange adjustment)			Nos	Cost	Sale Value	Provided for in earlier years	Profit/ (Loss) on Sale	Reversal of loss recognised in earlier years
i)	Onco Therapies Limited	Equity	543,687	130.49				
ii)	Starsmore Limited	Equity	-	2,787.12				
Deletion during the year :								
i)	Strides Inc, USA	Equity	13,605,000	614.23	-	614.23	-	6.20
ii)	Akorn Strides LLC, USA	Equity	-	65.56	153.76	-	88.19	-

Note:

a) All the investments in shares are fully paidup other than to the extent indicated above.

Schedules

forming part of the Balance Sheet

(Rupees in Million)

	Dec 31, 2010	Dec 31, 2009
SCHEDULE G		
Current Assets, Loans & Advances		
A. Current assets		
1. Inventories		
a) Raw materials and packing materials	888.07	628.56
b) Work-in-process	160.99	87.79
c) Finished goods	244.02	238.68
Total	**1,293.08**	**955.03**
2. Sundry Debtors (unsecured)		
a) More than Six months		
- Considered Good	178.33	211.80
- Considered Doubtful	26.55	22.82
b) Others		
- Considered Good	1,418.98	1,863.47
Sundry Debtors	**1,623.86**	**2,098.09**
Less : Provision for Doubtful Debts	26.55	22.82
Total	**1,597.31**	**2,075.27**
3. Unbilled Revenues	145.28	-
4. Cash and bank balances		
a) Cash in hand	1.50	1.04
b) Balance with scheduled banks		
i) In current account	637.58	192.64
ii) in margin money account	136.56	119.64
iii) in fixed deposit account	20.13	0.50
iv) in transit	14.52	
Total	**810.29**	**313.82**
B. Loans and advances (unsecured, considered good)		
a) Advance recoverable in cash or in kind or for value to be received	256.33	276.62
b) MAT credit availed (Refer Note B.19 Schedule 'P')	14.00	14.00
c) Advance income tax and tax deducted at source	520.92	418.69
d) Deposits with and dues from Government departments	133.71	92.30
e) Deposits with others	51.37	44.93
f) Advances and loans to subsidiaries	2,029.39	464.85
g) Receivable from Agila Specialties Private Limited (formerly Strides Specialties Private Limited), a wholly owned Subsidiary of the Company, for transfer of Business (Refer Note B.5.4, Schedule 'P')	-	2,286.46
h) Advances towards Purchase of Shares (Refer Note B.10, Schedule 'P')	1,649.04	-
Total	**4,654.76**	**3,597.85**
Total	**8,500.72**	**6,941.97**

Schedules

forming part of the Balance Sheet

(Rupees in Million)

		Dec 31, 2010	Dec 31, 2009
SCHEDULE H			
Current Liabilities And Provisions			
A.	**Current liabilities**		
	a) Sundry Creditors		
	- Dues to Micro/Small Enterprises	13.67	10.82
	- Dues to Others	1,906.53	2,114.09
	b) Unclaimed dividend	2.12	1.84
	c) Interest accrued but not due	6.83	6.33
	d) Other Liabilities	28.25	24.09
	e) Advances received from customers	263.98	49.13
Total		**2,221.38**	**2,206.30**
B.	**Provisions**		
	a) Leave salary	62.37	45.79
	b) Income taxes including FBT	721.28	566.06
	c) Gratuity	29.97	39.44
	d) Proposed equity dividend	86.62	60.32
	e) Tax on proposed equity dividend	14.39	10.25
	f) Preference Dividend (Refer Note B.4, Schedule ‘P’)	-	134.28
	g) Preference Dividend Tax (Refer Note B.4, Schedule ‘P’)	-	15.04
	h) Provision for MTM losses on Forward Exchange Contracts (Refer Note B.8, Schedule ‘P’)	-	166.80
	i) Deferred Employee Compensation	576.20	657.50
Total		**1,490.83**	**1,695.48**
Total		**3,712.21**	**3,901.78**

Schedules

forming part of the Profit & Loss account

(Rupees in Million)

		For the year ended Dec 31, 2010	For the year ended Dec 31, 2009
SCHEDULE I			
Sales & Services			
a)	Sale of products [including sale of traded goods Rs.1,063.70 Million (Previous year Rs.1,077.94 Million)]	4,313.92	6,826.73
	Less: Excise duty on domestic sales	14.36	25.31
	Net sales	4,299.56	6,801.42
b)	Development Income	609.68	834.01
c)	Contract manufacturing services	32.43	48.05
d)	Export licenses & incentives (Net)	6.79	10.94
e)	Share of Profit on sale of product	97.92	-
Total		**5,046.38**	**7,694.42**
SCHEDULE J			
Other Income			
Other Income (Refer Note B.27, Schedule 'P')		248.06	131.50
Total		**248.06**	**131.50**
SCHEDULE K			
Materials Consumed			
Opening stock		628.56	652.10
Add: Merger adjustment (net)		-	5.17
Add: Purchases [including purchase of traded goods Rs.646.06 Million (Previous year Rs.814.27 Million)]		3,274.92	4,743.75
Less: Stock transferred on account of transfer of business		-	299.10
Less: Closing stock		888.07	628.56
Total		**3,015.41**	**4,473.36**
SCHEDULE L			
(Increase)/Decrease In Stock			
i)	Opening stock		
	Work in process	87.79	88.80
	Finished goods	238.68	128.81
		326.47	**217.61**
ii)	Merger adjustment		
	Work in process	-	1.61
	Finished goods	-	84.62
		-	**86.23**
iii)	Stock transferred on account of transfer of business		
	Work in process	-	50.05
	Finished goods	-	47.18
		-	97.23
iv)	Closing stock		
	Work in process	160.99	87.79
	Finished goods	244.02	238.68
		405.01	**326.47**
Total		**(78.54)**	**(119.86)**

Schedules

forming part of the Profit & Loss account

(Rupees in Million)

	For the year ended Dec 31, 2010	For the year ended Dec 31, 2009
SCHEDULE M		
Personnel Cost (Refer Note B.18.1 & B.18.5, Schedule 'P')		
Salaries, wages and allowances	454.44	743.88
Contribution to provident and other funds	35.79	50.26
Staff welfare expenses	35.28	42.46
Total	**525.51**	**836.60**

SCHEDULE N		
Operating And Other Expenses (Refer Note B.18.5, Schedule 'P')		
Power, fuel & water	87.98	164.95
Consumables	62.19	222.94
Conversion & Processing charges	33.92	43.41
Freight & forwarding	229.52	209.58
Rent	43.73	88.70
Rates & taxes	12.24	16.53
Communication charges	9.89	18.12
Repairs & maintenance		
- Buildings	4.83	10.25
- Machinery	26.29	48.30
- Others	34.23	57.89
Insurance	7.16	9.79
Travelling & conveyance	83.87	103.22
Advertisement & Selling expenses	58.86	74.23
Commission on sales	61.37	60.74
Legal & Professional fees (Refer Note B.20, Schedule 'P')	51.76	55.88
Loss on sale of assets/assets written off	1.62	1.14
Market Support Services	13.41	-
Provision for Doubtful Debts	-	-
Unbilled Debtors written off	-	17.55
Bio Study	-	10.72
Exchange fluctuation Loss (Net)	35.06	112.65
Other expenses	26.70	40.42
Total	**884.63**	**1,367.01**

Schedules

forming part of the Profit & Loss account

(Rupees in Million)

	For the year ended Dec 31, 2010	For the year ended Dec 31, 2009
SCHEDULE O		
Finance Charges (Refer Note B.18.5, Schedule 'P')		
Bank charges & commission	94.19	77.48
Interest on working capital & other facilities	168.22	270.55
Amortised Interest on Fixed loans and Foreign Currency Convertible Bonds	773.89	271.51
	1,036.30	**619.54**
Less: Recovery of Interest from Subsidiary	258.97	-
Less: Interest income from Subsidiaries	322.85	-
Less : Interest received [Gross of TDS Rs.2.40 Million (Previous year Rs.4.83 Million)]	33.71	21.51
Total	**420.77**	**598.03**

SCHEDULE P - NOTES ON ACCOUNTS

Section A:

Significant Accounting Policies

1. Basis for preparation of financial statements

(a) The financial statements are prepared under the historical cost convention on accrual basis except for certain financial & other assets, liabilities which are measured on fair value basis as permitted by

(i) the Scheme of Arrangement approved by the Honorable High Courts of Judicature ('the Scheme') or,

(ii) Accounting Standard (AS) 30: Financials Instruments: 'Recognition and Measurement' read with AS 31 Financial Instruments: 'Presentation' and AS 32 Financials Instruments: 'Disclosure', to the extent such standards do not conflict with other standards notified under section 211 (3C) of the Companies Act, 1956.

(b) In terms of a Business Transfer Agreement (BTA) with Agila Specialties Private Limited (ASPL), formerly known as Strides Specialties Private Limited, a wholly owned subsidiary of the Company, the specialties business of the Company was transferred off to ASPL with effect from December 30, 2009. As per the BTA, pending completion of certain formalities and regulatory approvals, the Company continues to carry on the Specialties Business in Trust and on behalf of ASPL. The financial statements do not include transactions pertaining to ASPL.

2. Revenue

2.1 Revenue from export sales is recognized on the basis of the shipping bills for exports. Revenue from domestic sales is recognized based on the passage of title to goods which generally coincides with dispatch. Sales include excise duty and are stated net of discounts, other taxes, and sales returns.

2.2 Revenue from development services:

(a) In respect of contracts which require development on end to end basis, revenue is recognised based on technical estimates of the stage of work.

(b) In respect of other development contracts, revenue is recognised on the basis of the performance milestones provided in the contract.

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2.3 Revenue from sale of dossiers is recognised on percentage completion method. The extent of completion is determined based on costs incurred and the total cost for completion of the contracts.

2.4 Revenue from contract manufacturing is recognised based on the services rendered in accordance with the terms of the contract.

2.5 Export incentives are accounted on accrual basis and include estimated realisable values/benefits from special import licenses and benefits under Duty Entitlement Pass Book schemes, wherever applicable.

2.6 Dividend income is recognized whenever the right to receive dividends is established.

2.7 Interest and other income is recognized on accrual basis.

3. Fixed Assets

Fixed assets and intangibles (other than in-house product development costs) are recorded at their acquisition cost and subsequent improvements thereto except in case of assets which are recorded at fair value as per the Scheme. Cost includes related pre-operative project expenditure and interest on borrowings attributable to the funds borrowed in respect of qualifying assets, for the period up to completion of construction or when the assets are ready to be put to use, as applicable. In-house product development costs are capitalised in accordance with Paragraph 8 below.

4. Impairment of Assets

As at each Balance Sheet date, the carrying amount of fixed assets is tested for impairment if impairment conditions exist. An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is determined:

(a) in the case of an individual asset, at the higher of the net selling price and value in use.

(b) in the case of cash generating units, at the higher of the unit's net selling price and the value in use.

Value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life.

5. Depreciation/Amortisation

Depreciation is provided under the straight-line method at the rates and in the manner prescribed under Schedule XIV of the Companies Act, 1956, based on technical estimates that indicate the useful lives would be comparable with or higher than those arrived at using these rates.

In the case of following assets depreciation provided/amortised under the straight line method over the useful life of the assets as follows:

Dies and Punches	:	4 years
Registrations and Brands	:	5 to 10 years
Software Licenses	:	5 years

With respect to assets carried at fair value cost as permitted under the Scheme, depreciation/amortization is recorded under the straight line method over the balance useful life of the respective assets.

Individual assets costing less than Rs.5,000 are depreciated in full in the year of purchase.

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6. Inventories

Inventories comprise raw materials, packing materials, consumables, work in process and finished goods. These are valued at the lower of cost and net realisable value. Cost is determined as follows:

Raw materials, packing materials and consumables	weighted average basis
Work in process	at material cost and an appropriate share of production overheads
Finished Goods	material cost and an appropriate share of production overheads and excise duty, wherever applicable

7. Employee benefits

The Company's contribution to Provident Fund is charged to revenue on accrual basis.

Leave balances standing to the credit to the employees that are expected to be availed in the short term are provided for on full cost basis. Liability for unavailed leave considered to be long term is carried based on an actuarial valuation.

Liability for gratuity is funded with SBI Life Insurance Company Limited. Gratuity expenses for the year are accounted based on actuarial valuation carried out as at the end of the year. The obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of the scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme.

Short term employee benefits like medical, leave travel, etc are accrued based on the terms of employment on a time proportion basis.

The Company has introduced Long Term Employee Compensation Plan under which certain employees are eligible for retention and performance linked payouts. These payouts are accrued as services are rendered and or when the specific performance criteria are met.

8. Research & Development Expenditure

Development expenses incurred on specific/identified in-house developed products are capitalised from the date on which the Company is able to demonstrate technical feasibility and probable future economic benefits in respect of the products. The amount capitalised comprises expenditure that can be directly attributed, or allocated on a reasonable and consistent basis, to creating, producing and making the asset ready for its intended use.

Other development and research expenses are charged to the Profit and Loss account/Reserve for Business Restructure ('BRR').

Fixed assets acquired for Research & Development activities are capitalised and depreciated in accordance with the policy of the Company in paragraph 3 and 5 above.

9. Foreign currency transactions

The transactions denominated in foreign currency are recorded at the exchange rates prevailing on the date of the transaction. Monetary items denominated in foreign currencies at year end are translated at the exchange rate prevailing on the date of the balance sheet. Exchange differences on settlement or restatement are adjusted in the profit & loss account.

10. Investments

(a) Current investments are carried at lower of cost and fair market value. Provision is made to recognize decline, if any, in the carrying value.

(b) Long-term investments are valued at cost except for investments which are recorded at fair value as per the Scheme less impairment considered to be other than temporary.

11. Leases

Lease arrangements, where the risks and rewards incident to ownership of an asset substantially vest with the lessor, are classified as operating leases and the lease rentals thereon are charged to the Profit and Loss Account on accrual basis. Assets acquired under

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finance lease arrangements are recognised as an asset and a liability is setup at the inception of the lease, at an amount equal to lower of the fair value of leased assets or the present value of the future minimum lease payments.

12. Financial Assets, Financial Liabilities, Financial Instruments, Derivatives and Hedge Accounting

(a) The Company classifies its financial assets into the following categories: financial instruments at fair value through profit and loss, loans and receivables, held to maturity investments and available for sale financial assets.

Financial assets of the Company mainly include cash and bank balances, sundry debtors, loans and advances and derivative financial instruments with a positive fair value.

Financial liabilities of the Company mainly comprise secured and unsecured loans, sundry creditors, accrued expenses and derivative financial instruments with a negative fair value.

Financial assets/liabilities are recognized on the balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when all of risks and rewards of the ownership have been transferred. The transfer of risks and rewards is evaluated by comparing the exposure, before and after the transfer, with the variability in the amounts and timing of the net cash flows of the transferred assets.

Available for sale financial assets (not covered under the notified Accounting Standards) are carried at fair value, with changes in fair value being recognised in Equity, unless they are designated in a fair value hedge relationship, where such changes are recognised in the Profit and Loss account. Loans and receivables, considered not to be in the nature of short-term receivables, are discounted to their present value. Short-term receivables with no stated interest rates are measured at original invoice amount, if the effect of discounting is immaterial. Non-interest-bearing deposits, meeting the criteria of financial asset, are discounted to their present value.

Financial liabilities held for trading and liabilities designated at fair value, are carried at fair value through profit and loss.

Other financial liabilities are carried at amortized cost using the effective interest method. The Company measures the short-term payables with no stated rate of interest at original invoice amount, if the effect of discounting is immaterial.

Financial liabilities are derecognized when extinguished.

(b) Determining fair value

Where the classification of a financial instrument requires it to be stated at fair value, fair value is determined with reference to a quoted market price for that instrument or by using a valuation model. Where the fair value is calculated using financial markets pricing models, the methodology is to calculate the expected cash flows under the terms of each specific contract and then discount these values back to a present value.

(c) Derivative financial instruments

The Company is exposed to foreign currency fluctuations on foreign currency assets and liabilities. The Company limits the effects of foreign exchange rate fluctuations by following established risk management policies including the use of derivatives. The Company enters into forward exchange financial instruments where the counterparty is a bank. Changes in fair values of these financial instruments that do not qualify as a Cash flow hedge accounting are adjusted in the Profit and Loss.

(d) Hedge Accounting

Some financial instruments and derivatives are used to hedge interest rate, exchange rate, commodity, equity exposures and exposures to certain indices. Where derivatives are held for risk management purposes and when transactions meet the criteria specified in AS 30, the Company applies fair value hedge accounting or cash flow hedge accounting as appropriate to the risks being hedged.

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(e) Fair value hedge accounting

Changes in the fair value of financial instruments and derivatives that qualify for and are designated as fair value hedges are recorded in the Profit and Loss Account, together with changes in the fair value attributable to the risk being hedged in the hedged asset or liability. If the hedged relationship no longer meets the criteria for hedge accounting, it is discontinued.

13. Employee Stock Option Schemes

Employee stock options are accounted in accordance with the guidelines stipulated by SEBI and Guidance Note on Accounting for Employee Share-based Payments. The difference between the market price of the shares underlying the options granted on the date of grant of option and the option price is expensed in the profit & loss Account or 'BRR'.

14. Income Tax

Income Tax comprises the current tax provision and the net change in the deferred tax asset or liability during the year. Deferred tax assets and liabilities are recognized for the future tax consequences arising out of temporary differences between the carrying values of the assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates applicable on the Balance Sheet date. Deferred tax assets are recognised and carried forward to the extent that there is a reasonable/virtual certainty (as applicable) that sufficient future taxable income will be available against which such deferred tax asset can be realised. The effect on deferred tax assets and liabilities resulting from change in tax rates is recognized in the income statement in the period of enactment of the change.

Minimum alternative tax ('MAT') paid in accordance to the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax in future years. Accordingly, MAT is recognized as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.

15. Deferred Revenue Expenditure

The Company operates in an environment which requires the manufacturing facilities to be approved by industry regulators in certain territories prior to manufacture and sale of products in such territories. If the interval between the date off the facility is ready to commence commercial production and the date at which commercial production is expected to commence is prolonged, all expenses incurred during this period are treated as deferred revenue expenditure and amortised over a period not exceeding 3 years from the date of receipt of approvals.

16. Use of estimates

The preparation of financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Examples of such estimates include the useful life of fixed assets (including intangible assets), provision for doubtful debts/advances, provision for employee benefits, deferred employee compensations, allowances for slow moving/non moving inventory, provision for tax, estimate of percentage of completion of work under contracts for development services and sale of dossiers.

Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results may vary from these estimates.

17. Provisions and Contingencies

A provision is recognised when the Company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation. Contingent liabilities are not recognised but are disclosed in the notes to financial statements.

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Section B: Notes On Accounts

1. Capital Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances) - Rs.168.45 Million (Previous year Rs.71.04 Million). Also refer Note 10.

2. Contingent Liabilities

2.1 As at December 31, 2010, the Company has given corporate guarantees upto Rs.5,015.78 Million (Previous year Rs.1,354.29 Million) to financial institutions and other parties, on behalf of its subsidiaries. At December 31, 2010, the subsidiaries had availed facilities from such financial institutions/were obligated to the parties referred above for an aggregate amount of Rs.4,643.16 Million (Previous year Rs.1,186.21 Million). The Company's fixed assets (paripasu second charge) and certain investments in the respective subsidiaries have been offered as security in respect of some of these facilities. Subsequent to the balance sheet date, the corporate guarantee has been reduced by Rs.1,499.13 Million.

2.2 As at the end of the year there are no disputed tax liabilities arising from assessment proceedings relating to earlier years from the Income Tax Authorities (previous year Rs.207.12 Million).

2.3 The Company preferred appeal with the CESTAT against the order of the Commissioner of Central Excise for disallowing transfer of cenvat credit of Rs.3.86 Million (Previous year Rs 3.86 Million) as on the date of conversion of one of the units of the Company into a 100% EOU.

3. Foreign currency convertible bonds

(a) During the accounting year ending December 31, 2007, the Company had issued Foreign Currency Convertible Bonds (FCCB) amounting to USD 100 Million (Rs.4,070 Million) (FCCB 100 Million) on June 26, 2007. These bonds carry zero coupon and are to be redeemed on June 27, 2012 (unless converted into Equity Shares) at 145.058 per cent of the Principal amount.

The bonds may be redeemed in whole, but not in part at the option of the Company at any time on or after July 18, 2010 and on and prior to June 20, 2012 with a redemption premium of 7.575 % (which is identical to the gross yield in case of redemption at maturity) calculated on a semiannual basis.

The Bonds are convertible at any time on or after August 6, 2007 and up to the close of business on June 20, 2012 by the holders of the Bonds into shares at the option of the Bondholder, at an initial conversion price of Rs.461.553 per share with a fixed rate of exchange of Rs.40.70 per USD on conversion. The bonds are listed on Singapore Exchange Securities Trading Limited, Singapore.

As permitted by the Reserve Bank of India (RBI), during the year 2009, the Company bought back FCCB's with a face value aggregating to USD 20 Million from the outstanding bonds issued under FCCB 100 Million at a discount.

As at December 31, 2010, none of the outstanding bonds had been offered for conversion.

(b) The Company had issued FCCB's (listed in the Singapore Exchange Securities Trading Limited, Singapore) to the extent of USD 40 Million (FCCB 40 Million) during the year ended December 31, 2005. In the year 2009, as permitted by RBI, the Company had bought back FCCB's with a face value aggregating to USD 6 Million out of the FCCB's face value of USD 40 Million.

(c) During the year, as per the terms and conditions agreed with the holders of FCCB 40 Million, the Company had redeemed the balance outstanding FCCB's aggregating to USD 34 Million. The Company paid in total USD 46.51 Million (Rs.2,062.50 Million) including USD 12.51 Million towards redemption premium. An amount of Rs.61.60 Million paid towards withholding tax on payment of premium on FCCB redemption value has been debited to Securities Premium Account.

4. Cumulative Redeemable Preference Shares

In May 2005, the Company had issued 491,606 6% Cumulative Redeemable Preference Shares (CRPS) of Rs.1,000 each fully paid to K V Pharmaceuticals, USA ('KV Pharma') (Approximately USD 10.95 Million). The Preference shares were redeemable at par along with accrued unpaid dividend on or before December 31, 2012.

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The Company, Strides Inc. (a subsidiary of the Company) and KV Pharma had also entered into a License and Supply Agreement ('LSA') pursuant to which the Company and Strides Inc had agreed to undertake certain development work for developing certain pharmaceutical products, subject to certain terms and conditions mentioned in LSA. In March 2009 due to certain adverse developments at KV Pharma, the Company terminated the said LSA. KV Pharma had approached the International Court of Arbitration, disputing the termination of the LSA.

In the current year, pursuant to a negotiation for an out of court settlement, the Company has entered into a Settlement Agreement & Release (Settlement Agreement) with KV Pharma. In accordance with the Settlement Agreement, the rights and obligations of all parties under the LSA and those arising out of the subscription to the CRPS were settled on a net basis. Pursuant to the Settlement Agreement, the Company has paid out KV Pharma an amount of USD 7.25 Million in full and final settlement as referred above. Consequent to the net settlement:

- The dividend on the CRPS that were accrued for in 2005 through 2009 along with the related dividend distribution taxes to the extent unpaid, were reversed in the current year and the same has been credited under appropriations in the Profit and Loss account
- An amount of Rs.165.86 Million has been credited to the Reserve for Business Restructure ('BRR') (refer Note B.5 below) being the extent attributable to recoveries of receivables under the LSA that were written off to the 'BRR' in earlier years.

  Consequent to the redemption of the CRPS as referred above, the Company has credited Capital Redemption Reserve to the extent of Rs.491.61 Million being the face value of CRPS redeemed.

5. Scheme of Arrangement under Section 391-394 of the Companies Act, 1956

5.1 During the year ending December 31, 2009, the shareholders of the Company, in their meeting held on April 13, 2009 approved the Scheme of Restructuring that envisaged, inter alia:

(a) A Scheme of Arrangement ('the scheme') to be filed under Sections 391 to 394 of the Companies Act, 1956 covering the merger of some of the subsidiaries of the Company with itself, fair valuation of some of the assets of the Company and creation of a Reserve for Business Restructure ('BRR') out of any surpluses arising from these, to be utilized as specified in the Scheme.

(b) Transfer of the Specialty Pharmaceuticals business along with Research and Development (R&D) to Strides Specialties Private Limited (SSPL), a wholly owned subsidiary of the Company;

5.2 The details of the Scheme are given below.

In terms of the Scheme, Global Remedies Limited (GRL), Quantum Remedies Private Limited (QRPL), Grandix Pharmaceuticals Limited (GPL) and Grandix Laboratories Limited (GLL), all subsidiaries of the Company (referred to as 'Transferor Companies'), were merged with the Company (Transferee Company), upon which the undertaking and the entire business, including all assets and liabilities of the Transferor Companies stood transferred to and vested in the Transferee Company at their fair value as determined by the Board of Directors of the Transferee Company.

QRPL and GRL were engaged in the manufacture of Pharmaceutical formulations and were predominantly acting as a captive manufacturer for the Company and catering to the African Markets. Both GPL and GLL were engaged in the marketing of Branded pharmaceutical products.

The Scheme filed by the Company had been approved by the High Courts of Judicature with an appointed date of 1 January 2009 and an effective date of December 31, 2009 ('the Effective Date'), being the date on which the all requirements under the Companies Act had been completed.

In terms of the Scheme and upon the Scheme becoming effective:

- the assets and liabilities of the Transferor Companies and the Transferee Company, whether recorded or not, have been recorded at their fair values as determined by the Board of Directors of the Transferee Company;
- the carrying amount of investments in the shares of the Transferor Companies to the extent held by the Transferee Company and Inter-Company balances stand cancelled;

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- the face value of the equity shares of the Transferee Company issued to the minority shareholders of GPL and GLL has been credited to the equity share capital account in the books of the Transferee Company.
- the surplus arising out of the excess of assets over the liabilities of the Transferor Companies acquired and recorded by the Transferee Company over the aggregate of carrying amount of investments in the shares of the Transferor Companies to the extent held by the Transferee Company and the face value of the equity shares of the Transferee Company issuable to the minority shareholders of GPL and GLL, and the excess of the fair value of assets and liabilities of the Transferee Company over their previously recorded carrying values, has been credited to the BRR in the books of the Transferee Company.
- the balance in the Securities Premium Account, as appearing in the books of the Transferee Company may be transferred to BRR, to such extent as determined by the Board.
- expenses incurred by the Company or its subsidiaries in the nature of impairment, diminution, loss, amortization and/or write-off of assets/investments/intangibles, interest on borrowings for acquisitions, employee compensation expenses, additional depreciation charged or suffered by the Transferee Company on account of fair valuation, scheme expenses and other expenses or arising in the future as may be determined by the Board of Directors of the Transferee Company, have been/shall be debited to the BRR. The maximum amount that can be written off against the BRR instead of being debited to the Profit and Loss Account on or at any time after January 1, 2009 would be restricted to the balance in the BRR or upto December 31, 2012 and not beyond that.

5.3 The accounting treatment effected for the Scheme was as follows:

(a) For the assets and liabilities of the Transferor Companies:

(Rupees in Million)

Particulars	GPL	GLL	GRL	QRPL	Total
Fair value of:					
- Assets	1,448.13	54.14	74.96	117.05	**1,694.28**
- Liabilities	184.91	25.13	11.04	118.27	**339.35**
Net Assets acquired	1,263.22	29.01	63.92	(1.22)	**1,354.93**
Less:					
a. Carrying Value of Investments in Transferor companies	1,053.07	35.45	119.40	0.10	**1,208.02**
b. Value of Equity Shares of the Company issued to Minority Shareholders of the GPL and GLL	0.13	0.01	Nil	Nil	**0.14**
Balance credited to BRR during the year ended December 31, 2009	210.02	(6.45)	(55.48)	(1.32)	**146.77**

Had the Scheme not prescribed the above accounting treatment of crediting the excess of fair value of assets and liabilities over the carrying value of the investment in the Transferor Companies and the equity shares of the Transferee Company issued to the minority shareholders of the Transferor Companies to the BRR, this surplus of Rs.146.77 Million would have been credited to Capital Reserve as required under the AS 14 'Accounting for Amalgamations'.

(b) Upon the Scheme becoming effective, and based on legal advice received, the assets and liabilities of the Transferee Company had been fair valued as determined by the Board of Directors of the Company and the net surplus arising out of such fair valuation (over the carrying value of the respective assets and liabilities prior to the fair valuation) was credited to the BRR as follows during the year ended December 31, 2009.

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(Rupees in Million)

Particulars of assets and liabilities fair valued		Amount credited to BRR
(i)	Investment in SSPL (a Wholly owned subsidiary of the Company)	5,856.20
(ii)	Land	754.32
(iii)	Machineries	281.25
Net Amount credited to BRR		**6,891.77**

Had the Scheme not prescribed the above accounting treatment, in terms of the Company's accounting policies, these assets would continue to have been carried at cost.

(c) In accordance with the Scheme, the following have been adjusted against the BRR

(Rupees in Million)

Particulars	Dec 31,2010	Dec 31,2009
Impairment of:		
- Fixed Assets	-	72.70
- Investments	-	27.78
- Current Assets	-	902.94
Amortisation of Brands/depreciation	169.62	115.00
Compensation in respect of product returns & early termination of procurement contract	-	364.57
Deferred Employee Compensation (including cost under ESOP)	38.70	677.65
Restructuring & Others Expenses	46.11	117.13
Realisation from assets written off in earlier years.		
Current assets (net) (Refer Note B.4 above)	(207.48)	-
Total expense (Net) debited to BRR	**46.95**	**2,277.77**

Had the Scheme not prescribed the above accounting treatment, these would have been included in the Profit & Loss Account for the year.

(d) Had the Scheme not provided for the above accounting treatment, the effect of accounting as per the mandatory Accounting Standards issued under the Companies (Accounting Standards) Rules, 2006, would have been as under

In the Profit and Loss account

(Rupees in Million)

Particulars	For the year ended Dec 31, 2010 (Increase)/decrease	For the year ended Dec 31, 2009 (Increase)/decrease
Other Income	(214.30)	-
Materials Consumed	(6.82)	(244.55)
Personnel Costs	(38.70)	(677.65)
Operating & Other Expense	(46.11)	(1,140.09)
Depreciation & Amortisation	(169.62)	(187.70)
Provision for 'other than temporary' impairment in Investments	-	(27.78)
Impact on Net Profit after Tax	**46.95**	**2,277.77**

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Amount in Rs.

Particulars After considering the above adjustments the Earnings/(Loss) per share	For the year ended Dec 31, 2010	For the year ended Dec 31, 2009
Earnings/(Loss) per share		
- Basic	14.69	(31.34)
- Diluted	11.18	(31.34)

In the Balance sheet

(Rupees in Million)

Particulars	As at Dec 31, 2010 Increase/(decrease)	As at Dec 31, 2009 Increase/(decrease)
BRR	(4,713.82)	(4,760.77)
Profit & Loss Account	(2,324.72)	(2,277.77)
Investments in SSPL (a Wholly Owned Subsidiary)	(5,856.20)	(5,856.20)
Land	(754.32)	(754.32)
Reserves and Surplus	146.77	146.77
Machineries	(226.63)	(281.25)

5.4 Transfer of the Specialties Business along with R&D to Agila Specialties Private Limited (ASPL) (formerly Strides Specialties Private Limited (SSPL)), a wholly owned subsidiary of the Company.

During the year ended December 31, 2009, pursuant to the approval of the shareholders and other authorities as required, the Company had transferred the Specialties Business along with R&D to ASPL on a slump sale basis with effect from the close of business on December 30, 2009 for a consideration of Rs.3,286.46 Million. Out of the mentioned purchase consideration, a sum of Rs.1,000 Million was to be settled by issue of shares of ASPL and the balance consideration of Rs.2,286.46 Million was included under the head Loans and Advances in Schedule G.

During the current year, the shares of ASPL to the extent of Rs.1,000 Million were issued to the Company and the balance considerations were settled by ASPL.

6. Share Warrants

As authorized by the shareholders of the Company in the Extra Ordinary General meeting held on May 13, 2009, 6,180,000 warrants were alloted to Net Equity Ventures Private Limited, a Promoter Group company and 20,000 warrants to relatives of the Promoters, on preferential basis which are convertible into an equivalent number of fully paid up equity shares of Rs.10 each at a price of Rs.91.15 per warrant. These warrants are convertible, in one or more tranches, at any time within a period of 18 months from the date of issue. During the year, the Company has allotted 6,200,000 equity shares of Rs.10 each at a premium of Rs.81.15 per equity share upon conversion of equal number of warrants which was allotted to Promoter Group Company and relatives of the Promoters.

7. During the year, the Company has received Rs.4,550 Million on issue of 10,742,533 equity shares of Rs.10 each at a premium of Rs.413.55 per equity share to Qualified Institutional Buyers (QIP) in terms of SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009. The purpose of the mentioned issue is to finance overseas acquisitions, repayment and prepayment of debt, investments and other uses, including capital expenditure, as permitted by applicable rules and regulations. The Company has completed the allotment of equity shares on October 1, 2010. Expense incurred in relation to QIP to the extent of Rs.108.96 Million has been debited to Securities Premium Account.

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The proceeds of QIP were utilized during the year as under

Sl No.	Particulars	(Rupees in Million)
1.	Gross proceeds received	4,550.00
2.	Issue expense	(108.96)
	Net proceeds received	**4,441.04**
3	**Less: Utilization towards**	
	Repayment of term loans	1,675.29
	Investments	1,502.40
	Redemption of preference shares	325.75
	Capital expenditure	33.00
	Working capital	904.60
	Total	**4,441.04**

8. Early Adoption of AS-30: Financial Instruments: Recognition and Measurement, issued by Institute of Chartered Accountants of India

The Company had chosen to early adopt AS 30: 'Financial Instruments: Recognition and Measurement' during the year ended December 31, 2008, with effect from January 1, 2008. Contemporaneously with this, in the spirit of complete adoption, the Company had also implemented the consequential limited revisions in view of AS 30 to AS 2, 'Valuation of Inventories', AS 11 'The Effect of Changes in Foreign Exchange Rates', AS 19 'Accounting for Leases', AS 21 'Consolidated Financial Statements and Accounting for Investments in Subsidiaries in Separate Financial Statements', AS 23 Accounting for Investments in Associates in Consolidated Financial Statements', AS 26 'Intangible Assets', AS 27 'Financial Reporting of Interests in Joint Ventures', AS 28 'Impairment of Assets' and AS 29 'Provisions, Contingent Liabilities and Contingent Assets' as had been announced by the Institute of Chartered Accountants of India (ICAI).

On February 11, 2011, the ICAI has issued a notification stating that AS 30 can be adopted only to the extent the Accounting Standards does not conflict with other mandatory standards notified under section 211 (3C) of the Companies Act, 1956. In case of conflict, the mandatory standards will prevail. Consequently, during the year, the Company has reversed an amount of Rs.695.68 Million being the cumulative gains recognized upto December 31, 2009, on restatement at period end rates of certain USD denominated investments (including advances towards shares) in certain subsidiaries and a joint venture that were designated as hedged items in a fair value hedge, since such restatement is not permitted under AS 13, 'Accounting for Investment: a mandatory accounting standard'. Such reversals have been classified under the head exceptional items, being the same head under which the gains on restatement were presented in the financial statements of earlier years. In accordance with the provisions of AS 11, 'The effect of changes in Foreign currency rates', the Company restated the advances paid towards shares and recognised a net gain of Rs.680.02 Million and has included the same under Exceptional items.

Consequent to adoption of AS 30 to the extent it is permitted, the Company has changed the designation and measurement principles for all its significant financial assets and liabilities. The impact on account of the above measurement of these is as described below:

8.1 Foreign Currency Convertible Bonds (the 'FCCBs' or the 'Bonds')

The FCCBs are split into two components comprising (a) option component which represents the value of the option in the hands of the FCCB-holders to convert the bonds into equity shares of the Company and (b) debt component which represents the debt to be redeemed in the absence of conversion option being exercised by FCCB-holder, net of issuance costs.

The debt component is recognized and measured at amortized cost while the fair value of the option component is determined using a valuation model with the below mentioned assumptions.

Assumptions used to determine fair value of the options:

Valuation and amortization method - The Company estimates the fair value of stock options granted using the Black Scholes

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Merton Model and the principles of the Roll-Geske-Whaley extension to the Black Scholes Merton model. The Black Scholes Merton model along with the extensions above requires the following inputs for valuation of options:

Stock Price as at the date of valuation – The Company's share prices as quoted in the National Stock Exchange Limited (NSE), India have been converted into equivalent share prices in US Dollar terms by applying currency rates as at valuation dates. Further, stock prices have been reduced by continuously compounded stream of dividends expected over time to expiry as per the principles of the Black-Scholes Merton model with Roll Geske Whaley extensions.

Strike price for the option - has been computed in dollar terms by computing the redemption amount in US dollars on the date of redemption (if not converted into equity shares) divided by the number of shares which shall be allotted against such FCCBs.

Expected Term - The expected term represents time to expiry, determined as number of days between the date of valuation of the option and the date of redemption.

Expected Volatility- Management establishes volatility of the stock by computing standard deviation of the simple exponential daily returns on the stock. Stock prices for this purpose have been computed by expressing daily closing prices as quoted on the NSE into equivalent US dollar terms. For the purpose of computing volatility of stock prices, daily prices for the last one year have been considered as on the respective valuation dates.

Risk-Free Interest Rate - The risk-free interest rate used in the Black-Scholes valuation method is as applicable to the Company.

Expected Dividend - Dividends have been assumed to continue, for each valuation rate, at the rate at which dividends were earned by shareholders in the last preceding twelve months before the date of valuation.

Measurement of Amortized cost of debt component:
For the purpose of recognition and measurement of the debt component, the effective yield has been computed considering the amount of the debt component on initial recognition, origination costs of the FCCB and the redemption amount if not converted into Equity Shares. To the extent the effective yield pertains to redemption premium and the origination costs, the effective yield has been amortized to the Securities Premium Account as permitted under section 78 of the Companies Act, 1956. The balance of the effective yield is charged to the Profit and Loss Account.

Consequent to the above method of accounting of FCCBs, the following adjustments were made:

During the year ended December 31, 2009:

(a) Amortization of interest (net) and redemption premium (net) on FCCBs amounting to Rs.168.10 Million and Rs.348.68 Million respectively have been recorded in the Profit and Loss account and in the Securities Premium Account.

(b) Change in the fair values of option component in the FCCBs, being a loss of Rs.41.12 Million has been recorded in the Profit & Loss Account.

During the year ended December 31, 2010:

(a) Amortization of interest (net) and redemption premium (net) on FCCBs amounting to Rs.146.81 Million and Rs.395.06 Million respectively have been respectively recorded in the Profit and Loss account and in the Securities Premium Account.

(b) Change in the fair values of option component in the FCCBs, being a loss of Rs.15.63 Million has been recorded in the Profit & Loss Account.

8.2 The financial assets and liabilities arising out of issue of corporate financial guarantees to third parties are accounted at fair values on initial recognition. Financial assets continue to be carried at fair values. Financial liabilities are subsequently measured at the higher of the amounts determined under AS 29 or the fair values on the measurement date. At December 31, 2010, the fair value of such financial assets are equal to such liabilities and have been set off in the financial statements.

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8.3 As required under the Companies Act, 1956, Redeemable Preference Shares are included as part of share capital and not as debt and dividend on the preference shares is accounted as dividend as part of appropriation of profits and have not been accrued as interest cost.

8.4 The Company has availed bill discounting facility from Banks which do not meet the de-recognition criteria for transfer of contractual rights to receive cash flows from the debtors since they are with recourse to the Company. Accordingly, as at December 31, 2010, sundry debtor balances include Rs.480.35 Million (Previous year Rs.1,044.46 Million) and the corresponding financial liability to the Banks is included as part of short term secured loans.

8.5 Gains/losses on fair valuation of all the open derivative positions as on December 31, 2010 not designated as hedging instruments have been recognized in the Profit and Loss Account.

9. Employee Stock Option Scheme

(a) In the extraordinary general meeting held on January 25, 2007, the shareholders approved the issue of 1,000,000 options under the Scheme titled "Strides Arcolab ESOP 2006" (ESOP 2006).

The ESOP 2006 allows the issue of options to employees of the Company and its subsidiaries (whether in India or abroad). Each option comprises one underlying equity share.

As per the Scheme, the Compensation committee grants the options to the employees deemed eligible. The exercise price of each option shall not be less than 85 per cent of the "Market Price" as defined in the Scheme. The options granted vest over a period of 3 years from the date of the grant in proportions specified in the Scheme. Options may be exercised within 30 days of vesting.

The difference between the fair price of the share underlying the options granted, on the date of grant of option and the exercise price of the option (being the intrinsic value of the option) representing Stock compensation expense, is expensed over the vesting period.

(b) The ESOP scheme titled "Strides Arcolab ESOP 2008" (ESOP 2008) was approved by the shareholders through postal ballot on June 18, 2008. 1,500,000 options are covered under the scheme for 1,500,000 shares.

In the previous years, the Remuneration Committee of the Company had granted 1,007,500 options under the ESOP 2008 to few eligible employees of the Company. During the current year, the Remuneration Committee in its meeting held on January 22, 2010, June 14, 2010 and September 03, 2010 has granted 137,500, 100,000 and 137,500 options respectively under the ESOP 2008 to few eligible employees of the Company. The options allotted under ESOP 2008 are convertible into equal number of equity shares.

The vesting period of these options range over a period of three years. The options may be exercised with in a period of 30 days from the date of vesting.

(c) The ESOP scheme titled "Strides Arcolab ESOP 2008 (Directors)" (ESOP 2008 Directors) was approved by the shareholders through postal ballot on January 12, 2009. 500,000 options are covered under the scheme for 500,000 equity shares.

The Remuneration Committee of the Company, on March 16, 2009 had granted 300,000 options under the Strides Arcolab ESOP 2008 (Directors) scheme to few Directors of the Company. The shares covered by such options were 300,000 equity shares.

The vesting period of these options range over a period of three years. The options may be exercised with in a period of 30 days from the date of vesting.

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(d) In terms of the Scheme of arrangement, employee compensation costs under the above referred various ESOP schemes may be recorded to BRR. Consequently, during the year 2010, an amount of Rs.15.02 Million (net) as noted below has been debited to BRR.

(Rupees in Million)

Particulars	ESOP 2006	ESOP 2008	ESOP 2008 (D)	Total
Expenses during the year	4.37	11.94	1.19	**17.50**
Reversal due to Lapse	(11.08)	(1.43)	(0.45)	**(12.96)**
Expense due to re-pricing	6.27	4.21	-	**10.48**
Total	**(0.44)**	**14.72**	**0.74**	**15.02**

Employee Stock options details as on the balance sheet date are as follows:

(Rupees in Million)

Particulars	During the year 2010		During the year 2009	
	Options (No's)	Weighted average exercise price per option (Rs)	Options (No's)	Weighted average exercise price per option (Rs)
Option outstanding at the beginning of the year				
- ESOP 2006	680,000	105.75	920,000	208.08
- ESOP 2008	786,500	99.81	665,000	122.15
- ESOP 2008 (Director)	300,000	59.00	-	-
Granted during the year:				
- ESOP 2006	-	-	-	-
- ESOP 2008	375,000	295.56	342,500	92.10
- ESOP 2008 (Director)	-	-	300,000	59.00
Vested during the year:				
- ESOP 2006	380,000	105.75	240,000	105.75
- ESOP 2008	235,000	107.32	221,000	105.75
- ESOP 2008 (Director)	60,000	59.00	-	-
Exercised during the year:				
- ESOP 2006	290,000	105.75	60,000	105.75
- ESOP 2008	223,000	106.50	105,600	105.75
- ESOP 2008 (Director)	60,000	59.00	-	-
Lapsed during the year:				
- ESOP 2006	240,000	105.75	180,000	187.90
- ESOP 2008	54,500	135.26	115,400	122.15
- ESOP 2008 (Director)	40,000	59.00	-	-
Options outstanding at the end of the year				
- ESOP 2006	150,000	105.75	680,000	105.75
- ESOP 2008	884,000	186.35	786,500	99.81
- ESOP 2008 (Director)	200,000	59.00	300,000	59.00
Options available for Grant				
- ESOP 2006	500,000	-	260,000	-
- ESOP 2008	287,400	-	607,900	-
- ESOP 2008 (Director)	240,000	-	200,000	-

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(e) The impact on Earnings per Share if the 'fair value' of the options (on the date of the grant) were considered instead of the 'intrinsic value' is as under:

(Rupees in Million)

Particulars	Dec 31, 2010	Dec 31, 2009
STRIDES ARCOLAB ESOP :		
Net Profit (as reported)	735.62	1,055.14
Add: stock based employee compensation (intrinsic value)	Refer Note Below	Refer Note Below
Less: stock based compensation expenses determined under fair value method for the grants issued (See note below)		
Net Profit (proforma)	735.62	1,055.14
	Rs.	Rs.
Basic earnings per share (as reported)	15.69	25.46
Basic earnings/(loss) per share (proforma)	Refer Note below	Refer Note below
Diluted earnings per share (as reported)	11.98	18.06
Diluted earnings/(loss) per share (proforma)	Refer Note below	Refer Note below

Note: As per the Scheme approved by the Honorable High Courts of Judicature, expense relating to ESOP is permitted to be recorded in the BRR. Accordingly, there would no impact on Earnings per Share if the options were accounted at fair values instead of intrinsic value.

(f) The fair value of the options has been determined under the Black-Scholes model. The assumptions used in this model for calculating fair value are as below:

Assumptions	Dec 31, 2010	Dec 31, 2009
Risk Free Interest Rate	8.00%	8.00%
Expected Life	3 years	3 years
Expected Annual Volatility of Shares	50%	57%
Expected Dividend Yield	13.24%	0.51%

10. The Company during the year ending 2009 had entered into a Subscription and Shareholders agreement with Aspen Group (Aspen) under which Aspen subscribed to 49% of the share capital of Onco Therapies Limited (Onco), a subsidiary of the Company. Onco is set up to operate in the Oncology products line of business that the Company was in the process of building up.

In 2009, the Company has entered into another Agreement with Onco to set up an Oncology manufacturing facility in Bangalore, for a consideration of USD 32.50 Million (payable by Onco in equivalent Indian Rupees). Under this agreement the Company had:

- transferred the moveable and immoveable assets relating to the Oncology manufacturing facility and the contracts awarded to various suppliers in connection with the facility; and
- undertaken the obligations of completing the facility, including all financial obligations related thereto.

During the year ended December 31, 2010, the Company entered into a binding agreement with Aspen for purchase of their shares in Onco for a consideration of USD 37.36 Million. The Company has paid USD 36.95 Million (Rs.1,649.04 Million) during the year. Pending transfer of shares in the name of the Company, the amount paid to Aspen has been included in Loans & Advances in the financial statements. On completion of the transfer of shares, the Onco will become a wholly owned subsidiary of the Company. As per the contractual terms the risk and economic benefit in the shares of Onco held by Aspen has been transferred to the Company with effect from January 1, 2010.

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11. During the year ended December 31, 2010, the Company sold investment in equity shares of Strides Inc. a subsidiary of the Company, to Linkace Limited, a wholly owned step subsidiary of the Company and recognized a profit of Rs.6.20 Million on sale of such transfer.

In the year 2008, the Company had provided for provision for impairment of investment in Strides Inc. Considering the state of affairs of Strides Inc. as at December 31, 2010 and its ability to redeem the Preference Share Capital, the Company during the year, has reversed the provision for impairment of investments in preference share capital to the extent of Rs.183.87 Million.

12. Interest in Joint ventures

The Company, with effect from December 22, 2010, has transferred the ownership interest in Akorn Strides LLC, USA, a joint venture company with Akorn Inc, USA, to Linkace Limited (a wholly owned step subsidiary of the Company) for a consideration of USD 3.41 Million. Consequently, profit of Rs.88.20 Million on such transfer has been recognized in the Profit & Loss account.

13. Unbilled revenue includes income recognised on development services contracts and contracts for production of dossiers, against which no invoices are raised, and are net of advances received against the respective contracts.

14. Particulars of materials consumed and percentage to total consumption of Imported and Indigenous materials.

Since none of the individual items of raw materials and packing materials constitute more than 10% of the consumption, quantitative details in respect of the same have not been given.

Percentage of total consumption of imported and indigenous materials (including packing material and consumables)

(Rupees in Million)

Particulars	For the year Dec 31, 2010		For the year Dec 31, 2009	
	%	(Value)	%	(Value)
Imported	27	634.06	39	1,378.29
Indigenous	73	1,744.78	61	2,195.60
Total	**100**	**2,378.84***	**100**	**3,573.89**

***Note:** This includes purchases of dossiers of Rs.124.85 Million (Previous year Rs. Nil)

15. Quantitative Details

15.1 Licensed and Installed Capacities

Particulars	Units	Licensed Capacity		Installed Capacity	
		As at Dec 31, 2010	As at Dec 31, 2009	As at Dec 31, 2010	As at Dec 31, 2009
Soft Gelatin Plant	Numbers in Million	** N.A	** N.A	2,645	2,645
Softgel Capsules					
Hard Gelatin Plant	Numbers in Million	** N.A	** N.A	450	450
Capsules					
Tablet Plant	Numbers in Million	** N. A	** N. A	2,160	2,160
Tablets					

Note: Installed Capacities are as certified by the management and relied upon by the Auditors. The installed capacities serve multiple purposes and will vary according to product mix.

** Not applicable as the products have been de-licensed.

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15.2 Particulars of Production, Sales & Stock-in-Trade

(Rupees in Million)

Particulars	Opening Stock		Production	Sales (Gross of ED)		Closing Stock	
	Qty	Rupees	Qty	Qty	Rupees	Qty	Rupees
Tablets	48,824	50.93	1,573,457	1,572,349	2,346.38	49,932	84.40
(in '000's)	(33,521)	(47.31)	(1,695,657)	(1,680,408)	(2,492.71)	(48,824)	(50.93)
Capsules	43,757	93.40	574,037	590,998	799.58	26,796	58.86
(in '000's)	(7,646)	(40.43)	(664,774)	(596,644)	(1,109.40)	(43,757)	(93.40)
Injections	2,623	7.77	-	2,020	15.50	602	3.87
(in '000's)	(2,304)	(40.96)	(66,690)	(127,797)	(2,086.38)	(2,623)	(7.77)
Others	309	1.38	8,161	8,029	88.76	441	2.19
(in '000's)	(89)	(0.11)	(3,468)	(3,247)	(60.30)	(309)	(1.38)
Total		**153.48**			**3,250.22**		**149.32**
		(128.81)			**(5,748.79)**		**(153.48)**

16. Particulars of Traded Goods

None of the items individually account for more than 10% of the total value of the purchases, stock or turnover, hence quantitative details have not been furnished.

17. Details of Research and Development expenditure incurred

(Rupees in Million)

Particulars	For the year ended Dec 31, 2010	For the year ended Dec 31, 2009
Salaries	17.27	192.81
Materials	134.57	139.10
Professional fees	0.01	2.23
Bio Study Expenses	-	11.52
Consumables	-	107.26
Interest	-	2.81
Traveling expenses	0.08	7.69
Rent	-	19.63
Depreciation	-	25.64
Others	0.53	55.31
Total	**152.46**	**564.00**

The above are as certified by the management and relied upon by the auditors and include costs associated with the development services undertaken for customers.

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18. Other information

18.1 Managerial remuneration

(Rupees in Million)

Particulars	For the year ended Dec 31, 2010	For the year ended Dec 31, 2009
Computation of Net Profits in accordance with Section 349 of the Companies Act, 1956.		
Profit before Tax as per Profit & Loss Account (A)	**890.83**	**1,165.54**
Add/(Less) :		
Managerial remuneration for the year	49.68	35.49
Managerial remuneration relating to earlier years debited to Profit & Loss Account during the year on receipt of approval (Refer Note (a) below)	17.86	27.05
Director's sitting fees	1.00	1.02
Contribution to Provident Fund & other funds	2.82	1.47
Profit from services rendered to Onco Therapies Limited	(1.98)	(110.00)
Profit on FCCB Buy back (including interest reversal)	-	(371.13)
Loss on sale of assets	1.62	1.25
Profit on sale of assets	-	(0.11)
Reversal of provision for diminution in value of investment	(183.87)	-
Profit on sale of investments	(94.40)	-
Total (B)	**(207.27)**	**(414.96)**
Net Profit/(Loss) u/s 349 of the Companies Act, 1956 (A+B)	**683.56**	**750.58**
Maximum managerial remuneration available to two whole time directors* (including Commission) @ 10% of net profit	68.35	37.53
Commission component of managerial remuneration and to whole time Directors	-	-
Remuneration paid by the Company to Whole-time Directors *		
Salary & Allowances	49.68	35.49
Contribution to Provident fund and other funds	2.82	1.47
Total (A)	**52.50**	**36.96**
Sitting Fees paid to Non-whole time Directors	1.00	1.02
Total (B)	**1.00**	**1.02**
Total (A) + (B)	**53.50**	**37.98**

* Mr. V S Iyer has been appointed as Executive Director of the Company with effect from January 19, 2010

Note:

(a) During the year, the Company has got the approval of Central Government for excess managerial remuneration to the extent of Rs.17.86 Million against total excess managerial remuneration paid in earlier years of Rs.24.39 Million. Consequently, the amount of Rs.6.53 Million has been returned by the managing director.

During the year ended December 31, 2009, the Company received the approval of the Central Government in respect of excess managerial remuneration relating to the year ended December 31, 2007 amounting to Rs.27.05 Million, which was charged to the Profit & Loss Account for the year ended December 31, 2009.

(b) The details of managerial remuneration stated in the above table exclude leave encashment and gratuity costs (for which separate actuarial valuation are not available).

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18.2 CIF Value of Imports

(Rupees in Million)

Particulars	For the Year ended Dec 31, 2010	For the Year ended Dec 31, 2009
Capital goods	185.55	129.08
Raw materials	612.69	1,373.39
Other goods	6.45	225.86
Total	**804.69**	**1,728.33**

18.3 Expenditure in foreign currency

(Rupees in Million)

Particulars	For the Year ended Dec 31, 2010	For the Year ended Dec 31, 2009
Travel expenses	6.29	8.90
Commission	26.49	47.03
Interest	28.31	58.01
Brand fees	-	4.45
Professional fees	17.79	42.82
Membership & Subscription	2.45	5.47
Business Development Expenses	6.86	13.98
Others	49.53	60.02
Total	**137.72**	**240.68**

Note:

(i) Expenditure in foreign currency includes expenditure incurred by the Company on behalf of and in trust to Agila Specialties Private Limited (formerly known as Strides Specialties Private Limited), a wholly owned subsidiary of the Company.

(ii) Interest accrued on FCCB's has not been included in the above disclosure.

18.4 Earnings in foreign currency

(Rupees in Million)

Particulars	For the Year ended Dec 31, 2010	For the Year ended Dec 31, 2009
FOB Value of exports of goods/contract	3,277.19	5,452.22
Development Income & Income from Product Dossier sales	609.68	834.01
Share of Profit on sale of product	97.92	-
Other Income	149.97	-
Interest	322.85	9.78
Local sales (proceeds received/receivable in foreign currency)	-	3.44
Profit on sale of Investment	94.40	-
Total	**4,552.01**	**6,299.45**

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18.5 Expenditure debited to the Profit & Loss Account excludes the following expenditure capitalised

(Rupees in Million)

Particulars	For the Year ended Dec 31, 2010	For the Year ended Dec 31, 2009
Interest	12.46	100.59
Product development costs	-	168.11
Personnel Cost	-	30.29
Rent	-	13.45
Total	**12.46**	**312.44**

19. Taxation

(a) Provision for deferred tax has been made in accordance with the requirements of Accounting Standard 22 "Accounting for taxes on income".

(b) The net deferred tax liability comprises the tax impact arising from timing differences on account of

(Rupees in Million)

Particulars	For the Year ended Dec 31, 2010	For the Year ended Dec 31, 2009
Depreciation	(243.88)	(106.33)
Section 43B disallowances	118.89	70.22
Business losses and unabsorbed depreciation	(124.98)	31.83
Timing Difference on Account of Merger	-	4.28
Total	-	-
Deferred Tax liability (net) relating to the above	-	-

Recognition of Deferred tax assets with respect to unabsorbed depreciation and tax losses have been done only in cases where there are corresponding timing differences creating deferred tax liabilities and the amount of such assets recognised is restricted to the extent of such liabilities. Deferred Tax assets in respect of business losses are recognized based on the criteria of virtual certainty.

The Company has a MAT credit of Rs.154.58 Million during the year which has not been recognised on grounds of prudence.

20. Remuneration to Auditors

(Rupees in Million)

Particulars	For the Year ended Dec 31, 2010	For the Year ended Dec 31, 2009
Audit fees (including fees for undertaking Limited reviews)	5.50	6.00
Other attest services	6.50	-
Taxation and other matters	1.29	2.10
Service tax	1.38	0.83
Out of pocket expenses	0.14	0.45

Notes on Accounts
and accounting policies

21. Related Party Transactions:

Name of the related parties:

Wholly owned subsidiaries:	**Direct Holding**
	Arcolab Limited SA, Switzerland
	Strides Technology & Research Pvt Ltd, India
	Agila Specialties Pvt Limited (formerly Strides Specialties Pvt Ltd.), India
	Starsmore Limited, Cyprus
	Strides Africa Limited, British Virgin Islands
	Strides Arcolab International Limited, U.K. (SAIL)
	Onco Therapies Ltd, India (w.e.f. January 01, 2010) (Refer Note 10 above)*
	Indirect Holding
	Pharma Strides Canada Corporation, Canada
	Linkace Limited, Cyprus
	Linkace Investments PTY Ltd, Australia (w.e.f. December 14, 2010)
	Plus Farma ehf, Iceland
	Farma Plus AS , Norway (w.e.f. July 01, 2010)
	Strides Specialties (Holdings) Limited, Mauritius
	Strides Specialties (Holdings) Cyprus Limited (formerly known as Powercoast Limited), Cyprus
	Strides Pharmaceuticals (Holdings) Limited, Mauritius (w.e.f. January 27, 2010)
	Strides Pharmaceuticals (Mauritius) Limited, Mauritius (w.e.f. January 27, 2010)
	Strides Specialty (Cyprus) Limited, Cyprus
	Co Pharma Ltd, U.K. (w.e.f. July 01, 2010)
	Strides Arcolab Polska Sp.z o.o, Poland
	Strides Arcolab UK Limited, U.K.
	Agila Specialties (Malaysia) SDN BHD, Malaysia (w.e.f. September 22, 2010)
	Agila Especialidades Farmaceuticas Ltda, Brazil (w.e.f. June 11, 2010)*
	Onco Laboratories Limited (formerly Powercliff Ltd.), Cyprus (w.e.f. January 01, 2010)*
	Strides Australia Pty Limited, Australia
	Strides Inc, USA (w.e.f. December 21, 2010)
	Strides Farmaceutica Participacoes Ltda, Brazil (w.e.f. July 01, 2010)
	Strides Pharma (Cyprus) Limited, Cyprus

Notes on Accounts
and accounting policies

Other Subsidiaries:	**Direct Holding:** Strides Inc. USA (upto December 20, 2010) Onco Therapies Ltd, India (upto December 31, 2009) **Indirect Holding:** Ascent Pharmahealth Limited, Australia Ascent Pharmahealth Asia Pte Limited, Singapore Beltapharm S.p.A., Italy Drug Houses of Australia (Asia) Pte. Limited, Singapore Co Pharma Ltd, UK (upto June 30, 2010) Formule Naturelle (Pty) Limited , South Africa (up to June 30, 2010) Ascent Pharma Pty Limited (formerly known as Genepharm Pty Limited), Australia Pharmasave Australia Pty Ltd., Australia Strides S.A. Pharmaceuticals Pty. Limited, South Africa Inbiopro Solutions Private Limited, India (w.e.f. November 25, 2010) Ascent Pharmacy Services Pty Limited, Australia (w.e.f. January 29, 2010) Ascent Pharmaceuticals Limited (formerly known as Genepharm (New Zealand) Limited), New Zealand African Pharmaceutical Development Company, Cameroon (w.e.f. January 01, 2010) Green Cross Pharma Pte Ltd., Singapore (up to 1st January 2010) Ascent Pharmahealth Asia (Hong Kong) Limited (formerly known as Strides Arcolab Hong Kong Limited), Hong Kong Ascent Pharmahealth Asia (Malaysia) SDN BHD (formerly known as Strides Arcolab Malaysia SDN. BHD), Malaysia Ephos - 106 Produtos Hospitalaries Ltda Me, Brazil (w.e.f. November 2010)* Ascent Pharmahealth Asia (B) SDN BHD (formerly known as Strides Arcolab SDN BHD, Brunei) Strides CIS Limited, Cyprus (formerly known as Raycom Limited) Strides Vital Nigeria Limited, Nigeria
Joint Ventures (JV):	Akorn Strides LLC, USA Onco Laboratories Limited (formerly Powercliff Ltd.)- up to December 31, 2009 Sagent Strides LLC, USA
Key Management Personnel:	Mr. Arun Kumar (Vice Chairman & Managing Director) Mr. V.S. Iyer (Executive Director) w.e.f. January 19, 2010
Enterprises owned or significantly influenced by key management personnel and relatives of key management personnel	Agnus Global Holdings Pvt Limited, India Arcolab (India) Private Limited (merged with Agnus Holdings Pvt Ltd w.e.f. March 24, 2010) Atma Projects, India Higher Pharmatech Private Limited, India Caryl Pharma Private Limited (merged with Agnus Holdings Pvt Ltd w.e.f. March 24, 2010) Chayadeep Properties Private Limited, India Agnus Global Holdings Pte Limited, Singapore

Notes on Accounts
and accounting policies

	Agnus Holdings Private Limited, India Fraxis Life Sciences Limited, India Atma Enterprises LLP, India Chayadeep Ventures LLP, India Qualichem Capital LLP, India Agnus Capital LLP, India Triumph Ventures LLP, India Mrs. Deepa Arun Kumar Net Equity Ventures Private Limited (merged with Agnus Holdings Pvt Ltd w.e.f. March 24, 2010) Nous Infosytems Private Limited, India Patsys Consulting Private Limited, India Sequent Scientific Limited, India Sequent Research Limited , India Sequent Global Holdings Limited, Mauritius Sequent Scientific Limited Vedic Elements Private Limited Sequent Antibiotics (P) Limited, India Sequent Oncolytics (P) Limited, India Triumph Fincap Holdings Private Limited, India Agnus IPCO Limited, BVI Santo Finco Ltda, Madeira Strides Italia srl, Italy Keerthapathi Ravishankar - HUF Mrs. K. Saraswathi Mr. G.P. Pillai Mr. Mohana Kumar Pillai
Associates	Aspen Venezuela CA Aspen Pharma Industria Farmaceutica, Brazil (formerly known as Cellofarm Ltda) Pharmalatina Holdings Limited, Cyprus Solara SA De CV, Mexico Strides Latina, SA, Uruguay Aspen Labs SA De CV, Mexico

Note:

*Pending certain regulatory approvals, the transfer of shares in these entities in favour of Strides group is yet to happen as at December 31, 2010.

**Related parties are as identified by the Company and relied upon by the Auditors.

Related Party Balances as at December 31, 2010

(Rupees in Million)

SL No.	Nature of Transactions	Wholly Owned Subsidiaries		Other Subsidiaries		Associates		Joint Ventures		Key Management Personnel		Enterprises owned or significantly influenced by key management personnel or their relatives	
		Year Ended 31.12.10	Year Ended 31.12.09	Year Ended 31.12.10	Year Ended 31.12.09	Year Ended 31.12.10	Year Ended 31.12.09	Year Ended 31.12.10	Year Ended 31.12.09	Year Ended 31.12.10	Year Ended 31.12.09	Year Ended 31.12.10	Year Ended 31.12.09
Advances Receivable/(Payable) as at													
1	Ascent Pharmahealth Asia Pte Limited (formerly Strides Singapore Pte Limited)			0.36	-								
2	Ascent Pharmahealth Limited			0.01	0.28								
3	Aspen Labs SA De CV (formerly Strides Mexicana SA De CV)						0.46						
4	Aspen Venezuela CA (formerly Casa de Representaciones Sumifarma CA)					3.50	3.64						
5	Atma Projects											-	41.71
6	Beltapharm S.p.A			0.20	0.21								
7	Aspen Pharma Industria Farmaceutica, Brazil (formerly Cellofarm Ltda)					(3.26)	(1.97)						
8	Co Pharma Limited	(0.57)	-		1.07								
9	Linkace Limited	143.80	16.31										
10	Onco Therapies Limited	227.88	-	-	100.30				-				
11	Pharma Strides Canada Corporation	-	(8.22)										
12	Pharma Latina Holding Limited (formerly Lakerose Ltd)					0.23	0.24						
13	Solara S.A. de C.V.					2.23	2.32						
14	Starsmore Limited	727.88	93.10										
15	Sequent Research Limited											-	2.31
16	Strides Africa Limited	2.83	(1.95)										
17	Strides Arcolab International Limited	39.64	21.18										
18	Strides Arcolab Polska s p a zoo	25.46	12.46										
19	Strides Inc, USA			(9.48)	-								

(Rupees in Million)

SL No.	Nature of Transactions	Wholly Owned Subsidiaries		Other Subsidiaries		Associates		Joint Ventures		Key Management Personnel		Enterprises owned or significantly influenced by key management personnel or their relatives	
		Year Ended 31.12.10	Year Ended 31.12.09	Year Ended 31.12.10	Year Ended 31.12.09	Year Ended 31.12.10	Year Ended 31.12.09	Year Ended 31.12.10	Year Ended 31.12.09	Year Ended 31.12.10	Year Ended 31.12.09	Year Ended 31.12.10	Year Ended 31.12.09
20	Strides Latina					7.02	7.31						
21	Strides SA Pharmaceuticals Pty Limited			0.48	(0.99)								
22	Agila Specialties Private Limited (formerly Strides Specialties Pvt Limited)	639.39	2,393.67										
23	Strides Vital Nigeria Limited			0.01	1.59								
24	Strides Technology & Research (P) Limited	-	0.01										
25	Mr. Arunkumar									(0.69)	24.39		
26	Mr. V.S. Iyer									6.74	-		
27	Drug Houses of Australia (Asia) Pte Ltd			0.03	-								
28	Farma Plus AS	11.45	-										
29	Strides Mexicana S.A. De.C.V					0.45	-						
30	Strides Pharma Cyprus Limited	0.41	-										
31	Akorn Strides LLC							59.05	-				
Creditors Balance as at (net of Advance paid)													
1	Chayadeep Properties Private Limited											(0.36)	(0.05)
2	Sequent Scientific Limited (formerly P I Drugs & Pharmaceuticals Limited)											(0.80)	(219.52)
3	Onco Therapies Limited	(28.12)	-										
4	Agila Specialties Private Limited (formerly Strides Specialties Pvt Limited)	(31.80)	-										
5	Strides Arcolab Polska sp.z.o.o	0.31	-										
6	Atma Projects											37.67	-
7	Sequent Research Limited											(0.13)	-
Loans receivable as at													
1	Strides Arcolab International Limited	182.01	180.49										
2	Strides Arcolab Polska s p a zoo	15.97	16.41										

(Rupees in Million)

SL No.	Nature of Transactions	Wholly Owned Subsidiaries		Other Subsidiaries		Associates		Joint Ventures		Key Management Personnel		Enterprises owned or significantly influenced by key management personnel or their relatives	
		Year Ended 31.12.10	Year Ended 31.12.09	Year Ended 31.12.10	Year Ended 31.12.09	Year Ended 31.12.10	Year Ended 31.12.09	Year Ended 31.12.10	Year Ended 31.12.09	Year Ended 31.12.10	Year Ended 31.12.09	Year Ended 31.12.10	Year Ended 31.12.09
Loans payable as at													
1	Onco Therapies Limited	(681.51)											
Debtors Balance as at (Net of advance received)													
1	Akorn Strides LLC							-	74.59				
2	Arcolab Limited S A	-	0.85										
3	Ascent Pharmahealth Asia Pte Limited (formerly Strides Singapore Pte Limited)			74.97	84.62								
4	Ascent Pharma Pty Limited (formerly Genepharma Pty Ltd)			17.70	5.82								
5	Ascent Pharma Health Limited			(57.60)	-								
6	Agila Specialties Private Limited (formerly Strides Speicalties Pvt Ltd)	9.67	-										
7	Aspen Venezuela CA (formerly Casa de Representaciones Sumifarma CA)					56.65	65.85						
8	Aspen Pharma Industria Farmaceutica, Brazil (formerly Cellofarm Ltda)					78.69	307.24						
9	Co-Pharma Limited	107.32	-	-	78.60								
10	Drug Houses of Australia (Asia) Pte Limited			4.15	0.14								
11	Onco Therapies Limited	25.14	-	-	28.61				-				
12	Sagent Strides LLC							11.24	37.53				
13	Sequent Scientific Limited (formerly P I Drugs & Pharmaceuticals Limited)											(0.30)	-
14	Solara S.A. de C.V.					(0.53)	11.14						
15	Strides Arcolab Polska s p a zoo	23.00	27.28										
16	Strides Inc, USA	(5.42)	-	-	(5.42)								
17	Strides Vital Nigeria Limited			3.68	137.99								
18	Strides Pharma Cyprus Limited	236.42	-										

Related Party Transactions for the year ended 31st December 2010

(Rupees in Million)

SL No.	Nature of Transactions	Wholly Owned Subsidiaries		Other Subsidiaries		Associates		Joint Ventures		Key Management Personnel		Enterprises owned or significantly influenced by key management personnel or their relatives	
		Year Ended 31.12.10	Year Ended 31.12.09	Year Ended 31.12.10	Year Ended 31.12.09	Year Ended 31.12.10	Year Ended 31.12.09	Year Ended 31.12.10	Year Ended 31.12.09	Year Ended 31.12.10	Year Ended 31.12.09	Year Ended 31.12.10	Year Ended 31.12.09
Sales of materials/services													
1	Akorn Strides LLC		-		-		-	-	398.68		-		-
2	Agila Specialties Private Limited (formerly Strides Specialties Pvt Ltd)	9.21	3.84		-		-		-		-		-
3	Arcolab Limited SA		2.3		-		-		-		-		-
4	Ascent Pharmahealth Asia Pte Limited (formerly Strides Singapore Pte Limited)		-	293.41	403.76		-		-		-		-
5	Ascent Pharma Pty Ltd (formerly Genepharm Pty Ltd)		-	41.38	6.26		-		-		-		-
6	Aspen Venezuela CA (formerly Casa de Representaciones Sumifarma CA)		-		-	32.58	192.71		-		-		-
7	Aspen Pharma Industria Farmaceutica, Brazil (formerly Cellofarm Ltda)		-		-	12.11	725.04		-		-		-
8	Co-Pharma Limited	90.47	-	114.34	86.95		-		-		-		-
9	Drug Houses of Australia (Asia) Pte Limited		-	3.07	79.27		-		-		-		-
10	Laboratorios Domac S.L		-		-		-	-	7.75		-		-
11	Onco Laboratories Limited (formerly Powercliff Limited)		-		-		-		246.36		-		-
12	Onco Therapies Limited	47.50	-	-	0.47		-		-		-		-
13	Sagent Strides LLC		-		-		-	-	205.47		-		-
14	Sequent Scientific Limited (formerly P I Drugs & Pharmaceuticals Limited)		-		-		-		-		-	-	20.37
15	Solara S.A. de C.V.		-		-	-	89.34		-		-		-
16	Strides Arcolab Polska sp.z.o.o	0.58	46.59		-		-		-		-		-

SL No.	Nature of Transactions	Wholly Owned Subsidiaries		Other Subsidiaries		Associates		Joint Ventures		Key Management Personnel		Enterprises owned or significantly influenced by key management personnel or their relatives	
		Year Ended 31.12.10	Year Ended 31.12.09	Year Ended 31.12.10	Year Ended 31.12.09	Year Ended 31.12.10	Year Ended 31.12.09	Year Ended 31.12.10	Year Ended 31.12.09	Year Ended 31.12.10	Year Ended 31.12.09	Year Ended 31.12.10	Year Ended 31.12.09
17	Strides Inc.		-	-	91.97		-		-		-		-
18	Strides Pharma Cyprus Limited	450.56	-		-		-		-		-		-
19	Strides Vital Nigeria Limited		-	10.72	152.65		-		-		-		-
Share of Profit on sale of product													
1	Akorn Strides LLC							92.02					
Transfer of Specialties Business (including R&D)					-		-		-		-		-
1	Agila Specialties Private Limited (formerly Strides Specialties Pvt Ltd)	-	3,286.46		-		-		-		-		-
Interest received													
1	Sequent Scientific Limited (formerly P I Drugs & Pharmaceuticals Limited)											1.72	-
2	Strides Arcolab International Limited	8.72	9.32										
3	Starsmore Limited	312.97											
4	Strides Arcolab Polska sp.z.o.o	1.16	0.43										
Other Income													
1	Akorn Strides LLC		-	-	0.38		-	0.15	-		-		-
2	Arcolab Limited SA	-	0.02		-		-		-		-		-
3	Ascent Pharmahealth Ltd			1.10	-								
4	Onco Therapies Limited	1.98	-		120.15	-	-		-		-		-
5	Starsmore Limited	142.18	-										
6	Strides Arcolab Polska sp.z.o.o	6.54	1.00		-		-		-		-		-
Purchase of materials													
1	Agila Specialties Private Limited (formerly Strides Specialties Pvt Ltd)	26.80	-		-		-		-		-		-
2	Ascent Pharma Pty Limited (earlier known as Genepharm Pty Limited)		-		0.57		-		-		-		-

SL No.	Nature of Transactions	Wholly Owned Subsidiaries		Other Subsidiaries		Associates		Joint Ventures		Key Management Personnel		Enterprises owned or significantly influenced by key management personnel or their relatives	
		Year Ended 31.12.10	Year Ended 31.12.09	Year Ended 31.12.10	Year Ended 31.12.09	Year Ended 31.12.10	Year Ended 31.12.09	Year Ended 31.12.10	Year Ended 31.12.09	Year Ended 31.12.10	Year Ended 31.12.09	Year Ended 31.12.10	Year Ended 31.12.09
3	Co Pharma Limited	2.26	-	2.99	1.58		-		-		-		-
4	Onco Therapies Limited	28.50	-		0.76		-		-		-		-
5	Sequent Research Limited		-		-		-		-		-	30.30	40.09
6	Sequent Scientific Limited (formerly P I Drugs & Pharmaceuticals Limited)		-		-		-		-		-	1.87	502.48
7	Strides Arcolab Polska s p a zoo	-	28.51		-		-		-		-		-
8	Strides Italia S r L		-		-		-		-		-	-	0.88
Purchase of Machinery/Assets													
1	Atma Projects		-		-		-		-		-	5.07	15.88
Jobwork Charges payable			-		-		-		-		-		-
1	Sequent Scientific Limited (formerly P I Drugs & Pharmaceuticals Limited)		-		-		-		-		-		0.01
2	Agila Specialties Private Limited (formerly Strides Specialties Pvt Ltd)		51.45		-		-		-		-		-
Payment of Brand Fees			-		-		-		-		-		-
1	Strides Africa Limited		4.45		-		-		-		-		-
Interest Paid			-		-		-		-		-		-
1	Agnus Holdings Private Limited		-		-		-		-		-	2.18	0.17
2	Onco Therapies Limited	123.43											
3	Sequent Scientific Limited (formerly P I Drugs & Pharmaceuticals Limited)		-		-		-		-		-	7.66	2.61
Recovery of Interest													
1	Agila Specialties Private Limited (formerly Strides Specialties Pvt Ltd)	258.97	-										
Professional Fee Paid													
1	Onco Therapies Limited	17.76											

SL No.	Nature of Transactions	Wholly Owned Subsidiaries		Other Subsidiaries		Associates		Joint Ventures		Key Management Personnel		Enterprises owned or significantly influenced by key management personnel or their relatives	
		Year Ended 31.12.10	Year Ended 31.12.09	Year Ended 31.12.10	Year Ended 31.12.09	Year Ended 31.12.10	Year Ended 31.12.09	Year Ended 31.12.10	Year Ended 31.12.09	Year Ended 31.12.10	Year Ended 31.12.09	Year Ended 31.12.10	Year Ended 31.12.09
Managerial Remuneration			-		-		-		-		-		-
1	Arunkumar		-		-		-		-	30.00	36.96		-
2	V.S.Iyer									22.50	-		
Market Support Services													
1	Strides Inc.	13.41	-		-		-		-		-		-
Reimbursement of Expenses Incurred by			-		-		-		-		-		-
1	Agila Specialties Private Limited (formerly Strides Specialties Pvt Ltd)	-	1.41		-		-		-		-		-
2	Ascent Pharmahealth Asia Pte Limited (formerly Strides Singapore Pte Limited)		-		0.19		-		-		-		-
3	Aspen Pharma Industria Farmaceutica, Brazil (formerly Cellofarm Ltda)		-		-		21.75		-		-		-
4	Beltapharm S.p.A		-	0.27	-		-		-		-		-
5	Co Pharma Limited		-		0.17		-		-		-		-
6	Drug Houses of Australia (Asia) Pte Ltd		-	0.01									
7	Onco Laboratories Limited (formerly Powercliff Limited)		-		-		-		0.98		-		-
8	Onco Therapies Limited	-	-		36.36		-		-		-		-
9	Sequent European Holdings Limited		-		-		-		-		-	-	316.33
10	Sequent Scientific Limited (formerly P I Drugs & Pharmaceuticals Limited)		-		-		-		-		-	0.05	0.03
11	Strides Africa Limited		0.47		-		-		-		-		-
12	Strides Arcolab International Limited	0.05	-		-		-		-		-		-
13	Strides Arcolab Polska sp.z.o.o		0.18		-		-		-		-		-
14	Strides CIS Limited		-	16.34	4.56		-		-		-		-
16	Strides SA Pharmaceuticals Pty Limited		-	2.03	1.05		-		-		-		-

SL No.	Nature of Transactions	Wholly Owned Subsidiaries		Other Subsidiaries		Associates		Joint Ventures		Key Management Personnel		Enterprises owned or significantly influenced by key management personnel or their relatives	
		Year Ended 31.12.10	Year Ended 31.12.09	Year Ended 31.12.10	Year Ended 31.12.09	Year Ended 31.12.10	Year Ended 31.12.09	Year Ended 31.12.10	Year Ended 31.12.09	Year Ended 31.12.10	Year Ended 31.12.09	Year Ended 31.12.10	Year Ended 31.12.09
Reimbursement of Expenses Incurred on behalf of			-		-		-		-		-		-
1	Akorn Strides LLC		-		-		-		3.43		-		-
2	Agila Specialties Private Limited (formerly Strides Specialties Pvt Ltd)	-	11.56		-		-		-		-		-
3	Ascent Pharmahealth Asia Pte Limited (formerly Strides Singapore Pte Limited)		-	0.17	-		-		-		-		-
4	Ascent Pharmahealth Limited		-		0.20		-		-		-		-
5	Aspen Pharma Industria Farmaceutica, Brazil (formerly Cellofarm Ltda)		-		-		7.41		-		-		-
6	Co Pharma Limited		-		1.30		-		-		-		-
7	Drug Houses of Australia (Asia) Pte Ltd			0.04									
8	Onco Therapies Limited	82.29	-		82.50		-		-		-		-
9	SeQuent Research Limited											1.83	
10	Sequent Scientific Limited (formerly P I Drugs & Pharmaceuticals Limited)		-		-		-		-		-	3.39	12.22
11	Strides Africa Limited	0.21	0.08		-		-		-		-		-
12	Strides Arcolab International Limited	22.36	-		-		-		-		-		-
13	Strides Arcolab Polska sp.z.o.o	6.79	3.70		-		-		-		-		-
14	Strides Vital Nigeria Limited		-	0.04	0.09		-		-		-		-
15	Starsmore Limited	0.50											
16	Strides Pharma Cyprus Limited	-											
17	Strides Inc	-		0.00									
Rent Paid			-		-		-		-		-		-
1	Atma Projects		-		-		-		-		-	29.86	30.01
2	Chayadeep Properties Private Limited											4.18	42.74

SL No.	Nature of Transactions	Wholly Owned Subsidiaries		Other Subsidiaries		Associates		Joint Ventures		Key Management Personnel		Enterprises owned or significantly influenced by key management personnel or their relatives	
		Year Ended 31.12.10	Year Ended 31.12.09	Year Ended 31.12.10	Year Ended 31.12.09	Year Ended 31.12.10	Year Ended 31.12.09	Year Ended 31.12.10	Year Ended 31.12.09	Year Ended 31.12.10	Year Ended 31.12.09	Year Ended 31.12.10	Year Ended 31.12.09
Loans / advances given /Repaid by Company													-
1	Agila Specialties Private Limited (formerly Strides Specialties Pvt Ltd)	538.71	406.43		-		-		-		-		-
2	Agnus Holdings Private Limited		-		-		-		-		-	81.96	4.50
3	Ascent Pharmahealth Limited		-		0.03		-		-		-		-
4	Aspen Venezuela CA (formerly Casa de Representaciones Sumifarma CA)		-		-		0.03		-		-		-
5	Aspen Pharma Industria Farmaceutica, Brazil (formerly Cellofarm Ltda)		-		-	0.20	0.28		-		-		-
6	Farma Plus AS	11.63											
7	Inbiopro Solutions Private Ltd			46.60	-								
8	Linkace Limited	154.76	35.95		-		-		-		-		-
9	Onco Therapies Limited	316.96	-		178.05		-		-		-		-
10	SeQuent Research Limited											1.82	
11	Sequent Scientific Limited (formerly P I Drugs & Pharmaceuticals Limited)		-		-		-		-		-	225.70	70.00
12	Starsmore Limited	433.40	162.44		-		-		-		-		-
13	Strides Africa Limited	0.72	2.60		-		-		-		-		-
14	Strides CIS Limited	-	-	-	4.59		-		-		-		-
15	Strides Inc.		-	14.17	0.01		-		-		-		-
16	Strides Latina S.A		-		-		2.78		-		-		-
17	Strides Vital Nigeria Limited		-	0.17	0.01		-		-		-		-
18	Strides Arcolab Polska sp.z.o.o	0.29	16.64		-		-		-		-		-
19	Strides Arcolab International Limited	19.67	18.13		-		-		-		-		-
20	Strides Pharma Cyprus Limited	22.77											

SL No.	Nature of Transactions	Wholly Owned Subsidiaries		Other Subsidiaries		Associates		Joint Ventures		Key Management Personnel		Enterprises owned or significantly influenced by key management personnel or their relatives	
		Year Ended 31.12.10	Year Ended 31.12.09	Year Ended 31.12.10	Year Ended 31.12.09	Year Ended 31.12.10	Year Ended 31.12.09	Year Ended 31.12.10	Year Ended 31.12.09	Year Ended 31.12.10	Year Ended 31.12.09	Year Ended 31.12.10	Year Ended 31.12.09
21	Strides SA Pharmaceuticals (PTY) Ltd			0.62									
Loans / advances taken by company / repaid to company													
1	Agila Specialties Private Limited (formerly Strides Specialties Pvt Ltd)	2,287.41	372.53		-		-		-		-		-
2	Agnus Holdings Private Limited		-		-		-		-		-	80.00	4.50
3	Drug Houses of Australia (Asia) Pte Ltd			0.04									
4	Inbiopro Solutions Private Ltd			46.60									
5	Linkace Limited	31.76	25.51		-		-		-		-		-
6	Onco Therapies Limited	681.52	-		118.79		-		-		-		-
7	Sequent Scientific Limited (formerly P I Drugs & Pharmaceuticals Limited)		-		-		-		-		-	221.72	70.00
8	Starsmore Limited	227.43	65.97		-		-		-		-		-
9	Strides Arcolab International Limited	15.11	11.95		-		-		-		-		-
10	Strides Pharma Cyprus Limited	22.36											
11	Strides Africa Ltd	0.36											
12	Strides Vital Nigeria Limited			0.29									
Investments during the period			-		-		-		-		-		-
1	Agila Specialties Private Limited (formerly Strides Specialties Pvt Ltd)	1,000.00	-										
2	Onco Therapies Limited	130.48	-		97.86		-		-		-		-
3	Strides Technology & Research Private Limited	-	0.10		-		-		-		-		-
Share application money paid			-		-		-		-		-		-
1	Starsmore Limited	3,644.24	146.98		-		-		-		-		-

SL No.	Nature of Transactions	Wholly Owned Subsidiaries		Other Subsidiaries		Associates		Joint Ventures		Key Management Personnel		Enterprises owned or significantly influenced by key management personnel or their relatives	
		Year Ended 31.12.10	Year Ended 31.12.09	Year Ended 31.12.10	Year Ended 31.12.09	Year Ended 31.12.10	Year Ended 31.12.09	Year Ended 31.12.10	Year Ended 31.12.09	Year Ended 31.12.10	Year Ended 31.12.09	Year Ended 31.12.10	Year Ended 31.12.09
Refund of Share application money													
1	Starsmore Limited	829.36											
Diminution/(reversal of diminution) in value of Investments			-		-		-		-		-		-
1	Arcolab Limited SA	-	27.78		-		-		-		-		-
2	Strides Inc	(183.87)	-										
Receipt of Share application monies against warrants			-		-		-		-		-		-
1	Agnus Holdings Private Limited											220.09	
2	G P Pillai		-		-		-		-		-	0.68	0.23
3	Mohana Kumar pillai		-		-		-		-		-	0.68	0.23
4	Net Equity Ventures Private Limited		-		-		-		-		-	202.32	140.90
Guarantees given on behalf of			-		-		-		-		-		-
1	Linkace Limited	670.65	697.80		-		-		-		-		-
2	Starsmore Limited	1,499.51	-		-		-		-		-		-
3	Strides Arcolab Polska sp.z.o.o	610.12	656.83		-		-		-		-		-
4	Strides Farmaceutica Participacoes Ltda, Brazil	2,235.50	-										
Investments sold			-		-		-		-		-		-
1	Agila Specialties Private Limited (formerly Strides Specialties Pvt Ltd)	-	5.25		-		-		-		-		-
2	Linkace Limited	159.96	4.69				-						
Deposits given			-		-		-		-		-		-
1	Atma Projects		-		-		-		-		-	-	19.30
2	Chayadeep Properties Private Limited						-					-	16.61

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22. Equity dividend accrued in 2010 includes Rs.4.97 Million being dividends relating to the year ended December 31, 2009 on the incremental number of shares that were issued between December 31, 2009 and the date of the Annual General Meeting of the Company held on May 31, 2010.

As required under Section 205(C) of the Companies Act, 1956 the Company has transferred Rs. NIL (Previous Year Rs.0.09 Million) to the Investor Education and Protection Fund (IEPF) during the year. As on December 31, 2010, no amount was due for transfer to the IEPF.

23. Leases

The Company's significant leasing arrangements are mainly in respect of factory buildings, residential and office premises. The aggregate lease rentals payable on these leasing arrangements charged to the Profit and Loss account is Rs.43.73 Million (Previous year Rs.88.70 Million).

The Company has entered in to non-cancelable lease agreements for its facilities and office premises. The tenure of lease ranges from 3 years to 15 years. The said lease arrangements have an escalation clause wherein lease rental is subject to an increment ranging from 6% to 10%. Details of the lease commitment at the year end are as follows:

(Rupees in Million)

Particulars	Dec 31, 2010	Dec 31, 2009
Up to one year	36.59	38.78
From one year to five years	166.81	166.69
Above five years	119.65	166.28
Total	**323.05**	**371.75**

The Company has given on an operating lease for a initial term of 5 years, certain plant and machinery to its step down wholly owned subsidiary Strides Arcolab Polska sp.z.o o. Details relating these assets are as follows:

(Rupees in Million)

Particulars	Dec 31, 2010	Dec 31, 2009
Gross carrying amount of assets leased	44.96	44.96
Accumulated depreciation	11.00	7.66
Future minimum lease income under the initial term:		
Not later than one year	7.38	1.84
Later than one year but not later than 5 years	23.36	30.70
Later than 5 years	-	7.68

24. The information disclosed in Schedule H.A (a) to the financial statements with regard to Micro and Small enterprises is based on information collected by the management based on enquiries made with the creditors which have been relied upon by the auditors.

25. Transfer Pricing

The Finance Act, 2001, has introduced, with effect from assessment year 2002-03 (effective April 1, 2001), detailed Transfer Pricing regulations ('regulations') for computing the income from 'international transactions' between 'associated enterprises' on an 'arm's length' basis. These regulations, inter alia, also require the maintenance of prescribed documents and information including furnishing a report from an Accountant which is to be filed with the Income tax authorities.

The Company has undertaken necessary steps to comply with the Transfer Pricing regulations. The Management is of the opinion that the international transactions are at arm's length, and hence the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

26. Since the Company prepares consolidated financial statements, segment information has not been provided in these financial statements.

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27. Details of Other income

(Rupees in Million)

Particulars	For the year ended Dec 31, 2010	For the year ended Dec 31, 2009
Corporate Guarantee Commission	142.18	-
Provision no longer required written back	38.68	-
Lease Rental	6.54	0.99
Project management fees	1.98	110.00
Compensation for breach of contract	-	20.00
Customer advances no longer payable written back	57.26	-
Others	1.42	0.51
Total	**248.06**	**131.50**

28. Earnings per Share

(Rupees in Million)

Particulars	For the Year ended Dec 31, 2010	For the Year ended Dec 31, 2009
Profit after tax as per the Profit & Loss Account	735.62	1,055.14
Preference Dividend and tax there on	-	(34.51)
Profit attributable to Equity Shareholders	**735.62**	**1,020.63**
Exchange fluctuation, interest expenses and other expenses on Foreign Currency Convertible Bonds (FCCBs) (Net)	(38.85)	(26.20)
Profit/(Loss) attributable to Equity Shareholders (on dilution)	**696.77**	**994.43**
Weighted Average number of Shares for Basic EPS	46,893,146	40,094,560
Add: Effect of Warrant, Employee Stock Options outstanding & FCCBs	11,251,031	14,969,745
Weighted Average Number of equity shares for diluted EPS	**58,144,177**	**55,064,305**
Nominal value of equity shares (Rs.)	10.00	10.00
Earnings/(Loss) Per Share		
- Basic	**15.69**	**25.46**
- Diluted	**11.98**	**18.06**

Note:

(a) The amount of preference dividend for 2009 does not include the amount of any preference dividend accrued in the Profit & Loss Account during the year in respect of previous years since the same was considered for determining Earning per share in respective years.

(b) During the year ending December 31, 2010 the Company has reversed the preference dividend along with dividend tax thereon accrued in earlier years amounting to Rs.148.54 Million, since such dividend is no longer payable consequent to the agreement with the preference shareholders. Consequent to reversal such amount is also available for distribution to the equity shareholders. The basic and diluted EPS for the year ended December 31, 2010 after considering the reversal of preference dividend and tax thereon is Rs.18.85 & Rs.14.54 respectively.

29. Cash flow statement

(a) The Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard - 3 on "Cash Flow Statements" issued under Section 211(3C) of Companies Act, 1956.

(b) Interest paid is inclusive of and purchase of Fixed Assets excludes, interest capitalised Rs.12.46 Million (Previous year Rs.100.59 Million).

(c) Direct tax paid and Others in the Cash Flow Statement includes outflows on account of permitted utilization from the BRR of Rs.69.80 Million (Previous Year Rs.49.03 Million) and Direct Taxes of Rs.102.23 Million (Previous Year Rs.49.47 Million)

(d) Reconciliation of Cash and Cash Equivalents to Cash and bank balances included in Schedule G.A.4.

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(Rupees in Million)

Particulars	As at Dec 31, 2010	As at Dec 31, 2009
Cash in hand	1.50	1.04
Cash in transit	14.52	-
Balance with Scheduled banks	635.46	190.80
Fixed Deposits	20.13	0.50
Cash and Cash equivalents	**671.61**	**192.34**
Margin money not included above	136.56	119.64
Unpaid dividend Accounts not included above	2.12	1.84
Cash and bank balances as per Schedule G	**810.29**	**313.82**

30. Employee Benefits (Gratuity):

(Rupees in Million)

Sl. No.	Particulars	2010	2009
I	**Components of employer expense**		
1	Current Service cost	8.88	14.95
2	Interest cost	6.05	5.20
3	Expected return on plan assets	(2.05)	(1.87)
4	Curtailment cost/(credit)	-	-
5	Settlement cost/(credit)	-	-
6	Past Service Cost	-	-
7	Actuarial Losses/(Gains)	(49.86)	(2.59)
8	Total expense recognised in the Statement of Profit & Loss	(36.98)	15.69
II	**Actual Contribution and Benefits Payments for year ended December 31, 2010**		
1	Actual benefit payments	2.76	2.60
2	Actual Contributions	-	3.23
III	**Net asset/(liability) recognised in balance sheet as at December 31, 2010**		
1	Present value of Defined Benefit Obligation (DBO)	55.10	85.57
2	Fair value of Plan Assets	25.13	27.33
3	Funded status [Surplus/(Deficit)]	(29.97)	(58.24)
4	Unrecognized Past Service Costs	-	-
5	Net asset/(liability) to be recognised in balance sheet	(29.97)	(58.24)
6	Net asset/(liability) transferred on account of De-merger	-	(18.80)
7	Net assets/(liability) recognised in balance sheet	(29.97)	(39.44)
IV	**Change in Defined Benefit Obligations during the year ended December 31, 2010**		
1	Present Value of DBO at beginning of period	66.77	64.39
2	Current Service cost	8.88	14.95
3	Interest cost	6.05	5.20
4	Curtailment cost/(credit)	-	-
5	Settlement cost/(credit)	-	-
6	Plan amendments	-	-
7	Acquisitions	-	5.98
8	Actuarial (gains)/losses	(23.84)	(2.35)
9	Benefits paid	(2.76)	(2.60)
10	Present Value of DBO at the end of period	55.10	85.57
V	**Change in Fair Value of Assets during the year ended December 31, 2010**		
1	Plan assets at beginning of period	27.33	24.60
2	Net assettransferred on account of De-merger	(16.24)	-
3	Actuarial (gains)/losses	14.75	0.24
4	Actual return on plan assets	2.05	1.86
5	Actual Company contributions	-	3.23
6	Benefits paid	(2.76)	(2.60)
7	Plan assets at the end of period	25.13	27.33
VI	**Assumptions**		
1	Discount Rate	8.00%	7.50%
2	Expected Return on plan assets	9.00%	7.50%
3	Salary escalation	7.00%	10.00%

Note:

1. The estimate of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.
2. In the absence of information relating to category wise breakup of Plan Assets, the same has not been disclosed.

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31. Disclosures relating to Financial instruments to the extent not disclosed elsewhere in Schedule P

31.1 Breakup of Allowance for Credit Losses is as under

(Rupees in Million)

Particulars	Dec 31, 2010	Dec 31, 2009
Provision for Bad and Doubtful Debts at the beginning of the Year	22.82	24.85
Adjustment on account of Merger	-	9.99
Additional Provision during the year	7.02	-
Provision reversed/written off during the year	3.29	12.02
Provision for Bad and Doubtful Debts at the end of the Year	**26.55**	**22.82**

31.2 Details on Derivatives Instruments & Un-hedged Foreign Currency Exposures

The following derivative positions are open as at December 31, 2010. While these transactions have been undertaken to act as economic hedges for the Company's exposures to various risks in foreign exchange markets, they have not qualified as hedging instruments in the context of the rigour of such classification under Accounting Standard 30. These instruments are therefore classified as held for trading and gains/losses recognized in the Profit and Loss Account.

I. The Company has entered into the following derivative instruments

(a) Forward Exchange Contracts [being a derivative instrument], which are not intended for trading or speculative purposes, but for hedge purposes, to establish the amount of reporting currency required or available at the settlement date of certain payables and receivables.

The following are the outstanding Forward Exchange Contracts entered into by the Company as on December 31, 2010.

Currency	Amount	Buy/Sell	Cross Currency
AUD	12,000,000	Sell	Rupees
USD	29,000,000	Sell	Rupees
USD	15,000,000	Buy	Rupees

(b) Interest Rate Swaps to hedge against fluctuations in interest rate changes: No. of contracts: Nil (Previous year : Nil)

(c) Currency Swaps (other than forward exchange contracts stated above) to hedge against fluctuations in changes in exchange rate. No. of contracts: Nil (Previous Year: Nil)

II. The yearend foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below

Receivable/(Payable) Rs. in Million	Receivable/(Payable) In Foreign currency		Receivable/(Payable) Rs. in Million	Receivable/(Payable) In Foreign currency	
At Dec 31, 2010			At Dec 31, 2009		
(6,030.82)	USD	(134.92)	(6,467.06)	USD	(139.21)
(37.21)	EUR	(0.62)	227.80	EUR	3.40
14.24	AUD	0.31	35.93	AUD	0.86
(2.11)	CAD	(0.05)	(1.27)	CAD	(0.03)
(8.83)	GBP	(0.13)	99.82	GBP	1.33
	JPY	-	(0.98)	JPY	(1.94)
	CHF	-	1.97	CHF	0.04

III. There were no outstanding option contracts as at December 31, 2010.

IV. Loss on Forward Exchange Derivative contracts (Net) included in the Profit and Loss account for year ended December 31, 2010 amounts to Rs.72.12 Million (Previous Year: Loss (Net) Rs.117.87 Million)

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31.3 Categories of Financial Instruments

(a) Loans and Receivables

The following financial assets in the Balance Sheet have been classified as Loans and Receivables as defined in Accounting Standard 30. These are carried at amortized cost less impairment if any.

The carrying amounts are as under:

(Rupees in Million)

Particulars	Dec 31, 2010	Dec 31, 2009
Sundry Debtors	1,597.31	2075.27
Unbilled Debtors	145.28	-
Advance recoverable in cash	11.90	44.56
Loans and Advances to subsidiaries	2,130.07	2,751.31
Cash and Bank Balances	810.29	313.82

In the opinion of the management, the carrying amounts above are reasonable approximations of fair values of the above financial assets.

(b) Financial Liabilities Held at Amortized Cost

The following financial liabilities are held at amortized cost. The Carrying amount of Financial Liabilities is as under:

(Rupees in Million)

Particulars	Dec 31, 2010	Dec 31, 2009
Secured Loans		
Long term loans	3,237.23	2,952.93
Short term loans	3,224.13	3,027.96
Unsecured Loans		
Long term loans		
Foreign currency convertible bonds (debt component)	4,381.89	6,166.18
Others	681.52	-
Short term loans (Unsecured)		
From banks and others	702.84	-
Current Liabilities		
Sundry Creditors	1,920.20	2,124.91
Unclaimed dividend	2.12	1.84
Interest accrued but not due	6.83	6.33

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(Rupees in Million)

Particulars	Dec 31, 2010	Dec 31, 2009
Other Liabilities	28.25	24.09
Provision For		
Leave salary	62.37	45.79
Gratuity	29.97	39.44
Long Term Employee Compensation	576.20	657.50
Equity dividend (including dividend distribution tax)	101.01	70.57
Preference dividend (including dividend distribution tax)	-	149.32

Note: Interest expense calculated using effective interest rate method as prescribed in AS 30 for financial liabilities that are carried at amortized cost is Rs.779.47 Million (Previous Year Rs.271.51 Million)

(c) ***Financial Liabilities Held for Trading***

The option component of FCCBs has been classified as held for trading, being a derivative under AS 30. The carrying amount of the option component was Rs.190.95 Million as at December 31, 2010 and Rs.175.32 Million as at December 31, 2009. The difference in carrying value between the two dates, amounting to Rs.15.63 Million is taken as loss to the Profit and Loss Account of the year in accordance with provisions of AS 30.

The fair value of the option component has been determined using a valuation model. Refer to Note B.8.1 above on FCCBs for detailed disclosure on the valuation method.

(d) ***There are no other financial assets/liabilities in the following categories:***

- Financial assets:
  - o Carried at fair value through profit and loss designated at such at initial recognition.
  - o Held to maturity
  - o Available for sale (other than investment in Subsidiaries & Joint Venture)
- Financial liabilities:
  - o Carried at fair value through profit and loss designated as such at initial recognition.

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31.4 Financial assets pledged

The following financial assets have been pledged:

(Rupees in Million)

Financial Asset		Carrying value Dec 31, 2010	Carrying value Dec 31, 2009	Liability/ Contingent Liability for which pledged as collateral	Terms and conditions relating to pledge
I.	**Margin Money with Banks**				
A.	Margin Money for Letter of Credit	131.18	90.83	Letter of Credit	The Margin Money is interest bearing deposit with Banks. These deposits can be withdrawn on the maturity of all Open Letters of Credit.
B.	Margin Money for Bank Guarantee	5.38	10.07	Bank Guarantee	The Margin Money is interest bearing deposit with Banks. These Deposits are against Performance Guarantees. These can be withdrawn on the satisfaction of the purpose for which the Guarantee is provided.
C.	Other Margin Money	-	18.74	Margin Money as Guarantee for Loan Interest.	This is interest bearing Deposit, equivalent to 3 months Interest payable on term Loan of Rs.500 Million borrowed from YES bank, kept as per Financial covenant. This Deposit can be withdrawn at the end of the tenure.
II.	**Sundry debtors**	480.35	1,044.46	Bills discounted	The Bills discounted with Banks are secured by the Receivable

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31.5 Nature and extent of risks arising from financial instrument

The main financial risks faced by the Company relate to fluctuations in interest and foreign exchange rates, the risk of default by counterparties to financial transactions, and the availability of funds to meet business needs. The Balance Sheet as at December 31, 2010 is representative of the position through the year. Risk management is carried out by a central treasury department under the guidance of the Management.

Interest rate risk

Interest rate risk arises from long term borrowings. Debt issued at variable rates exposes the company to cash flow risk. Debt issued at fixed rate exposes the company to fair value risk. In the opinion of the management, interest rate risk during the year under report was not substantial enough to require intervention or hedging through derivatives or other financial instruments. For the purposes of exposure to interest risk, the company considers its net debt position evaluated as the difference between financial assets and financial liabilities held at fixed rates and floating rates respectively as the measure of exposure of notional amounts to interest rate risk. This net debt position is quantified as under:

Financial Assets/Liabilities:

(Rupees in Million)

Particulars	2010	2009
Fixed		
Financial Assets	867.91	375.23
Financial liabilities	(4,583.88)	(6,831.35)
	(4,233.02)	**(6,530.17)**
Floating		
Financial Assets	1,935.90	2,570.27
Financial liabilities	(7,643.73)	(5,315.72)
	(5,707.83)	**(2,745.45)**

Credit risk

Credit risk arises from cash and cash equivalents, financial instruments and deposits with banks and financial institutions. Credit risk also arises from trade receivables and other financial assets.

The credit risk arising from receivables is subject to concentration risk in that the receivables are predominantly denominated in USD and any appreciation in the INR will affect the credit risk. Further, the Company is not significantly exposed to geographical distribution risk as the counterparties operate across various countries across the Globe.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to Company's reputation. Liquidity risk is managed using short term and long term cash flow forecasts.

The following is an analysis of undiscounted contractual cash flows payable under financial liabilities and derivatives as at December 31, 2010. (Figures in brackets relates to Previous Year)

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(Rupees in Million)

	Due within (years)					
Financial Liabilities	**1**	**1 and 2**	**2 and 3**	**3 and 4**	**4 and 5**	**5 & above**
Bank & other borrowings	4,952.55 (3,552.14)	912.66 (786.29)	731.73 (699.15)	245.00 (583.82)	120.27 (227.29)	- (120)
Interest payable on borrowings	6.83 (11.34)					
Hire Purchase liabilities	1.58 (4.78)	0.41 (1.90)	(0.51)			
Other Borrowings	680.00 (2,099.97)	4,583.41 -	- 4,066.21			
Trade and other payables not in net debt	2,214.55 (2,199.97)					
Fair Value of Options embedded in FCCBs	- (1.96)	190.95 -	- (173.36)			
Fair value of forward exchange derivative contracts	- (166.80)					
Total	**7,855.51** **(8,036.96)**	**5,687.43** **(788.19)**	**731.73** **(4,939.23)**	**245.00** **(583.82)**	**120.27** **(227.29)**	**-** **(120.00)**

For the purposes of the above table, undiscounted cash flows have been applied. Undiscounted cash flows will differ from fair values. Foreign currency liabilities have been computed applying spot rates on the Balance Sheet date.

Foreign exchange risk

The Company is exposed to foreign exchange risk principally via:

- Debt availed in foreign currency
- Net investments in subsidiaries and joint ventures in foreign currencies
- Exposure arising from transactions relating to purchases, revenues, expenses etc to be settled in currencies other than Indian Rupees, the functional currency of the respective entities.

31.6 Sensitivity analysis as at December 31, 2010

Financial instruments affected by interest rate changes include Secured Long term loans from banks, Secured Long term loans from others, Secured Short term loans from banks and Unsecured Short term loans from banks. The impact of a 1% change in interest rates on the profit of an annual period will be Rs.76.53 Million (Previous year Rs 80.69 Million) assuming the loans as of December 31, 2010 continue to be constant during the annual period. This computation does not involve a revaluation of the fair value of loans as a consequence of changes in interest rates. The computation also assumes that an increase in interest rates on floating rate liabilities will not necessarily involve an increase in interest rates on floating rate financial assets.

Financial instruments affected by changes in foreign exchange rates include FCCBs, External Commercial Borrowings (ECBs), investments in subsidiaries, loans in foreign currencies to erstwhile subsidiaries and loans to subsidiaries and joint ventures. The Company considers US Dollar and the Euro to be principal currencies which require monitoring and risk mitigation. The Company is exposed to volatility in other currencies including the Great Britain Pounds (GBP) and the Australian Dollar (AUD).

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Particulars	Increase/ (Decrease) in Equity 2010	2009
A 5% appreciation in the US dollar	301.54	323.35
A 5% depreciation in the US dollar	(301.54)	(323.35)
A 5% appreciation in the Euro	(1.86)	11.39
A 5% depreciation in the Euro	1.86	(11.39)
A 5% appreciation in the Australian Dollar	0.71	1.80
A 5% depreciation in the Australian Dollar	(0.71)	(1.80)
A 5% appreciation in the GBP	(0.44)	4.99
A 5% depreciation in the GBP	0.44	(4.99)

For the purposes of the above table, it is assumed that the carrying value of the financial assets and liabilities as at the end of the respective financial years remains constant thereafter. The exchange rate considered for the sensitivity analysis is the Exchange Rate prevalent as at December 31, 2010.

32. The previous year's figures have been regrouped in line with the current year.

For and on behalf of the Board

Arun Kumar - Vice Chairman & Managing Director

K.R.Ravishankar - Director

Badree Komandur - Company Secretary

Bangalore, February 24, 2011

Balance Sheet Abstract

and Company's General Profile

1. Statement Pursuant to Part IV of Schedule VI to the Companies Act, 1956

I.	**Registration Details**	
	Registration No.	11-57062
	State Code	11
	Balance Sheet Date	31.12.2010
		(Rupees in thousands)
II.	**Capital Raised during the year**	
	Public Issue	Nil
	Bonus Issue	Nil
	Rights Issue	Nil
	Private Placement (Equity & Preference)	17,529,057
III.	**Position of mobilisation and development of Funds**	
	Total Liabilities	26,479,613
	Total Assets	26,479,613
	Sources of Funds	
	Share Capital	577,447
	Monies pending allotment	Nil
	Employee Stock Options Outstanding	20,857
	Reserves and Surplus	13,462,749
	Secured Loans	6,461,356
	Unsecured Loans	5,957,205
	Deferred Tax Liability	Nil
	Application of Funds	
	Net Fixed Assets	3,490,825
	Investments	18,200,669
	Net Current Assets	4,788,120
	Miscellaneous Expenditure	Nil
IV.	**Performance of the Company**	
	Turnover (Total Income)	5,294,438
	Total Expenditure	4,403,621
	Profit Before Tax	890,817
	Profit After Tax	735,609
	Earnings per share (Rs.) (on profit after taxes)	15.69
	Dividend Rate (%)	15%
V.	**Generic Names of three Principal Products/Service of the Company (as per monetary terms)**	
	Item Code No.	30039090
	Product Description	Lamivudine
	Item Code No.	30039090
	Product Description	Efavirenz
	Item Code No.	30039090
	Product Description	Nevirapine

2. Disclosure as per clause 32 of the listing agreement

Loans and advances in the nature of loans given to subsidiaries, associates and others:

(Rupees in Million)

Name of the Company	Relationship	Amount outstanding at Dec 31, 2010	Maximum balance outstanding during the year
Strides Arcolab International Limited	Wholly - Owned subsidiary	193.69	193.69
Strides Arcolab Polska Sp.z.o.o	Wholly - Owned subsidiary	18.24	18.24

3. Disclosure required in terms of clause 13.5A of Chapter XIII on Guidelines for preferential issues, SEBI (Disclosure and Investor Protection) Guidelines, 2000.

(Rupees in Million)

Particulars	Amount	Amount
Total amount received from issue of Qualified institutional placements		4,550.00
Total amount received from issue of warrants		565.13
Amount utilized :		
Purpose for which the money received has been utilized :		
a. Issue expenses	108.96	
b. Repayment of term loan	1,675.29	
c. Investment	1,502.40	
d. Redemption of preference shares	325.75	
e. Capital expenditure	33.00	
f. Working capital	1,469.73	
Unutilised monies as on December 31, 2010		-

For and on behalf of the Board

Arun Kumar - Vice Chairman & Managing Director

K.R.Ravishankar - Director

Badree Komandur - Company Secretary

Bangalore, February 24, 2011

Key Information pertaining to Subsidiary companies' Financial Statements as at December 31, 2010

(Rupees in Million)

Sl. No.	Name of the Subsidiary	Country of Incorporation	Reporting Currency	Exchange rate as on Dec 31, 2010	Capital (includes Monies pending allotment)	Reserves	Total Assets	Total Liabilities (excl. a & b)	Investment - Other than in subsidiaries	Turnover	Profit before Taxation	Provision for taxation	Profit after Taxation	Proposed dividend
					a	b	c	d	e	f	g	h	i	j
1	African Pharmaceutical Development Company	Cameroon	XAF	0.09	0.91	23.92	25.55	0.72	-	246.12	24.42	-	24.42	-
2	Agila Specialties (Malaysia) SDN BHD	Malaysia	MYR	14.51	-	-	-	-	-	-	-	-	-	-
3	Agila Specialties Private Limited, formerly Strides Specialties Private Limited	India	INR	1.00	171.00	417.49	3,979.65	3,391.16	-	2,932.37	(586.83)	(22.44)	(564.40)	-
4	Arcolab Limited SA	Switzerland	CHF	47.72	47.72	(15.32)	32.39	-	-	-	-	-	-	-
5	Ascent Pharma Pty Limited (Formerly Genepharm Pty Ltd,)	Australia	AUD	43.67	0.01	-	0.01	-	-	-	-	-	-	-
6	Ascent Pharmaceuticals Limited [Formerly Genepharm (Australia) Ltd]	Newzealand	AUD	43.67	0.00	661.34	722.47	61.13	-	4,037.44	417.38	128.16	289.23	-
7	Ascent Pharmacy Services Pty Ltd	Australia	AUD	43.67	0.00	-	0.00	-	-	-	-	-	-	-
8	Ascent Pharmahealth Asia (B) SDN.BHD formerly Strides Arcolab SDN BHD	Brunei	BND	35.82	0.00	(0.01)	(0.01)	-	-	-	0.51	-	0.51	-
9	Ascent Pharmahealth Asia (Hong Kong) Limited formerly Strides Arcolab Hong Kong Ltd.,	Hong Kong	HKD	5.49	0.00	(1.25)	(1.25)	-	-	-	(0.35)	-	(0.35)	-
10	Ascent Pharmahealth Asia (Malaysia)Limited formerly Strides Arcolab Malaysia SDN.BHD	Malaysia	MYR	13.84	0.00	(0.89)	(0.89)	-	-	-	(0.13)	-	(0.13)	-
11	Ascent Pharmahealth (Asia) Pte Ltd.,	Singapore	SGD	33.25	660.97	271.45	936.71	4.29	-	1,106.28	395.82	12.68	383.15	384.37
12	Ascent Pharmahealth Limited	Australia	AUD	43.67	5,160.96	(1,275.04)	4,291.06	405.14	-	257.75	100.73	(48.17)	148.91	-
13	Beltapharm S.P.A	Italy	EUR	59.45	86.56	(23.92)	325.73	263.09	-	392.88	(18.76)	0.34	(19.09)	-
14	Co-Pharma Ltd.,	UK	GBP	69.72	1.00	50.22	60.19	8.97	-	333.83	(26.60)	-	(26.60)	-
15	Drug Houses of Australia (Asia) Pte Ltd.	Singapore	SGD	33.25	49.88	365.00	435.63	20.75	-	1,208.27	302.69	48.92	253.77	332.34
16	Farma Plus AS	Norway	NOK	7.62	4.45	50.92	67.88	12.51	-	234.41	6.06	1.72	4.34	-
17	Inbiopro Solutions Private Limited	India	INR	1.00	1.14	139.05	140.19	-	-	0.11	(3.83)	(0.00)	(3.83)	-
18	Linkace Investments Pty Ltd	Australia	AUD	43.67	-	-	-	-	-	-	-	-	-	-
19	Linkace Limited	Cyprus	USD	44.70	859.57	1,424.07	3,351.99	1,068.35	150.94	35.55	(84.33)	-	(84.33)	-
20	Onco Laboratories Limited	Cyprus	USD	44.70	0.25	2,235.67	2,235.92	-	-	2,085.85	1,245.53	129.99	1,115.54	-

(Rupees in Million)

Sl. No.	Name of the Subsidiary	Country of Incorporation	Reporting Currency	Exchange rate as on Dec 31, 2010	Capital (includes Monies pending allotment)	Reserves	Total Assets	Total Liabilities (excl. a & b)	Investment - Other than in subsidiaries	Turnover	Profit before Taxation	Provision for taxation	Profit after Taxation	Proposed dividend
21	Onco Therapies Limited	India	INR	1.00	22.43	1,231.10	4,303.53	3,050.00	-	178.76	(154.15)	(15.50)	(138.65)	-
22	Pharma Strides Canada Corporation	Canada	CAD	44.46	0.45	(24.45)	17.81	41.81	-	0.47	0.47	-	0.47	-
23	Pharmasave Australia Pty Ltd	Australia	AUD	43.67	0.00	-	0.00	-	-	-	-	-	-	-
24	Plus Farma ehf	Iceland	EUR	59.45	35.99	(66.97)	277.83	308.81	-	-	(11.16)	-	(11.16)	-
25	Starsmore Limited	Cyprus	USD	44.70	6,765.90	117.64	7,179.35	295.81	-	315.01	(502.91)	-	(502.91)	-
26	Strides Africa Limited	British Virgin Islands	USD	44.70	202.17	(134.66)	204.42	136.91	-	0.49	(30.75)	-	(30.75)	-
27	Strides Arcolab International Ltd	UK	GBP	69.24	2,099.42	(89.55)	2,204.61	194.74	-	45.31	10.60	-	10.60	-
28	Strides Arcolab Polska Sp.z.o.o	Poland	PLN	14.96	309.55	(80.69)	832.77	603.91	-	412.01	(133.85)	-	(133.85)	-
29	Strides Arcolab UK Ltd.	UK	GBP	69.24	0.00	-	-	-	-	-	-	-	-	-
30	Strides Australia Pty Ltd	Australia	AUD	45.44	0.00	(58.33)	(58.32)	0.01	-	-	(0.81)	-	(0.81)	-
31	Strides CIS Limited	Cyprus	USD	44.70	0.13	1.03	1.16	-	-	5.39	(1.75)	-	(1.75)	-
32	Strides Farmaceutica Participacoes Ltda	Brazil	BRL	26.83	7.74	(44.21)	2,371.58	2,408.05	-	17.51	(42.58)	-	(42.58)	-
33	Strides Inc.	USA	USD	44.70	898.73	(620.03)	906.26	627.56	-	804.97	714.06	-	714.06	-
34	Strides Pharma (Cyprus) Limited	Cyprus	USD	44.70	0.45	105.22	121.03	15.36	-	691.70	118.93	11.42	107.51	-
35	Strides Pharmaceuticals (Holdings) Limited	Mauritius	USD	44.70	0.00	-	-	-	-	-	-	-	-	-
36	Strides Pharmaceuticals (Mauritius) Limited	Mauritius	USD	44.70	0.00	-	-	-	-	-	-	-	-	-
37	Strides S.A. Pharmaceuticals Pty Ltd.	Republic of South Africa	ZAR	6.79	0.01	1.09	11.20	10.10	0.07	4.15	1.87	0.61	1.27	-
38	Strides Specialties (Holdings) Limited	Mauritius	USD	44.70	0.00	-	-	-	-	-	-	-	-	-
39	Strides Specialties (Holdings) Cuprus Limited	Cyprus	USD	44.70	0.13	(1.08)	-	0.95	-	0.03	(0.89)	-	(0.89)	-
40	Strides Specialty (Cyprus) Limited	Cyprus	USD	44.70	0.04	(1.05)	-	1.01	-	0.05	(1.07)	-	(1.07)	-
41	Strides Technology and Research Private Limited	India	INR	1.00	0.10	-	0.10	-	-	-	-	-	-	-
42	Strides Vital Nigeria Limited	Nigeria	NGN	0.29	2.92	(30.36)	172.55	199.99	-	537.64	(24.71)	-	(24.71)	-
43	Agila Especialidades Farmaceutica Ltda	Brazil	Real											
44	Ephos - 106 Produtos ospitalares Ltda Me	Brazil	Real											

Note: Ephos - 106 Produtos Hospitalares Ltda Me, Brazil and Agila Especialidades Farmaceuticas Ltda, Brazil- The legal formalities of acquisition in respect of these two subsidiaries is in progress as of Dec 31, 2010, hence were not considered for consolidation.

Equity History of the Company

Date	Particulars	Number of Shares Issued	Cumulative Number of Shares Issued	Face Value per share (Rs.)
28-Jun-90	Subscribers to Memorandum of Association	50	50	100.00
31-Jan-91	Preferential Issue	4,010	4,060	100.00
29-Mar-91	Preferential Issue	1,940	6,000	100.00
31-Mar-92	Preferential Issue	4,000	10,000	100.00
28-Jan-93	Preferential Issue	15,000	25,000	100.00
11-Mar-94	Preferential Issue	20	25,020	100.00
11-Apr-94	Reclassification of nominal value of shares from Rs.100 each to Rs.10 each	-	250,200	10.00
30-Apr-94	Issue of Bonus Shares	1,251,000	1,501,200	10.00
01-Sep-94	Preferential Issue	1,160,300	2,661,500	10.00
01-Sep-94	Allotment under ESOP	22,950	2,684,450	10.00
22-Jan-97	Preferential Issue	918,980	3,603,430	10.00
06-Dec-97	Preferential Issue	400,000	4,003,430	10.00
13-May-99	Preferential Issue on conversion of Fully Convertible Debentures	4,363,636	8,367,066	10.00
13-May-99	Preferential Issue	221,000	8,588,066	10.00
13-Jul-99	Preferential Issue	516,500	9,104,566	10.00
24-Aug-99	Allotment to erstwhile shareholders of Remed Laboratories (India) Limited consequent to its amalgamation with the Company	1,200,000	10,304,566	10.00
24-Aug-99	Preferential Issue	1,702,000	12,006,566	10.00
24-Aug-99	Allotment to erstwhile shareholders of Global Remedies Private Limited consequent to its acquisition by the Company	50,000	12,056,566	10.00
22-Sep-99	Preferential Issue	850,000	12,906,566	10.00
07-Dec-99	Allotment to erstwhile shareholders of Plama Laboratories Limited consequent to its amalgamation with the Company	712,500	13,619,066	10.00
27-Jun-01	Preferential Issue on conversion of Cumulative Convertible Preference Shares	3,144,445	16,763,511	10.00
24-Jan-02	Allotment to erstwhile shareholders of Bombay Drugs & Pharmas Limited consequent to its amalgamation with the Company.	210,955	16,974,466	10.00
14-Feb-02	Preferential Issue	13,714,286	30,688,752	10.00
11-Dec-03	Preferential Issue on conversion of warrants	3,068,875	33,757,627	10.00
02-Feb-05	Preferential Issue	1,196,662	34,954,289	10.00

Date	Particulars	Number of Shares Issued	Cumulative Number of Shares Issued	Face Value per share (Rs.)
05-Jul-07	Preferential Issue on conversion of warrants	50,000	35,004,289	10.00
08-Mar-08	Preferential Issue on conversion of Convertible Debentures	4,000,000	39,004,289	10.00
17-Jun-08	Preferential Issue on conversion of Convertible Debentures	1,045,725	40,050,014	10.00
13-Aug-09	Allotment under ESOP	47,000	40,097,014	10.00
27-Aug-09	Allotment under ESOP	58,600	40,155,614	10.00
26-Nov-09	Allotment under ESOP	30,000	40,185,614	10.00
03-Dec-09	Allotment under ESOP	30,000	40,215,614	10.00
19-Jan-10	Allotment to erstwhile shareholders of Grandix Pharmaceuticals Limited consequent to its amalgamation with the Company.	12,822	40,228,436	10.00
19-Jan-10	Allotment to erstwhile shareholders of Grandix Laboratories Limited consequent to its amalgamation with the Company.	702	40,229,138	10.00
24-Feb-10	Preferential Issue on conversion of warrants	2,560,000	42,789,138	10.00
15-Mar-10	Preferential Issue on conversion of warrants	420,000	43,209,138	10.00
22-Apr-10	Allotment under ESOP	320,000	43,529,138	10.00
26-May-10	Allotment under ESOP	10,000	43,539,138	10.00
2-Aug-10	Allotment under ESOP	100,500	43,639,638	10.00
6-Aug-10	Allotment under ESOP	49,500	43,689,138	10.00
24-Aug-10	Allotment under ESOP	12,000	43,701,138	10.00
26-Aug-10	Preferential Issue on conversion of warrants	3,220,000	46,921,138	10.00
1-Oct-10	Allotment under QIP 2010	10,742,533	57,663,671	10.00
4-Oct-10	Allotment under ESOP	41,000	57,704,671	10.00
16-Nov-10	Allotment under ESOP	40,000	57,744,671	10.00

Notes

Notes

Strides Arcolab Limited

Registered Office
201, Devavrata,
Sector 17, Vashi,
Navi Mumbai 400 705, India.
Tel.: (91) 22 - 27893199
Fax No. (91) 22 - 27892942

Statutory Auditors
Deloitte Haskins & Sells
Deloitte Centre, Anchorage II,
100/2, Richmond road,
Bangalore 560 025, India.

Internal Auditors
Grand Thornton International
WINGS, First Floor,
16/1, Cambridge Road,
Halasuru, Bangalore - 560008.

Advocates and Solicitors
DSK Legal, 4th Floor,
Express Towers, Nariman Point,
Mumbai 400 021, India.

Corporate Office
'Strides House', Bilekahalli
Bannerghatta Road,
Bangalore 560 076, India.
Tel.: (91) 80 - 66580738/739
Fax No. (91) 80 - 66580700/800
Email: info@stridesarco.com
Website: www.stridesarco.com

R & D Centre
Strides Technology And Research,
Bilekahalli, Bannerghatta Road,
Bangalore 560 076, India.
Tel.: (91) 80 - 66580290
Fax No. (91) 80 - 66580200/300

Registrars
Karvy Computershare Private Limited,
Plot No.17 to 24, Vittalrao Nagar, Madhapur,
Hyderabad - 500 081.
Tel. No. 91-40-2342 0815 to 824
Fax No. 91-40-2342 0814
e-mail id: svraju@karvy.com

Bankers and Financial Institutions
State Bank of India
Axis Bank Limited
Central Bank of India
Indian Overseas Bank
Punjab National Bank
Ratnakar Bank Limited
State Bank of Hyderabad
Syndicate Bank
Yes Bank Limited

GLOBAL PLANTS

Oral Dosage Forms Facility - I
'KRS Gardens', Suragajakanahalli,
Anekal Taluk, Bangalore 560 106, India.

Oral Dosage Form Facility - II
124, Sipcot Industrial Complex,
Hosur - 635 126, India.

Oral Dosage Form Facility - III
Plot No. 9-12, Dewan & Sons Indl. Area,
Veroor, Palghar, Dist. Thane 401 404
Maharashtra, India.

Beta-lactams Facility
Bilekahalli, Bannerghatta Road,
Bangalore 560 076, India.

Cephalosporins Facility
Bilekahalli, Bannerghatta Road,
Bangalore 560 076, India.

Sterile Products Division - I
Bilekahalli, Bannerghatta Road,
Bangalore 560 076, India.

Sterile Products Division - II
Plot No. 284-A, Bommasandra Jigani Link
road, Industrial Area, Jigani Village, Jigani
Hobli, Anekal Taluk, Bangalore 562 106.

Onco Therapies Limited
Plot No. 284-B, Bommasandra Jigani Link
Road, Industrial Area, Jigani Village, Jigani
Hobli, Anekal Taluk, Bangalore 562 106.

Penems Facility
Estrada Doutor Lorival Martins Beda,
926 - 968 28110-000- Donana - Campos dos
Goytacazes- Rio de Janeiro- Brazil.

Penicillins Facility
Estrada Doutor Lorival Martins Beda,
926 - 968 28110-000- Donana - Campos dos
Goytacazes- Rio de Janeiro- Brazil

Strides Arcolab Polska Sp.Zo.o
ul.Daniszewska 10 03-230 Warszawa NIP
813-34-15-000, Poland.

Strides Vital Nigeria Limited
Gate No. 02, Ladipo Oluwole Avenue,
Opposite Cocoa warehouse, Off Oba
Akran Road, Ikeja Industrial Area, Ikeja
Lagos, Nigeria.

Beltapharm SpA
20095 Cusano MIL.
(MI) - Via Stelvio, 66 Italy.

Drug Houses of Australia (Asia) Pte Limited
#2 Chia ping road, Haw Par Tiger Balm
Building, Singapore 619968.

GLOBAL OFFICES

Australia
151-153, Clarendon Street, South
Melbourne, Victoria 3205,
Australia.

Cameroon
BP 1834, Rue DUBOIS de Saligny,
AKWA, Douala, Cameroon.

South Africa
4, Angus Crescent, Longmeadow East,
Modderfontein, 1644,
Republic of South Africa.

Tchad
BP 1167, N'Djamena, Tchad.

Vietnam
377/80 Le Dai Hanh Street, Ward 11,
District 11, HCMC, Vietnam.

United Kingdom
Unit 4, Metro Centre, Tolpits Lane,
Watford, Hertfordshire, WD18 9SS, UK.

Myanmar
343 Second floor, BO Aung Kyaw street,
Kyauktada Township, Yangon, Myanmar.

USA
201, S. Main Street - Ste.3
Lambertville, NJ 08530.

Norway
Sorkedalsveien,
10B 0369, Oslo, Norway.

Award for Annual Report 2009

The Annual Report 2009 of Strides Arcolab Limited won an international award.

LACP
2009 Vision Awards

The prestigious LACP 2009 Vision Awards are the world's largest award programme for Annual Reports, organised by the League of American Communications Professionals (LACP), USA. The 2009 edition of the Awards had more than 4,000 entries from across the world.

VISION AWARDS
ANNUAL REPORT COMPETITION WINNER
2009
PLATINUM LACP
OVERALL

Platinum Award in the Pharmaceuticals category ($100 mn-$1 bn annual revenue category)

Strides Arcolab Limited

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This report is available online at **www.stridesarco.com**

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