

UNAUDITED FINANCIAL RESULTS
FOR THE QUARTER ENDED JUNE 30, 2011

Rs. in Lakhs

| Sl. No. | Particulars | UNAUDITED | | UNAUDITED | | AUDITED |
|---------|---|---------------------------|---------------------------|---------------------------|---------------------------|----------------------------|
| | | 3 Months ended 30.06.2011 | 3 Months ended 30.06.2010 | 6 Months ended 30.06.2011 | 6 Months ended 30.06.2010 | 12 Months ended 31.12.2010 |
| | | (1) | (2) | (3) | (4) | (5) |
| 1 | (a) Net Sales / Income from Operations | 19,768.71 | 11,861.90 | 32,488.31 | 25,000.68 | 50,463.77 |
| | (b) Other Operating Income | 323.94 | 110.50 | 398.59 | 225.85 | 2,480.61 |
| | Total Income | 20,092.65 | 11,972.40 | 32,886.90 | 25,226.53 | 52,944.38 |
| 2 | Expenditure | | | | | |
| | (a) (Increase) / decrease in stock in trade and work in progress | 100.47 | (184.24) | 756.24 | (155.81) | (785.38) |
| | (b) Consumption of materials | 7,819.85 | 4,982.90 | 12,087.14 | 10,605.02 | 23,693.57 |
| | (c) Purchase of traded goods | 4,153.89 | 1,807.27 | 6,191.35 | 3,002.64 | 6,460.56 |
| | (d) Employee cost | 1,750.54 | 1,183.34 | 3,082.41 | 2,638.81 | 5,255.12 |
| | (e) Depreciation | 404.43 | 347.66 | 790.01 | 690.11 | 1,508.21 |
| | (f) Other Expenditure | 2,350.08 | 2,180.03 | 4,733.78 | 4,161.03 | 8,846.32 |
| | Total Expenditure | 16,579.26 | 10,316.96 | 27,640.93 | 20,941.80 | 44,978.40 |
| 3 | Profit from Operations before Other Income, Interest & Exceptional Items (1-2) | 3,513.39 | 1,655.44 | 5,245.97 | 4,284.73 | 7,965.98 |
| 4 | Other Income | - | - | - | 62.04 | - |
| 5 | Profit before Interest & Exceptional Items (3+4) | 3,513.39 | 1,655.44 | 5,245.97 | 4,346.77 | 7,965.98 |
| 6 | Interest (net) | 2,092.24 | 2,014.49 | 3,928.24 | 3,700.87 | 4,207.72 |
| 7 | Profit after Interest but before Exceptional Items (5-6) | 1,421.15 | (359.05) | 1,317.73 | 645.90 | 3,758.26 |
| 8 | Exceptional Items: | | | | | |
| | - Exchange Fluctuation (loss) / gain (Net) | 87.54 | (1,486.04) | 504.54 | 366.54 | 2,523.42 |
| | - Exchange (loss) / gain on restatement of Hedged investments | - | 459.66 | - | (24.61) | - |
| | - Profit on sale of investment | - | - | - | - | 944.02 |
| | - Changes in fair value of Options embedded in FCCBs | 452.09 | 26.61 | 1,757.82 | (1,088.12) | (156.28) |
| | - Provision for diminution in value of investment reversed | - | - | - | - | 1,838.75 |
| 9 | Profit / (Loss) from Ordinary Activities before tax (7+ 8) | 1,960.78 | (1,358.82) | 3,580.09 | (100.29) | 8,908.17 |
| 10 | Tax Expense / (credit) | 500.00 | - | 845.00 | 252.08 | 1,552.09 |
| 11 | Net Profit / (Loss) from Ordinary activities after tax (9-10) | 1,460.78 | (1,358.82) | 2,735.09 | (352.37) | 7,356.08 |
| 12 | Extraordinary Item | - | - | - | - | - |
| 13 | Net Profit / (Loss) for the period / year (11-12) | 1,460.78 | (1,358.82) | 2,735.09 | (352.37) | 7,356.08 |
| 14 | Paid-up Equity Share Capital (Face value of Rs.10/-each) | 5,802.42 | 4,353.91 | 5,802.42 | 4,353.91 | 5,774.47 |
| 15 | Reserves excluding revaluation reserves | - | - | - | - | 134,627.49 |
| 16 | Earnings per Share (EPS) : | | | | | |
| | Basic & Diluted EPS after Extraordinary items for the year (Rs. per share) | | | | | |
| | (a) Basic EPS | 2.52 | (3.32) | 4.73 | (1.24) | 15.69 |
| | (b) Diluted EPS | 2.06 | (3.32) | 2.51 | (1.24) | 11.98 |
| 17 | Aggregate of Public shareholding : | | | | | |
| | (a) Number of shares | 41,685,148 | 30,465,765 | 41,685,148 | 30,465,765 | 41,401,298 |
| | (b) Percentage of shareholding | 71.84% | 69.97% | 71.84% | 69.97% | 71.70% |
| 18 | Promoters and Promoter group shareholding : | | | | | |
| | (a) Pledged / Encumbered | | | | | |
| | - Number of shares | 10,328,285 | 8,196,000 | 10,328,285 | 8,196,000 | 8,000,000 |
| | - Percentage of shareholding (as a % of the total share holding of promoter and promoter group) | 63.21% | 62.69% | 63.21% | 62.69% | 48.95% |
| | - Percentage of shareholding (as a % of the total share capital of the Company) | 17.80% | 18.82% | 17.80% | 18.82% | 13.85% |
| | (b) Non Pledged / Non Encumbered | | | | | |
| | - Number of shares | 6,010,738 | 4,877,373 | 6,010,738 | 4,877,373 | 8,343,373 |
| | - Percentage of shareholding (as a % of the total share holding of promoter and promoter group) | 36.79% | 37.31% | 36.79% | 37.31% | 51.05% |
| | - Percentage of shareholding (as a % of the total share capital of the Company) | 10.36% | 11.21% | 10.36% | 11.21% | 14.45% |

STATEMENT OF ASSETS AND LIABILITIES AS AT -

Rs. in Lakhs

| Particulars | June 30,2011 | June 30,2010 | December 31,2010 |
|--|-------------------|-------------------|-------------------|
| | Unaudited | Unaudited | Audited |
| | (A) | (B) | (C) |
| SOURCES OF FUNDS | | | |
| A. Shareholders' Fund | 5,802.42 | 9,269.97 | 5,774.47 |
| B. Monies pending allotment | - | 734.16 | - |
| C. Employees stock options outstanding account | 304.17 | 251.20 | 208.57 |
| D. Reserves and surplus | 134,124.06 | 81,193.57 | 134,627.49 |
| E. Loan funds | 142,142.84 | 146,775.75 | 124,185.60 |
| Total | 282,373.49 | 238,224.65 | 264,796.13 |
| APPLICATION OF FUNDS | | | |
| A. Fixed assets (net) | 34,227.70 | 33,994.32 | 34,904.35 |
| B. Investments | 219,430.55 | 147,949.79 | 182,006.69 |
| C. Current assets | | | |
| - Inventories | 12,833.34 | 11,782.63 | 12,930.76 |
| - Sundry Debtors | 21,478.14 | 16,714.25 | 15,973.02 |
| - Unbilled Revenue | 3,570.28 | 1,161.00 | 1,452.75 |
| - Cash and bank balances | 4,613.72 | 2,570.18 | 8,102.93 |
| - Loans and advances | 30,099.33 | 58,370.50 | 46,547.61 |
| D. Current Liabilities & Provisions | | | |
| - Current liabilities | (29,341.82) | (19,469.78) | (22,213.80) |
| - Provisions | (14,537.75) | (14,848.24) | (14,908.18) |
| Net Current Assets | 28,715.24 | 56,280.54 | 47,885.09 |
| Total | 282,373.49 | 238,224.65 | 264,796.13 |

Notes:

- The above unaudited results of the Company has been reviewed by the Audit Committee and taken on record by the Board of Directors at their meeting held on July 27, 2011.
- Consequent to the approval of Scheme of Arrangement during the year ending December 31, 2009 by the Hon'ble High Courts of Judicature, the Company has utilised the Reserve for Business Restructure (BRR) as under:

| Particulars | Rs. in Lakhs | | | | |
|---|-----------------------------|-----------------------------|-------------------------------|-------------------------------|--------------------------|
| | Quarter Ended 30.06.2011 | Quarter Ended 30.06.2010 | Half Year Ended 30.06.2011 | Half Year Ended 30.06.2010 | Year Ended 31.12.2010 |
| Utilisation of BRR : | | | | | |
| - Depreciation and Amortisation | 423.96 | 417.31 | 843.26 | 834.62 | 1,696.24 |
| - Employee compensation | 38.93 | 1.76 | 266.41 | 455.41 | 387.08 |
| - Other expenses | 355.47 | - | 466.38 | 36.34 | 911.23 |
| Realisation of assets written off earlier | - | (354.64) | (4.64) | (460.16) | (2,525.06) |
| Impact if the Company followed the Accounting Standards instead of the accounting treatment provided in the Scheme :- | | | | | |
| On Net Profit for the quarter - Decrease | 818.36 | 64.43 | 1,571.41 | 866.21 | 469.49 |
| Earnings / (Loss) per share (EPS) (Face value of Rs.10/-each) (Rs.) | | | | | |
| Basic | 1.11 | (3.47) | 2.01 | (3.28) | 14.69 |
| Diluted | 0.81 | (3.47) | 0.11 | (3.28) | 11.18 |

- During the period, 54,500, 75,000 & 150,000 equity shares were allotted by the Company on exercising equal number of options under Strides Arcolab ESOP 2008, ESOP 2008 (Directors) & 2006 Schemes respectively. Further, 9,000 options were granted to eligible employees of the Company under 2008 ESOP Scheme.
- The Company had early adopted Accounting Standard (AS) 30 'Financial Instruments: Recognition and Measurement' and in the spirit of full adoption, the Company had also adopted the limited revision to other notified AS. In accordance with these provisions, certain investments which were designated in a fair value hedge relationship were restated at the period end rates. Pursuant to the notification dated February 11, 2011 issued by The Institute of Chartered Accountants of India, which clarified that the provisions of AS 30 would need to be applied only to the extent they do not contravene the other mandatory accounting standards. During the quarter ended December 31, 2010, the Company reversed such restatements done in prior quarters. The statement of assets and liabilities as at June 30, 2011 and the results for the quarter and half year ended June 30, 2010 included in these results are extracted from the results published for the quarter and half year then ended and do not incorporate the impact of the reversal of restatements referred above. The exchange gain / (loss) recognised in the quarter and half year ended June 30, 2010 on account of such restatement was Rs. 459.66 lakhs and (Rs. 24.61 Lakhs) respectively.
- Exchange fluctuation gain/loss (net) included under Exceptional items comprises the unrealized gains/losses arising out of the restatement of FCCB's, External Commercial Borrowings, intra group loans given, gains/losses on forward exchange option contracts and certain foreign currency denominated monetary items.
- The Company's operations fall within a single business segment viz. "Pharmaceutical Products" and as such there is no reportable segment information as per Accounting Standard 17 issued under the relevant provision of the Companies Act, 1956.
- During the quarter, the Group completed the Scheme of Implementation to acquire a majority of the minority shares of Ascent Pharmahealth Limited (APH). As of June 30, 2011, the Group has an interest of 94.03% in APH.
- Investor grievances received and disposed off during the quarter ended June 30, 2011 :
 - Pending complaints at the beginning of the quarter - Nil
 - No. of Complaints received - 25
 - Complaints disposed - 25
 - Complaints unresolved - Nil
- The previous period's figures have been regrouped/reclassified wherever necessary to conform to current period's classification.

For and on behalf of the Board

**Arun Kumar
Vice Chairman & Managing Director**

Bangalore, July, 27, 2011