

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF STRIDES ARCOLAB LIMITED

1. We have reviewed the accompanying statement of Unaudited Financial Results of **STRIDES ARCOLAB LIMITED** (the "Company") for the quarter ended March 31, 2013 (the 'Statement'). This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatements. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an opinion.
3. 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.
4. As explained in Note 4 of the Statement, in accordance with the terms of a Scheme of arrangement that has been approved by the Hon'ble High court of Judicature during the year ended December 31, 2009, an investment in a subsidiary has been fair valued in prior years and is carried at a value that is higher by Rs. 58,562 lakhs compared to the historical cost of the investment. This is contrary to the requirements of Accounting Standard 13 'Accounting for investments, which requires such investments to be carried at historical cost less any diminution, other than temporary.
5. Based on our review nothing has come to our attention that causes us to believe that the Statement:
 - is not prepared in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 and other recognised accounting practices and policies, except for our comments in paragraph 4 above; and
 - has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreements with the stock exchanges, including the manner in which it is to be disclosed or that it contains any material misstatement.

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6. Further, we also report that we have traced the number of shares as well as the percentage of shareholding in respect of the aggregate amount of public shareholding and the number of shares as well as the percentage of shares pledged/encumbered and non-encumbered in respect of the aggregate amount of promoters and promoter group shareholding in terms of Clause 35 of the Listing Agreements and the particulars relating to undisputed investor complaints from the details furnished by the Management.

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



V. Srikumar
Partner
(Membership No. 84494)

Bangalore, April 25, 2013
VS/SPK/HK/AT