



Press Release

Tuesday, 22 July 2008

Strides Arcolab Limited,  
Strides House,  
Bannerghatta Road,  
Bangalore – 560076, India

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## **Q2'08 Revenue up - 49% to Rs.2690 mn. [US\$ 63 mn.] EBITDA at Rs.550 mn. [US\$ 13 mn] – Up 176% PAT Impacted By Exceptional Items**

Source: Company Financials, IGAAP Consolidated

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### **Highlights**

- Record Revenue since Inception of the Company with revenue growth to Rs.2690 million [US\$ 63 million], 49% up from Rs.1800 million [US\$ 44 million].
- EBITDA at Rs.550 million [US\$ 13 million] in Q208, up 176% - Rs.200 million [US\$ 5 million] in Q207.
- EBT before exceptional items is Rs.340 million [US\$ 8 million]
- PAT at Rs.(-)480 million [US\$ 11.20 million] affected by restatement of FCCBs and MTM loss of Rs.280 million [US\$ 6.50 million].
- 3 new ANDAs filings with USFDA and 6 approvals received represents 19% of all FDA approvals in the Quarter issued to Indian companies.
- GAA shareholders' approve Strides Controlling transaction - will emerge on closure, as the 4<sup>th</sup> largest Australian generic company.

**Commenting on the Quarter Performance, Mr Arun Kumar, Vice Chairman & Group CEO said** "By any measure, Q2-08 was an outstanding operating quarter for Strides Arcolab Limited. The achievements in the quarter go beyond the bottom line, as much has been done to set the foundations for future growth. PAT at Rs.(-)480 million [US\$ 11.20 million] has been impacted by exceptional factors relating to restatement of FCCBs and ECB borrowings and provisioning of MTM loss to the extent of Rs.280 million [US\$ 6.50 million].

### Quarter-on-Quarter

Particulars	Q2-08 (INR Mn)	Q2-08 (USD Mn)	Q2-07 (INR Mn)	Q2-07 (USD Mn)	Growth % (INR)
Revenue	2,691	63	1,804	44	49%
EBITDA	549	13	199	5	176%
Profit / (Loss) before Tax and exceptional items	342	8	-46	-1	-
Exceptional Items – (Loss) / Gain	-768	-18	150	4	-
Profit / (Loss) after tax	-484	-11	127	3	-
Less Minority Interest	5	0.1	11	0.3	-
Profit / (Loss) after Minority Interest	-488	-11	116	3	-
Cash and Cash Equivalent	2023	47	5318	131	-

Note :- USD Conversion rate adopted for above Q2'08 - 42.85 and Q207 - 40.74

### Exceptional Items

Exceptional items for the quarter is a loss of Rs.770 million [US\$ 18 million] due to unrealised exchange loss on restatement of foreign currency borrowings including FCCBs and provisioning of MTM loss, as compared to a unrealised gain of Rs.150 million [US\$ 4 million] in Q207. The loss or gain in this regard is a noncash charge/accrual.

As a prudent risk management policy, the Company doesn't enter into any forex derivatives, which are speculative in nature. Hence there are no derivative transactions, which are speculative in nature outstanding as of date.



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### **Share-holders approval of Geneparm Australasia Limited (GAA), Australia**

Successful completion of this transaction will immediately bring the following synergies to Strides:

- Strides will emerge with a shareholding of approx 55% of the expanded capital base of GAA
- The combined regional businesses are expected to have revenues of approx A\$100 million on closing of the GAA transaction.
- Contemporaneously with completion of GAA transaction, it is proposed that the companies enter into a 5 year Strides Preferred Supply Agreement, under which GAA, subject to any existing Strides supply arrangements in the region, will have the first right of refusal to distribute all existing and future Strides' products (other than products for treatments of AIDS, Tuberculosis and Malaria) into Australia, New Zealand and the Asian regions, excluding Japan and China, where GAA will have the non-exclusive right to supply Strides' products.

### **Commencement of supplies to North America**

Shipments to the North American continent including the US and Canada commenced in Q208. With a robust filing and approval pipeline, we are confident of ramping of this business with our niche product strategy and derisked partnership model for the US markets.

### **Merger of 3 subsidiaries**

The Board also approved merger of the 3 subsidiaries, namely, Grandix Pharmaceuticals Limited, Grandix Laboratories Limited and Global Remedies Limited. These companies are subsidiaries of Strides and the merger is for operating ease and will not result in dilution of equity or cash outflows.

## About Strides Arcolab Limited

Strides, listed on the Bombay Stock Exchange Limited (532531) and National Stock Exchange of India Limited (STAR), is an international life sciences company. Strides manufacture pharmaceuticals formulations in various dosage forms, including capsules, tablets, liquid injectables and is one of the world's top five manufacturers of softgel capsules. Strides have a major presence in developed markets such as the US, Canada and part of Europe and in various developing countries such as Africa, Latin America and Asia. Strides has a significant presence in the domestic market through Grandix. Strides is one of the largest Indian suppliers of institutionally funded aid projects and are an approved supplier to the Global Drug Facility, PFSCM (PEPFAR), UNICEF etc.

Strides has 16 manufacturing plants spread across the Brazil, Mexico, Italy, Poland, Singapore and India. This broad manufacturing network facilities partnering with global procurement organizations to European and American pharmaceutical multinationals and also private labelers and distribution chains. Strides has product registrations worldwide. The Indian manufacturing facilities for the regulated markets are approved by all major regulatory bodies such as MHRA, EU, TGA, MCC and USFDA and GMP accreditations including USFDA. Strides employ approximately 2,500 people across the globe. Strides also have a marketing presence in over 50 countries. Additional information is available at the Company's website at [www.stridesarco.com](http://www.stridesarco.com).

Mr. Arun Kumar Vice Chairman & Group CEO Or Mr.T S Rangan Group Chief Financial Officer Strides Arcolab Limited Tel: +91 80 6658 0110 Fax: +91 80 6658 0200	Melissa Arulappan, Corporate Voice  Weber Shandwick Mob: +91 98450 22389 Email: <a href="mailto:Melissa@corvoshandwick.co.in">Melissa@corvoshandwick.co.in</a> ;  Merlin Francis, Corporate Voice  Weber Shandwick Mob: +91 98450 17375 Email: <a href="mailto:merlin@corvoshandwick.co.in">merlin@corvoshandwick.co.in</a> .
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