

# Strides Arcolab Ltd.,

## Exceptional and Non Operational Items

Annexure 2 to press release dated 25th Feb'09

Sl no	Particulars	INR In Mn		USD In Mn	
		Positive Impact	Negative Impact	Positive Impact	Negative Impact
A	Net Exchange loss on FCCB's ECB's and Contracts		670	-	15.34
B	Gain in Fair value options embedded in FCCB's	452		10.35	-
C	Latam restructuring	654		14.97	-
D	Australasia restructuring	2,104		48.16	-
E	Strides Italia Divestment		345	-	7.90
F	Impairment of LATAM Investment		1,656	-	37.90
	Total	<b>3,210</b>	<b>2,671</b>	<b>73.47</b>	<b>61.14</b>
	Net Impact (Positive)	<b>539</b>		<b>12.34</b>	

1 USD = 43.69

### Notes :-

- 1.a The Company early adopted Accounting Standard 30 w.e.f Jan 1 '2008 .As a consequence and the limited revision to other standards and pursuant to designation of certain hedging relationship, the net profit for the year is higher by Rs. 1408 Mn. Further, the reserves (excluding revaluation reserve) as at December 31, 2007 excludes Rs. 157 Mn debit, being the pursuant to designation of certain hedging relationship, the net profit for the year is higher by Rs. 1408 Mn. Further, the reserves (excluding revaluation reserve) as at December 31, 2007 excludes Rs. 157 Mn debit, being the transitional adjustments pursuant to adoption of above standard.
- 1.b Exchange fluctuation loss (net) is on account of restatement of foreign currency convertible bonds, External Commercial Borrowings and losses on forward exchange contracts net of exchange losses attributed to loans that have been designated as hedging instruments against Net Investments in foreign operation.
- 2.a The Company transferred its 67% stake in Strides Latina SA, Uruguay to Lakerose Limited, Cyprus.
- 2.b Aspen Global Incorporated, Mauritius acquired 51% stake in Lakerose Limited. Consequent to this Lakerose Limited, Cyprus and its subsidiaries viz Strides Latina SA, Uruguay, Cellofarm Ltda, Brazil, Strides Mexicana SA De CV, Mexico (which became subsidiary of Strides Latina SA, Uruguay), Solara SA De CV, Mexico and Casa de Representaciones Sumifarma CA, Venezuela ceased to be subsidiaries of the Company. The investments were divested at a profit of Rs. 753 Mn
- 2.c In June 2008, Starsmore Limited, a subsidiary of the Company entered into a Put & Call Option agreement for sale of the remaining 49% shareholding in Lakerose Limited to Aspen for agreed multiple of EBITDA for the year ending June 30, 2009. Consequently, the Latin American venture have not been consolidated effective July 1, 2008.
- 2.d Based on management estimate of EBITDA in the Latin American ventures for the year ending June 30, 2009, an amount of Rs. 1656 Mn has been provided as diminution in the carrying value of investments in Lakerose Limited
- 3 In terms of heads of agreement entered with Ascent Pharmahealth Limited (Ascent) (formerly Genepharm Australasia Pty Ltd) in April 2008, Linkace Limited a step down subsidiary of the Company transferred its investments in South East Asian operation at a profit of Rs.2105 Mn.
- 4 During the year investment in Strides Italia SrL, Italy was divested by the Company at a loss of Rs. 345 Mn as part of its strategy to exit from non core business.