

Strides Arcolab registers 110% increase in PAT in Q2 FY07

Revenues at Rs.180 crores

Bangalore, July 27, 2007

Strides Arcolab Limited, one of the leading global manufacturers of pharmaceuticals today announced its unaudited financial results for the second quarter ended 30 Jun 2007. The company reported **110 per cent** rise in the consolidated Net Profit at **Rs. 11.58 crore** compared to **Rs. 5.49crore** in the corresponding quarter last year. The Consolidated Net Sales grew by **7.2per cent** at **Rs. 180crore** compared to **Rs. 168 crore** in the corresponding quarter last year. EBITDA margins are at **19.38per cent** as compared to **13.21 per cent** from Q2 FY07.

For the six months ended June 30th 2007 period, the company reported a **22 per cent** rise in Net Profit at **Rs. 17.65 crore** compared to **Rs 14.46 crore** in the corresponding period last year. Net Sales grew by **14 per cent** to **Rs.350 crore** compared to **Rs.307crore** in H1 FY2007.

Standalone Performance

On a standalone India basis, Net Profit for the quarter ended 30 Jun 2007 grew by **109 per cent** to **Rs 10.18crore** compared to **Rs. 4.88 crore** in the corresponding quarter last year. Net Sales grew by **7 per cent** at **Rs. 107crore** compared to **Rs. 100crore** in the corresponding quarter last year.

For H1 FY2007, the company reported a **26 per cent** rise in Net Profit at **Rs 17.94 crore** compared to **Rs 14.28 crore** in the corresponding period last year. Net Sales grew by **4 per cent** at **Rs. 217 crore** compared to **Rs. 208 crore** in the corresponding six months of last year.

Management Outlook

Commenting on the results, Arun Kumar, Vice Chairman and Managing Director of Strides Arcolab, said, "Our second quarter is in line with our overall guidelines and well ahead of our second quarter of the previous year. We are particularly pleased that our operating performance has stabilized with consistent EBITDA margins in our key businesses".

Further commenting Mr.Arun Kumar continued. "All key business divisions performance are in line while the US operations continue to disappoint with poor capacity utilization. A Special Committee formed by the Board will review recommendations on course corrections and other options with regard to the US operations and an announcement will be made in the next 90 days.

In the sterile pharmaceutical business the approval of its first injectable ANDA for Ketorolac Injection was a significant milestone in our plan to aggressively become a significant sterile player in the US markets through its Joint Ventures and Supply Agreements with customers".

Key Revenue Highlights



	Q2 07	H1 07
▪ Consolidated Sales	Rs.180.28 crores	Rs.350.30 crores
▪ Consolidated Net Profit	Rs.11.58 crores	Rs.17.65 crores
▪ EBITDA margins	19.38 per cent	20.00 per cent

- Strong Rupee appreciation in the quarter adversely affected the profit realization to the extent of Rs. 6.50 crores (net impact).
- US operations contributed negatively Rs.8 crores due to poor capacity utilization.
- The company completed the transaction of acquiring 33% minority interest in its Latam operations. As a consequence Minority Interest will cease from the current quarter.

Corporate Developments

❖ ANDA / NDA Approvals and Filings under PEPFAR Scheme

- The company received two more NDA approvals from US FDA under the expedited review provisions of the President's Emergency Plan for Aids Relief (PEPFAR) for Lamivudine / Stavudine 150mg / 40 mgs copackaged with Efavirenz 600mg tablets and Lamivudine / Zidovudine 150 / 300mg tablets copackaged with Efavirenz 600mg tablets.

This takes the total NDA / ANDA approvals received to 9 under the PEPFAR Program.

- During the period 4 new ARV files were submitted with the US FDA under the PEPFAR program taking the total pending files with FDA under PEPFAR scheme to 4.

❖ Other HIV ANDA Approvals and Filings

- The company received its first injectable ANDA approval for Keterolac Tromethamine USP 15mg / ml and 30 mg / ml.
- During the period the company has filed with the FDA one additional ANDA, taking the total pending files with FDA to 21.

❖ The company inaugurated its new sterile antibiotic facility for manufacturing of Penems in Compos in the state of Rio, Brazil.

This facility is designed to meet global demand in the niche Penicillin and Penem therapeutic segments.

Commercial production is expected to commence in Q4 - 07 after necessary regulatory approvals.

❖ During the quarter the company raised FCCB of US\$ 100 million for its expansion strategies.

❖ The company also completed the acquisition of Grandix Pharmaceuticals Limited, which will enable the company's domestic foray for a branded pharmaceutical strategy.



About Strides Arcolab Limited

Strides is one of India's largest exporters of branded generic pharmaceutical products. Strides manufactures pharmaceutical formulations in various dosage forms, including capsules, tablets, liquid injectables and is one of the world's top five manufacturers of softgel capsules. Strides also has the only globally dedicated soft gel facility for hormones. In addition, Strides undertakes contract research and the manufacturing of specialty chemicals for various multinational companies. Strides has a major presence in various developing countries such as Africa, Latin America and Asia as well as in developed markets such as the US, Canada and part of Europe. Strides is one of the largest Indian suppliers of institutionally funded aid projects and is an approved supplier to the World Bank, the African Development Bank and UNICEF, amongst others. Strides has 13 manufacturing plants spread across the US, Brazil, Mexico, Italy, Poland and India. This broad manufacturing Network facilities partnering with global organizations ranging from UNICEF and WHO-Global Drug Facility to European and American pharmaceutical multinationals and also private labelers and distribution chains. Strides has product registrations in over 37 countries around the world and has earned ISO 9001, ISO 14001 and GMP accreditations including USFDA. Strides employs approximately 1,700 people across the globe. Strides also has a marketing presence in over 50 countries.

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