







**Piramal Healthcare**

knowledge action care

## OUR VALUES – THE GUIDING FORCE

“Values are not just words. Values are what we live by. They are about the causes we champion and the people we fight for.”

Our path to excellence is guided by the core values of Knowledge, Action and Care.

Our values find their lineage in the largest source of perpetual wisdom, the Bhagvad Gita.

Each member of the Piramal community is encouraged to imbibe the following eternal principles:

- GYAN YOGA the principle of knowledge and intellect
- KARMA YOGA the principle of action and entrepreneurial spirit
- BHAKTI YOGA the principle of care and compassion

**IN THE PIRAMAL WAY OF CONDUCTING BUSINESS,  
THIS TRANSLATES INTO:**

## **KNOWLEDGE**

Nothing is greater than knowledge, a true ornament of life leading to lasting happiness. Knowledge is what inspires one to a higher vision. Each of us within the Piramal community aspires to have the deepest knowledge and concepts in our area of operation or expertise. Adopting an innovative and creative approach is encouraged.

## **ACTION**

We in the Piramal community wish to exhibit a high level of dynamic action entrepreneurship, independence, initiative, decisiveness and speed for growth.

## **CARE**

We in the Piramal community shall care for the world we share and serve, empowering those around us with every gesture we exhibit. We work with each stakeholder of our community in a spirit of collaboration, mutual respect and trust. We strive to empower customers and co-workers with care that enlightens. Our vision has its roots in realizing that we are fortunate to be in a position in which we devote ourselves to caring for people.

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## CHAIRMAN'S LETTER

Dear Shareholders,

It gives me immense pleasure to share with you the key developments of Piramal Group's flagship company - Piramal Healthcare for the year gone by. FY2011 marked a turning point in the history of Piramal Healthcare Limited.

### **2011 - A landmark year**

To begin with, we did the most profitable deal in the history of global pharma with the sale of our Healthcare Solutions business for \$ 3.8 billion.

The transaction at 9 times FY10 sales has created new industry benchmarks for valuation. Moreover, what is truly satisfying is that the deal has been a win-win proposition: for the business, for the shareholders and for the employees who moved to Abbott as well as for those who stayed back at Piramal Healthcare.

Piramal Healthcare's history dates back to 1988 when we entered the pharmaceutical industry via an acquisition. From being a marginal player ranked 48<sup>th</sup>, Piramal Healthcare steadily consolidated its position to become a formidable force in the industry, rising to Top 3 with a market share of 4.2% in a highly fragmented Indian pharmaceutical market. So then why did we divest the Healthcare Solutions business after reinforcing its strength and reach for 22 years?

The answer lies in our guiding principle of conducting business. At Piramal Healthcare, we derive strength from our core values of knowledge, action and care that give us purpose to create real value for all our stakeholders including our investors, our employees and our partners. Therefore the Board unanimously agreed that the divestment was a strategic move to maximize the business's value and was in the best interest of all our stakeholders.

Another important event during FY2011 was the sale of our shareholding in our subsidiary, Piramal Diagnostic Services Private Limited (PDSL) to Super Religare Labs (SRL) for Rs. 6 billion. This valuation at 3 times FY10 sales and ~ 16 times FY10 EBITDA was one of the highest in the industry. From a single diagnostic centre in Kolkata in 1999, we went on to become the leading player in diagnostic services with a network of 107 laboratories across the nation in 2010. Again, the intention behind the deal was to unlock value for our shareholders and provide the business with the scale and size it needed to serve a larger base of Indian consumers to help them fight disease with timely and accurate diagnosis.

### **Rewarding our shareholders**

Having created value through divestments of Healthcare Solutions business and our subsidiary - PDSL, we have also rewarded the shareholder by

way of buy back of shares. The Board believed that buyback was the most efficient means of returning money to shareholders. Hence, during the year, we have bought back 41.8 million equity shares, representing 20% of equity share capital of PHL at a price of Rs. 600 per share. The buyback price represented a premium of 19% over the average share price of three months prior to announcement of buyback. The board has also proposed dividend of Rs. 12 per share (Rs. 6 ordinary dividend and Rs.6 as one time special dividend on sale of healthcare solutions business).

Our company has become financially robust with proceeds from these two deals. As on 31<sup>st</sup> March, we had cash and investments (including cash receivable and loans & advances) of Rs. 104.0 billion. The quantum of funds available is more than what can be efficiently deployed in our existing businesses. Hence, we will explore growth opportunities in new sectors. With a sustained GDP growth rate of 8-9%, rising disposable income of Indian consumers and a young demographic population profile, we are at a time where opportunities to create new businesses are enormous.

### **Continued commitment to pharmaceutical sector**

The Pharma Solutions (Custom Manufacturing) business is regaining its growth trajectory with destocking issues of the industry behind us. Indian companies with their low cost, high quality manufacturing capabilities will benefit from the increasing cost pressures being faced by big pharma companies due to patent expiry of large blockbuster drugs and fewer new product approvals. Our Company with a flawless execution and regulatory track record combined with strong relationships with big pharma companies is well positioned to benefit from this trend.

The Critical Care business now has a well established infrastructure to serve the increasing global demand from hospitals. With a presence in 102 countries and a strong portfolio of products comprising inhalation and injectable anesthetics, this business is poised to scale newer heights as we consolidate our existing presence by entering untapped geographies and by adding newer products to our portfolio.

Our Consumer Products business has grown from a fledgling one to one amongst the fastest growing Over-The-Counter businesses in India. With the expansion of the field force this year, we have established a strong sales, marketing and distribution network that reaches out to all 485 one lakh plus towns in India and 2.4 lakh retail outlets. With increasing disposable income of the Indian consumer, this business is geared for sustained accelerated growth, given our strong brand portfolio.

To further reinforce our presence in the healthcare space, the Board of Directors has also approved the de-merger of the New Chemical Entity research unit of Piramal Life Sciences into Piramal Healthcare. With a pipeline of 24 programs across different phases of development, state-of-the-art facilities, world class personnel and a growing network of clinical collaborations in India and abroad, this unit will provide a strong innovation platform for us to build upon. This move is synergistic with our strategic intent to re-establish our Company as research driven.

### **Exploring new growth opportunities**

We have been evaluating various sectors to invest some of this capital in a way that optimizes our strengths and results in long term value creation for our shareholders. With this in mind, we have announced our venture into the Financial Services sector. The Financial Services sector in India will

## CHAIRMAN'S LETTER (CONTD.)

benefit tremendously from the strong 8%+ GDP growth rate, has exciting expansion prospects and an attractive return profile.

To begin with Piramal Healthcare will set up a Non Banking Financial Company for lending to infrastructure and other sectors and will foray into fund management for real estate. Towards building a strong Financial Services business, the Board of Directors has approved the acquisition of Indiareit Investment Management Company and Indiareit Fund Advisors Private Limited, a leading Real Estate Asset Management Company in India, for a consideration of Rs. 2.3 billion. These developments along with the devotion to strengthen our existing businesses will equip us to build a flourishing organization that benefits all our stakeholders.

### **Caring for the world we share and serve**

It is rightly said that we make a living by what we get but we make a life by what we give. The joy of giving from selfless service leads us to a higher sense of purpose and fulfillment. Business conglomerates such as ours are in a far more privileged position to give. We are committed to building sustainable, empowered communities at the grass root level. This year, Piramal Healthcare has earmarked a corpus of Rs. 200 crores for our various community development initiatives.

To summarize, I would like to re-iterate that we are at a time when the business environment is dynamic than ever before. And those who embrace change can create enormous business opportunities. In our pursuit of growing existing business and creating new business, we remain firmly committed

to our guiding principle of creating shareholder value over long term.

I thank you for your continued faith in us over the past years. As we embark upon a new journey, we look forward to your support in the coming years.

Warm Regards,



**Ajay G. Piramal**

Chairman

Date: 21<sup>st</sup> June 2011

## 10 YEARS FINANCIAL HIGHLIGHTS :

### PROFIT & LOSS ACCOUNT:

Details (Rs. in million)	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011
Total Income	10,891	14,015	14,129	13,417	16,226	24,723	28,789	32,885	37,774	29,904
EBITDA	2,255	3,333	3,040	2,029	2,378	3,839	5,478	5,887	8,331	5,632
Interest	735	614	237	192	173	305	463	838	1,838	1,004
Profit Before Tax	821	1,458	2,034	2,108	1,484	2,672	3,728	3,408	4,998	165,634
Profit After Tax	443	1,155	1,997	1,641	1,242	2,283	3,338	3,163	4,819	128,834
Earnings per Share	11.7	30.3	52.1	8.5*	5.8	10.3	15.9	15.1	21.4	573.7**

\* Face value of shares changed to Rs. 2 per share from Rs. 10 per share post share split in ratio of 1:5

\*\* Includes gain on account of sale of the healthcare solutions business and sale of subsidiary - Piramal Diagnostics Services Private Limited

### BALANCE SHEET:

Details (Rs. in million)	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011
Share Capital	380	530	914	914	952	802	418	418	418	336
Reserves & Surplus	3,276	4,104	3,668	4,620	9,192	10,060	10,508	12,753	16,431	118,226
Minority Interest	1,019	1,107	-	41	30	5	49	75	-	58
Debt	7,131	6,667	3,563	3,680	3,114	6,392	7,163	13,391	12,950	7,569
Net Deferred Tax	464	609	377	596	836	893	897	726	568	484
<b>Total Liabilities</b>	<b>12,269</b>	<b>13,016</b>	<b>8,522</b>	<b>9,850</b>	<b>14,124</b>	<b>18,152</b>	<b>19,035</b>	<b>27,362</b>	<b>30,366</b>	<b>126,672</b>
Net Fixed Assets	7,689	8,679	5,627	7,278	10,418	12,238	12,585	20,391	21,130	16,040
Investments	688	78	52	37	287	287	653	278	326	14,816
Net Current Assets	3,892	4,260	2,843	2,535	3,419	5,628	5,797	6,692	8,911	95,817
<b>Total Assets</b>	<b>12,269</b>	<b>13,016</b>	<b>8,522</b>	<b>9,850</b>	<b>14,124</b>	<b>18,152</b>	<b>19,035</b>	<b>27,362</b>	<b>30,366</b>	<b>126,672</b>

## MANAGEMENT DISCUSSION & ANALYSIS

### FY2011 KEY HIGHLIGHTS:

- Sale of Healthcare Solutions business to Abbott for \$ 3.8 billion
- Sale of shareholding in Piramal Diagnostics Services Private Limited to Super Religare Labs for Rs. 6.0 billion
- Buyback of 20% of equity share capital of PHL at Rs. 600 per share, total outlay – Rs. 25.1 billion
- Proposed de-merger of PLSL's NCE research unit into PHL
- Entry into Financial Services business by setting up NBFC and acquisition of Indiareit Fund Advisors & Indiareit Investment Management

### VALUE CREATION THROUGH DIVESTITURES

#### Divestment of Healthcare Solutions business

On 21<sup>st</sup> May 2010, Piramal Healthcare Limited (PHL) entered into a definitive agreement with Abbott, USA to sell its Healthcare Solutions (Domestic formulations) business for total cash consideration of \$3.8 billion. The domestic formulation business used to manufacture, market and sell branded pharmaceutical products in finished form mainly in Indian market. As per the terms & conditions of the deal, PHL has transferred its assets including manufacturing facility at Baddi, Himachal Pradesh, rights to approximately 350 brands & trademarks and more than 5,000 employees from the domestic formulations business. The business had sales of Rs. 19.7 billion in FY2010.

This was a landmark deal in the history of Indian pharmaceutical industry; with premium valuation of ~9x FY2010 sales.

The transaction was completed on 7th September 2010 and PHL received Rs. 102.7 billion (equivalent

to \$2.2 billion) as initial consideration. The remaining consideration will be paid in four installments of \$ 400 million in each of four subsequent anniversaries of the closing, commencing in September 2011.

#### Divestment of Diagnostic services business

During the year PHL sold its shareholding in its subsidiary Piramal Diagnostic Services Private Limited (PDSL) to Super Religare Laboratories (SRL) for the total consideration of Rs. 6.0 billion. As per the deal, PHL has received Rs. 3.0 billion in cash as an upfront payment on closure of transaction in the month of August 2010, and Rs. 1.4 billion in January 2011. The balance amount is held in form of debentures of SRL to be redeemed over a period of not more than 3 years.

This deal valued Diagnostic services business at 3x FY2010 Sales and ~16x FY2010 EBITDA.

## Management Discussion & Analysis

### BUYBACK OF SHARES

Through the two landmark deals done in FY2011, PHL has unlocked tremendous value for shareholders. Having created this value for the Company, a part of it was distributed to the shareholders by the way of buyback of shares. During the year, PHL bought back 41.8 million shares which represented 20% of the equity share capital at a price of Rs. 600 per share. The buyback price represented a premium of 19% over the average share price for the last three months at the time of announcement of buyback (22<sup>nd</sup> October 2010). Rs. 25.1 billion was given back to shareholders in March 2011 as a result of this exercise.

### COMMITMENT TO PHARMACEUTICAL INDUSTRY

After the divestments of Healthcare Solutions business and shareholding in our subsidiary Piramal Diagnostic Services Private Limited, the business profile of PHL has completely changed. PHL now has three main businesses which it would continue to invest and grow:

#### 1. Pharma Solutions:

This is a global business that partners with MNC pharmaceutical companies to service their manufacturing and development needs. PHL has six facilities in India, two in UK and one in Canada. This division had sales of Rs. 10.2 billion in FY11.

#### 2. Critical Care:

This is a global business that caters to drug requirement of hospitals worldwide. PHL has presence in 100+ countries globally either through distributors or through own office. PHL has one facility in India and one in US. This division had sales of Rs. 3.9 billion in FY11.

#### 3. Consumer Products Division/OTC:

This is a domestic business that caters to Indian consumers through sales of OTC products. We have a strong product portfolio consisting of Lacto Calamine – skin care range, Saridon – analgesic, Polycrol – digestive, Supractiv – nutritional supplement, i-pill – emergency contraceptive pill and Itchmosol – anti itching cream.

## Management Discussion & Analysis

### Proposed demerger of PLSL's NCE research unit into PHL

The Board of PHL has approved the scheme of De-merger of the New Chemical Entity (NCE) Research Unit of Piramal Life Sciences Limited (PLSL) into Piramal Healthcare Limited. Under the proposed De-merger scheme, each shareholder of PLSL will be entitled to one fully paid up equity share of Rs. 2 each of PHL for every four equity shares of Rs. 10 each held in PLSL. All assets and liabilities of the NCE division will be transferred to PHL at book value.

Since April 2007, when PLSL was de-merged from PHL as an independent discovery research company, it has made significant progress. The pipeline of R&D programs has increased from nine to twenty four with nine additional programs moving into Phase I/II clinical trials and two additional program moving into

Phase II clinical trials. Subsequent to the significant progress that PLSL has made, the risk profile of NCE R&D activity has reduced considerably.

Through this de-merger, PHL will have an access to the innovation platform of PLSL through which it can build its innovative discovery and commercialization business. PHL can also better utilize its manufacturing infrastructure and leverage its marketing experience with products from PLSL.

The Demerger Scheme is subject to the consent of requisite majority of shareholders and creditors of the Company and of PLSL. The Demerger Scheme is also subject to the sanction of the High Court of Judicature at Bombay and all other regulatory approvals as may be necessary for the implementation of the Demerger Scheme.

### Acquisition of assets of Biosyntech

During the year, PHL acquired assets of Biosyntech for a consideration of C\$ 4.7 million. Biosyntech is a medical devices Company specializing in the development, manufacturing and commercialization of advanced biotherapeutic thermogels for regenerative medicines (tissue repair) and therapeutic delivery. Company's lead late stage product BST-CarGel® has undergone a pivotal study for cartilage repair recently and the final clinical study report is awaited.

## Management Discussion & Analysis

### ENTRY INTO FINANCIAL SERVICES SECTOR

We have been evaluating various sectors to invest some of these funds in a way that optimizes our strengths and results in long term value creation for our shareholders. With this in mind, the Board of Directors has approved a plan for PHL to enter into the Financial Services sector through a fully owned subsidiary company. India has had strong GDP growth in past decade and is likely to continue with 8-9% GDP growth rate for the next decade. Given sound economic fundamentals, rising disposable income, financial sector liberalization and growth of consumer oriented, credit oriented culture; the financial services sector is poised for strong growth in India. To participate in this growth story, PHL has decided to foray in financial services sector.

To begin with PHL will set up an NBFC for lending to Infrastructure sector and to other sectors and will also get into Fund Management for Real Estate & Infrastructure sector.

### Acquisition of Indiareit Fund Advisors & Indiareit Investment Management:

Towards building a strong financial services business, PHL is in the process of acquiring Indiareit Fund Advisors Pvt. Ltd. and Indiareit Investment Management Company for the total consideration of Rs. 2.3 billion. Indiareit Fund Advisors Pvt. Ltd. are advisors to the Indiareit Fund which is a domestic real estate Private Equity fund focused on the Indian markets. Indiareit Investment Management Company is manager to offshore Real Estate Private Equity funds investing in India through the FDI route. The total fund size under management for these funds is Rs. 38 billion.

Together, the Indiareit Fund Advisors & Investment Management have a demonstrated track record of raising and deploying effectively large sums of capital in the real estate sector in India and are best positioned to benefit from the emerging Indian real estate market.

## Management Discussion & Analysis

### FINANCIALS - FY2011: (CONSOLIDATED) AT A GLANCE

The Management Discussion & Analysis presented below and in the subsequent pages is prepared for continuing businesses (i.e. excluding financials of Healthcare Solution business and Piramal Diagnostic Services Pvt. Ltd.).

#### Summary - consolidated:

- Total Operating Income : Rs. 20.0 billion
- EBITDA : Rs. 3.8 billion
- Net Profit : Rs. 127.4 billion
- Gross margins (sales less material costs) : From 62.7% to 65.4% in FY2011
- EBITDA Margin : From 8.8% to 18.9% in FY2011

#### Revenue and Profits - consolidated:

- Total Operating Income growth : 26.6%
- Pharma Solutions sales growth : 8.6%
- Piramal Critical Care sales growth : 18.3%
- OTC & Ophthalmology sales growth : 10.6%
- EBITDA growth : 172.3%

### OPERATIONS HIGHLIGHTS - Consolidated

#### Pharma Solutions:

- Enhanced capability to provide integrated clinical development services through acquisition of Oxygen Bio Research
- Capacity utilization significantly improved for Digwal and Pithampur sites
- Ahmedabad site successfully audited by 6 out of top-20 pharma companies; supplies started for 3 new clients during the year
- Ennore site successfully audited by 4 out of top-20 pharma companies; supplies started for 12 new clients during the year

#### Piramal Critical Care:

- Acquisition of anesthetic products business of Bharat Serums and Vaccines Limited
- Increased market share for Sevoflurane in U.S. market
- Registrations received in 4 countries in EU, thereby marking an entry in EU market
- Production volume at Bethlehem site increased significantly for Sevoflurane

#### OTC & Ophthalmology:

- Moved from no. 40<sup>th</sup> in 2008 to among top-10 in OTC market in India
- Launched a new antibacterial soap – TRI-ACTIV

## Management Discussion & Analysis

### Net Sales analysis (Consolidated):

PHL's Pharma Solutions business grew by 8.6% to Rs. 10.2 billion as compared to Rs. 9.4 billion for FY2010. Revenues from Critical Care grew by 18.3% to Rs. 3.9 billion against Rs. 3.3 billion in FY2010. Sales from OTC & Ophthalmology segment was Rs. 2.0 billion as compared to Rs. 1.8 billion in FY2010 registering growth of 10.6% for the year.

### The break-up of aggregate Total Operating Income is as under:

(Rs. in Million)

No.	Total Operating Income break-up	% sales	Year ended		
			31-Mar-2011	31-Mar-2010	% Growth
1	Pharma Solutions	50.8	10,205.8	9,393.6	8.6
	From Assets in India	26.1	5,245.3	4,302.5	21.9
	From Assets outside India	24.7	4,960.5	5,091.1	(2.6)
2	Piramal Critical Care	19.3	3,876.8	3,276.7	18.3
3	OTC & Ophthalmology	9.7	1,958.4	1,770.4	10.6
4	Others	3.4	687.9	500.1	37.6
5	Investment income	16.7	3,358.3	921.7	264.4
	<b>Total</b>	<b>100</b>	<b>20,087.2</b>	<b>15,862.5</b>	<b>26.6</b>

## Management Discussion & Analysis

### BUSINESS PERFORMANCE

#### Pharma Solutions (Custom Manufacturing)

##### Market commentary:

The global CMO market was estimated to be worth c. \$ 13 billion in 2002 and has grown to estimated \$ 22 billion in 2009. Growth in the CMO industry has been impacted in last 2 years due to global financial crisis and resultant reduction in inventory level at many large multinational pharmaceutical companies. However the de-stocking phenomenon is coming to an end and the industry is on recovery phase. Global pharmaceutical companies faced with patent expiry of large blockbuster products and fewer new products approval are under tremendous pressure to cut costs. Indian companies with their high quality, low cost production capabilities are well poised to benefit from this trend.

##### Piramal Healthcare's performance:

The revenues from Pharma Solutions business grew by 8.6% to Rs. 10.2 billion in FY2011 as compared to Rs. 9.4 billion in FY2010. The revenues from Indian assets grew by 21.9% to Rs. 5.2 billion against Rs. 4.3 billion in FY2010.

##### Acquisition of Oxygen Bio Research:

During the year PHL acquired Oxygen Bio Research (“Oxygen”) based in Ahmedabad, India. Oxygen is a discovery services company that provides integrated discovery services – synthetic chemistry, medicinal chemistry, computational chemistry and in-vitro Biology. Oxygen has developed specialist capabilities in medicinal chemistry and have a track record with four of the top 20 pharmaceutical companies and several biotechnology companies working in early stage discovery. The acquisition of Oxygen marks

PHL's entry into the discovery services business and will enable PHL to partner with its client companies at the early stage of drug life cycle.

##### Increase in capacity utilization:

The capacity utilization at Digwal site is expected to reach at peak level in FY2012 and PHL is currently evaluating various options to increase capacity. Similarly capacity utilization at Pithampur site has also increased significantly during the year.

##### Increased non-Pfizer revenues at Morpeth:

On the back of robust clinical trial packaging and formulation development business, non-Pfizer revenue as a % of site sales has increased from 12% of sales to 26% of sales during the year.

## Management Discussion & Analysis

### Significant progress at Early Phase Assets:

Ahmedabad site was successfully audited by six out of top 20 companies and has started supplies to three new clients. Ennore site was successfully audited by four out of top 20 companies and has started supplies to twelve new clients during the year.

### Piramal Critical Care

Revenues from Critical Care business grew by 18.3% to Rs. 3.9 billion as compared to Rs. 3.3 billion in FY2010, mainly due to increase in Sevoflurane sales.

### Acquisition of Anesthetic business of Bharat Serums And Vaccines Limited:

During the year PHL acquired Anesthetic products business of Bharat Serums And Vaccines Limited (BSV) to expand its anesthetic portfolio to include injectables. The acquisition provides PHL an immediate entry into the Propofol market, the largest selling injectable anesthetic globally.

### Increased market share in US for Sevoflurane:

Sevoflurane market share for PHL in US has increased from 14% as on March 2010 to 20% in March 2011 in volume terms.

### Entry in European Union:

During the year, PHL has received registrations in four countries in European Union. This will help PHL expand Sevoflurane sales into Europe with registrations applied for in twenty six EU countries having combined market of \$ 300 million.

### Capacity Expansion:

Last year we have expanded production volume for Sevoflurane by 70% at Bethlehem site. Capacity for producing Isoflurane at Digwal was almost doubled in FY2011.

### OTC & Ophthalmology

Sales from OTC & Ophthalmology business grew by 10.6% to Rs. 2.0 billion in FY2011 as compared to Rs. 1.8 billion in FY2010. During the year, PHL has introduced a new range of anti bacterial soap – TRI-ACTIV in the OTC space.

### Moved to among top-10 players:

PHL has a strong brand portfolio consisting of Saridon, Lacto Calamine, I-pill, Polycrol, Supractiv, TriActiv & Itchmosol. The business has now moved from ranked 40<sup>th</sup> in the year 2008 to among top 10 OTC companies in India in the year 2011.

## Management Discussion & Analysis

### PORTFOLIO PERFORMANCE: JOINT VENTURES & SUBSIDIARIES

#### Allergan India Limited ('AIL'):

AIL is a 51:49 Joint Venture between Allergan Inc., USA and Piramal Healthcare Limited. Total revenues of AIL grew by 25.4% to Rs. 1.4 billion (FY2010 Net Sales: 1.1 billion). The Operating profit for FY2011 was up by 7.9% to Rs. 384.5 million as compared to Rs. 356.3 million in FY2010. Profit after tax for FY2011 was up by 9.6% to Rs. 241.8 million as compared to Rs. 220.6 million for FY2010.

#### Sale of stake in JV with ARKRAY:

In the month of September 2010, Company sold its entire stake of 49% in its Joint Venture Arkray Piramal Medical Private Limited held through its wholly owned subsidiary PHL Fininvest Private Limited. The Company recognised a profit (net of expenses) of Rs. 177.4 million on account of the sale of its stake in the joint venture.

## Human Resources

The Company continues to focus on core values of Knowledge, Action and Care for employee. The relationship with all employees in the Company continues to be core. In recent years we have started numerous initiatives, which will enhance our ability to attract & retain high calibre employees and enable us to evaluate our potential & existing talent pool:

#### Bandhan:

Our journey of Bandhan (Employee Engagement) is in its third year. Our pursuit to usher in a culture of engagement has received a great impetus with our employees' phenomenal participation in this year's Bandhan survey.

#### Learning & Development:

Piramal Healthcare's value of "Care" includes its continuing commitment to the capability building of its employees for sustained superior performance and has resulted in a series of structured management development programmes. The PACE program, a

development initiative for mentoring junior managers was conducted with broad based participation across geographies, across departments.

#### VConnect:

During the year, we have established a fully integrated Employee's Information Portal – "VConnect", which acts as a multipurpose utility application for employees of Piramal Healthcare across all locations in India.

#### Career Opportunity Program (C.O.P):

The Career Opportunity Program was conceptualized to provide a platform to give our employees opportunities to benefit cross-functional, inter & intra-location and inter-intra-business movements across PHL globally. Since the launch of C.O.P in July 2007, more than 100 employees have already moved across Businesses & functions across various geographies. This year more than 20 opportunities were advertised over the portal which received overwhelming responses from across the organization.

## Management Discussion & Analysis

During the period under review, total manpower increased by 364 people to 3,238 from 2,874 in FY2010. The numbers presented below relate to employees of continuing businesses (i.e. excluding Healthcare Solutions business).

No.	Function	31-Mar-2011	31-Mar-2010	+ / (-)
	<b>Piramal Healthcare Limited</b>			
a.	Field	436	298	138
b.	R&D	129	142	(13)
c.	Others	1,772	1,696	76
	Total PHL standalone manpower	2,337	2,136	201
	Piramal Healthcare UK Ltd.	412	400	12
	Piramal Healthcare Canada Ltd.	120	124	(4)
	Piramal Healthcare Inc.	139	152	(13)
	Piramal Pharmaceutical Development Services Pvt. Ltd.	230	62	168
	<b>Total</b>	<b>3,238</b>	<b>2,874</b>	<b>364</b>

## Risks to Piramal Healthcare's

### Businesses:

#### Client concentration risk and Revenue volatility in Pharma Solutions business:

Since our business model is based on contracts with customers any set back for the client company product will adversely affect our revenues and hence profits as well.

#### Foreign Exchange Risk:

We have significant revenues in foreign currency, particularly in U.S. Dollars. We also have operations outside India in countries like U.K., U.S. and Canada. Through these companies, we are exposed to risk arising out of foreign exchange rate changes.

#### Interest rate risk:

PHL has derived a significant portion of its profit

from investment income which is linked to prevailing interest rates in India. If interest rates decrease significantly, the investment income of PHL will be much lower.

#### Product risk:

Any product failure would create significant liability and adversely affect our company.

#### Disclaimer:

Certain statements included above may be forward looking and would involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements.

**Management Discussion & Analysis****FINANCIAL HIGHLIGHTS (Consolidated)****Income Statement (Consolidated)**

Rs. in Million

	<b>FY2011</b>	<b>FY2010</b>	<b>Growth %</b>
<b>Total Income</b>			
Net Sales	16,276.2	14,482.9	12.4
Investment Income	3,358.3	921.7	264.4
Other Operating Income	457.9	463.0	(1.1)
Total Operating Income	20,092.4	15,867.6	26.6
EBITDA	3,790.9	1,392.3	172.3
EBITDA as a % of Total Operating Income	18.9%	8.8%	-
Interest Expense	886.6	1,600.7	(44.6)
Depreciation	958.6	824.9	16.2
Exceptional Items	(162,205.0)	69.1	-
Profit Before Tax	164,150.7	(1,102.4)	-
Tax	36,797.4	(140.1)	-
Profit After Minority Interest	127,350.2	(962.3)	-
Earnings Per Share (Rs.) (Face value Rs. 2/-)	567.1	(4.3)	-
Earnings Per Share before exceptional items (net of tax) (Rs.)	8.6	(4.0)	-

## Management Discussion & Analysis

### Total Operating Income

Total Operating Income grew by 26.6% to Rs. 20.0 billion as compared to Rs. 15.9 billion in FY2010. The total operating income for FY2011 includes an investment income of Rs. 3.3 billion arising out of investment of proceeds from Abbott and SRL deals. A detailed analysis of Total Operating income is given earlier in the report.

### Earnings Before Interest, Depreciation and Tax (EBITDA)

EBITDA for the year grew by 172.3% to Rs. 3.8 billion against Rs. 1.4 billion in FY2010. The margins as a percentage of total income were higher at 18.9% as compared to 8.8% for FY2010. EBITDA for FY2011 was higher mainly due to increased investment income (Rs. 3.3 billion) in FY2011.

### Interest Expense

Interest expense reduced by 44.6% from Rs. 1.6 billion in FY2010 to Rs. 886.6 million in FY2011, due to repayment of loan funds during the year.

### Depreciation

Depreciation for FY2011 was up by 16.2% at Rs. 958.6 million as compared to Rs. 824.9 million in FY2010 because of increase in fixed assets at various sites during the year.

### Exceptional Items

Exceptional Items during the year includes gain of Rs. 162.2 billion on divestment of Healthcare Solution and sale of subsidiary -PDSL.

### Taxation

Tax for FY2011 was higher due to capital gains tax on account of divestment of Healthcare Solutions business and sale of subsidiary - PDSL.

### Profit After Minority Interest and Earning Per Share (EPS)

Profit After Minority Interest for the year was Rs. 127.4 billion and EPS for the year was at Rs. 567.1.

**Management Discussion & Analysis****Balance Sheet (Consolidated)****Rs. in Million**

<b>Particulars</b>	<b>As at March 31, 2011</b>
Liabilities	
Share Capital	335.8
Reserves & Surplus	1,18,226.3
Minority Interest	57.6
Loan Funds	7,568.6
Deferred Tax Liability	484.0
<b>Total Liabilities</b>	<b>1,26,672.3</b>
Assets	
Net Fixed Assets	16,039.7
Investments	14,815.8
Net Working Capital	95,816.8
<b>Total Assets</b>	<b>1,26,672.3</b>

Note: The numbers for some of Balance Sheet items for FY2010 on a like-to-like basis are not available, hence the table above shows current year numbers only.

**Loan Funds**

Total Debt as on 31 March 2011 was Rs. 7.6 billion, compared to Rs. 12.9 billion as on 31 March 2010. Debt/Equity ratio was 0.06 as on 31 March 2011, compared to 0.77 in 31 March 2010. During the year, loan funds decreased by Rs. 5.4 billion as they were repaid from proceedings from sale of Healthcare Solutions and sale of our subsidiary - PDSL.

## Management Discussion & Analysis

### Fixed Assets

During the year, PHL's gross fixed assets increased by Rs. 2.7 billion. The major items of capital expenditure are as under:

Rs. in Million

No.	Details	
1.	Acquisition of Oxygen Bio Research	626.4
2.	Acquisition of Biosyntech	263.9
3.	Pharma Solutions – assets	679.7
4.	Piramal Critical Care – assets	912.0
5.	Other fixed assets additions	264.4
	<b>Total</b>	<b>2,746.4</b>

### Net Working Capital (Consolidated)

Rs. in Million

Particulars	As at March 31, 2011
Raw/Packing Materials	1,658.6
No. of days	23
Finished Goods	853.1
No. of days	12
Receivables	3,838.0
No. of days	54
Net Working Capital	5,928.9
No. of days	84

Notes: All the above ratios have been calculated on the basis of Gross Sales (i.e. net sales + excise duty) and it also includes other operating income, but it excludes cash received and receivable from Abbott deal and cash balance attributable to buyback of shares

## BEYOND THE BOTTOM LINE

Our deep driving desire to build sustainable communities propels us to imbibe sustainability thinking in the developmental work we carry out. A holistic, long-term and sustainable approach is the need of the hour. Providing a meal for a day solves the problem for a day. To us, sustainability is a larger, all encompassing concept which constitutes social, cultural, ecological & health indicators.

**Health, Education, Youth Empowerment and Preservation of Indian Culture** - these are the support pillars for building an enduring, self sufficient and thriving community.

We at the Piramal Group perceive this not as an obligation, but as an opportunity. We consider ourselves fortunate to be in a position to care for the world we share and serve. It is our constant endeavor to fight globally pervasive problems like illiteracy, gender inequality, disease, environmental erosion, poverty and exclusion. We believe the answer to a sustainable planet lies in building self sustaining communities at the grass root level.

### Health Management & Research Institute

HMRI reaches out to remote corners of Andhra Pradesh providing health sustenance services through a state-of-the-art 24x7 helpline. HMRI uses sophisticated information & communication technology with clinical precision to create an integrated digital healthcare delivery network with last mile reach.



The estimated number of people (out patients) who are deprived of proper medical treatment is in the range of 3.2 billion to 3.5 billion. What's worst is that almost 60% of morbidity is on account of common ailments which can easily be prevented by proper medical treatment, which is routinely available in urban areas.

**HMRI addresses this need in the following ways:**

- a) 104 Health Helpline is a 24x7 health line.
- b) 104 Fixed Day Health Service [FDHS] wherein mobile van units periodically visit villages providing healthcare services, treatment for ailments, dispensing medicines and also undertaking basic diagnostic tests. 475 Mobile Health Units provide once-a-month FDHS at every rural habitation located 3km beyond a public health centre with an aim to reduce maternal and child mortality.
- c) Anchoring of ASHAs at each village who would be provided with JAVA enabled cell phones. These ASHAs would primarily monitor pregnant and neonates on a predetermined schedule.
- d) In addition, this program serves as a delivery platform and anchor point for several other community related programs such as school health clinics, monitoring mosquito menace and monitoring safe water.

HMRI was recently awarded a tender by the Government of Assam to design, build and operate a similar 104 Advice Help Line in Assam from a 50 seat call centre at Guwahati. Piramal Healthcare is providing HMRI with financial and management support to scale the project in AP, Assam and progressively in other States too.

## Corporate Governance

Report for the financial year ended 31st March, 2011 on the compliance by the Company with the Corporate Governance requirements under Clause 49 of the Listing Agreement, is furnished below.

### 1. Company's Philosophy on Corporate Governance

Corporate Governance is the combination of voluntary practices and compliance with laws and regulations leading to effective control and management of the organisation. Good Corporate Governance leads to long-term shareholder value and enhances interests of other stakeholders. It brings into focus the fiduciary and trusteeship role of the Board to align and direct the actions of the organisation towards creating wealth and shareholder value.

### 2. Board of Directors

The Company's Board as of date consists of eleven members, of which majority are independent directors, who are leading professionals in their respective fields. The Board comprises four executive directors and seven independent directors.

The constitution of the Board is given below:

Name of Director	Category <sup>1</sup> [Designation]	Other Directorships <sup>2</sup>		Membership of other Board Committees <sup>3</sup>	
		as Member	as Chairman	as Member	as Chairman
Ajay G. Piramal	ED - Promoter [Chairman]	1	6	-	-
Keki Dadiseth	ID	6	-	2	3
Y. H. Malegam	ID	8	-	1	4
Dr. (Mrs.) Swati A. Piramal	ED - Promoter Group	9	-	1	1
Nandini Piramal	ED - Promoter Group	4	-	-	-
S. Ramadorai	ID	12	-	5	4
R. A. Shah	ID	10	4	5	4
Deepak Satwalekar	ID	5	-	2	1
N. Santhanam	ED [Executive Director & Chief Operating Officer]	3	-	2	-
N. Vaghul	ID	3	1	-	1
Amit Chandra <sup>4</sup> [from 20th June, 2011]	ID	3	-	1	-

#### Notes:

- ED - Executive Director; ID - Independent Director;
- This includes directorships in public limited companies and subsidiaries of public limited companies and excludes directorships in private limited companies, overseas companies, companies under section 25 of the Companies Act, 1956 and Alternate Directorships.
- This relates to Committees referred to in clause 49 of the Listing Agreement, viz. Audit Committee and Investors Grievance Committee. However this excludes Remuneration Committee which is not considered for the purpose of computing maximum limits under clause 49.
- Mr. Amit Chandra has been appointed as Additional Director with effect from 20th June, 2011.

## Corporate Governance

### 3. Attendance of Directors at Board Meetings and Annual General Meeting

The Board of Directors met nine times during the financial year, on the following dates:

- 7th May, 2010
- 21st May, 2010
- 2nd June, 2010
- 9th July, 2010
- 10th August, 2010
- 22nd October, 2010
- 2nd December, 2010
- 7th to 9th January, 2011
- 11th February, 2011

The Company placed before the Board the budgets, annual operating plans, performance of the business and various other information, including those specified under Annexure 1A of Clause 49 of the Listing Agreement, from time to time.

The attendance of Directors at the Board Meetings and the last Annual General Meeting held on 9th July, 2010 was as under:

Name of Director	Board Meetings		AGM
	Held during the year	Attended	
Ajay G. Piramal	9	8*	*
Keki Dadiseth	9	7	√
Y. H. Malegam	9	9	√
Dr. (Mrs.) Swati A. Piramal	9	8*	*
Nandini Piramal	9	8*	*
S. Ramadorai	9	5	√
R. A. Shah	9	8	√
Deepak Satwalekar	9	9	√
N. Santhanam	9	9	√
N. Vaghul	9	8	√

Note: Mr. Amit Chandra, having been appointed with effect from 20th June, 2011, his name is not included in the above table.

\*Mr. Ajay G. Piramal, Dr. (Mrs.) Swati A. Piramal and Ms. Nandini Piramal could not attend the Board Meeting and Annual General Meeting held on 9th July, 2010 as they were out of India on account of compelling personal reasons.

### 4. Code of Conduct

The Company has formulated and implemented Codes of Conduct for Board Members and Senior Management of the Company. Requisite annual affirmations of compliance with the respective Codes have been made by the Directors and Senior Management of the Company. A declaration signed to this effect by Mr. N. Santhanam, Executive Director and Chief Operating Officer, is appended at the end of this Report. The Codes of Conduct are posted on the Company's website.

## Corporate Governance

### 5. Audit & Risk Committee

During the financial year 2010-11, seven meetings of the Audit & Risk Committee were held on the following dates, including before finalisation of annual accounts and adoption of quarterly financial results by the Board:

- 6th May, 2010
- 21st May, 2010
- 9th August, 2010
- 14th September, 2010
- 22nd October, 2010
- 11th February, 2011
- 10th March, 2011

The constitution of the Committee and the attendance of each member of the Committee is given below:

Name	Designation	Category	Profession	Committee Meetings	
				Held during the year	Attended
R. A. Shah	Chairman	Independent Director	Solicitor	7	7
Y. H. Malegam	Member	Independent Director	Chartered Accountant	7	7
N. Vaghul	Member	Independent Director	Retired Business Executive	7	7

The Company Secretary, Mr. Leonard D'Souza is the secretary to the Committee.

The terms of reference of the Audit & Risk Committee are:

- a) To hold periodic discussions with the Statutory Auditors and Internal Auditors of the Company concerning the accounts of the Company (including consolidated financial statements), internal control systems, scope of audit and observations of the Auditors / Internal Auditors.
- b) To review the adequacy of and compliance with internal control systems.
- c) To review the quarterly, half-yearly and annual financial results of the Company (stand-alone and/or consolidated) before submission to the Board.
- d) To review the accounts and financial statements of the subsidiary companies, in particular the investments made by subsidiary companies.
- e) To make recommendations to the Board on any matter relating to the financial management of the Company and its subsidiaries, including the Reports of the Statutory and Internal Auditors.
- f) To investigate into any matter in relation to items specified in section 292A of the Companies Act, 1956 or as may be referred to it by the Board and for this purpose, to seek any relevant information contained in the records of the Company and also seek external professional advice, if necessary.
- g) To review the adequacy of the Company's risk policies, including operational, financial and business risk policies.
- h) To consider the appropriateness and adequacy of internal processes and controls for addressing and facilitating monitoring of key risk areas identified by the Company's risk policies.

## Corporate Governance

- i) To review the Company's compliance with applicable statutory and regulatory requirements and adequacy of the monitoring and reporting system for the same.
- j) To review reports regarding material litigation, legal claims or contingencies relating to the Company and advise the Board on any legal risks that could have a material effect on the financial position or operating results of the Company.
- k) To review reports concerning material, actual and suspected breaches of law, including fraud and theft, and assess systems to manage this risk.
- l) To review the Company's policy for insurance.
- m) To review the Company's Financial Risk Management Policy with particular reference to :
  - (i) Forex Risks
  - (ii) Liquidity Risks.
- n) To review material covenants / obligations accepted by the Company with regard to financial assistance availed by it or guarantees / security provided by it.
- o) To review Trade Credit Policy.
- p) To review, monitor and oversee the Company's Whistle Blower Policy and give such directions in this regard as it considers necessary.
- q) Undertake such other functions as may be entrusted to it by the Board from time to time.

## 6. Nomination and Remuneration Committee

The Nomination and Remuneration Committee reviews and makes recommendations on annual salaries, performance linked incentives, stock options, perquisites and other employment conditions for executive Directors. The Committee also recommends induction of Directors/ Executive Directors on the Board. The Committee takes into consideration remuneration practices followed by leading companies while determining the overall remuneration package. The annual variable commission in the form of 'Performance Linked Incentive' to executive Directors as also Stock Options to be granted to non-promoter executive Directors, are linked to the performance of the Company in general and the individual performance of the executive Directors for the relevant year measured against specific Key Result Areas, which are aligned to the Company's objectives.

Non-executive Directors are paid remuneration by way of Commission and Sitting Fees. The payment of Commission is decided broadly on the basis of their respective contribution to the Company and the overall performance of the Company.

The Committee met twice during the year, on 6th May, 2010, and 10th August, 2010.

The members of the Committee are:

Name	Designation	Category	No. of Meetings Attended
N. Vaghul	Chairman	Independent Director	2
Keki Dadiseth	Member	Independent Director	2
S. Ramadorai	Member	Independent Director	-
Ajay G. Piramal	Member	Executive Director	2

## Corporate Governance

### 7. Remuneration of Directors

Details of remuneration to the directors for the year ended March 31, 2011 are as follows:

Director	Relationship with other directors	Business relationship with the Company	Sitting fees*	Salary & Perquisites#	Performance Linked Incentive / Commission	Total
(Rupees)						
Ajay G. Piramal	Husband of Dr. Swati A. Piramal & father of Ms. Nandini Piramal	Promoter	-	6,00,30,887	3,00,00,000	9,00,30,887
Keki Dadiseth	None	None	2,20,000	-	16,00,000	18,20,000
Y. H. Malegam	None	None	3,20,000	-	16,00,000	19,20,000
Dr. (Mrs.) Swati A. Piramal	Wife of Mr. Ajay G. Piramal & mother of Ms. Nandini Piramal	Director - Promoter Group	-	3,25,41,306	1,50,00,000	4,75,41,306
Nandini Piramal	Daughter of Mr. Ajay G. Piramal & Dr. (Mrs.) Swati A. Piramal	Executive Director - Promoter Group	-	3,15,40,458	20,00,000	3,35,40,458
S. Ramadorai	None	None	1,00,000	-	16,00,000	17,00,000
R. A. Shah	None	Sr. Partner, Crawford Bayley & Co., the Company's Solicitors	3,40,000	-	16,00,000	19,40,000
Deepak Satwalekar	None	None	3,00,000	-	16,00,000	19,00,000
N. Santhanam	None	Executive Director and Chief Operating Officer	-	6,54,56,999	30,00,000	6,84,56,999
N. Vaghul	None	None	3,40,000	-	16,00,000	19,40,000

\* includes sitting fees paid for Committee Meetings

# Consequent to the sale of the Domestic Formulations Business to Abbott Healthcare Private Limited ("Abbott") and as a token of gratitude to all the employees for their contribution towards building this business over the years and achieving critical mass, a one time ex-gratia payment was made to all the employees (including those shifted to Abbott) depending upon their length of service and other factors. The whole-time directors also received such one time ex-gratia payment which is included under Salary & Perquisites in the above table.

## Corporate Governance

### Notes:

- (a) Mr. Amit Chandra, having been appointed with effect from 20th June, 2011 his name is not included in the above table. He is not related to any director of the Company and does not have any such business relationship with the Company.
- (b) The terms of appointment of the Executive Directors referred to in the above table as approved by shareholders, are contained in the Agreements executed with them by the Company, as follows:

Ajay G. Piramal	: Agreement dated 23rd March, 2007
Dr. (Mrs.) Swati A. Piramal	: Agreement dated 28th December, 2007
N. Santhanam	: Agreement dated 8th October, 2010
Nandini Piramal	: Agreement dated 19th June, 2009

- (c) No loans and advances have been given to any Director of the Company.
- (d) As per prevailing policy, Stock Options are granted only to non-promoter executive directors. Accordingly, during the year ended 31st March 2011, 50,000 Stock Options were granted to Mr. N. Santhanam, Executive Director & Chief Operating Officer at an exercise price of Rs. 200 per Option. In addition to the exercise price, applicable TDS would also be payable at the time of exercising the Stock Options.

Out of the Options so granted, depending on his performance, achievement of key result areas and other criteria, the Nomination and Remuneration Committee would determine the actual number of stock options that would vest in his favour. Out of the total Options so vested, he would be eligible to exercise 25% immediately, 25% after 1 year and the balance 50% after 2 years. The exercise period is 5 years from the date of eligibility, failing which the Options would lapse.

It may be noted in this regard that since the PHL ESOP Scheme is implemented through the ESOP Trust and the shares given by the ESOP Trust against exercise of stock options are those that have been acquired by the ESOP Trust from the secondary market and no new shares are issued by the Company, there will not be any increase in the share capital of the Company, nor will there be any impact on the Earnings Per Share or other ratios relating to share capital, as a result of exercise of the Stock Options.

### (e) Shareholding of Non-executive Directors

The individual shareholdings of Non-executive Directors (including shareholding as joint holder) as on March 31, 2011 are given below:

Name	No. of shares held
R.A. Shah	2,55,294
Y. H. Malegam	2,862

## 8. Investors Grievance Committee

The Investors Grievance Committee met four times during the year, on 7th May, 2010, 10th August, 2010, 22nd October, 2010 and 11th February, 2011. Following are the members of this Committee. The members attended all the four meetings.

Name	Designation	Category
Deepak Satwalekar	Chairman	Independent Director
N. Santhanam	Member	Executive Director

Mr. Leonard D'Souza, the Company Secretary, is the Compliance Officer.

## Corporate Governance

### Investor Grievances

The following table shows the nature of complaints received from shareholders during 2010-11 and 2009-10. There were two complaints pending as on 31st March, 2011 which have since been resolved.

Nature of Complaints	2010-11	2009-10
Dividend	18	19
Non-receipt of Share Certificates	20	6
Others	30	11
<b>Total</b>	<b>68</b>	<b>36</b>

The complaints are generally replied to within 7 days from their lodgment with the Company.

The Company has designated the email id 'complianceofficer.phl@piramal.com' exclusively for the purpose of registering complaints by investors electronically. This email id has been displayed on the Company's website 'www.piramalhealthcare.com'.

### 9. Governance & Ethics Committee

The members of this Committee are Mr. Keki Dadiseth (Chairman of the Committee), Mr. R. A. Shah and Mr. Deepak Satwalekar. The Committee met twice during the year, on 7th May, 2010 and 14th September, 2010. All the members attended the meetings.

The terms of reference of the Governance & Ethics Committee are:

- a. To consider, review and decide on matters relating to Corporate Governance as per the Listing Agreement entered into with the Stock Exchange(s) and other applicable laws & regulations;
- b. To recommend to the Board best practices in the areas of Board Governance, Corporate Governance, Ethics & Disclosure Policies concerning the interests of the stakeholders and in this regard, to formulate, recommend to the Board and monitor appropriate policies and guidelines for the Company, including the following:
  - (i) Guidelines on Corporate Disclosure Practices;
  - (ii) Code of Business Conduct & Ethics
- c. To periodically review the compliance with the Code of Conduct for Prevention of Insider Trading of the Company;
- d. To carry out such additional functions as may be provided under applicable statutory / regulatory requirements and/or as may be entrusted to it by the Board from time to time.

### 10. General Body Meetings

The location, date and time of the Annual General Meetings held during the last 3 years are as follows:

Annual General Meeting (AGM)	Date	Time	Venue	No. of Special Resolutions passed
61st AGM	26th June, 2008	3.00 p.m.	Yashwantrao Chavan Pratisthan, Opposite Mantralaya Mumbai 400 021	-
62nd AGM	18th June, 2009	3.00 p.m.	Walchand Hirachand Hall, Indian Merchants' Chamber Building, IMC Marg, Churchgate, Mumbai 400 020	2
63rd AGM	9th July, 2010	3.00 p.m.	Yashwantrao Chavan Pratisthan, Opposite Mantralaya Mumbai 400 021	3

The special resolutions were passed on show of hands.

## Corporate Governance

### Postal Ballot

During the financial year ended 31st March, 2011 the Company sought approval from the shareholders by Postal Ballot for the following proposals:

Date of Notice	Proposal	No. & % of votes cast in favour	No. & % of votes cast against	Date of passing the resolutions
21st May, 2010	1. Sale of Domestic Formulations Business (including the MMBF business) to Abbott Healthcare Private Limited – Ordinary Resolution	15,56,97,616 99.95%	76,800 0.05%	25th June, 2010
	2. Payment to Piramal Enterprises Limited and its Associates in consideration for providing guarantee, non-compete and other undertakings – Ordinary Resolution	14,38,56,293 99.89%	1,56,722 0.11%	
27th October, 2010	1. Buyback of Securities – Special Resolution	13,05,94,894 99.79%	2,74,257 0.21%	6th December, 2010
	2. Contribution to Charitable and other funds – Ordinary Resolution	12,41,23,645 96.57%	44,09,574 3.43%	

While Mr. N.L. Bhatia, senior Practicing Company Secretary, was appointed as Scrutinizer for the Postal Ballot process undertaken in May-June 2010, Mr. Bharat R. Upadhyay, Practicing Company Secretary, was appointed as Scrutinizer for the Postal Ballot process undertaken in October-December 2010, as aforesaid.

As will be seen from the above table, all the above resolutions were passed by overwhelming requisite majority.

### Procedure for Postal Ballot

After receiving the approval of the Board of Directors, the Notice, Explanatory Statement alongwith the Postal Ballot Form and reply paid self - addressed envelope, were dispatched to the members to enable them to consider and vote for or against the proposals within a period of 30 days from the date of dispatch. The Calendar of Events of the Postal Ballot process was filed with the Registrar of Companies, Maharashtra within the stipulated period. After the last date of receipt of Postal Ballots, the Scrutinizer, after due verification, submitted his report. Thereafter, the results of the Postal Ballot were declared by the Chairman. The same were posted on the website of the Company and at the Registered Office of the Company.

At present there is no proposal to pass any resolution through postal ballot.

### 11. Note on Directors appointment/re-appointment

Mr. Y. H. Malegam and Mr. Deepak Satwalekar are retiring by rotation at the ensuing Annual General Meeting (AGM) and are eligible for re-appointment.

Mr. Amit Chandra, who has been appointed on the Board as Additional Director with effect from 20th June, 2011, holds office upto the date of the ensuing AGM and is proposed for appointment as Director at the said Meeting.

Brief details concerning these Directors are given below:

## Corporate Governance

### Mr. Y. H. Malegam

Mr. Y. H. Malegam is 77 years of age. He is a Chartered Accountant and the former Managing Partner of Messrs S. B. Billimoria & Co., Chartered Accountants. He was also the Co-Chairman of Deloitte Haskins and Sells, Chartered Accountants. He is a member of the Central Board of Directors of the Reserve Bank of India and a member of the Board of Directors of several public limited companies.

His other directorships in public limited companies and subsidiaries of public limited companies in India are:

Sr. No.	Name of the Company	Designation & Membership of Board Committees referred to in clause 49 of the Listing Agreement
1.	ABC Bearings Limited	<ul style="list-style-type: none"> <li>• Director</li> </ul>
2.	The Clearing Corporation of India Limited	<ul style="list-style-type: none"> <li>• Director</li> <li>• Chairman – Audit Committee</li> </ul>
3.	First Source Solutions Limited	<ul style="list-style-type: none"> <li>• Director</li> <li>• Chairman – Audit Committee</li> </ul>
4.	Hindustan Construction Company Limited	<ul style="list-style-type: none"> <li>• Director</li> </ul>
5.	National Securities Clearing Corp. Limited	<ul style="list-style-type: none"> <li>• Director</li> <li>• Chairman – Audit Committee</li> </ul>
6.	National Stock Exchange of India Limited	<ul style="list-style-type: none"> <li>• Director</li> <li>• Member – Audit Committee</li> </ul>
7.	Siemens Limited	<ul style="list-style-type: none"> <li>• Director</li> <li>• Chairman – Audit Committee</li> </ul>
8.	Western India Polywoods Limited	<ul style="list-style-type: none"> <li>• Director</li> </ul>

### Mr. Deepak Satwalekar

Mr. Deepak Satwalekar is 62 years of age. He was formerly the Managing Director and the Chief Executive Officer of HDFC Standard Life Insurance Company Ltd. and prior to that, Managing Director of HDFC Ltd. Mr. Satwalekar has been a consultant to the World Bank, the Asian Development Bank and other bilateral and multilateral agencies and is the recipient of the “Distinguished Alumnus Award” from the Indian Institute of Technology, Bombay from where he obtained his Bachelor of Technology. He has an MBA degree from the American University, Washington D.C., USA.

His other directorships in public limited companies and subsidiaries of public limited companies in India are:

Sr. No.	Name of the Company	Designation & Membership of Board Committees referred to in clause 49 of the Listing Agreement
1.	Asian Paints Limited	<ul style="list-style-type: none"> <li>• Director</li> <li>• Member – Remuneration Committee</li> </ul>
2.	National Stock Exchange of India Limited	<ul style="list-style-type: none"> <li>• Director</li> </ul>
3.	Infosys Technologies Limited	<ul style="list-style-type: none"> <li>• Director</li> <li>• Chairman – Audit Committee</li> <li>• Member – Investors Grievance Committee</li> </ul>
4.	The Tata Power Company Limited	<ul style="list-style-type: none"> <li>• Director</li> <li>• Member – Audit Committee</li> </ul>
5.	IL&FS Transportation Networks Limited	<ul style="list-style-type: none"> <li>• Director</li> <li>• Chairman – Remuneration Committee</li> </ul>

## Corporate Governance

### Mr. Amit Chandra

Mr. Amit Chandra, 43 years of age, is an MBA graduate from the Boston College, USA. He was awarded the School's distinguished alumni in 2007. He received his under-graduate degree in Electrical Engineering from VJTI, Mumbai University.

Mr. Chandra is a leading investment banker. He is a Director on the Board of Bain Capital Advisors (India) Private Limited, which is part of the Bain Capital Group, a global Private Equity firm. He joined Bain Capital in 2008 to found its Mumbai office. Prior to this, he was the Managing Director and Board Member of DSP Merrill Lynch where he spent most of his professional career, having direct oversight of its global market and investment banking business.

His other directorships in public limited companies and subsidiaries of public limited companies in India are:

Sr. No.	Name of the Company	Designation & Membership of Board Committees referred to in clause 49 of the Listing Agreement
1.	Tata Investment Corporation Limited	• Director
2.	Lilliput Kidswear Limited	• Director
3.	Himadri Chemicals & Industries Limited	• Director • Member – Audit Committee

Mr. Chandra is also active in the country's not-for-profit space and serves as a Board Member of the Akanksha Foundation (which provides education to less privileged children) and GiveIndia (India's leading philanthropic exchange).

Among his other achievements, Mr. Chandra was named the "Young Global Leader" by the World Economic Forum in 2007.

Mr. Chandra is not related to any director of the Company and does not hold any shares in the Company.

## 12. Disclosures

- No transaction of material nature has been entered into by the Company with its Directors or Management and their relatives, etc. that may have a potential conflict with the interests of the Company;
- The Register of Contracts/statement of related party transactions, is placed before the Board/Audit Committee regularly;
- Transactions with related parties are disclosed in Note No. 15 of Schedule 22 to the Accounts in the Annual Report;
- There has been no instance of non-compliance by the Company on any matter related to capital markets. Hence, the question of penalties or strictures being imposed by SEBI or the Stock Exchanges or any other statutory authority does not arise;
- Listing fees for the financial year 2011-12 have been paid to the Stock Exchanges on which the shares of the Company are listed.

## Corporate Governance

### Compliance with Mandatory / Non-mandatory Requirements

- The Company has complied with all the applicable mandatory requirements of Clause 49 of the Listing Agreement.
- The Company has also adopted the non-mandatory requirements as specified in Annexure 1D to Clause 49 of the Listing Agreement regarding constitution of remuneration committee, unqualified financial statements and training of Board Members.

### 13. Means of Communication

- The annual, half-yearly and quarterly results are regularly posted by the Company on its website [www.piramalhealthcare.com](http://www.piramalhealthcare.com). These are also submitted to the Stock Exchanges and published in newspapers in accordance with the Listing Agreement. The Company also holds analyst meets / conference calls where presentations/ details are provided on financial results as well as major events. The presentations are simultaneously posted on the Company's website for dissemination to investors.
- Management Discussion & Analysis forms part of this Annual Report.

### 14. General Information for Shareholders

#### a) Annual General Meeting

- Date and Time	Tuesday, 9th August, 2011 at 3.00 p.m.
- Venue	Yashwantrao Chavan Pratishthan, Gen. Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Mumbai – 400 021

#### b) Financial Calendar

##### Financial reporting for:

Quarter ending 30th June, 2011	2nd August, 2011
Half year ending 30th September, 2011	20th October, 2011
Quarter ending 31st December, 2011	2nd February, 2012
Year ending 31st March, 2012	3rd May, 2012
Annual General Meeting for the year ending 31st March, 2012	June/July, 2012

## Corporate Governance

- c) **Dates of book closure** : 1st August, 2011 to 9th August, 2011
- d) **Dividend Payment Date** : Within 5 days from date of declaration of dividend
- e) **Registered Office** : Piramal Tower, Ganpatrao Kadam Marg,  
Lower Parel,  
Mumbai 400013.
- f) **Listing of Equity Shares on Stock Exchanges** : The Bombay Stock Exchange Limited  
(Code: 500302);  
The National Stock Exchange of India Limited  
(Code: PIRHEALTH);
- g) **Reuters code** : PIRA.BO
- h) **Bloomberg code** : PIHC: IN
- i) **Stock market data**

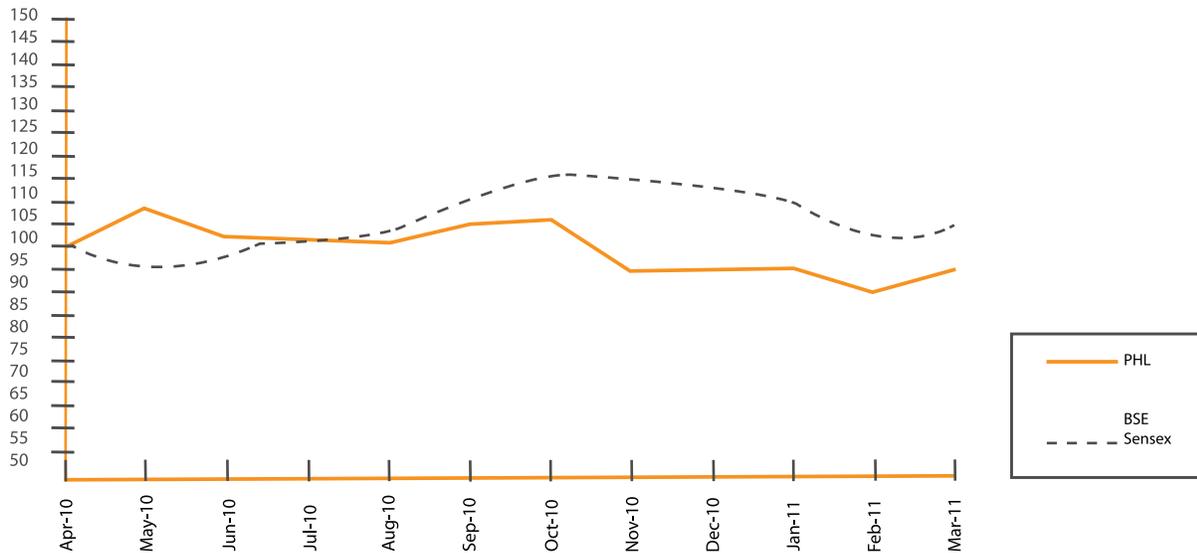
Month	Bombay Stock Exchange				National Stock Exchange			
	High (Rs.)	Low (Rs.)	Average Closing Pricing (Rs.)	Monthly volume	High. (Rs.)	Low (Rs.)	Average Closing Price (Rs.)	Monthly volume
Apr-2010	544.70	419.25	487.69	42,57,927	544.50	419.00	487.46	1,53,48,525
May-2010	599.90	478.00	527.18	3,87,33,159	599.90	477.10	527.05	9,74,89,543
June-2010	526.50	476.30	496.88	71,37,499	526.50	475.25	496.88	1,82,21,560
July-2010	524.00	412.50	498.04	30,82,720	525.00	477.00	498.12	1,08,40,419
Aug-2010	532.95	468.50	491.66	5,55,01,426	531.90	469.00	491.53	1,88,63,710
Sept-2010	534.40	496.10	512.98	5,66,32,342	533.00	497.05	513.43	1,39,40,437
Oct-2010	560.00	468.00	514.31	64,12,224	560.00	468.00	514.27	2,01,02,737
Nov-2010	485.00	420.00	461.08	15,48,831	482.80	417.00	461.37	77,04,897
Dec-2010	478.00	430.90	460.56	14,17,497	474.80	430.00	461.06	68,08,666
Jan-2011	490.60	410.00	464.54	8,39,403	490.00	432.15	464.55	48,54,523
Feb-2011	462.00	412.60	438.59	10,43,359	462.40	411.20	438.78	67,69,184
Mar-2011	550.00	412.50	462.92	28,23,735	546.00	411.50	462.97	1,09,67,582

## Corporate Governance

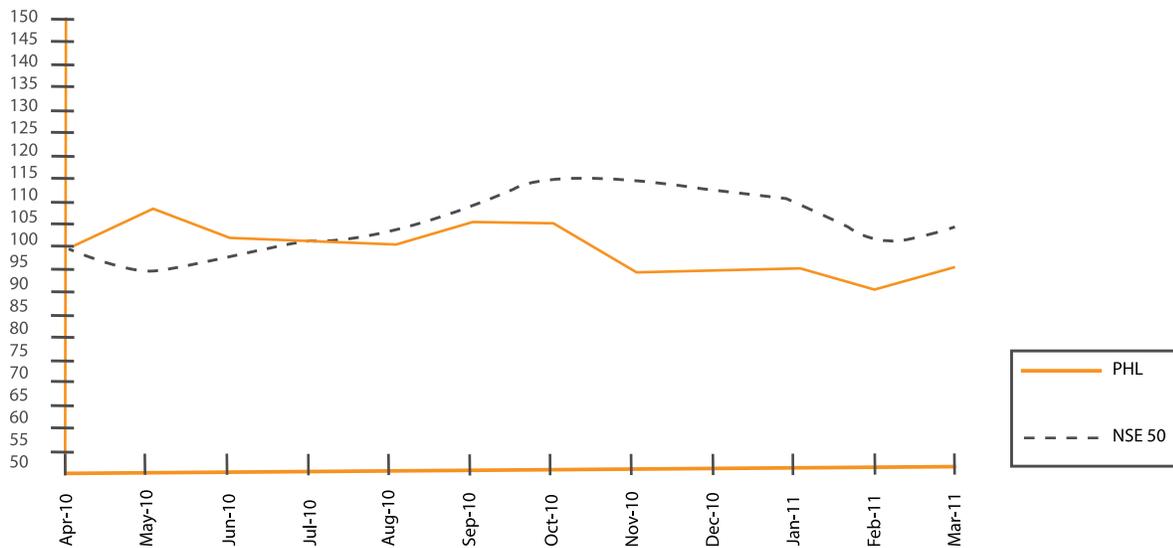
### j) Stock Performance vs BSE Sensex and NSE-50

Performance of the Company's Equity Shares on Bombay Stock Exchange Limited and National Stock Exchange of India Limited relative to the BSE Sensitive Index (BSE Sensex) and S&P CNX Nifty (NSE-50) respectively are graphically represented in the charts below:

#### Average monthly closing price of the Company's shares on BSE as compared to BSE Sensex



#### Average monthly closing price of the Company's shares on NSE as compared to NSE-50



## Corporate Governance

### k) Share Transfer Agents

M/s Link Intime India Pvt. Ltd. ("Link Intime"), are the Share Transfer Agents of the Company. The contact details of Link Intime are given below:

#### Link Intime India Pvt. Ltd.

C-13 Pannalal Silk Mills Compound,  
LBS Marg, Bhandup (West),  
Mumbai – 400078  
Tel.: (022) 25946970  
Fax: (022) 25946969

203, Davar House,  
197/199 D.N Road,  
Mumbai - 400001

e-mail: [piramal.irc@linkintime.co.in](mailto:piramal.irc@linkintime.co.in)

### l) Share Transfer System (in physical segment)

To expedite the share transfer process in the physical segment, authority has been delegated to the Share Transfer Committee, which comprises:

Ajay G. Piramal	Chairman
R. A. Shah	Member
N. Santhanam	Member

For administrative convenience and to facilitate speedy approvals, authority has also been delegated to the Share Transfer Agents and also to senior executives to approve share transfers upto specified limits. Share transfers / transmissions approved by the Committee and/or the authorised executives are placed at the Board Meeting from time to time.

In case of shares held in physical form, all transfers are completed within 12 days from the date of receipt of complete documents. As at 31st March, 2011 there were no Equity Shares pending for transfer. Also, there were no demat requests pending as on 31st March, 2011.

### m) Distribution of Shareholding as on 31st March, 2011

Slab of shareholdings	Shareholders	%	No. of Shares	%
1 to 100	52321	58.21	19,65,516	1.17
101 to 200	10486	11.67	15,37,618	0.92
201 to 500	17307	19.26	54,42,938	3.24
501 to 1000	6263	6.97	45,42,287	2.70
1001 to 5000	2993	3.33	54,64,893	3.26
5001 to 10000	177	0.20	12,04,267	0.72
10001 to 20000	112	0.13	15,87,048	0.94
20001 to 30000	46	0.05	11,52,402	0.68
30001 to 40000	20	0.02	7,03,298	0.42
40001 to 50000	19	0.02	8,43,558	0.50
50001 to 100000	40	0.04	30,50,116	1.82
Above 100000	93	0.10	14,04,22,103	83.63
<b>Total</b>	<b>89877</b>	<b>100.00</b>	<b>16,79,16,044</b>	<b>100.00</b>

## Corporate Governance

According to categories of Equity Shareholders as on 31st March, 2011

Sr. No.	Category of Shareholder	Number of Shareholders	Number of Shares	%
(A)	<b>Shareholding of Promoter and Promoter Group</b>	<b>9</b>	<b>8,95,15,400</b>	<b>53.31</b>
(B)	<b>Public shareholding</b>			
	<b>1. Institutions</b>			
	(a) Mutual Funds / UTI	19	5,41,579	0.32
	(b) Financial Institutions / Banks	19	1,02,812	0.06
	(c) Insurance Companies	10	89,25,633	5.32
	(d) Foreign Institutional Investors	205	3,35,80,076	20.00
	<b>2. Non-Institutions</b>			
	(a) Bodies Corporate	1198	1,10,46,504	6.58
	(b) Individuals:			
	(i) holding nominal share capital up to Rs 1 lakh	87,139	2,04,19,775	12.16
	(ii) holding nominal share capital in excess of Rs. 1 lakh.	18	32,22,424	1.92
	(c) Others			
	(i) Foreign Nationals	2	2,084	0.00
	(ii) Clearing Member	150	97,604	0.06
	(iii) Trust	3	747	0.00
	(iv) Non Resident Indians - Repatriable	789	2,48,338	0.15
	(v) Non Resident Indians- Non Repatriable	316	2,13,068	0.12
	<b>Total public shareholding</b>	<b>89868</b>	<b>7,84,00,644</b>	<b>46.69</b>
	<b>TOTAL</b>	<b>89877</b>	<b>16,79,16,044</b>	<b>100.00</b>

### Note:

The paid-up share capital of the Company has been reduced from 20,90,13,144 equity shares of Rs. 2 each to 16,79,16,044 equity shares of Rs. 2 each as on 31st March, 2011 pursuant to Buyback of equity shares by the Company. Subsequent to the financial year ended on 31st March, 2011 a further 7,05,529 equity shares were bought back, which were kept in abeyance pending receipt of requisite approval from the Reserve Bank of India, consequent to which, the number of equity shares in the paid-up share capital of the Company have been further reduced to 16,72,10,515 equity shares.

### n) Dematerialisation of shares

As on 31st March 2011, 15,84,35,986 equity shares (94.35 % of the total number of shares) are in dematerialised form as compared to 19,75,14,644 equity shares (94.50 % of the total number of shares) as on 31st March, 2010.

### Note:

The percentage shareholding referred to above are not comparable in view of the intervening Buyback of Equity Shares.

## Corporate Governance

**o) Outstanding GDRs/ ADRs/ Warrants or any convertible instruments**

There are no outstanding convertible warrants/ instruments.

**p) Plant Locations of PHL and its Subsidiaries**

**India:**

- Plot No.K-1, Additional M.I.D.C, Mahad, Dist. Raigad, 402 302, Maharashtra.
- C-301/1 T.T.C. Industrial Area, Pawne, Navi Mumbai, 400 705 Maharashtra.
- Plot No. 67-70, Sector II, Pithampur, Dist Dhar, 454 775, M.P.
- Digwal Village, Medak District, Andhra Pradesh 502 321.
- Ennore Express Highway, Enravur Village, Chennai 600 057, Tamil Nadu.
- Plot No.19, Pharmez, Sarkhej Bavla, Sanand, NH 8A, Village Matoda, Taluka Sanand, Ahmedabad - 382 213
- Shirish Research Campus, Plot No – 18, PHARMEZ, Special Economic Zone, Taluka – Sanand, Ahmedabad.

**Overseas:**

**Piramal Healthcare UK Limited**

- Morpeth, Northumberland, UK
- Grangemouth, Stirlingshire, UK

**Piramal Healthcare (Canada) Limited**

- Aurora, Ontario, Canada
- 475, Boul, Armand-Frappier, Laval, Quebec, H7V 4B3, Canada

**Piramal Critical Care Inc.**

- Bethlehem, PA 18017, 3950 Schelden Circle, Pennsylvania State, USA

## Investors Correspondence

**Leonard D'Souza**

Company Secretary  
Piramal Healthcare Limited,  
Piramal Tower Annexe,  
Ganpatrao Kadam Marg,  
Lower Parel,  
Mumbai 400 013.

Tel: 91-22-30467953 • Fax: 91-22- 24902363

email: [complianceofficer.phl@piramal.com](mailto:complianceofficer.phl@piramal.com)

### Certification under Clause 49 (I) (D) of the Listing Agreement

This is to confirm that all the Board Members and Senior Management personnel have affirmed compliance with the Code of Conduct for Piramal Healthcare Limited for the financial year ended 31st March, 2011.

Mumbai  
29th April, 2011

For Piramal Healthcare Limited

**N. Santhanam**  
Executive Director and Chief Operating Officer

**Corporate Governance****Certificate On Corporate Governance****The Members of  
Piramal Healthcare Limited**

We have examined the compliance of conditions of Corporate Governance by Piramal Healthcare Limited for the year ended 31st March, 2011 as stipulated in clause 49 of the Listing Agreement of the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation adopted by the Company, for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statement of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the Management has conducted the affairs of the company.

**For N. L. Bhatia & Associates**

Practicing Company Secretaries

**N. L. Bhatia**

Partner

C. P. No. 422

Place: Mumbai

Date: 21st June, 2011

**Notice**

**NOTICE** is hereby given that the 64th Annual General Meeting of the Members of Piramal Healthcare Limited will be held on Tuesday, the 9th day of August, 2011 at 3.00 p.m. at Yashwantrao Chavan Pratishthan, Gen. Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Mumbai – 400 021, to transact the following business:

1. To receive, consider and adopt the audited Balance Sheet as at and the Profit and Loss Account for the financial year ended on 31st March, 2011 and the Reports of the Directors and Auditors thereon.
2. To declare dividend(s).
3. To appoint a Director in place of Mr. Y. H. Malegam, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. Deepak Satwalekar, who retires by rotation and is eligible for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

**SPECIAL BUSINESS:**

6. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT Mr. Amit Chandra, who was appointed as an Additional Director with effect from 20th June, 2011 under section 260 of the Companies Act, 1956 read with Article 115 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company.”

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
2. The Explanatory Statement pursuant to section 173 (2) of the Companies Act, 1956 is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company has been declared closed from **Monday, 1st August, 2011 to Tuesday 9th August, 2011 (both days inclusive).**
4. Dividend on equity shares when declared at the Meeting, will be paid within 5 days from the date of the Annual General Meeting.

**5. Directors**

Mr. Y. H. Malegam and Mr. Deepak Satwalekar are retiring by rotation at this Annual General Meeting and are eligible for re-appointment.

Mr. Amit Chandra, who was appointed as Additional Director by the Board and holds office upto the date of this Annual General Meeting, is proposed for appointment as Director of the Company.

The information to be provided for these Directors under Clause 49 of the Listing Agreement is given in the Corporate Governance Section of this Annual Report. Mr. Y. H. Malegam, Mr. Deepak Satwalekar and Mr. Amit Chandra are not related to any director of the Company.

**Notice**

6. Facility of electronic credit of dividend directly to the respective bank accounts of our shareholders through National Electronic Clearing Service (NECS), is available. This facility is currently available all over India. The Mandate Form is separately enclosed in this Annual Report. This is in addition to the Bank Mandate Facility that already exists whereby bank account details are printed on the dividend warrants. Shareholders who would like to avail of the NECS Mandate Facility or the Bank Mandate Facility (if not done earlier) are requested to complete and submit the Mandate Form, so as to reach the Company's Share Transfer Agent latest by 31st July, 2011. Kindly note that shareholders holding shares in dematerialised form would receive their dividend directly to the bank account nominated by them to their Depository Participant.
7. Those members who have so far not encashed their dividend warrants for the below mentioned financial years, may claim or approach the Company for the payment thereof as the same will be transferred to the Investor Education and Protection Fund of the Central Government, pursuant to section 205C of the Companies Act, 1956 on the respective dates mentioned below. Intimation in this regard is being sent to the concerned shareholders periodically. Kindly note that after such dates, the members will lose their right to claim such dividend.

<b>Financial Year ended</b>	<b>Due date for transfer</b>
31.03.2004	25.07.2011
31.03.2005	07.08.2012
31.03.2006	29.07.2013
31.03.2007	15.04.2014 (Interim Dividend)
31.03.2007	15.07.2014 (Final Dividend)
31.03.2008	27.07.2015
31.03.2009	19.07.2016
31.03.2010	09.08.2017

8. Pursuant to Section 205C of the Companies Act, 1956 all unclaimed dividends for the financial years ended 31st March, 1996 to 31st March, 2003 have been transferred to the Investor Education and Protection Fund.
9. Pursuant to Section 205A of the Companies Act, 1956 all unclaimed dividends upto the financial year ended 31st March, 1995 have been transferred to the General Revenue Account of the Central Government. Shareholders who have not encashed the dividend warrants for the said period(s) are requested to claim the same from the Central Government in the prescribed form.
10. Section 109A of the Companies Act, 1956 provides for **Nomination** by the shareholders of the Company in the prescribed Form No. 2B which is available on the website of the Company 'www.piramalhealthcare.com'. Shareholders are requested to avail this facility.
11. Over the years, as a result of allotment of shares arising out of earlier mergers, it is possible that multiple folios have been created. We request you to **consolidate multiple folios** existing in the same names and in identical order. Consolidation of folios does not amount to transfer of shares and therefore, no stamp duty or other expenses are payable by you. Many of the shareholders have already done so. In case you decide to consolidate your folios, you are requested to forward your share certificates to the Company's Share Transfer Agent.
12. Members are requested to note that in case of transfers, deletion of name of deceased shareholder, transmission and transposition of names in respect of shares held in physical form, submission of photocopy of PAN Card of the transferee(s), surviving holder(s), legal heir(s) and joint holder(s) respectively, along with necessary documents at the time of lodgment of request for these transactions, is now mandatory.
13. To support the "Green Initiative in Corporate Governance" taken by The Ministry of Corporate Affairs by allowing paperless compliances and stating that service of notices / documents including Annual Report can be effected by sending the same through electronic mode to the registered e-mail addresses of the shareholders, notices/documents including the Annual Report are now being sent by electronic mode to the shareholders whose e-mail address have been registered with the Company. Members who would like to receive such notices / documents in electronic mode in lieu of physical copy and who have not registered their e-mail addresses

**Notice**

so far or who would like to update their e-mail addresses already registered, are requested to register/update their e-mail addresses:

- In respect of electronic shareholding – through their respective Depository Participants;
- In respect of physical shareholding – by sending a request to the Company’s Share Transfer Agent, mentioning therein their folio number and e-mail address.

**Registered Office:**

Piramal Tower,  
Ganpatrao Kadam Marg,  
Lower Parel,  
Mumbai 400 013.

**By Order of the Board**

**Leonard D’Souza**  
Company Secretary

Dated: 21st June, 2011.

**ANNEXURE TO NOTICE****Explanatory Statement under section 173(2) of the Companies Act, 1956****Item No. 6****Mr. Amit Chandra - Appointment as Director**

Mr. Amit Chandra was appointed by the Board as an Additional Director with effect from 20th June, 2011 under Section 260 of the Companies Act, 1956 read with Article 115 of the Articles of Association of the Company. He holds office upto the date of this Annual General Meeting and is eligible for appointment as Director of the Company.

Mr. Amit Chandra, 43 years of age, is an MBA graduate from the Boston College, USA. He was awarded the School’s distinguished alumni in 2007. He received his under-graduate degree in Electrical Engineering from VJTI, Mumbai University.

Mr. Chandra is a leading investment banker. He is a Director on the Board of Bain Capital Advisors (India) Private Limited, which is part of the Bain Capital Group, a global Private Equity firm. He joined Bain Capital in 2008 to found its Mumbai office. Prior to this, he was the Managing Director and Board Member of DSP Merrill Lynch where he spent most of his professional career, having direct oversight of its global market and investment banking business.

Mr. Chandra is also active in the country’s not-for-profit space and serves as a Board Member of the Akanksha Foundation (which provides education to less privileged children) and GiveIndia (India’s leading philanthropic exchange).

Among his other achievements, Mr. Chandra was named the “Young Global Leader” by the World Economic Forum in 2007.

Further details relating to Mr. Amit Chandra including his other Directorships and Board Committee Memberships are given in the Corporate Governance Section of this Annual Report.

As required under section 257 of the Act, the Company has received a joint notice alongwith deposit, from some members proposing the candidature of Mr. Amit Chandra as a Director of the Company.

The Board recommends the resolution appearing at Item No.6 of the accompanying Notice seeking your approval to the appointment of Mr. Amit Chandra as Director of the Company.

As it concerns him, Mr. Amit Chandra is deemed to be concerned and interested in this resolution.

**Registered Office:**

Piramal Tower,  
Ganpatrao Kadam Marg,  
Lower Parel,  
Mumbai 400 013.

**By Order of the Board**

**Leonard D’Souza**  
Company Secretary

Dated: 21st June, 2011.

**Directors' Report**

Dear Shareholders,

We take pleasure in presenting the 64th Annual Report and Audited Accounts for the Year ended 31st March 2011.

**PERFORMANCE HIGHLIGHTS: (Standalone)**

(Rs. in Million)

<b>Year Ended 31st March</b>	<b>FY 2011</b>	<b>FY 2010</b>	<b>% Growth</b>
Operating income	16,103.6	26,662.1	(39.6)
Income from Investments	3,796.9	1,324.8	186.6
Total Operating Income	19,900.5	27,986.9	(28.9)
OPBIDTA excluding FOREX impact	4,221.1	7,367.8	(42.7)
Foreign Exchange Gain / (Loss)	925.7	(106.1)	
OPBIDTA	5,146.8	7,261.7	(29.1)
% margin	25.9	25.9	
Non-operating other income	0.3	0.3	
EBIDTA	5,147.1	7,262.0	(29.1)
Less:			
Interest Expenses	797.9	1,563.6	(49.0)
Depreciation	776.1	922.2	(15.8)
Profit before tax and Exceptional items	3,573.1	4,776.2	(25.2)
Add: Exceptional Items Income / (Expenses) (Net)	162,099.0	(3.6)	
Profit before tax	165,672.1	4,772.6	
Less:			
Income Tax provision	36,703.0	340.4	10,682.3
--- Current	36,828.2	834.4	
--- Deferred	(125.2)	78.8	
--- MAT Credit Entitlement	-	(572.8)	
Profit after tax (excluding exceptional items)	128,969.1	4,432.2	2,809.8
% margin	NA	16.6	
Add:			
Profit brought forward from previous year	4,606.4	3,208.6	
Profit available for appropriation	133,575.5	7,640.8	
<b>Appropriation:</b>			
Proposed dividend			
--- Equity Shares	2,006.5	1,128.6	
--- Dividend Distribution Tax thereon	325.5	187.5	
Transfer to General Reserve	73,986.0	1,393.3	
Transfer to Capital Redemption Reserve	-	-	
Transfer from Debenture Redemption Reserve	(500.0)	-	
Transfer to Debenture Redemption Reserve	75.0	325.0	
Balance carried to Balance Sheet	57,682.5	4,606.4	
Earnings Per Share (Basic / Diluted) (Rs.)	574.3	19.7	

## Directors' Report

### DIVIDEND

The Board has recommended the following dividends:

- a regular dividend of Rs. 6 per equity share of Rs. 2 (i.e. 300%); and
  - a special dividend, as a further reward to shareholders consequent to the sale of the Domestic Formulations Business, of Rs. 6 per share of Rs. 2 (i.e. 300%);
- both aggregating to dividend of Rs. 12 per share (i.e. 600%).

The above dividends will be paid to eligible members within 5 days of the approval by the shareholders at the forthcoming Annual General Meeting.

The total cash outflow on account of dividend payments, including distribution tax, will be Rs. 2,332 million. (FY2010 Rs.1,316.1 million). The Board recommends the above dividends for declaration by the members.

### SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR 2011:

#### Sale of Healthcare Solutions business to Abbott:

During the year, the Company has sold its Healthcare Solutions (Domestic Formulations) Business to Abbott Healthcare Private Limited, for a total cash consideration of the Indian rupee equivalent of \$3.8 billion. The domestic formulation business used to manufacture, market and sell branded pharmaceutical products in finished form mainly in the Indian market. As per the terms and conditions of this transaction, the Company has transferred its assets including manufacturing facilities at Baddi, Himachal Pradesh, rights to approximately 350 brands and trademarks and more than 5,000 employees relating to its domestic formulations business to Abbott.

#### Sale of shareholding in Piramal Diagnostic Services Pvt. Ltd.:

During the year, the Company also sold its shareholding in its subsidiary Piramal Diagnostic Services Private Limited (PDSL) to Super Religare Laboratories (SRL) for a total consideration of Rs. 6.0 billion. As per the terms of this transaction, the Company has received Rs. 3.0 billion in cash as an upfront payment on closure of the transaction in the month of August 2010 and Rs. 1.4 billion in January, 2011. The balance amount is held in the form of debentures of SRL to be redeemed over a period of not more than 3 years.

#### Discontinuation of JV with Arkray:

In the month of September, 2010, the Company sold its entire stake of 49% in its Joint Venture, Arkray Piramal Medical Private Limited and recognized a profit (net of expenses) of Rs. 177.4 million on account of this.

#### Acquisition of Oxygen Bio Research:

During the year, the Company acquired Oxygen Bio Research ("Oxygen") based in Ahmedabad, India. Oxygen is a 7 year old discovery services Company providing integrated discovery services – synthetic chemistry, medicinal chemistry, computational chemistry and in-vitro Biology. The acquisition of Oxygen marks the Company's entry into the discovery services and will enable the Company to partner with its client companies at the early stage of drug life cycle.

#### Buyback of equity shares:

The total shares bought back by the Company under the Buyback of Equity Shares was 41.8 million shares, which represented 20% of the equity, at a price of Rs. 600 per share aggregating to Rs. 25.1 billion. The buyback price represented a premium of 19% over the average share price for the last three months at the time of announcement of buyback (22nd October, 2010).

### OPERATIONS REVIEW:

FY2011 financials include the financials of the Healthcare Solutions business only till 7th September, 2010 being the date upto which this business was with the Company. Net Sales and Net Profit related to Healthcare Solutions business included in FY2011 was Rs. 8.0 billion and Rs. 1.5 billion as compared to Rs. 19.7 billion and Rs. 5.8 billion in FY2010. As a result, Total Operating Income for the year was lower at Rs. 19.9 billion as compared to Rs. 28.0 billion for the year ended 31 March, 2010. Operating Profit (OPBIDTA) was lower at Rs. 5.1 billion as compared to Rs. 7.3 billion in FY2010. The net gain related to sale of Healthcare Solutions business and sale of shareholding in PDSL resulted in exceptional income of Rs. 162.1 billion. Hence, Profit After Tax was higher at Rs. 129.0 billion as compared to Rs. 4.4 billion in FY2010 and Earnings Per Share were Rs. 574.3 for the year as compared to Rs. 19.7 per share for FY2010.

## Directors' Report

A detailed discussion of operations for the year ended 31st March, 2011 is given in the Management Discussion and Analysis section.

### RESEARCH & DEVELOPMENT:

The Company continues to conduct Research and Development related to:

- Pre-formulation and formulation development and clinical manufacturing of NCE's for external clients; Process optimization, research and scale up, for the early phase projects from clients;
- Development of cost effective and environmentally friendly process for commercial manufacturing of Active Pharmaceutical Ingredients (APIs) and their intermediates.

Total R&D expenditure during the year was Rs. 413.2 million, including capital expenditure of Rs. 19.4 million. The corresponding previous year spends were Rs. 403.8 million and Rs. 41.9 million respectively. The strength of the research and development staff was reduced to 129 people in FY2011 from earlier of 191 people, due to sale of the Healthcare Solutions business to Abbott and consequent transfer of R&D related staff to Abbott.

### SUBSIDIARY COMPANIES:

#### Piramal Healthcare UK Ltd.

Net sales for FY2011 were lower at Rs. 4.2 billion as compared to Rs. 4.6 billion for FY2010 as FY2010 had some sales from Huddersfield facility that was shut down later. Adverse movement of INR/GBP exchange rate also impacted the performance of Piramal Healthcare UK Ltd. INR appreciated by 7% vs. GBP resulting in lower sales and profitability. Operating margin for the year was lower at 10.9% compared with 12.4% in the last year. Operating Profit for the year was lower at Rs. 463.5 million as compared to Rs. 570.3 million in FY2010. Net profit was lower at Rs. 315.3 million as compared to Rs. 618.4 million in FY2010 mainly due to one time exceptional expenditure related to Voluntary Retirement cost of Rs. 48.5 million in FY2011 and FY2010 number including a gain of Rs. 234.7 million by way of deferred tax asset.

#### Piramal Healthcare (Canada) Ltd.

Net Sales for FY2011 grew by 5.2% to Rs. 940.2 million as compared to Rs. 893.6 million in FY2010. The results of Piramal Healthcare (Canada) Ltd. have been impacted due to consolidation of financials related to Biosynteck, a company whose assets were acquired during the year. Biosynteck is a medical devices company specializing in development, manufacturing and commercialization of advanced biotherapeutic thermogels for regenerative medicines. Biosynteck related operations had an operating loss of Rs 194.0 million for FY2011. Hence, there was a loss at Operating level for Piramal Healthcare (Canada) Ltd. of Rs. 34.5 million as compared to Operating Profit of Rs. 93.0 million for FY2010. Similarly, Net loss for the year was Rs. 159.8 million as compared to Net profit of Rs. 27.5 million for FY2010.

#### Piramal Healthcare Inc.

Piramal Healthcare Inc. includes financials of Piramal Critical Care Inc. Net sales for the year grew by 50.9% to Rs. 2.7 billion as compared to Rs. 1.8 billion for FY2010 due to increased sales of Sevoflurane. The Operating Profit was lower at Rs. 99.9 million as compared to Rs. 172.6 million in FY2010 due to increased legal and professional charges mainly related to ongoing proceedings related to Desflurane. Net loss for the year was higher at Rs. 380.0 million compared to Rs. 211.0 million in FY2010.

#### Piramal Pharmaceutical Development Services Pvt. Ltd.

Net sales for the year grew by 108.3% to Rs. 194.4 million as compared to Rs. 93.3 million for FY2010 due to consolidation of financials of Oxygen Bio Research, which was acquired during the year. The Operating profit was much higher at Rs. 64.0 million as compared to Rs. 14.6 million in FY2010. Net Profit for the year was higher at Rs. 32.6 million as compared to Net Loss of Rs. 3.6 million in FY2010.

The Ministry of Corporate Affairs has vide its circular dated 8th February, 2011 issued directions under section 212(8) of the Companies Act, 1956, granting general exemption to companies from attaching to their Balance Sheets, the Accounts and other documents of their subsidiaries, subject to fulfillment of specified conditions. In view of this general exemption and being in compliance with the conditions thereof, the Accounts and other documents of the Company's subsidiaries are not attached to the Balance Sheet of the Company. The Consolidated Financial Statements of the Company, which include the results of its subsidiaries, are included in this Annual Report. Further, a statement containing the relevant particulars prescribed under the terms of the general exemption, for each of the Company's subsidiaries, is enclosed in this Annual Report. The Annual Accounts of the Company's subsidiaries and the related detailed information can also be sought by any shareholder of the

## Directors' Report

Company or its subsidiaries by making a written request to the Company Secretary. The Annual Accounts of the Company's subsidiaries are also available for inspection for any shareholder at the Company's and/or the concerned subsidiaries' registered office. These documents are also available on the Company's website i.e. [www.piramalhealthcare.com](http://www.piramalhealthcare.com).

### JOINT VENTURES:

#### Allergan India Private Limited ('AIL'):

AIL is a 51:49 Joint Venture between Allergan Inc., USA and Piramal Healthcare Limited. Total revenues of AIL grew by 25.4% to Rs. 1.4 billion (FY2010 Net Sales: 1.1 billion). The Operating Profit for FY2011 was up by 7.9% to Rs. 384.5 million as compared to Rs. 356.3 million in FY2010. Profit After Tax for FY2011 was up by 9.6% to Rs. 241.8 million as compared to Rs. 220.6 million for FY2010.

### INDUSTRY OUTLOOK:

The global Custom Manufacturing market was estimated to be worth \$ 13 billion in 2002 and has grown to an estimated \$ 22 billion in 2009. Growth in the CMO industry has been impacted in last two years due to global financial crisis and resultant reduction in inventory level at many large multinational pharmaceutical companies. However the de-stocking phenomenon is now coming to an end and the industry is on recovery phase. Global pharmaceutical companies faced with patent expiry of large blockbuster products and fewer new products approval are under tremendous pressure to cut costs. Indian companies with their high quality, low cost production capabilities are well poised to benefit from this trend.

### SIGNIFICANT EVENTS POST BALANCE SHEET DATE:

#### Entry Into Financial Services Sector:

We have been evaluating various sectors to invest some of the net proceeds received on sale of the Healthcare Solutions business, in a way that results in long term value creation for our shareholders. With this in mind, the Board of Directors has approved a plan for PHL to invest in subsidiaries engaged in financial services sector. India has had strong GDP growth in the past decade and is likely to continue with 8-9% GDP growth rate for the next decade. Given sound economic fundamentals, rising disposable income, financial sector liberalization and growth of consumer oriented, credit oriented culture; the financial services sector is poised for strong growth in India. To participate in this growth story, PHL has decided to invest in the financial services sector.

To begin with, PHL will invest in NBFCs engaged in lending to Infrastructure sector and to other sectors and will also invest in subsidiaries engaged in Fund Management for real estate & infrastructure sector.

#### Acquisition of Indiareit Fund Advisors & Indiareit Investment Management:

Towards building a strong financial services business, the Board of PHL has approved acquisition of Indiareit Fund Advisors Pvt. Ltd. and Indiareit Investment Management Company for the total consideration of Rs. 2.3 billion. Indiareit Fund Advisors Pvt. Ltd. are advisors to the Indiareit Fund which is a domestic real estate Private Equity fund focused on the Indian markets. Indiareit Investment Management Company is manager to Offshore Real Estate Private Equity funds investing in India through the FDI route. The total fund size under management for these funds is Rs. 38 billion.

#### Proposed de-merger of PLSL's NCE research unit into PHL:

The Board of PHL has also approved the scheme for De-merger of the NCE Research Unit of Piramal Life Sciences Limited (PLSL) into Piramal Healthcare Limited. Under the proposed De-merger scheme, each shareholder of PLSL will be entitled to one fully paid up equity share of Rs. 2 each of PHL for every four equity shares of Rs. 10 each held in PLSL. All assets and liabilities of the NCE Research Unit will be transferred to PHL at book value.

Since April 2007, when PLSL was de-merged from PHL as an independent discovery research company, it has made significant progress. The pipeline of R&D programs has increased from nine to twenty four with nine additional programs moving into Phase I/II clinical trials and two additional programs moving into Phase II clinical trials. Subsequent to the significant progress that PLSL has made, the risk profile of NCE R&D activity has been relatively reduced.

Through this de-merger, PHL will have an access to the innovation platform of PLSL through which it can build its innovative discovery and commercialization business. PHL can also better utilize its manufacturing infrastructure and leverage its marketing experience with products from PLSL. The Demerger Scheme is subject to the consent of requisite majority of shareholders and creditors of the Company and of PLSL. The Demerger Scheme is also subject to the sanction of the High Court of Judicature at Bombay and all other regulatory approvals as may be necessary for the implementation of the Demerger Scheme.

## Directors' Report

### INTERNAL CONTROL SYSTEM:

The Company has a sound internal control system, which ensures that all assets are protected against loss from unauthorized use and all transactions are recorded and reported correctly. The internal control systems are further supplemented by internal audit carried out by an independent firm of Chartered Accountants and periodical review by management. The Audit Committee of the Board addresses significant issues raised by both, the Internal Auditors and the Statutory Auditors.

### HUMAN RESOURCES:

Employees are vital to Piramal Healthcare. We have created a favorable work environment that encourages innovation and meritocracy. We had staff strength of 2,337 employees (FY2010: 7,311 employees) as at 31st March, 2011. The reduction is on account of sale of Healthcare Solutions business to Abbott and subsequent transfer of concerned employees to Abbott.

Sr. No.	Function	31st March, 2011	31st March, 2010	Change
a.	Field	436	4,103	(3,667)
b.	R&D	129	191	(62)
c.	Others	1,772	3,017	(1,245)
	<b>Total</b>	<b>2,337</b>	<b>7,311</b>	<b>(4,974)</b>

Any shareholder interested in obtaining a copy of the statement of particulars of employees referred to in section 217(2A) of the Companies Act 1956, may write to the Company Secretary at the registered office of the Company. The statement is also available for inspection by the members on any working day (except Saturday) upto one day prior to the date of the meeting at the registered office of the Company between 10.00 a.m. to 5.00 p.m.

Stock Options disclosures pursuant to the applicable requirements of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are given as an Annexure to this Report.

### ENVIRONMENT, HEALTH AND SAFETY (EHS):

We at PHL believe that Environment, Health and Safety is not only a crucial pillar for good Corporate Governance and sustainable business but also act in a safe and environmentally responsible manner so that the employees, the society at large and our stake holders are well protected. Our baseline commitment is to maintain complete EHS compliance at PHL.

PHL's Corporate Environment, Health and Safety function provides technical support and assistance to all the sites on EHS matters. During the year, the EHS function ensured that the products are manufactured in a safe environment and in compliance with national and international regulations and customer expectations. Regular audits of our sites ensure compliance and also provide a strong and robust system for continuous improvements.

Performance of EHS management systems is regularly evaluated and reviewed.

#### ENVIRONMENT

We recognize that preservation of the environment is vital and we remain committed to conserving resources and acting responsibly. All our manufacturing sites remained fully compliant with applicable environmental regulations. Reuse & recycle of natural resources is one of our key objectives. We have developed adequate infrastructure to treat waste water and reuse it.

Various initiatives were taken to upgrade the infrastructure for environment management at our manufacturing sites. Upgradation of Waste Treatment Plant in order to reach beyond compliance, installation of online monitoring system for process emissions and ambient air quality, switch over from fossil fuel to carbon neutral fuel, etc. are among the few of such initiatives.

Most of our facilities have achieved various recognitions/ certifications such as ISO-14001 & OHSAS-18001.

#### OCCUPATIONAL HEALTH AND SAFETY

PHL has undertaken numerous initiatives to enhance safety standards at its manufacturing sites / office premises to ensure that employees and other stake holders feel safe while working at PHL. As an acknowledgment of our efforts, our Digwal facility received "Zero Accident Award" from the Department of Factories, Andhra Pradesh.

To provide a hygienic working condition for employees, we have developed a well defined Industrial Hygiene Program. Through this program, working environmental conditions are monitored to ensure that our people are at all times safe from short term or long term exposure from chemicals, dust, heat, noise, etc.

## Directors' Report

### DIRECTORS' RESPONSIBILITY STATEMENT:

As required under section 217(2AA) of the Companies Act, 1956 we hereby state:

- a) That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2011 and its profit for the year ended on that date;
- c) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) That the Directors have prepared the annual accounts on a going concern basis.

### DIRECTORS:

Mr. Y. H. Malegam and Mr. Deepak Satwalekar retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment, which the Board recommends.

Your approval is also being sought for the appointment of Mr. Amit Chandra as Director of the Company. Mr. Amit Chandra was appointed by the Board as an Additional Director with effect from June 20, 2011 and holds office upto the date of the ensuing Annual General Meeting. The Board recommends his appointment as Director at the ensuing Annual General Meeting.

### CORPORATE GOVERNANCE:

The Company has complied with the applicable provisions of Corporate Governance under Clause 49 of the Listing Agreement with the Stock Exchanges. A separate report on Corporate Governance compliance is included as a part of the Annual Report alongwith the Certificate from Mr. N.L. Bhatia, Practicing Company Secretary.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION:

Particulars required under Section 217 (1) (e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in the Annexure to this Report.

### GROUP:

As per the intimations from the Promoters, the names of the Promoters and the entities comprising 'group' as defined in the Monopolies and Restrictive Trade Practices Act, 1969 (MRTP) are given for the purpose of the SEBI (Substantial Acquisitions of Shares and Takeovers) Regulations, 1997 in the Annexure to this Report.

### AUDITORS:

M/s Price Waterhouse retire as Auditors of the Company at the ensuing Annual General Meeting and are eligible for re-appointment.

### ACKNOWLEDGEMENTS:

We take this opportunity to thank the employees for their dedicated service and contribution to the Company.

We also thank our strategic alliances and joint venture partners, banks, financial institutions, business associates and our shareholders for their continued support to the Company.

**By Order of the Board**

**Ajay G. Piramal**

Chairman

Mumbai

Dated: 21st June, 2011

**Annexure to Directors' Report****(I) Particulars under Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 for the year ended 31st March, 2011****Conservation of Energy**

During the year, the Company introduced the following measures to conserve energy:

**Pithampur**

- Reduced the Heat and Ventilated Air Conditioning (HVAC) chiller operating time by inter-connecting the chillers, thereby reducing the idle capacity of each chiller. The chilled water pumps headers too were interconnected & 2 nos chilled water pumps were therefore not operated.
- Installed compressed air pressure boosters in packaging machines thereby reducing main line air pressure and conserving energy.
- Upgraded the Ampoule Packaging Machine from manual drive to Variable Frequency Drive (VFD) thereby resulting in conservation of energy

**Mahad**

- Replaced Mercury Vapour Lamps with CFL lamps in Finished Goods Stores, leading to savings in energy.
- VFD installed on different machines leading to energy conservation.
- Replaced reciprocating chillers with energy efficient and eco friendly screw chiller for Oral Liquid Plant.

**Digwal**

- VFD installed in Boiler Feed water system, leading to savings in energy.
- Re-engineered the distribution system for operating the required number of chilling units, thereby optimizing the Brine chilling systems, resulting in energy savings.
- Installed auto temperature cutoff system for cooling tower fan, resulting in energy conservation.
- Optimized the pump capacities, by replacing over capacity pumps with required capacity pumps, thereby resulting in energy conservation.
- Installed pressure transmitter with controllers in compressed air distribution system, to supply the required pressures, resulting in energy conservation.

**Ennore**

- Improvement of power factor, leading to energy saving.
- Installation of auto-timer in warehouse Air Handling Unit, leading to energy conservation.
- 5 high capacity pumps replaced with optimum capacity pumps, leading to energy savings.

**Pawne**

- Invested in energy saving carton printing machine, which not only resulted in power conservation but also increased output.

## Annexure to Directors' Report

## FORM A

		For the year ended 31st March, 2011	For the year ended 31st March, 2010
<b>A.</b>	<b>Power and Fuel Consumption</b>		
	<b>1. Gas Electricity</b>		
	<b>(a) (i) Gas</b>		
	Unit ( 000 M3 )	-	-
	Total Amount (Rs. In Lakhs)	-	-
	Rate/Unit (Rs)	-	-
	<b>(ii) Electricity</b>		
	Unit (000)	46,540.3	53,929.0
	Total Amount (Rs. In Lakhs)	2,246.9	2,352.9
	Rate/Unit (Rs)	4.8	4.4
	<b>(b) Own Generation</b>		
	Diesel Generator		
	Unit (000)	4,243.9	6,631.1
	Total Amount (Rs. In Lakhs)	494.7	700.7
	Rate/Unit (Rs)	11.7	10.6
	<b>2. Coal</b>		
	Qty. (Tonnes)	22,486.0	24,512.0
	Total Cost (Rs. In Lakhs)	980.5	927.2
	Cost / Unit (Rs)	4.4	3.8
	<b>3. Furnace Oil</b>		
	Qty. (K.Ltrs )	566.3	406.5
	Total Cost (Rs. In Lakhs)	184.4	114.0
	Average / K ltrs. (Rs)	32,555.8	28,040.0
	<b>4. Other</b>		
	<b>(I) Hydle Power</b>		
	Qty.(000M3)	4,400.0	4,400.0
	Total Cost (Rs. In Lakhs)	184.3	181.2
	Average Rate	4.2	4.1
	<b>(II) HSD OIL</b>		
	Qty.(K.Ltrs)	515.4	1,073.0
	Total Cost (Rs. In Lakhs)	205.3	379.1
	Average Rate	39.8	35.3
	<b>(III) Biomass</b>		
	Qty.(Tonne)	2,251.2	4,879.0
	Total Cost (Rs. In Lakhs)	118.3	234.7
	Average Rate	5.3	4.8
	<b>(IV) Husk</b>		
	Qty.(Tonne)	2,023.0	4,899.5
	Total Cost (Rs. In Lakhs)	79.5	182.6
	Average Rate / Kg (Rs.)	3.9	3.7

## Annexure to Directors' Report

### B. Consumption per unit of Production (Rs. in Lakhs)

The operations of the Company not being power intensive and since it involves multiple products, disclosure of consumption figures per unit of production is not meaningful.

#### FORM B

#### 1. Specific areas in which R&D work is being carried out by the Company

##### Pharmaceutical R&D

- Pre-formulation and formulation development of various dosage forms for Pharma Solutions (international clients);
- Process optimization, research, development and scale up for early phase projects from big pharma companies and mid size bio-tech companies;

##### Process Development

- Development of cost effective and environment friendly processes for commercial manufacturing of Active Pharmaceutical Ingredients (APIs) for Drug Master File (DMF) filing;
- Development of cost effective process for manufacturing of key intermediates of APIs;
- Innovative process development to achieve commercial and technical breakthroughs;

#### 2. Benefits derived as a result of the above

##### Pharmaceutical R&D

- Cost effective development of formulations for global pharmaceutical companies, thus bringing in more molecules into the global pipeline.
- Support of the new “network” paradigm of the global innovator in pharmaceutical industry, thereby putting India in the crux of this industrial culture change;

##### Process Development

- Low cost and technically efficient development and manufacturing options available to customers;
- Offered wide range of services to customer for their drug development;
- DMF filing of APIs to cater the regulated market customers;

#### 3. Future plan of Action

##### Pharmaceutical R&D

- Becoming the key India based contract formulation development and clinical supplies partner for major global pharmaceutical companies;
- Differentiating ourselves on technical excellence across all faculties;

##### Process Development

- Continue to develop cost effective and environment friendly processes for manufacturing of quality APIs and their Intermediates;
- Explore newer areas of chemistry and technology for providing low cost solutions to customers;
- Build in a pipeline of APIs for DMF filing;

#### 4. Expenditure on R&D

	(Rs. in million)
Capital	19.40
Recurring	393.80
<b>Total</b>	<b>413.20</b>
Total R&D Expenditure as a percentage to sales	2.60 %

#### 5. Technology Absorption, Adaptation and Innovation

##### Pithampur

- Installed high speed Bottle Packaging line for filling of tablets in the bottles;
- Installed a new technology Vial Washing and Sealing machine in place of existing outdated machine;

## Annexure to Directors' Report

### Mahad

- Auto filter cleaning machine installed for HVAC filter, thereby improving operational efficiency;
- Automation done on Blister Pack machine to improve packaging efficiency;
- Automatic water level controller installed for raw water tank leading to water conservation;

### Digwal

- Successfully completed the scale-up and validation batches of new products;
- Successfully commissioned the state-of-art class 100000 manufacturing facility for identified products;

### Ennore

- Two Water Ring Vacuum Pumps replaced with one Oil Ring Vacuum Pump, leading to energy savings and reduction of load on Effluent Treatment Plant;

### Pawne

- Invested in high technology cassette pressing equipments which resulted in increased output with lower costs.

## 6. Foreign Exchange Earnings and Outgo

During the year, foreign exchange earnings were Rs. 4.3 billion as against outgo of Rs. 2.3 billion.

## (II) Group coming within the definition of 'Group' as defined in Monopolies and Restrictive Trade Practices Act, 1969 (MRTP)

The persons and entities which constitute the Group coming within the definition of 'group' as defined in MRTP which exercises, or is established to be in a position to exercise, control, directly or indirectly, over the Company, include the following:

- |   |   |
|---|---|
| • Mr. Ajay G. Piramal                           | • PHL Capital Pvt. Ltd.   |
| • Dr. (Mrs.) Swati A. Piramal                   | • PHL Fininvest Pvt. Ltd.   |
| • Mrs. Lalita G. Piramal                        | • Piramal Architects & Engineers Pvt. Ltd.                              |
| • Ms. Nandini Piramal                           | • Piramal Commercial Estates LLP  |
| • Mr. Anand Piramal                             | • Piramal Developers Pvt. Ltd.  |
| • Ajay G. Piramal (HUF)                         | • Piramal Enterprises Ltd.  |
| • Gopikisan Piramal (HUF)                       | • Piramal Glass Ltd.  |
| • Adelwise Investments Pvt. Ltd.                | • Piramal International Pvt. Ltd.                                       |
| • Akshar Fincom Pvt. Ltd.                       | • Piramal Life Sciences Ltd.  |
| • Alpex Holdings Pvt. Ltd.                      | • Piramal Management Services Pvt. Ltd.                                 |
| • Alpex Power Pvt. Ltd.                         | • Piramal Pharmaceutical Development Services Pvt. Ltd.                 |
| • Assable Buildcon LLP                          | • Piramal Projects and Constructions Pvt. Ltd.                          |
| • BMK Laboratories Pvt. Ltd.                    | • Piramal Realty Pvt. Ltd. (formerly known as Alpex International Ltd.) |
| • Cavaal Fininvest Pvt. Ltd.                    | • Piramal Residences Pvt. Ltd.  |
| • Glass Engineers Pvt. Ltd.                     | • Piramal Systems & Technologies Pvt. Ltd.                              |
| • Gliders Buildcon LLP                          | • Piramal Texturising Pvt. Ltd.   |
| • Gopikisan Piramal Pvt. Ltd.                   | • Piramal Water Pvt. Ltd.   |
| • INDIAREIT Fund Advisors Pvt. Ltd.             | • PRL Developers Pvt. Ltd.  |
| • IndiaVenture Advisors Pvt. Ltd.               | • Propiedades Realities Pvt. Ltd.                                       |
| • Nicholas Piramal Pharma Pvt. Ltd.             | • The Ajay G. Piramal Foundation  |
| • Oxygen Bio Research Pvt. Ltd.                 | • The Sri Gopikrishna Trust   |
| • Paramount Pharma Pvt. Ltd.                    | • The Sri Govinda Trust   |
| • PDL Realty Pvt. Ltd.                          | • The Sri Hari Trust  |
| • PEL Fininvest Pvt. Ltd.                       | • The Sri Krishna Trust   |
| • PEL Management Services Pvt. Ltd.             | • The Swastik Safe Deposit & Investments Ltd.                           |
| • PEL InfraConstructions & Developers Pvt. Ltd. | • Topzone Mercantile LLP  |
|   | • Vulcan Investments Pvt. Ltd.  |

The above disclosure has been made, inter-alia, for the purpose of Regulation 3 (1) (c) of SEBI (Substantial Acquisitions of Shares and Takeovers) Regulations, 1997.

**Annexure to Directors' Report****(III) Disclosures Regarding Stock Options**

Pursuant to the applicable requirements, if any, of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("the SEBI Guidelines"), following disclosures are made in connection with the ESOP Scheme of the Company, for Options granted to the Company's Employees for the financial year ended 31st March, 2011.

Sr. No.	Details	Disclosures	
1.	Options Granted for FY2011	2,14,450 Options	
2.	Pricing Formula	<p>The option price is determined by the Trustees of the Piramal Healthcare Limited Senior Employees Stock Option Scheme ('ESOP Trust') and is subject to a limit not exceeding the higher of:</p> <ul style="list-style-type: none"> <li>(a) market price on the date of grant; or</li> <li>(b) average of the price prevailing for the share during the 3 (three) months immediately preceding the date on which the Option is offered to the Employee; or</li> <li>(c) the issue price of shares issued within three months prior to the option.</li> </ul> <p>Options granted during the financial year ended 31st March, 2011, were at an exercise price of Rs. 200/- per share which was approved by the Trustees of the ESOP Trust, taking into consideration several factors.</p>	
3.	Options Vested during FY2011	3,91,200 (relating to Options granted for FY-10)	
4.	Options Exercised during FY2011	<b>Options</b> 15,620 30,024 1,56,100 1,43,025 2,15,600	<b>Relating to FY</b> FY-06 FY-07 FY-08 FY-09 FY-10
5.	Total number of shares arising as a result of exercise of options	Same as Options exercised, as each Option entitles the holder thereof to 1 equity share.	
6.	Options Lapsed	<b>Options</b> 525 1,214 2,200 30,200 5,500	<b>Relating to FY</b> FY-06 FY-07 FY-08 FY-09 FY-10

## Annexure to Directors' Report

Sr. No.	Details	Disclosures	
7.	Variation of terms of Options	<p>1. In respect of employees transferred to Abbott Healthcare Private Limited pursuant to the sale of the Domestic Formulations Business, all Options vested in such employees and not due for exercise by virtue of the phased exercise period, were made exercisable, to enable such employees to exercise the same;</p> <p>2. In respect of the employees who continued to remain with PHL and by way of a motivational measure, the exercise period for Option granted during FY-10, was revised from 25:25:50 to 50:25:25 and accordingly, the number of Options exercisable on vesting was 50% instead of 25%.</p>	
8.	Total number of Options in force	<p><b>Options</b></p> <p>1,792</p> <p>8,192</p> <p>5,750</p> <p>1,03,825</p> <p>1,70,100</p>	<p><b>Relating to FY</b></p> <p>FY-06</p> <p>FY-07</p> <p>FY-08</p> <p>FY-09</p> <p>FY-10</p>
9.	Employee-wise details of options granted		
	- senior managerial personnel	All Stock Options that have been granted by the Company as aforesaid have been granted to senior managerial personnel.	
	- employees who receives a grant in any one year of option amounting to 5% or more of options granted during that year	<p>The following employees have received a grant amounting to 5% or more of Options granted during FY11 :</p> <ul style="list-style-type: none"> <li>- Mr. N. Santhanam <i>Executive Director and Chief Operating Officer</i></li> <li>- Mr. Rajesh Laddha <i>Chief Financial Officer</i></li> <li>- Mr. Gerhard Klement <i>Director - Pharma Solutions</i></li> <li>- Mr. Vijaykumar Sharma <i>President - International Business</i></li> </ul>	
	- identified employees who were granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	None	

## Note:

Since the PHL ESOP Scheme is implemented by the ESOP Trust and the shares issued by the ESOP Trust against exercise of stock options are those that have been acquired by the ESOP Trust from existing shareholders and not fresh shares issued by the Company, there will not be any increase in the share capital of the Company, nor will there be any impact on the Earnings Per Share or other ratios relating to share capital as a result of such exercise of Stock Options.

**Standalone Financial Statements****AUDITORS' REPORT TO THE MEMBERS OF PIRAMAL HEALTHCARE LIMITED**

1. We have audited the attached Balance Sheet of Piramal Healthcare Limited, as at March 31, 2011, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, (together the 'Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
  - (e) On the basis of written representations received from the directors as on March 31, 2011 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
    - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
    - (iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For Price Waterhouse  
Firm Registration Number: 301112E  
Chartered Accountants

Partha Ghosh  
Partner  
Membership No. F-55913

Mumbai,  
Dated : May 6, 2011

**Standalone Financial Statements****ANNEXURE TO AUDITORS' REPORT**

**[Referred to in paragraph 3 of Auditors' Report of even date to the members of Piramal Healthcare Limited on the financial statements for the year ended March 31, 2011]**

1. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.  
(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.  
(c) In our opinion, the Company has disposed of a substantial part of fixed assets during the year. On the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, in our opinion, the disposal of the said part of fixed assets has not affected the going concern status of the Company.
2. (a) The inventory (excluding stocks with third parties) has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have been confirmed by them. In our opinion, the frequency of verification is reasonable.  
(b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
(c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. (a) The Company has granted unsecured loans, to Four Companies covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year and the year-end balance of such loans aggregates to Rs.216,423 lakhs and Rs.55,670 lakhs respectively.  
(b) In our opinion, the rate of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.  
(c) In respect of the aforesaid loans, the parties are repaying the principal amounts as stipulated and are also regular in payment of interest, where applicable.  
(d) In respect of the aforesaid loans granted, there is no overdue amount more than Rupees One Lakh.  
(e) The Company has not taken loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.  
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.

## Standalone Financial Statements

### ANNEXURE TO AUDITORS' REPORT (Contd.)

[Referred to in paragraph 3 of Auditors' Report of even date to the members of Piramal Healthcare Limited on the financial statements for the year ended March 31, 2011]

7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues as applicable, with the appropriate authorities in India.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of Wealth Tax, Service Tax, Customs Duty and Cess which have not been deposited on account of any dispute.

The particulars of dues of Excise Duty, Sales-Tax and Income-Tax as at March 31, 2011 which have not been deposited on account of a dispute are as follows -

Name of the statute	Nature of dues	Amount * (Rs. Lakhs)	Period to which the amount relates	Forum where the dispute is pending
The Central Excise Act, 1944	Excise duty including interest and penalty, as applicable	255	1995-2010	Appellate Authority – upto Commissioner's Level
		888	1989-2006	CESTAT
		1	1994-1995	The High Court of Judicature at Indore
Central Sales Tax Act and Local Sales Tax Act	Sales Tax including interest and penalty, as applicable	883	1998-2010	Appellate Authority – upto Joint Commissioner Level
		111	1991 to 2007	Tribunal
Income-Tax Act, 1961	Income tax including interest and penalty, as applicable	14,794.32	2003-04, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10 & 2010-11	Appellate Authority – upto Commissioner's level
		20.45	1999-00	Income Tax Appellate Tribunal

\* Net of amounts paid under protest or otherwise

**Standalone Financial Statements****ANNEXURE TO AUDITORS' REPORT (Contd.)**

**[Referred to in paragraph 3 of Auditors' Report of even date to the members of Piramal Healthcare Limited on the financial statements for the year ended March 31, 2011]**

10. The Company has no accumulated losses as at March 31, 2011 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank as at the balance sheet date.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. In our opinion, and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company, for loans taken by others from banks during the year, are not prejudicial to the interest of the Company.
16. In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
17. On the basis of an overall examination of the Balance Sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis, which have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. The Company has created security in respect of debentures issued and outstanding at the year-end.
20. The Company has not raised any money by public issues during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

For Price Waterhouse  
Firm Registration Number: 301112E  
Chartered Accountants

Partha Ghosh  
Partner  
Membership No. F-55913

Mumbai,  
Dated : May 6, 2011

**Standalone Financial Statements****Balance Sheet as at March 31, 2011**

	Schedule No.	As at March 31, 2011 Rs. in Million		As at March 31, 2010 Rs. in Million
<b>SOURCES OF FUNDS</b>				
<b>Shareholders' Funds</b>				
Share Capital	1	335.8	418.0	
Reserves & Surplus	2	116,649.3	14,588.3	
			<b>116,985.1</b>	<b>15,006.3</b>
<b>Loan Funds</b>				
Secured Loans	3	1,970.7	4,065.3	
Unsecured Loans	4	892.0	2,544.3	
			<b>2,862.7</b>	<b>6,609.6</b>
<b>Deferred Tax Liability (Net)</b>				
Deferred Tax Liability (Refer note 12(a), Sch.22)		1,207.7	1,304.8	
Less: Deferred Tax Asset (Refer note 12(a), Sch.22)		284.4	256.3	
			<b>923.3</b>	<b>1,048.5</b>
<b>T O T A L</b>			<b>120,771.1</b>	<b>22,664.4</b>
<b>APPLICATION OF FUNDS</b>				
<b>Fixed Assets</b>				
Gross Block	5	9,768.7	15,702.5	
Less : Depreciation		3,105.8	4,963.6	
Net Block		<b>6,662.9</b>	<b>10,738.9</b>	
Capital Work In Progress		317.8	505.6	
			<b>6,980.7</b>	<b>11,244.5</b>
<b>Investments</b>	<b>6</b>		<b>15,832.5</b>	<b>1,926.5</b>
<b>Current Assets, Loans and Advances</b>				
Inventories	7	2,302.0	2,854.7	
Sundry Debtors	8	2,162.0	2,730.7	
Cash and Bank Balances	9	17,540.3	156.4	
Other Current Assets	10	77,062.2	72.7	
Loans and Advances	11	9,569.9	8,830.3	
		<b>108,636.4</b>	<b>14,644.8</b>	
<b>Less : Current Liabilities and Provisions</b>				
Current Liabilities	12	8,217.9	3,613.2	
Provisions	13	2,460.6	1,538.2	
		<b>10,678.5</b>	<b>5,151.4</b>	
<b>Net Current Assets</b>			<b>97,957.9</b>	<b>9,493.4</b>
<b>T O T A L</b>			<b>120,771.1</b>	<b>22,664.4</b>

**NOTES TO THE FINANCIAL STATEMENTS 22**

Schedules referred to above and notes attached thereto form an integral part of the Balance Sheet.

This is the Balance Sheet referred to in our report of even date.

**For Price Waterhouse**

Firm Registration Number: 301112E  
Chartered Accountants

**Partha Ghosh**

Partner  
Membership No. F-55913  
Mumbai, May 6, 2011

**Ajay G. Piramal** Chairman  
**Keki Dadiseth** Director  
**Y. H. Malegam** Director  
**Dr. Swati A. Piramal** Director  
**R. A. Shah** Director  
**Deepak Satwalekar** Director  
Mumbai, May 6, 2011

**N. Vaghul** Director  
**Nandini Piramal** Executive Director  
**N. Santhanam** Executive Director & Chief Operating Officer  
**Rajesh Laddha** Chief Financial Officer  
**Leonard D'Souza** Company Secretary

## Standalone Financial Statements

### Profit and Loss Account for the Year Ended March 31, 2011

	Schedule No.		Year Ended March 31, 2011 Rs. in Million	Year Ended March 31, 2010 Rs. in Million
<b>INCOME</b>				
Sales and Services			16,138.3	27,085.8
Less : Excise Duty			284.7	576.4
Net Sales			15,853.6	26,509.4
Other Income	14		4,972.9	1,477.8
			<b>20,826.5</b>	<b>27,987.2</b>
<b>EXPENDITURE</b>				
Materials	15		7,945.1	11,244.7
Staff Cost	16		2,440.1	2,989.3
Research and Development Expenses	17		393.8	361.9
Other Expenses	18		5,579.0	6,347.7
(Increase)/Decrease in WIP/Finished Goods	19		(678.6)	(218.4)
			<b>15,679.4</b>	<b>20,725.2</b>
<b>PROFIT BEFORE INTEREST, DEPRECIATION AND TAX</b>			<b>5,147.1</b>	<b>7,262.0</b>
Less : Interest Expenses	20		797.9	1,563.6
<b>PROFIT BEFORE DEPRECIATION AND TAX</b>			<b>4,349.2</b>	<b>5,698.4</b>
Less : Depreciation			776.1	922.2
<b>PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS</b>			<b>3,573.1</b>	<b>4,776.2</b>
Add: Exceptional Items Income / (Expenses) (Net)	21		162,099.0	(3.6)
<b>PROFIT BEFORE TAX</b>			<b>165,672.1</b>	<b>4,772.6</b>
Consisting of:				
- Profit / (Loss) on Continuing Operations			2,065.9	(1,374.2)
- Profit on Discontinued Operations			1,507.2	6,150.4
- Exceptional Items Profit / (Loss)			162,099.0	(3.6)
Less : Provision for Taxation - Current [includes prior period tax Rs.95.2 Million (Previous year Rs.6.4 Million) and Wealth tax provision Rs.0.3 Million (Previous year Rs.NIL)] (Refer note 11 & 12(c), Sch.22)			36,828.2	834.4
Less : MAT Credit Entitlement (Refer note 12(b)&(c), Sch.22)			-	(572.8)
Less : Deferred Tax (Refer note 12(a), Sch.22)			(125.2)	78.8
			<b>36,703.0</b>	<b>340.4</b>
<b>PROFIT FOR THE YEAR</b>			<b>128,969.1</b>	<b>4,432.2</b>
Consisting of:				
- Profit / (Loss) on Continuing Operations			2,062.8	(1,385.5)
- Profit on Discontinued Operations			1,507.2	5,821.3
- Exceptional Items Profit / (Loss)			125,399.1	(3.6)
Balance Profit Brought Forward			4,606.4	3,208.6
<b>NET PROFIT AVAILABLE FOR APPROPRIATION</b>			<b>133,575.5</b>	<b>7,640.8</b>
Proposed Dividend on Equity Shares			2,006.5	1,128.6
Distribution Tax Thereon			325.5	187.5
Transfer to General Reserve			73,986.0	1,393.3
Transfer from Debenture Redemption Reserve			(500.0)	-
Transfer to Debenture Redemption Reserve			75.0	325.0
			<b>75,893.0</b>	<b>3,034.4</b>
			<b>57,682.5</b>	<b>4,606.4</b>
<b>BALANCE CARRIED TO BALANCE SHEET</b>				
<b>Earning Per Share (Basic/Diluted) (Rs.) (Face value of Rs. 2/- each)</b> (Refer note 25, Sch. 22)			<b>574.3</b>	<b>19.7</b>

## NOTES TO THE FINANCIAL STATEMENTS 22

Schedules referred to above and notes attached thereto form an integral part of the Profit and Loss Account.

This is the Profit and Loss Account referred to in our report of even date.

### For Price Waterhouse

Firm Registration Number: 301112E  
Chartered Accountants

### Partha Ghosh

Partner  
Membership No. F-55913  
Mumbai, May 6, 2011

**Ajay G. Piramal**

**Keki Dadiseth**

**Y. H. Malegam**

**Dr. Swati A. Piramal**

**R. A. Shah**

**Deepak Satwalekar**

Mumbai, May 6, 2011

Chairman

Director

Director

Director

Director

Director

**N. Vaghul**

**Nandini Piramal**

**N. Santhanam**

**Rajesh Laddha**

**Leonard D'Souza**

Director

Executive Director

Executive Director &

Chief Operating Officer

Chief Financial Officer

Company Secretary

**Standalone Financial Statements****Cash Flow Statement for the Year Ended March 31, 2011**

	Year Ended March 31, 2011 Rs. in Million	Year Ended March 31, 2010 Rs. in Million
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	165,672.1	4,772.6
Adjustments for:		
Depreciation	776.1	922.2
Interest Expense	797.9	1,563.6
Interest Income	(3,171.8)	(1,208.6)
Dividend on Investment in Joint Venture	(78.4)	(78.4)
Dividend on Current Investments	(504.3)	-
Loss on Sale of Fixed Assets (net)	1.1	3.5
Fixed Assets Written Off	166.8	-
Provision for slow moving Inventories	30.0	90.0
Profit on Sale on Current Investment (net)	(42.4)	-
Provision for Doubtful Debts	12.5	-
Unrealised foreign exchange gain	(835.9)	(44.6)
Exceptional Items (net) :		
- Sale of Investment in Subsidiary Company - Piramal Diagnostic Services Private Limited (PDSPL)	(2,783.0)	-
- Sale of Domestic Formulation Business	(159,946.2)	-
- Provision for Diminution in Value in Biosyntech Inc., Canada	223.2	-
- Plant Closure Cost - Vitamin and Fine Chemical Plant	407.0	-
- Voluntary Retirement Scheme	-	3.6
<b>Operating Profit Before Working Capital Changes</b>	<b>724.7</b>	<b>6,023.9</b>
<b>Adjustments For Changes In Working Capital : (Refer Note 3 below)</b>		
- (INCREASE)/DECREASE in Sundry Debtors	(834.7)	815.4
- (INCREASE) in Other Receivables	(2,052.6)	(638.7)
- (INCREASE) in Inventories	(1,200.2)	(64.7)
- INCREASE in Current Liabilities & Provisions	860.1	413.9
<b>Cash (Used in)/Generated From Operations</b>	<b>(2,502.7)</b>	<b>6,549.8</b>
- Taxes Paid (Net of Refunds)	(35,685.5)	(905.4)
<b>Net Cash Before Exceptional Items</b>	<b>(38,188.2)</b>	<b>5,644.4</b>
Exceptional Items :		
- Plant Closure Cost - Vitamin and Fine Chemical Plant	(156.9)	-
- Sale of Domestic Formulation Business	(7,630.2)	-
- Sale of Investment in Subsidiary Company - PDSPL	(189.6)	-
- Voluntary Retirement Scheme	-	(3.6)
<b>Net Cash (Used in)/From Operating Activities (A)</b>	<b>(46,164.9)</b>	<b>5,640.8</b>
<i>of which discontinued operations</i>	<i>1,547.9</i>	<i>6,381.1</i>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
<b>Adjustments for changes in :</b>		
Purchase of Fixed Assets	(919.4)	(1,687.7)
Capital Work in Progress	133.8	(42.3)
Proceeds from Sale of Fixed Assets	0.6	18.2
Purchase of Investments:		
- in Mutual Funds	(184,233.3)	-
- in Certificate of Deposits	(9,672.8)	-
- in Bonds	(2,762.5)	-
- in Debentures	(157.5)	-
- in Commercial Paper	(43,951.1)	-
Proceeds from Sale of Investment:		
- in Mutual Funds	176,459.9	-
- in Certificate of Deposits	6,432.8	-
- in Bonds	687.5	-
- in shares of SRL	1,376.2	-
- in Debentures	157.5	-
- in Commercial Paper	43,948.0	-
Interest Received	2,666.4	1,330.2
Dividend on Mutual Funds	504.3	-

**Standalone Financial Statements****Cash Flow Statement for the Year Ended March 31, 2011 (Contd.)**

	Year Ended March 31, 2011 Rs. in Million	Year Ended March 31, 2010 Rs. in Million
Dividend on Investment in Joint Venture	78.4	78.4
Proceeds from Sale of Investment in Subsidiary Company - PDSPL (Refer note 6, Sch.22)	663.5	-
Proceeds from Sale of Domestic Formulation Business	102,457.0	-
<b>Net Cash From Investing Activities (B)</b>	<b>93,869.3</b>	<b>(303.2)</b>
<i>of which discontinued operations</i>	<i>(21.5)</i>	<i>(90.9)</i>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Long Term Borrowings		
Receipts [Excludes Exchange Fluctuation Loss of Rs.95.7 Million (Previous Year Loss Rs.154.2 Million) on reinstatement of Foreign Currency Loan]	-	-
Payments	(2,817.8)	-
Proceeds from Short Term Borrowings		
Receipts	138,516.0	150,698.0
Payments	(139,116.0)	(152,553.6)
Proceeds from Cash Credits		
Receipts [Excludes Exchange Fluctuation Gain of Rs.12.5 Million (Previous Year Gain Rs.27.5 Million) on reinstatement of Foreign Currency Loan]	2,839.2	2,174.0
Payments	(3,124.8)	(3,102.4)
Interest Paid	(830.8)	(1,544.8)
Dividend Paid	(1,128.6)	(877.9)
Dividend Tax Paid	(187.5)	(149.2)
Buy Back of Equity Shares	(24,470.2)	-
<b>Net Cash (Used in)/From Financing Activities (C)</b>	<b>(30,320.5)</b>	<b>(5,355.9)</b>
<i>of which discontinued operations</i>	<i>-</i>	<i>-</i>
<b>Net Increase in Cash &amp; Cash Equivalents (A)+(B)+(C)</b>	<b>17,383.9</b>	<b>(18.3)</b>
<b>Cash and Cash Equivalents As At 31.03.2010</b>	<b>156.4</b>	<b>174.7</b>
<b>Cash and Cash Equivalents As At 31.3.2011</b>	<b>17,540.3</b>	<b>156.4</b>
<b>Cash and Cash Equivalents Comprise of :</b>		
Cash and Cheques on hand	1.0	1.3
Balance with Scheduled Banks	17,539.3	155.1
	<b>17,540.3</b>	<b>156.4</b>

**Notes :**

- The above Cash Flow Statement has been prepared under the 'Indirect Method' set out in Accounting Standard - 3 issued by the Institute of Chartered Accountants of India.
- Cash and cash equivalents includes Rs.913.3 Million which are not available for use by the Company (Refer Schedule 9 in the accounts).
- The above Cash Flow Statement does not include assets (other than cash and cash equivalents) / liabilities transferred on Sale of Domestic Formulation Business (Refer note 5, Sch.22).
- Figures in bracket indicate cash outflow.
- Previous year figures have been regrouped and recasted wherever necessary to confirm to current year's classification.

This is the Cash Flow Statement referred to in our report of even date.

**For Price Waterhouse**

Firm Registration Number: 301112E  
Chartered Accountants

**Partha Ghosh**

Partner  
Membership No. F-55913  
Mumbai, May 6, 2011

**Ajay G. Piramal** Chairman  
**Keki Dadiseth** Director  
**Y. H. Malegam** Director  
**Dr. Swati A. Piramal** Director  
**R. A. Shah** Director  
**Deepak Satwalekar** Director  
Mumbai, May 6, 2011

**N. Vaghul** Director  
**Nandini Piramal** Executive Director  
**N. Santhanam** Executive Director &  
Chief Operating Officer  
**Rajesh Laddha** Chief Financial Officer  
**Leonard D'Souza** Company Secretary

Director  
Executive Director  
Executive Director &  
Chief Operating Officer  
Chief Financial Officer  
Company Secretary

**Standalone Financial Statements****Schedules forming part of the Balance Sheet as at March 31, 2011**

	As at March 31, 2011 Rs. in Million	As at March 31, 2010 Rs. in Million
<b>1. SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
25,00,00,000 (25,00,00,000) Equity Shares of Rs.2/- each	500.0	500.0
30,00,000 (30,00,000) Preference Shares of Rs.100/- each	300.0	300.0
2,40,00,000 (2,40,00,000) Preference Shares of Rs.10/- each	240.0	240.0
10,50,00,000 (10,50,00,000 ) Unclassified Shares of Rs.2/- each	210.0	210.0
	<b>1,250.0</b>	<b>1,250.0</b>
<b>ISSUED &amp; SUBSCRIBED</b>		
16,79,16,044 (20,90,13,144) Equity Shares of Rs.2/- each	335.8	418.0
	<b>335.8</b>	<b>418.0</b>
<b>TOTAL</b>	<b>335.8</b>	<b>418.0</b>

**NOTE :**

Of the above :

- 3,90,85,590 Equivalent Equity Shares of Rs.2/- each were allotted as fully paid bonus shares by capitalisation of Share Premium/General Reserve.
- 82,50,000 Equivalent Equity Shares of Rs.2/- each were allotted to erstwhile shareholders of Gujarat Glass Limited on amalgamation.
- 88,67,010 Equivalent Equity Shares of Rs.2/- each were allotted to erstwhile shareholders of Boehringer Mannheim India Limited on amalgamation.
- 51,97,050 Equivalent Equity Shares of Rs.2/- each were allotted to erstwhile shareholders of Sumitra Pharmaceuticals and Chemicals Limited as per the scheme of arrangement.
- 3,75,25,020 Equivalent Equity Shares of Rs.2/- each were allotted to erstwhile shareholders of Piramal Healthcare Limited (PHL) as per the scheme of arrangement.
- The erstwhile Piramal Healthcare Limited shareholders held 9,62,180 warrants with a right to convert into 75 Equivalent Equity Shares of the company for every two warrants held on payment of Rs. 10/- in Cash per Equity Share. Out of this 9,52,644 warrants were converted into 3,57,24,155 shares resulting in the Issued and Subscribed Capital increasing by Rs.71.4 Million. The remaining 9,536 warrants were cancelled.
- 1,57,50,000 Equivalent Equity Shares of Rs.2/- each were allotted to the erstwhile Shareholders of Rhone-Poulenc India Limited on its merger with the Company.
- Out of the Company's Right Issue Offer of 1,90,01,601 Equity Shares of Rs.2/- each for Rs.175/- each (including a Share Premium of Rs.173/- each) for cash aggregating to Rs.3,325.3 Million, allotment of the 4,462 Equity Shares of Rs.2/- each has been kept in abeyance pending receipt of necessary documentation for establishing title to these Shares.
- During the year, 4,10,97,100 equity shares have been bought back pursuant to the buy back programme [Refer Note 7, Sch. 22].

## Standalone Financial Statements

### Schedules forming part of the Balance Sheet as at March 31, 2011

		As at March 31, 2011 Rs. in Million	As at March 31, 2010 Rs. in Million
<b>2. RESERVES AND SURPLUS</b>			
<b>CAPITAL SUBSIDY</b>			
As per last Balance Sheet		4.0	4.0
<b>CAPITAL RESERVE</b>			
As per last Balance Sheet		16.2	16.2
<b>SHARE PREMIUM ACCOUNT</b>			
As per last Balance Sheet	1,433.3		1,433.3
Less: Utilised for buy back of shares (Refer note 7, Sch.22)	1,433.3		-
		-	1,433.3
<b>GENERAL RESERVE</b>			
As per last Balance Sheet	7,344.7		5,951.4
Add: Transferred from Profit and Loss Account	73,986.0		1,393.3
Less: Premium paid on buy back of shares(Refer note 7, Sch.22)	23,142.8		-
Less: Transfer to Capital Redemption Reserve (Refer note 7, Sch.22)	82.2		-
		58,105.7	7,344.7
<b>CAPITAL REDEMPTION RESERVE</b>			
As per last Balance Sheet	533.7		533.7
Add: Transferred from General Reserve (Refer note 7, Sch.22)	82.2		-
		615.9	533.7
<b>DEBENTURE REDEMPTION RESERVE</b>			
As per last Balance Sheet	650.0		325.0
Add: Transferred from Profit and Loss Account (Refer note 10, Sch.22)	75.0		325.0
Less: Transferred to Profit and Loss Account (Refer note 10, Sch.22)	500.0		-
		225.0	650.0
<b>PROFIT &amp; LOSS ACCOUNT</b>			
As per Annexed Profit and Loss Account		57,682.5	4,606.4
<b>TOTAL</b>		<b>116,649.3</b>	<b>14,588.3</b>

## Standalone Financial Statements

### Schedules forming part of the Balance Sheet as at March 31, 2011

		As at March 31, 2011 Rs. in Million	As at March 31, 2010 Rs. in Million
<b>3. SECURED LOANS</b>	<b>Note</b>		
<b>Debentures</b>	<b>1</b>		
12.75% - Secured Redeemable Non Convertible Debentures (Redeemable at par at the end of 3rd year from the date of allotment - November 26, 2008) (Put/ Call option available and exercisable at par at the end of 2nd year from the date of allotment i.e. November 26, 2010)		-	2,000.0
12.10% - Secured Redeemable Non Convertible Debentures (Redeemable at par at the end of 5th year from the date of allotment - December 15, 2008)		1,500.0	1,500.0
		1,500.0	3,500.0
<b>Cash Credit from Banks (Includes Packing Credit Loans)</b>	<b>2</b>	470.7	565.3
<b>TOTAL</b>		<b>1,970.7</b>	<b>4,065.3</b>

### Notes on Secured Loans

1. The Non-Convertible Debentures are secured on the movable properties of the Company (excluding working capital goods) and on the immovable properties of the Company situated at Gujarat, Mahad, Pithampur, Digwal, Bangalore and Baddi (for previous year).
2. Cash Credit facilities including Packing Credit in Foreign Currency (PCFC) are secured by hypothecation of stocks and book debts.
3. Satisfaction of charges in respect of certain old loans are still awaited.

	As at March 31, 2011 Rs. in Million	As at March 31, 2010 Rs. in Million
<b>4. UNSECURED LOANS</b>		
Banks and Others [Payable within a year Rs. NIL (Previous year Rs.1,646.3 Million)]	892.0	2,544.3
<b>TOTAL</b>	<b>892.0</b>	<b>2,544.3</b>

## Standalone Financial Statements

## Schedules forming part of the Balance Sheet as at March 31, 2011

## 5. FIXED ASSETS

(Rs. in Million)

Particulars	COST				DEPRECIATION / AMORTISATION				NET BLOCK	
	Opening As at 01/04/2010	Additions \$	Deductions/ Adjustment #	As at 31/03/2011 (A)	Opening As at 01/04/2010	For the Year ##	Deductions/ Adjustment #	As at 31/03/2011 (B)	As at 31/03/2011 (A-B)	As at 31/03/2010
<b>Intangible Assets</b>										
Brand/Know-how/ Licences/ Trademarks/ Intellectual Property Rights** @@@	5,245.3	101.1	3,487.1	<b>1,859.3</b>	1,879.4	256.1	1,555.6	<b>579.9</b>	<b>1,279.4</b>	3,365.9
Computer Software	318.6	17.7	245.4	<b>90.9</b>	176.2	31.0	168.2	<b>39.0</b>	<b>51.9</b>	142.4
<b>Tangible Assets</b>										
Land Leasehold	35.7	79.4	0.1	<b>115.0</b>	4.9	1.3	(18.4)*	<b>24.6</b>	<b>90.4</b>	30.8
Land Freehold	467.0	-	132.6	<b>334.4</b>	-	-	-	-	<b>334.4</b>	467.0
Building	2,137.6	136.1	833.7	<b>1,440.0</b>	398.8	59.0	114.0	<b>343.8</b>	<b>1,096.2</b>	1,738.8
Plant & Machinery@	7,134.8	477.2	1,858.7	<b>5,753.3</b>	2,364.4	413.4	712.2	<b>2,065.6</b>	<b>3,687.7</b>	4,770.4
Furniture & Fixtures & Office Equipment	332.4	49.2	229.1	<b>152.5</b>	126.2	13.2	94.7	<b>44.7</b>	<b>107.8</b>	206.2
Motor Vehicle/ Transport	31.1	0.5	8.3	<b>23.3</b>	13.7	2.1	7.6	<b>8.2</b>	<b>15.1</b>	17.4
<b>Grand Total</b>	<b>15,702.5</b>	<b>861.2</b>	<b>6,795.0</b>	<b>9,768.7</b>	<b>4,963.6</b>	<b>776.1</b>	<b>2,633.9</b>	<b>3,105.8</b>	<b>6,662.9</b>	<b>10,738.9</b>
Previous Year	14,278.1	1,687.7	263.3	15,702.5	4,090.9	922.2	49.5	4,963.6	317.8	505.6
Capital Work in Progress (including Capital Advances)									<b>6,980.7</b>	<b>11,244.5</b>

Refer note 1(ii), Sch. 22

Refer note 1(ix), Sch. 22

# Refer note 5, Sch. 22

\* Exceptional items as per Sch.21 includes Impairment of Assets.

## Depreciation for the year includes depreciation amounting to Rs.35.9 Million (Previous Year Rs.37.1 Million) on assets used for Research and Development.

\$ During the year Company incurred Rs.19.4 Million (Previous year Rs.41.9 Million) towards capital expenditure for Research and Development (Refer note 29, Sch. 22).

@ As per notification dated March 31, 2009, on the provisions of Accounting Standard (AS – 1) - “The Effects of Changes in Foreign Exchange Rates”, the Company has decapitalised exchange difference amounting to Rs.58.2 Million on repayment of long term loans used for acquiring the fixed assets and capitalised exchange difference amounting Rs.53.6 Million on repayment of long term loans used for acquiring fixed assets.

\*\* The Brands are in the process of being registered in the name of the Company, for which the necessary application has been made with trade mark registry.

@@ Refer note 26, Sch. 22

## Standalone Financial Statements

### Schedules forming part of the Balance Sheet as at March 31, 2011

#### 6. INVESTMENTS (Refer note 1(iii), Sch.22)

	Nos. as at March 31, 2011	Nos. as at March 31, 2010	Face Value Rupees	As at March 31, 2011 Rs. in Million	As at March 31, 2010 Rs. in Million
<b>LONG TERM</b>					
<b>1. Shares of Companies (at cost)</b>					
<b>a) Subsidiary Companies (Unquoted)</b>					
i. Piramal International, Mauritius	1,025,000	1,025,000	1 USD	35.9	35.9
ii. PHL Fininvest Private Limited	2,226,052	2,226,052	10.0	26.7	26.7
iii. Piramal Diagnostic Services Private Limited (Refer note 6(a), Sch. 22)	-	3,859,200	10.0	-	584.3
iv. Piramal Holdings (Switzerland) Limited, Switzerland	11,000	11,000	1000 CHF	383.4	383.4
v. Piramal Pharmaceutical Development Services Private Limited	6,750,000	6,750,000	10.0	67.5	67.5
vi. Piramal Healthcare, Inc., U.S.A.	100	100	0.01 USD	556.7	556.7
<b>b) Others (Quoted)</b>					
i. Piramal Life Sciences Limited	4,550,000	4,550,000	10.0	45.5	45.5
ii. Biosyntech, Inc., Canada (Refer Note 8, Sch. 22)	-	7,500,000	0.001 CAD	-	223.2
<b>c) Others (Unquoted)</b>					
i. Allergan India Private Limited	3,920,000	3,920,000	10.0	39.2	39.2
ii. Biosyntech, Inc., Canada (Refer Note 8, Sch. 22)	7,500,000	-	0.001 CAD	223.2	-
<b>2. Debentures</b>					
<b>10% Cumulative Redeemable Non Convertible Debentures</b>					
Super Religare Laboratories Limited (Refer note 6(a), Sch. 22)	16,500	-	100,000.0	1,650.0	-
<b>CURRENT (at lower of cost or market value) (Refer note 27, Sch. 22)</b>					
<b>a) In Mutual Funds (Unquoted)</b>					
Birla Sunlife Fixed Term Plan series CG Growth	150,000,000	-	10.0	1,500.0	-
HDFC FMP 370D November 2010(1) Growth Series XVII	120,000,000	-	10.0	1,200.0	-
ICICI Prudential Interval Fund Annual Interval Plan IV Institutional Cumulative	85,787,573	-	10.0	1,000.0	-
ICICI Prudential Interval Fund Half Yearly Interval Plan-I Institutional Cumulative	149,898,069	-	10.0	1,500.0	-
Kotak FMP 370 Days Series 10 Growth	50,000,000	-	10.0	500.0	-
Kotak Liquid (Institutional Premium) Daily Dividend Reinvest	9,406,960	-	10.0	115.0	-

## Standalone Financial Statements

### Schedules forming part of the Balance Sheet as at March 31, 2011

#### 6. INVESTMENTS (Refer note 1(iii), Sch.22) ( Contd )

	Nos. as at March 31, 2011	Nos. as at March 31, 2010	Face Value Rupees	As at March 31, 2011 Rs. in Million	As at March 31, 2010 Rs. in Million
Reliance Fixed Horizon Fund XVI Series 8 Growth Plan	100,000,000	-	10.0	1,000.0	-
TATA Fixed Maturity Plan Series 29 Scheme A Growth	50,000,000	-	10.0	500.0	-
DWS Fixed Term Fund - Series 76- Growth Plan	20,000,000	-	10.0	200.0	-
Sundaram Fixed Term Plan AP 367 Days Growth	25,000,000	-	10.0	250.0	-
<b>b) In Bonds (Unquoted)</b>					
6.85% India Infrastructure Finance Co. Ltd. Tax Free Bonds 22/01/2014	20,174	-	100,000.0	2,056.3	-
<b>c) In Certificate of Deposits (Unquoted)</b>					
Vijaya Bank	10,000	-	100,000.0	996.9	-
Syndicate Bank	5,000	-	100,000.0	499.1	-
Indian Bank	9,000	-	100,000.0	898.2	-
Oriental Bank of Commerce	5,000	-	100,000.0	499.1	-
State Bank of Hyderabad	3,500	-	100,000.0	348.9	-
				<b>16,091.6</b>	<b>1,962.4</b>
Less : Provision for diminution in value of Investment (Refer note 8, Sch. 22)				259.1	35.9
<b>TOTAL</b>				<b>15,832.5</b>	<b>1,926.5</b>

	Cost Rs. in Million	As at March 31, 2011 Market Value Rs. in Million	Cost Rs. in Million	As at March 31, 2010 Market Value Rs. in Million
1. Aggregate value of quoted investments	45.5	<b>486.9</b>	268.7	<b>616.3</b>
2. Aggregate value of unquoted investments	15,787.0		1,657.8	
<b>TOTAL</b>	<b>15,832.5</b>		<b>1,926.5</b>	

**Standalone Financial Statements****Schedules forming part of the Balance Sheet as at March 31, 2011**

	As at March 31, 2011 Rs. in Million	As at March 31, 2010 Rs. in Million
<b>7. INVENTORIES</b>		
(As certified by the Management )		
Raw & Packing Materials	1,145.8	1,074.9
Work-in-Progress	543.4	447.9
Finished Goods	551.4	1,275.8
Engineering Stores	61.4	56.1
<b>TOTAL</b>	<b>2,302.0</b>	<b>2,854.7</b>
<b>8. SUNDRY DEBTORS</b>		
i. Over six months		
Secured - considered good	1.7	3.5
Unsecured - considered good	114.1	180.1
- considered doubtful	263.4	525.8
	<b>379.2</b>	<b>709.4</b>
Less : Provision for doubtful debts (Refer note 5, Sch.22)	263.4	525.8
	115.8	183.6
ii. Others - Considered good		
Secured	10.2	39.0
Unsecured *	2,036.0	2,508.1
	2,046.2	2,547.1
<b>TOTAL</b>	<b>2,162.0</b>	<b>2,730.7</b>
*[Include dues from Piramal Pharmaceutical Development Services Private Limited Rs.0.4 Million (Previous Year Rs.0.3 Million), Piramal Healthcare (Canada) Limited Rs. 9.4 Million (Previous Year Rs.4.4 Million), Piramal Healthcare (UK) Limited Rs. 144.7 Million (Previous Year Rs.55.9 Million), Piramal Critical Care Inc. Rs.50.5 Million (Previous Year Rs.21.3 Million), Piramal Diagnostic Services Private Limited Rs. NIL (Previous Year Rs. 6.8 Million)].		
<b>9. CASH AND BANK BALANCES</b>		
i. Cash and Cheques on Hand		
	1.0	1.3
ii. Balance with Scheduled Banks		
- Current Account	125.2	123.7
- Current Account in respect of Unclaimed Dividend Warrants	34.8	29.5
- Current Account in respect of Right Issue Refund Orders	1.1	1.1
- Current Account in respect of Buy Back of Shares (Refer note 7, Sch.22)	611.4	-
- Fixed Deposit Account	16,500.3	0.3
- Escrow Account	266.0	-
- Others	0.5	0.5
<b>TOTAL</b>	<b>17,540.3</b>	<b>156.4</b>
<b>10. OTHER CURRENT ASSETS</b>		
Interest, Rent & Claims Receivable	439.8	72.7
Receivable on Sale of Domestic Formulation Business (Refer note 5, Sch.22)	71,360.0	-
Forward Exchange Contracts Receivable	5,262.4	-
<b>TOTAL</b>	<b>77,062.2</b>	<b>72.7</b>

**Standalone Financial Statements****Schedules forming part of the Balance Sheet as at March 31, 2011**

	As at March 31, 2011 Rs. in Million	As at March 31, 2010 Rs. in Million
<b>11. LOANS AND ADVANCES</b>		
Advances recoverable in cash or in kind or for value to be received		
Unsecured & Considered Good	267.7	238.0
Considered Doubtful	0.8	0.8
	268.5	238.8
Less : Provision for Doubtful Advances	0.8	0.8
	267.7	238.0
Advance to Piramal Healthcare Limited Senior Employees Stock Option Scheme Trust	-	26.0
Advance Tax [Net of Provision of Rs.38,397.2 Million (Previous year Rs.2,877.8 Million)]	619.7	442.2
MAT Credit Entitlement (Refer note 12(b)&(c), Sch.22)	-	1,308.4
Loan to Subsidiaries	4,381.3	5,311.9
Advance to Subsidiaries	345.7	136.2
Inter Corporate Deposits	3,553.0	833.0
Less : Provision for Doubtful Inter Corporate Deposits	83.0	83.0
	3,470.0	750.0
Other Deposits	193.3	333.1
Balance with Customs, Port Trust and Excise Authorities on Current Account	292.2	284.5
<b>TOTAL</b>	<b>9,569.9</b>	<b>8,830.3</b>
<b>12. CURRENT LIABILITIES</b>		
Sundry Creditors		
- Dues to Micro, Small & Medium Enterprises (Refer note 20,Sch.22)	-	3.1
- Others	3,588.8	2,815.2
Due to Subsidiaries	222.2	216.8
Advances from Customers	162.2	122.3
Investor Education and Protection Fund Shall be Credited by		
- Unpaid Dividend (Refer note 23,Sch.22)	34.8	29.5
Rights Issue Money Refundable to Shareholders	1.1	1.1
Interest Accrued But Not Due	64.4	97.3
Deferred Premium on Forward Exchange Contracts	3,846.2	-
Other Liabilities	298.2	327.9
<b>TOTAL</b>	<b>8,217.9</b>	<b>3,613.2</b>
<b>13. PROVISIONS</b>		
Proposed Dividend on Equity Shares	2,006.5	1,128.6
Provision for Wealth Tax less Payment	2.1	2.1
Tax Payable on Proposed Dividend	325.5	187.5
Provision for Employees Retirement Benefits (Refer note 1(v) & 13,Sch.22)	126.5	220.0
<b>TOTAL</b>	<b>2,460.6</b>	<b>1,538.2</b>

## Standalone Financial Statements

### Schedules forming part of the Profit and Loss Account for the Year Ended March 31, 2011

		Year Ended March 31, 2011 Rs. in Million	Year Ended March 31, 2010 Rs. in Million
<b>14. OTHER INCOME</b>			
Dividend on :			
- Investments from Subsidiaries/Joint Ventures		78.4	78.4
- Current Investments		504.3	-
Interest Received :			
- On Term Deposits with Limited Companies & Others [Tax Deducted at Source Rs. 106.1 Million (Previous year Rs.122.3 Million)]	1,117.0		1,172.4
- On Income Tax Refund	10.7		28.4
- On Investments [Tax Deducted at Source Rs. 130.2 Million (Previous year Rs. NIL Million)]	2,044.0		-
- On Receivables and Others	0.1		7.8
		3,171.8	1,208.6
Profit on Sale of Current Investment (net) (Refer Note 6(b), Sch.22)		42.4	-
Processing Charges Received		52.4	15.0
Rent Received [Tax Deducted at Source Rs.NIL (Previous year Rs.NIL. )]		0.3	0.3
Export Incentive		6.7	16.6
Exchange Gain (net)		925.7	-
Miscellaneous Income		190.9	158.9
<b>TOTAL</b>		<b>4,972.9</b>	<b>1,477.8</b>
<b>15. MATERIALS</b>			
Raw and Packing Materials		5,068.5	6,108.5
Purchase of Trading Goods		2,876.6	5,136.2
<b>TOTAL</b>		<b>7,945.1</b>	<b>11,244.7</b>
<b>16. STAFF COST (Net of Recoveries)</b>			
(Refer note 28, Sch.22 )			
Salaries, Wages and Bonus		2,150.7	2,654.0
Contribution to Gratuity, Provident and Other Funds		152.5	182.8
Staff Welfare		136.9	152.5
<b>TOTAL</b>		<b>2,440.1</b>	<b>2,989.3</b>

## Standalone Financial Statements

### Schedules forming part of the Profit and Loss Account for the Year Ended March 31, 2011

	Year Ended March 31, 2011 Rs. in Million	Year Ended March 31, 2010 Rs. in Million
<b>17. RESEARCH AND DEVELOPMENT EXPENSES</b>		
R & D Expenses	393.8	361.9
<b>TOTAL</b>	<b>393.8</b>	<b>361.9</b>
<b>18. OTHER EXPENSES (Net of Recoveries)</b>		
(Refer note 28, Sch. 22)		
Processing Charges	122.8	182.0
Stores and Spares Consumed	132.7	147.7
Power, Fuel & Water Charges	418.2	502.5
Repairs and Maintenance		
Buildings	115.0	98.4
Plant and Machinery	125.0	156.1
Others	1.7	2.6
	241.7	257.1
Rent		
Premises	170.2	201.2
Other Assets	69.0	94.0
	239.2	295.2
Rates & Taxes (includes Excise Duty)	219.2	123.5
Insurance	50.7	45.7
Travelling Expenses	550.5	762.3
Directors' Commission	44.6	48.1
Directors' Fees	1.6	1.6
Provision For Doubtful Debts	12.5	-
Fixed Assets Written Off	166.8	-
Loss on Sale of Assets (net)	1.1	3.5
Advertisement and Business Promotion Expenses	1,385.5	1,679.2
Freight	261.7	332.3
Clearing and Forwarding Expenses	192.1	259.4
Claims	282.6	342.9
Legal and Professional Charges	383.6	308.2
Exchange Loss (net)	-	106.1
Service Charges Paid	289.8	445.7
Donation	129.6	12.4
Miscellaneous Expenses	452.5	492.3
<b>TOTAL</b>	<b>5,579.0</b>	<b>6,347.7</b>

**Standalone Financial Statements****Schedules forming part of the Profit and Loss Account for the Year Ended March 31, 2011**

	Year Ended March 31, 2011 Rs. in Million		Year Ended March 31, 2010 Rs. in Million	
<b>19. (INCREASE)/ DECREASE IN</b>				
<b>WORK - IN - PROGRESS AND FINISHED GOODS</b>				
<b>OPENING STOCKS:</b>				
Work-in-Progress	447.9		494.8	
Finished Goods	1,275.8		1,014.5	
Less : Excise Duty	21.9		25.9	
		1,701.8		1,483.4
<b>TRANSFERRED ON SALE OF FORMULATION BUSINESS (Refer note 5,Sch.22):</b>				
Work-in-Progress	(27.0)		-	
Finished Goods	(1,291.9)		-	
Add : Excise Duty	21.0		-	
		(1,297.9)		-
<b>CLOSING STOCKS:</b>				
Work-in-Progress	543.4		447.9	
Finished Goods	551.4		1,275.8	
Less : Excise Duty	12.3		21.9	
		1,082.5		1,701.8
<b>TOTAL</b>		<b>(678.6)</b>		<b>(218.4)</b>
<b>20. INTEREST EXPENSES</b>				
Interest on Fixed Loans/Debentures		750.6		1,354.6
Interest on Others		47.3		209.0
<b>TOTAL</b>		<b>797.9</b>		<b>1,563.6</b>
<b>21. EXCEPTIONAL ITEMS INCOME / (EXPENSES) (Net)</b>				
Sale of Domestic Formulation Business (Refer note 5, Sch.22 )	159,946.2		-	
Sale of Investment in Subsidiary Company - Piramal Diagnostic Services Private Limited (Refer Note 6, Sch.22 )	2,783.0		-	
Provision for Diminution in Value in Biosyntech Inc., Canada (Refer note 8, Sch.22 )	(223.2)		-	
Plant Closure Cost - Vitamin and Fine Chemical Plant (Refer note 9, Sch.22 )	(407.0)		-	
Voluntary Retirement Scheme	-		(3.6)	
		162,099.0		(3.6)
<b>TOTAL</b>		<b>162,099.0</b>		<b>(3.6)</b>

## Standalone Financial Statements

### Schedules forming part of the Financial Statements for the Year Ended March 31, 2011

#### 22. NOTES TO THE FINANCIAL STATEMENTS

##### 1. SIGNIFICANT ACCOUNTING POLICIES

###### i) Basis of Accounting

The financial statements are prepared to comply in all material aspects with all the applicable accounting principles in India, the applicable Accounting Standards notified u/s 211(3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956.

###### ii) Fixed Assets and Depreciation

###### a. Fixed Assets

###### Intangibles

Brands/know-how (including US FDA / TGA approvals and Business Application Software intended for long term use) are recorded at their acquisition cost and in case of assets acquired on merger, at their carrying values.

###### Tangibles

All fixed assets are stated at cost of acquisition less accumulated depreciation and includes adjustment arising from exchange rate variations attributable to fixed assets. In the case of fixed assets acquired for new projects / expansion, interest cost on borrowings, and other related expenses incurred upto the date of completion of project are capitalised.

###### b. Depreciation

###### Intangibles

Brands/know-how (including US FDA / TGA approvals)/Intellectual Property Rights are amortised from the month of product launch/commercial production, over their estimated economic life not exceeding ten/fifteen years.

Computer Software is being depreciated on straight line method at the rates specified in Schedule XIV of the Companies Act, 1956.

###### Tangibles

Depreciation on fixed assets has been provided on straight line method at the rates specified in Schedule XIV of the Companies Act, 1956. Diagnostic equipments placed with customers are amortised over a period of 60 months. Depreciation on additions / deletions of assets during the year is provided on a pro-rata basis.

###### c. Impairment of Assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Profit and Loss Account. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

###### iii) Investments

Investments that are readily realisable and intended to be held but not more than a year are classified as current investments. All other investments are classified as long term investments.

Long term investments are stated at cost, except where there is a diminution in value (other than temporary), in which case the carrying value is reduced to recognise the decline. Current investments are carried at lower of cost and fair value, computed separately in respect of each category of investment.

###### iv) Inventories

Inventories are valued at lower of cost or net realizable value (Cost is determined on weighted average basis). The cost of work-in-progress and finished goods comprises of raw materials, direct labour, other direct costs and related production overheads and Excise duty as applicable. Net realizable value is the estimate of the selling price in the ordinary course of business as applicable.

###### v) Retirement Benefits

The Company has Defined Contribution Plan for its employees' retirement benefits comprising of Provident Fund, Superannuation Fund, Pension and Employee State Insurance Fund which are recognised by the Income Tax Authorities and administered through its trustees. The Company and eligible employees

## Standalone Financial Statements

### Schedule 22 (Contd.)

make monthly contributions to the Provident Fund trust equal to specified percentage of the covered employees' salary. The interest rate payable by the Provident Fund trust to the beneficiaries every year is being notified by the Government. The Company has an obligation to make good any shortfall, if any, between the return from the investments of the trust and the notified interest rates. The Company contributes to Superannuation Fund and Employees' State Insurance Fund and Employees' Pension Scheme 1995 and has no further obligations to the plan beyond its monthly contribution.

The Company has Defined Benefit Plan comprising of Gratuity Fund, Pension Fund, Leave Encashment and Long Term Service Award. The Company contributes to the Gratuity Fund, which is recognized by the Income Tax Authorities and administered through its trustees. The liability for the Gratuity, Pension, Leave Encashment and Long Term Service Award is determined on the basis of an independent actuarial valuation done at the year-end. The actuarial valuation method used for measuring the liability is the Projected Unit Credit method. The obligations are measured as the present value of estimated future cashflows discounted at rates reflecting the prevailing market yields of Indian Government securities as at the Balance Sheet date for the estimated term of the obligations. The estimate of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors. The expected rate of return of the plan assets is the Company's expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations. Plan assets are measured at fair value as at the Balance Sheet date.

Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised in the Profit and Loss Account in the year in which they arise.

#### vi) Provisions and Contingent Liabilities

The Company recognises a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

#### vii) Revenue Recognition

Sales are recognized upon delivery of products and are recorded inclusive of excise duty but are net of trade discounts and sales tax.

#### viii) Foreign Currency Transaction

Foreign currency transactions are accounted at the exchange rate prevailing on the date of transactions. Gains or losses resulting from the settlement of such transaction and from the translation of monetary assets and liabilities denominated in foreign currency are recognized in the Profit and Loss Account. In cases where they relate to acquisition of fixed assets, they are adjusted to the carrying cost of such assets. Premium or discount in respect of forward contracts is accounted over the period of the contract.

#### ix) Research and Development

Revenue expenditure on research and development is recognized as expense in the year in which it is incurred and the expenditure on capital assets is depreciated over the useful lives of the assets.

#### x) Excise Duty

The excise duty in respect of closing inventory of finished goods is included as part of inventory. The material consumed is net of Central Value Added Tax (CENVAT) credits.

#### xi) Voluntary Retirement Scheme (VRS)

Compensation paid on voluntary retirement scheme is charged off in the year in which they are incurred.

#### xii) Taxes on Income

##### Current Tax

Current Tax is determined as the amount of tax payable in respect of taxable income for the year.

##### Deferred Taxation

Deferred Tax resulting from timing differences between book and tax profits is accounted for under the liability method, at the current rate of tax, to the extent that the timing differences are expected to crystallise.

#### xiii) Proposed Dividend

Dividend Proposed by the Board of Directors is provided in the books of account pending approval at the Annual General Meeting.

## Standalone Financial Statements

### Schedule 22 (Contd.)

(Rs. in Million)

		As at March 31, 2011	As at March 31, 2010
2.	Estimated amount of outstanding contracts/Capital Commitment	145.1	146.6
3.	Contingent Liability:		
	a. Demand dated June 5, 1984 the Government has asked for payment to the credit of the Drugs Prices Equalisation Account, the difference between the common sale price and the retention price on production of Vitamin 'A' Palmitate (Oily Form) from January 28, 1981 to March 31, 1985 not accepted by the Company. The Company has been legally advised that the demand is untenable.	6.1	6.1
	b. Appeals filed in respect of disputed demands:		
	Income Tax		
	- where the Company is in appeal	2,132.5	653.1
	- where the Department is in appeal	1,789.3	1,815.4
	Sales Tax	128.7	58.2
	Central / State Excise	131.0	118.6
	Labour Matters	2.4	34.0
	Stamp Duty	40.5	40.5
	Legal Cases	70.7	70.7
	c. Guarantees issued to Government authorities and limited companies including guarantees issued on behalf of subsidiaries and performance guarantees.	9,668.3	13,664.3
	d. Unexpired Letters of Credit	90.2	11.9
	e. Bills Discounted	217.0	66.0

Note: Future cash outflows in respect of (a) & (b) above are determinable only on receipt of judgments/decisions pending with various forums/authorities.

4. An erstwhile Contractor had made a claim before arbitration panel for Rs.78.5 Million on Canere Actives and Fine Chemicals Private Limited (Canere) prior to its amalgamation for unsettled dues for erection and commissioning of a manufacturing facility during the year 1999-2000. Canere has filed a counter claim of Rs.382.6 Million on the Contractor for submitting inflated bills for work not done and for special and indirect damages caused due to negligence of the Contractor. The Arbitration panel has awarded net claim in favour of contractor resulting in total claim against Canere amounting to Rs.30.0 Million (including interest). The Company has gone into the appeal against said order in Civil Court. The Company has provided for the said liability, anticipating the event of Civil Judge upholding the orders passed by the Tribunal.

## Standalone Financial Statements

### Schedule 22 (Contd.)

5. The Company had entered into Business Transfer Agreement (BTA) with Abbott Healthcare Private Limited (Abbott), dated May 21, 2010 for sale of its Domestic formulation business ("Business") to Abbott on slump sale basis for net cash consideration for Rupee equivalent of USD 3.8 Billion of which Rupee equivalent of USD 2.2 Billion is received and balance Rupee equivalent of USD 1.6 Billion is receivable on deferred payment basis equally over the next four years. The transaction was concluded on September 07, 2010. The Company recognised a profit of Rs.159,946.2 Million on account of sale of the Business.

The amount of revenue and expenses in respect of the ordinary activities attributable to the discontinued operation of Business is:

(Rs. in Million)

Particulars	For the Year ended March 31, 2011	For the Year ended March 31, 2010
Revenue	7,959.2	19,705.7
Expenses	6,452.0	13,555.3
Profit Before Tax	1,507.2	6,150.4
Profit After Tax	1,507.2	5,821.3

The carrying amount of total assets and liabilities pertaining to the Business are as follows:

(Rs. in Million)

Particulars	As at September 07, 2010	As at March 31, 2010
Total Assets	7,321.2	7,110.4
Total Liabilities	1,286.5	1,056.8

6. a. During the year the Company has sold its 97.5% holding (3,859,200 Equity Shares) of Piramal Diagnostic Services Private Limited (PDSPL) to Super Religare Limited (SRL) for consideration of Rs.3,629.7 Million. The consideration has been discharged by cash of Rs.663.5 Million, Equity Shares of Super Religare Limited of Rs.1,316.2 Million (5,069,902 Rs.10/- each at a premium of Rs.249.62/-) and 16,500 10% cumulative redeemable non-convertible debentures of Rs.100,000/- each valuing Rs.1,650.0 Million for its 97.5% share in PDSPL. In addition SRL has assumed a liability of the Company's outstanding loan of Rs.2,277.1 Million in PDSPL. The Company recognized profit of Rs.2,783.0 Million on account of sale of the investment in the subsidiary.
- b. Pursuant to the terms of Shareholders' Agreement dated July 13, 2010, entered between the Company and Super Religare Limited (SRL), and pursuant to Promoters of SRL exercising their call option in accordance with the said agreement, the Company has sold its entire shareholding in SRL (as per Note 6(a) above), comprising 5,069,902 Equity Shares of Rs.10/- each, for a total consideration of Rs. 1,376.4 Million. The Company has recognized profit of Rs. 60.2 Million on account of sale of the investment in SRL Equity Shares.
7. The Company decided to buyback upto 4,18,02,629 equity shares of the face-value of Rs. 2/- each at a price of Rs.600/- per share aggregating to Rs.25,081.6 Million from the shareholders of the Company through a Tender Offer, in accordance with Section 77A of the Companies Act, 1956 and the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 as amended.

The Company has bought back 4,10,97,100 equity shares through Tender Offer for an aggregate amount of Rs.24,658.3 Million, by utilizing Share Premium Account and General Reserve to the extent of Rs.1,433.3 Million and Rs.23,142.8 Million respectively. Capital Redemption Reserve has been created out of General Reserve for Rs.82.2 Million being the nominal value of shares bought back in terms of Section 77AA of the Companies Act, 1956.

In compliance with the Foreign Exchange Management Act, 1999, extinguishment of 7,05,529 shares belonging to one overseas corporate body have been kept in abeyance pending Reserve Bank of India (RBI) approval. Consequently, on receipt of RBI approval the shares will be bought back.

## Standalone Financial Statements

### Schedule 22 (Contd.)

8. The Company held 7,500,000 equity shares as investment in Biosyntech Inc., Canada valued at Rs.223.2 Million which has filed for bankruptcy protection under the Bankruptcy and Insolvency Act, Canada.  
  
Pending final liquidation order from the Court, the management is of the opinion that there is permanent diminution in the value amounting to Rs.223.2 Million and hence the same has been provided in the financial statements.
9. The Board of Directors has approved to shift its manufacturing operation of Vitamins and Fine Chemicals from its Thane Unit to Digwal & Mahad unit. Consequently it has been decided to shut down Thane plant effective September 30, 2010. The total closure cost of the plant (including VRS) is Rs.407.0 Million which has been provided in the financial statements.
10. As per Section 117C of the Companies Act, 1956 the Company has created Debenture Redemption Reserve for Secured Redeemable Non Convertible Debentures issued during the previous year and reversed Debenture Redemption Reserve for Secured Redeemable Non Convertible Debentures redeemed during the year.
11. The Current tax includes capital gain tax on sale of Domestic Formulations Business and sale of Investment in PDSPL of Rs. 36,699.9 Million.
12. (a) Major components of Deferred Tax Assets and Liabilities arising are:

(Rs. in Million)

	As at March 31, 2011		As at March 31, 2010	
	Deferred Tax Asset	Deferred Tax Liability	Deferred Tax Asset	Deferred Tax Liability
<b>On account of timing differences</b>				
- Depreciation	-	1,207.7	-	1,304.8
- VRS	60.7	-	1.0	-
- Provision for Doubtful Debts	67.2	-	153.7	-
- Others	156.5	-	101.6	-
<b>Total</b>	<b>284.4</b>	<b>1,207.7</b>	<b>256.3</b>	<b>1,304.8</b>

(b) The Company has utilised the MAT Credit Entitlement outstanding in the books of Rs. 1,213.2 Million against the tax payable for the year ended March 31, 2011 (Refer Schedule 11).

(c) Prior Period Tax of Rs. 95.2 Million is on account of MAT credit adjusted.

13. Employee Benefits :

The disclosures required as per the revised AS-15 are as under:

#### Brief description of the Plans:

The Company has various schemes for long term benefits such as Provident Fund, Superannuation, Gratuity, Leave Encashment, Pension and Long Term Service Award. In case of funded schemes, the funds are recognised by the Income tax authorities and administered through trustees. The Company's defined contribution plans are Provident fund, Superannuation, Employees State Insurance Fund and Employees' Pension Scheme (under the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952). The Company has no further obligation beyond making the contributions. The Company's defined benefit plans include Gratuity, Pension, Leave Encashment and Long Term Service Award. The Guidance on implementing Accounting Standard (AS - 15)(Revised 2005) "Employee Benefits" issued by Accounting Standards Board (ASB) states that provident funds set up by the employers which require the interest short fall to be met by the employers needs to be treated as defined benefit plan. However, as at the year end no shortfall remains unprovided for. As advised by an independent actuary, it is not practical or feasible to actuarially value the liability considering that the rate of interest as notified by the Government can vary annually. Further the pattern of investment for investible funds is as prescribed by the Government. Accordingly other related disclosures in respect of provident fund have not been made.

## Standalone Financial Statements

### Schedule 22 (Contd.)

#### I. Charge to the Profit and Loss Account based on contributions:

(Rs. in Million)

	Year Ended March 31, 2011	Year Ended March 31, 2010
Employer's contribution to Provident Fund	61.8	79.2
Employer's contribution to Superannuation Fund	12.3	14.6
Employer's contribution to Employees' State Insurance	12.4	5.4
Employer's contribution to Employees' Pension Scheme 1995	26.0	39.6

Included in contribution to Gratuity, Provident and Other Funds and Research and Development Expenses (Refer Schedule 16 & 17)

#### II. Disclosures for defined benefit plans based on actuarial reports as on March 31, 2011.

##### A. Change in Defined Benefit Obligation

(Rs. in Million)

	(Funded)				(Non-Funded)			
	Gratuity		Pension		Pension		Long Term Service Award	
	As at March 31,		As at March 31,		As at March 31,		As at March 31,	
	2011	2010	2011	2010	2011	2010	2011	2010
Present Value of Defined Benefit Obligation as at beginning of the year	329.0	289.5	0.7	1.0	0.1	0.1	8.3	8.8
Interest Cost	24.0	22.0	0.1	0.1	-	-	0.7	0.7
Current Service Cost	29.2	24.9	0.1	0.1	-	-	1.4	0.3
Liability Transferred Out on sale of Formulation Business (Refer note 5, Sch.22)	(159.8)	-	-	-	-	-	(8.2)	-
Benefits Paid	(116.0)	(42.0)	-	-	(0.1)	(0.2)	(0.8)	(0.4)
Actuarial (gain) / loss	31.6	34.6	(0.8)	(0.5)	-	0.2	3.2	(1.1)
<b>Present Value of Defined Benefit Obligation as at the end of the year</b>	<b>138.0</b>	<b>329.0</b>	<b>0.1</b>	<b>0.7</b>	<b>-</b>	<b>0.1</b>	<b>4.6</b>	<b>8.3</b>

## Standalone Financial Statements

### Schedule 22 (Contd.)

#### B. Changes in the Fair Value of Assets

(Rs. in Million)

	(Funded)				(Non-Funded)			
	Gratuity		Pension		Pension		Long Term Service Award	
	As at March 31,		As at March 31,		As at March 31,		As at March 31,	
	2011	2010	2011	2010	2011	2010	2011	2010
Fair Value of Plan Asset as at beginning of the year	296.6	302.3	6.3	5.9	-	-	-	-
Expected Return on Plan Assets	26.7	23.3	0.5	0.5	-	-	-	-
Contributions by the employer	95.0	10.0	-	-	-	-	-	-
Asset Transferred Out on sale of Formulation Business (Refer Note.5, Sch.22)	(159.8)	-	-	-	-	-	-	-
Benefits Paid	(116.0)	(42.0)	-	-	-	-	-	-
Actuarial gain / (loss)	(17.5)	3.0	(0.7)	(0.1)	-	-	-	-
<b>Fair Value of Plan Asset as at the end of the year</b>	<b>125.0</b>	<b>296.6</b>	<b>6.1</b>	<b>6.3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### C. Reconciliation of Present Value of Defined Benefit Obligation and the Fair Value of Assets

(Rs. in Million)

	(Funded)				(Non-Funded)			
	Gratuity		Pension		Pension		Long Term Service Award	
	As at March 31,		As at March 31,		As at March 31,		As at March 31,	
	2011	2010	2011	2010	2011	2010	2011	2010
Present Value of Funded Obligation as at end of the year.	138.0	329.0	0.1	0.7	-	-	-	-
Fair Value of Plan Assets as at end of the year.	125.0	296.6	6.1	6.3	-	-	-	-
Funded Liability/(Asset) recognised in the Balance Sheet (Refer Sch. 13)	13.0	32.4	(6.0)	(5.6)	-	-	-	-
Present Value of Unfunded Obligation as at end of the year.	-	-	-	-	-	0.1	4.6	8.3
Unrecognised Actuarial gains / (losses)	-	-	-	-	-	-	-	-
<b>Unfunded Liability recognised in the Balance Sheet (Refer Sch. 13)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.1</b>	<b>4.6</b>	<b>8.3</b>

**Standalone Financial Statements****Schedule 22 (Contd.)****D. Amount recognised in the Balance Sheet**

(Rs. in Million)

	(Funded)				(Non-Funded)			
	Gratuity		Pension		Pension		Long Term Service Award	
	As at March 31,		As at March 31,		As at March 31,		As at March 31,	
	2011	2010	2011	2010	2011	2010	2011	2010
Present Value of Defined Benefit Obligation as at the end of the year	138.0	329.0	0.1	0.7	-	0.1	4.6	8.3
Fair Value of Plan Assets as at end of the year	125.0	296.6	6.1	6.3	-	-	-	-
<b>Net Liability/(Asset) recognised in the Balance Sheet (Refer Sch. 13)</b>	<b>13.0</b>	<b>32.4</b>	<b>(6.0)</b>	<b>(5.6)</b>	<b>-</b>	<b>0.1</b>	<b>4.6</b>	<b>8.3</b>

**E. Expenses recognised in Profit and Loss Account**

(Rs. in Million)

	(Funded)				(Non-Funded)			
	Gratuity		Pension		Pension		Long Term Service Award	
	For the Year Ended March 31,		For the Year Ended March 31,		For the Year Ended March 31,		For the Year Ended March 31,	
	2011	2010	2011	2010	2011	2010	2011	2010
Current Service Cost	29.2	24.9	0.1	0.1	-	-	1.4	0.3
Past Service Cost	-	-	-	-	-	-	-	-
Interest Cost	24.0	22.0	0.1	0.1	-	-	0.7	0.7
Expected Return on Plan Assets	(26.7)	(23.3)	(0.5)	(0.5)	-	-	-	-
Curtailments Cost / (Credit)	-	-	-	-	-	-	-	-
Settlements Cost / (Credit)	-	-	-	-	-	-	-	-
Net Actuarial (gain) / loss	49.1	31.6	(0.1)	(0.4)	-	0.2	3.2	(1.1)
<b>Total Expenses / (income) recognised in the Profit And Loss Account*</b>	<b>75.6</b>	<b>55.2</b>	<b>(0.4)</b>	<b>(0.7)</b>	<b>-</b>	<b>0.2</b>	<b>5.3</b>	<b>(0.1)</b>

\*Included in Salaries, Wages and Bonus, Contribution to Gratuity, Provident and Other Funds and Research and Development Expenses (Refer Sch.16 & 17)

**F. Actual Return on Plan Assets**

(Rs. in Million)

	(Funded)				(Non-Funded)			
	Gratuity		Pension		Pension		Long Term Service Award	
	As at March 31,		As at March 31,		As at March 31,		As at March 31,	
	2011	2010	2011	2010	2011	2010	2011	2010
Expected Return on Plan Assets	26.7	23.3	0.5	0.5	-	-	-	-
Actuarial gain / (losses) on Plan Assets	(17.5)	3.0	(0.7)	(0.1)	-	-	-	-
<b>Actual Return on Plan Assets</b>	<b>9.2</b>	<b>26.3</b>	<b>(0.2)</b>	<b>0.4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Standalone Financial Statements

### Schedule 22 (Contd.)

#### G. Asset Information

(%)

	(Funded)				(Non-Funded)			
	Gratuity		Pension		Pension		Long Term Service Award	
	As at March 31,		As at March 31,		As at March 31,		As at March 31,	
	2011	2010	2011	2010	2011	2010	2011	2010
Debt	67.9	69.6	100.0	100.0	-	-	-	-
Bank Deposit	25.0	29.5	-	-	-	-	-	-
Equity	7.1	0.9	-	-	-	-	-	-

#### H. Principal actuarial assumptions used:

	(Funded)				(Non-Funded)			
	Gratuity		Pension		Pension		Long Term Service Award	
	As at March 31,		As at March 31,		As at March 31,		As at March 31,	
	2011	2010	2011	2010	2011	2010	2011	2010
Discount Rate (per annum)	8.25%	8.0%	8.25%	8.0%	8.25%	8.0%	8.25%	8.0%
Expected Rate of return on Plan Assets (per annum)	8.0%	8.0%	8.0%	8.0%	-	-	-	-

#### I. Experience Adjustments:

(Rs. in Million)

	(Funded)				(Non-Funded)			
	Gratuity		Pension		Pension		Long Term Service Award	
	As at March 31,		As at March 31,		As at March 31,		As at March 31,	
	2011	2010	2011	2010	2011	2010	2011	2010
Defined Benefit Obligation	138.0	329.0	0.1	0.7	-	0.1	4.6	8.3
Plan Assets	125.0	296.6	6.1	6.3	-	-	-	-
Deficit / (Surplus)	13.0	32.4	(6.0)	(5.6)	-	0.1	4.6	8.3
Experience adjustment on plan liabilities Loss	31.6	32.1	-	-	-	-	-	-
Experience adjustment on plan assets Gain/ (Loss)	(17.5)	3.0	-	(0.1)	-	-	-	-

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

J. Expected employer's contribution for the next year is Rs.31.8 Million (Previous Year Rs.28.3 Million) for Gratuity and Pension.

K. The liability for Leave Encashment (Non – Funded) as at year end is Rs.114.9 Million. (Previous year Rs.184.8 Million).

The expected rate of return on plan assets is based on market expectations at the beginning of the year. The rate of return on long-term government bonds is taken as reference for this purpose.

There is no change in accounting estimates due to applicability of AS-15 (Revised) as the parameters considered in the FY 2010-11 are same as the one considered in FY 2009-10 apart from assumptions used for Principal Actuarial.

## Standalone Financial Statements

### Schedule 22 (Contd.)

14. a. The Company is mainly engaged in pharmaceutical business (mainly consisting of manufacturing and sale of own and traded bulk drugs and formulations) which is considered the Primary reportable business segment as per Accounting Standard (AS 17) "Segment Reporting" issued by the Institute of Chartered Accountants of India. The Secondary Segments based on geographical segmentation are considered to be Businesses outside India and within India.

(Rs. in Million)

Details	Within India		Outside India		Inter-Segment		Total	
	March	March	March	March	March	March	March	March
	2011	2010	2011	2010	2011	2010	2011	2010
Revenues	11,504.1	22,683.2	4,349.5	3,826.2	-	-	15,853.6	26,509.4
Carrying amounts of Segment Assets	130,065.9	27,108.9	1,668.1	963.2	-	-	131,734.0	28,072.1
Additions to Fixed and Intangible Assets	861.2	1,687.7	-	-	-	-	861.2	1,687.7

- b. Income from Investments represents the income earned on the temporary investments made out of proceeds from sale of the Domestic Formulation Business and the holding in Piramal Diagnostic Services Private Limited. These temporary investments have been made due to surplus funds available in the interim and shall be deployed in businesses in due course.
15. Related Party Disclosures, as required by Accounting Standard (AS 18) – "Related Parties Disclosures" issued by the Institute of Chartered Accountants of India are given below:

### A. Controlling Companies

- PHL Holdings Private Limited\* (upto December 7, 2010)
- The Swastik Safe Deposits & Investments Limited (Swastik Safe)\* (upto August 31, 2010)
- Savoy Finance & Investment Private Limited\* (upto January 7, 2011)
- Nandini Piramal Investment Private Limited\* (upto January 7, 2011)
- The Ajay G. Piramal Foundation\*
- Paramount Pharma Private Limited\* (w.e.f. August 30, 2010)
- BMK Laboratories Private Limited (w.e.f. September 1, 2010)
- Cavaal Fininvest Private Limited\* (w.e.f. September 8, 2010)
- Piramal Management Services Private Limited\* (w.e.f. September 1, 2010)
- Piramal Healthcare Limited - Employee Option Scheme (PHL-ESOP)
- Piramal Enterprises Ltd- Trustees of Piramal Enterprises Executive Trust\*

\*There are no transactions during the year with the above Companies.

## Standalone Financial Statements

### Schedule 22 (Contd.)

#### B. Subsidiary Companies

- PHL Fininvest Private Limited (PHL Fininvest)
- Piramal Diagnostic Services Private Limited [Piramal Diagnostic] (PDSL) (upto August 20, 2010, consequent to divestment of shareholding)
- Piramal Pharmaceutical Development Services Private Limited (PPDSPL)
- Oxygen Bioresearch Private Limited (w.e.f. January 11, 2011)\$@
- Piramal International@
- Piramal Holdings (Switzerland) Limited (Piramal Holdings)
- NPIL Pharma Inc, USA\*
- Piramal Healthcare Inc.
- Piramal Investment Holdings (Canada) Inc.\*@
- Piramal Life Sciences (UK) Limited\*@
- Piramal Healthcare UK Limited (Piramal Healthcare UK)\*
- Piramal Healthcare Pension Trustees Limited\*@
- Piramal Healthcare (France) Limited\*@
- Piramal Healthcare (Canada) Limited (Piramal Healthcare, Canada)\*
- Oxygen Healthcare Limited, UK (w.e.f. January 11, 2011)\*@
- Piramal Critical Care Italia, SPA (w.e.f. November 3, 2010, being the date of incorporation)\*@
- Piramal Critical Care Inc (PCCI)#
- Minrad EU (France)#@

\* Held through Piramal Holdings (Switzerland) Limited.

# Held through Piramal Healthcare Inc.

\$ Held through Piramal Pharmaceutical Development Services Private Limited.

@ There are no transactions during the year with the above Companies

#### C. Other related parties where common control exists

- Piramal Glass Limited (PGL)
- Piramal Life Sciences Limited (PLSL)
- Piramal Enterprises Limited (PEL)
- Piramal Realty Limited (formerly known as Alpex International Limited) (Piramal Realty)
- IndiaVenture Fund Advisors Private Limited
- Allergan India Private Limited (Allergan)
- DDRC Piramal Diagnostic Services Private Limited (upto August 20, 2010)#@
- Arkray Piramal Medical Private Limited (Arkray) (upto September 30, 2010)\*

\*Held through PHL Fininvest Private Limited.

# Held through Piramal Diagnostic Services Private Limited

@ There are no transactions during the year with the above Companies

#### D. Investing parties with whom PHL is a JV Partner

- Allergan Inc.\*
- ARKRAY Inc.\*

\* There are no transactions during the year with the above Companies.

#### E. Key Management Personnel and their relatives

- Mr. Ajay G. Piramal
- Dr. Swati A. Piramal
- Mr. N. Santhanam
- Ms. Nandini Piramal
- Mr. Anand Piramal\*

\*Relatives of Mr. Ajay G. Piramal, Dr. Swati A. Piramal & Ms. Nandini Piramal.

## Standalone Financial Statements

### Schedule 22 (Contd.)

(Rs. in Million)

Details of Transactions	Subsidiaries		Controlling/ Associates		Key Management Personnel		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
<b>Purchase of Goods</b>								
- Piramal Healthcare UK	-	8.7	-	-	-	-	-	8.7
- PGL	-	-	112.7	214.7	-	-	112.7	214.7
- Allergan	-	-	28.5	48.6	-	-	28.5	48.6
- Others	-	-	0.9	1.4	-	-	0.9	1.4
<b>TOTAL</b>	<b>-</b>	<b>8.7</b>	<b>142.1</b>	<b>264.7</b>	<b>-</b>	<b>-</b>	<b>142.1</b>	<b>273.4</b>
<b>Sale of Goods</b>								
- Allergan	-	-	275.6	259.8	-	-	275.6	259.8
- PDSL	2.0	15.9	-	-	-	-	2.0	15.9
- Piramal Healthcare UK	270.0	68.7	-	-	-	-	270.0	68.7
- PLSL	-	-	37.4	88.4	-	-	37.4	88.4
- Piramal Healthcare Canada	26.7	17.4	-	-	-	-	26.7	17.4
- PCCI	97.7	45.1	-	-	-	-	97.7	45.1
- Others	0.1	0.5	-	-	-	-	0.1	0.5
<b>TOTAL</b>	<b>396.5</b>	<b>147.6</b>	<b>313.0</b>	<b>348.2</b>	<b>-</b>	<b>-</b>	<b>709.5</b>	<b>495.8</b>
<b>Rendering of Services</b>								
- Piramal Healthcare UK	-	16.9	-	-	-	-	-	16.9
- Piramal Healthcare Inc.	-	12.2	-	-	-	-	-	12.2
- Allergan	-	-	2.0	4.2	-	-	2.0	4.2
- Arkray	-	-	1.9	3.7	-	-	1.9	3.7
- Piramal Holdings	-	7.8	-	-	-	-	-	7.8
- Others	-	1.0	-	-	-	-	-	1.0
<b>TOTAL</b>	<b>-</b>	<b>37.9</b>	<b>3.9</b>	<b>7.9</b>	<b>-</b>	<b>-</b>	<b>3.9</b>	<b>45.8</b>
<b>Receiving of Services</b>								
- NPIL Pharma Inc	121.8	227.4	-	-	-	-	121.8	227.4
- PEL	-	-	140.0	100.0	-	-	140.0	100.0
- PPDSPL	-	60.0	-	-	-	-	-	60.0
- Others	0.6	0.8	1.3	-	-	-	1.9	0.8
<b>TOTAL</b>	<b>122.4</b>	<b>288.2</b>	<b>141.3</b>	<b>100.0</b>	<b>-</b>	<b>-</b>	<b>263.7</b>	<b>388.2</b>
<b>Rent Paid</b>								
- Piramal Realty	-	-	77.8	79.0	-	-	77.8	79.0
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>77.8</b>	<b>79.0</b>	<b>-</b>	<b>-</b>	<b>77.8</b>	<b>79.0</b>
<b>Finance granted (including loans and Equity contribution in cash or in kind)</b>								
- PHL Fininvest	13,796.1	13,665.9	-	-	-	-	13,796.1	13,665.9
- PDSL	2,340.8	2,171.6	-	-	-	-	2,340.8	2,171.6
- PLSL	-	-	3,470.0	707.5	-	-	3,470.0	707.5
- Piramal Healthcare Inc.	3,203.1	876.1	-	-	-	-	3,203.1	876.1
- Piramal Holdings	2,035.4	1,390.0	-	-	-	-	2,035.4	1,390.0
- PPDSPL	911.0	473.3	-	-	-	-	911.0	473.3
- PHL-ESOP	-	-	26.0	53.4	-	-	26.0	53.4
<b>TOTAL</b>	<b>22,286.4</b>	<b>18,576.9</b>	<b>3,496.0</b>	<b>760.9</b>	<b>-</b>	<b>-</b>	<b>25,782.4</b>	<b>19,337.8</b>

## Standalone Financial Statements

### Schedule 22 (Contd.)

(Rs. in Million)

Details of Transactions	Subsidiaries		Controlling/ Associates		Key Management Personnel		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
<b>Interest Received</b>								
- PHL Fininvest	651.5	861.1	-	-	-	-	651.5	861.1
- PDSL	46.3	166.8	-	-	-	-	46.3	166.8
- PLSL	-	-	121.5	18.8	-	-	121.5	18.8
- Piramal Healthcare Inc.	157.7	26.0	-	-	-	-	157.7	26.0
- Piramal Holdings	126.7	99.4	-	-	-	-	126.7	99.4
<b>TOTAL</b>	<b>982.2</b>	<b>1,153.4</b>	<b>121.5</b>	<b>18.8</b>	<b>-</b>	<b>-</b>	<b>1,103.7</b>	<b>1,172.1</b>
<b>Management Contracts including for Deputation of Employees - Services rendered</b>								
- IndiaVenture	-	-	5.4	-	-	-	5.4	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>5.4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5.4</b>	<b>-</b>
<b>Remuneration</b>								
- Mr. Ajay Piramal	-	-	-	-	90.0	68.7	90.0	68.7
- Dr. Swati A Piramal	-	-	-	-	47.6	33.1	47.6	33.1
- Ms. Nandini Piramal	-	-	-	-	33.5	13.6	33.5	13.6
- Mr. N. Santhanam	-	-	-	-	68.5	21.3	68.5	21.3
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>239.6</b>	<b>136.7</b>	<b>239.6</b>	<b>136.7</b>
<b>Purchase of Fixed Assets</b>								
- Swastik Safe	-	-	-	156.0	-	-	-	156.0
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>156.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>156.0</b>
<b>Sale of Fixed Assets</b>								
- PPDSPL	-	1.9	-	-	-	-	-	1.9
<b>TOTAL</b>	<b>-</b>	<b>1.9</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.9</b>
<b>Receivable</b>								
- PDSL	-	775.1	-	-	-	-	-	775.1
- PHL Fininvest	178.0	2,766.8	-	-	-	-	178.0	2,766.8
- Piramal Holdings	2,060.3	979.5	-	-	-	-	2,060.3	979.5
- PLSL	-	-	3,612.3	34.6	-	-	3,612.3	34.6
- Piramal Healthcare UK	166.3	87.7	-	-	-	-	166.3	87.7
- PPDSPL	912.6	369.8	-	-	-	-	912.6	369.8
- Piramal Healthcare Inc.	1,482.0	485.6	-	-	-	-	1,482.0	485.6
- Others	132.8	72.3	3.8	-	-	-	136.6	72.3
<b>TOTAL</b>	<b>4,932.0</b>	<b>5,536.8</b>	<b>3,616.1</b>	<b>34.6</b>	<b>-</b>	<b>-</b>	<b>8,548.1</b>	<b>5,571.4</b>
<b>Payable</b>								
- NPIL Pharma Inc	222.2	216.8	-	-	-	-	222.2	216.8
- PGL	-	-	9.7	26.9	-	-	9.7	26.9
- Allergan	-	-	24.9	20.8	-	-	24.9	20.8
- Others	-	-	-	0.2	-	-	-	0.2
<b>TOTAL</b>	<b>222.2</b>	<b>216.8</b>	<b>34.6</b>	<b>47.9</b>	<b>-</b>	<b>-</b>	<b>256.8</b>	<b>264.7</b>

**Standalone Financial Statements****Schedule 22 (Contd.)**

(Rs. in Million)

<b>16. Managerial Remuneration</b>		<b>As at March 31, 2011</b>	<b>As at March 31, 2010</b>
A	To Chairman and Executive Directors		
	a. Salaries	180.2	60.1
	b. Commission [Rs.15.0 Million (Previous Year Rs.15.0 Million) included under Research and Development Expenses]	50.0	55.0
	c. Contribution to Provident and Superannuation Fund	7.2	6.1
	d. Other Perquisites	2.2	15.6
		<b>239.6</b>	<b>136.8</b>
B	To Other Directors – Commission	9.6	8.1
C	Director's Fees	1.6	1.6
	<b>Total Managerial Remuneration</b>	<b>250.8</b>	<b>146.5</b>
D	Computation of Net Profit u/s 198 / 349 of the Companies Act, 1956		
	Profit before Tax and Exceptional Items	3,573.1	4,776.2
	Less : Expenses separately considered in exceptional items		
	Fixed Assets written off	308.1	-
	Ex-Gratia to Employees	1,340.0	-
	Others	140.6	-
	Less : Profit on Sale of Current Investments (net)	42.4	-
		1,742.0	4,776.2
	Add: Managerial Remuneration	250.8	146.5
	Provision for Doubtful Debts	12.5	-
	Fixed Assets Written Off	474.9	-
	Loss on Sale of Assets (net)	1.1	3.5
		739.3	150.0
	<b>Net Profit u/s 198/349 of the Companies Act, 1956</b>	<b>2,481.3</b>	<b>4,926.2</b>
I)	Commission to Chairman / Executive Directors restricted to	50.0	55.0
II)	Commission to Non wholtime Directors @ 1% of Net profit u/s 349, Rs. 24.8 Million Restricted to	9.6	8.1

**Standalone Financial Statements****Schedule 22 (Contd.)**

(Rs. in Million)

		As at March 31, 2011	As at March 31, 2010
17.	a. Value of imports calculated on CIF basis:		
	i. Raw Materials	1,823.6	1,251.7
	ii. Capital Goods	76.5	92.9
	iii. Traded Goods / reagents	221.5	319.9
	b. Expenditure in Foreign Currency		
	i. Traveling	24.3	21.9
	ii. Professional Fees	115.2	46.2
	iii. Commission	20.7	32.6
	iv. Subscription	10.5	7.9
	v. Others	16.0	26.2
18.	Earnings in Foreign Currency		
	i. Exports of Goods calculated on FOB basis	4,286.3	3,679.7
	ii. Research Income	-	6.6
	iii. Others	63.2	139.9

(Rs. in Million)

		As at March 31, 2011	As at March 31, 2010
19.	Auditors' Remuneration in respect of:		
	Statutory Auditors:		
	a) Audit Fees	10.0	10.0
	b) Certification Fees / Other Services	5.1	0.1
	c) Reimbursement of Out of pocket Expenses (Previous Year Rs. 40,120/-)	0.2	-

**Standalone Financial Statements****Schedule 22 (Contd.)**

20. Disclosures as required by the Micro, Small and Medium Enterprises Development Act, 2006 are as under:

(Rs. in Million)

		As at March 31, 2011	As at March 31, 2010
(a)	The principal amount and the interest due thereon remaining unpaid to suppliers		
	(i) Principal	-	3.1
	(ii) Interest due thereon	-	-
(b)	(i) The delayed payments of principal amount paid beyond the appointed date during the entire accounting year	-	-
	(ii) Interest actually paid under Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-
(c)	(i) Normal Interest accrued during the year, for all the delayed payments, as per the agreed terms	-	-
	(ii) Normal Interest payable for the period of delay in making payment, as per the agreed terms	-	-
(d)	(i) Total Interest accrued during the year	-	-
	(ii) Total Interest accrued during the year and remaining unpaid	-	-
(e)	Included in (d) above is Nil being interest on amounts outstanding as at the beginning of the accounting year	-	-

The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

21. a) The Company has advanced interest-bearing loans to its subsidiary companies :

Amounts outstanding as at the year-end were:

(Rs. in Million)

Subsidiary Companies	As at March 31, 2011	As at March 31, 2010
Piramal Diagnostic Services Private Limited	-	751.3
Piramal Holdings (Switzerland) Limited	1,919.0	954.6
PHL Fininvest Private Limited	178.0	2,766.8
Piramal Healthcare Inc.	1,373.3	470.3

## Standalone Financial Statements

### Schedule 22 (Contd.)

The maximum amounts due during the year were:

(Rs. In Million)

Subsidiary Companies	As at March 31, 2011	As at March 31, 2010
PHL Fininvest Private Limited	13,796.1	13,665.9
Piramal Diagnostic Services Private Limited	2,340.8	2,171.6
Piramal Holdings (Switzerland) Limited	2,035.4	1,390.0
Piramal Healthcare Inc.	3,203.1	876.1

- b) During the year the Company has advanced interest free loans aggregating to Rs. 911.0 Million (Previous Year Rs. 368.9 Million) [maximum outstanding during the year Rs. 911.0 Million (Previous Year Rs. 473.3 Million)] to Piramal Pharmaceuticals Development Services Private Limited.
- c) The Company has advanced interest-bearing loans aggregating to Rs. 3,470.0 Million (Previous Year Rs. NIL) [maximum outstanding during the year Rs. 3,470.0 Million (Previous Year Rs. 707.5 Million)] to Piramal Life Sciences Limited.
22. The Company's significant leasing arrangements are mainly in respect of residential / office premises, computer and motor vehicles. The aggregate lease rentals payable on these leasing arrangements are charged as rent under "Other Expenses" in Schedule 18.

These leasing arrangements are for a period not exceeding five years and are in most cases renewable by mutual consent, on mutually agreeable terms. The Company has placed a refundable deposit of Rs. 130.0 Million (Previous Year Rs. 231.7 Million) in respect of these leasing arrangements. Future lease rentals payable in respect of motor vehicles, office premises and computers on lease:

(Rs. In Million)

Payable	As at March 31, 2011	As at March 31, 2010
Not Later than one year	80.8	120.5
Later than one year but not later than five years	118.9	59.2
Later than five years	-	-

23. There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.
24. There are no Derivative contracts outstanding as on March 31, 2011.
25. Earning Per Share (EPS) – EPS is calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Numbers used for calculating basic and diluted earnings per equity share are as stated below:

	For the Year Ended March 31, 2011	For the Year Ended March 31, 2010
1. Profit after tax (Rs. in Million)	128,969.1	4,432.2
2. Weighted Number of Shares (nos.)	224,557,394	224,869,468
3. EPS after exceptional items (Rs.)	574.3	19.7
4. Face value per share (Rs.)	2.0	2.0

**Standalone Financial Statements****Schedule 22 (Contd.)**

26. The Company's intangible assets, other than Computer Software, comprise of Brands and Trademarks, Copyrights, Technical Knowhow & Business IPR, Licenses and US FDA / TGA approvals acquired by the Company over the years. No internally generated intangible assets have been recognised in the books of accounts.

(Rs. in Million)

Nature of Assets	Brands and Know-How	Trademarks and Copyrights	Brands and Trademarks	Technical Knowhow and Business IPR	License*	US FDA / TGA Approvals
Useful Life	15 Years	15 Years	10 Years	10 Years	NA	10 Years
Amortisation Method	SLM	SLM	SLM	SLM	NA	SLM
Gross Block as on April 01, 2010	1,370.2	1,069.1	1,877.8	450.6	283.5	194.1
Accumulated Amortisation as on April 01, 2010	165.9	11.7	1,336.9	235.2	-	129.7
WDV as on April 01, 2010	1,204.3	1,057.4	540.9	215.4	283.5	64.4
Additions during the year	11.5	86.0	3.6	-	-	-
Retirement and Disposals (net of Accumulated Amortisation)	1,066.2	130.9	450.9	-	283.5	-
Amortisation for the year	44.5	71.3	75.9	45.0	-	19.4
WDV as on March 31, 2011	105.1	941.2	17.7	170.4	-	45.0
Capital Commitment as on March 31, 2011	-	-	-	-	-	-

\* Includes amount incurred for acquiring License for Manufacturing Codeine facility

## Standalone Financial Statements

### Schedule 22 (Contd.)

27. During the year, the following investments were made by the Company:

NAME OF FUND	PURCHASED	SOLD DURING THE	FACE VALUE
	DURING THE YEAR	YEAR	RUPEES
	NO OF UNITS	NO OF UNITS	
<b>MUTUAL FUND</b>			
Axis Liquid Fund - Retail Growth	10	10	1,000
Axis Liquid Fund - Institutional Daily Dividend Reinvestment	1,201,005	1,201,005	1,000
Birla Sun Life Cash Manager - IP - Daily Dividend Reinvestment	381,651,158	381,651,158	10
Birla Sun Life Cash Plus - Instl. Prem. - Daily Dividend - Reinvestment	2,477,510,020	2,477,510,020	10
Birla Sun Life Dynamic Bond Fund - Retail Plan – Monthly Dividend	96,198,200	96,198,200	10
Birla Sun Life Savings Fund - Instl.- Daily Dividend - Reinvestment	851,562,434	851,562,434	10
Birla Sun Life Short Term Opportunities Fund-Instl-Weekly Dividend	125,992,819	125,992,819	10
Birla Sun Life Short Term FMP Series 1 Dividend - Payout	115,000,000	115,000,000	10
Birla Sun Life Fixed Term Plan Series CG Growth	150,000,000	-	10
Birla Sun Life Cash Manager - Weekly Dividend - Reinvestment	10,015	10,015	10
Birla Sun Life Cash Plus - Instl Prem. - Growth	209,185,603	209,185,603	10
Birla Sun Life Cash Plus - Retail - Daily Dividend - Reinvestment	6,110	6,110	10
Canara Robeco Interval Series 2 Quarterly Plan 2 Inst Dividend Fund Payout	100,070,123	100,070,123	10
Canara Robeco Liquid Dividend Reinvestment	9,931	9,931	10
Canara Robeco Liquid Super Institutional Daily Div Reinvest Fund – Reinvest	124,392,732	124,392,732	10
DSP Black Rock FMP 3M Series 20 (Dividend Payout)	60,000,000	60,000,000	10
DSP Black Rock Liquidity Fund (Institutional Plan) (Daily Dividend Re-invest)	5,395,420	5,395,420	1,000
DSP Black Rock FMP 3M Series 21 (Dividend Payout)	80,000,000	80,000,000	10
DSP Black Rock FMP 3M Series 22 (Dividend Payout)	30,000,000	30,000,000	10
DSP Black Rock Liquidity Fund (Institutional Plan) (Growth)	205,594	205,594	1,000
DWS Insta Cash Plus Fund -SIP Daily Dividend	299,227,770	299,227,770	10
DWS Ultra Short Term Fund - Institutional Premium Daily Dividend	150,007,881	150,007,881	10
DWS Fixed Term Fund - Series 76- Growth Plan	20,000,000	-	10
DWS Insta Cash Plus Fund Regular Plan Daily Dividend Reinvest	9,709	9,709	10
Templeton India Treasury Management Account Super Institutional Plan Daily Dividend Reinvestment	3,901,277	3,901,277	1,000

## Standalone Financial Statements

### Schedule 22 (Contd.)

NAME OF FUND	PURCHASED	SOLD DURING THE	FACE VALUE
	DURING THE YEAR	YEAR	RUPEES
	NO OF UNITS	NO OF UNITS	
Templeton Floating Rate Income Fund Super Institutional Option - Daily Dividend Reinvest	100,733,774	100,733,774	10
Templeton India Treasury Management Account Regular Plan - Daily Dividend Reinvestment	66	66	1,000
HSBC Cash Fund Dividend	9,812	9,812	10
HDFC High Interest Fund - Short Term Plan - Dividend Reinvest	189,059,215	189,059,215	10
HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale- Daily Dividend Reinvest	899,608,079	899,608,079	10
HDFC FMP 100 D September 2010 (1) Dividend Series XIV - Payout	75,000,000	75,000,000	10
HDFC Liquid Fund Premium Plan- Dividend Daily Reinvest	1,503,904,588	1,503,904,588	10
HDFC FMP 100D October 2010 (1) - Dividend Series XIV - Payout	30,000,000	30,000,000	10
HDFC FMP 370D November 2010(1) - Growth - Series XVIII	120,000,000	-	10
HDFC Cash Management Fund - Treasury Advantage Plan Retail- Daily Dividend Reinvest	9,992	9,992	10
HDFC Liquid Fund - Dividend - Daily Reinvest	9,807	9,807	10
HDFC Liquid Fund Premium Plan Growth	61,610,570	61,610,570	10
HDFC Liquid Fund - Premium Plus Plan – Growth	77,773,715	77,773,715	10
ICICI Prudential Banking and PSU Debt Fund Premium Plus Daily Dividend - Reinvest	130,891,583	130,891,583	10
ICICI Prudential Flexible Income Plan Premium - Daily Dividend – Reinvest	122,684,213	122,684,213	100
ICICI Prudential Flexible Income Plan Regular Daily Dividend Reinvest	999	999	100
ICICI Prudential Institutional Short Term Plan-DR-Fortnightly – Reinvest	127,540,186	127,540,186	10
ICICI Prudential Liquid Super Institutional Plan – Dividend - Daily - Reinvest	297,996,893	297,996,893	100
ICICI Prudential Ultra Short Term Plan Super Premium Daily Dividend - Reinvest	150,696,042	150,696,042	10
ICICI Prudential Liquid Plan Daily Dividend Reinvest	13,925	13,925	100
ICICI Prudential Liquid Plan Growth	44	44	100
ICICI Prudential Interval Fund Annual Interval Plan IV Institutional Cumulative	85,787,573	-	10
ICICI Prudential Interval Fund Half Yearly Interval Plan-I Institutional Cumulative	149,898,069	-	10
ICICI Prudential Liquid Super Institutional Plan – Growth	23,688,374	23,688,374	100
IDFC - Super Saver Income Fund - Medium Term - Plan B (Institutional Plan) - Dividend	21,806,826	21,806,826	10
IDFC Money Manager Fund - TP - Super Instl Plan C - Daily Div	125,239,835	125,239,835	10

## Standalone Financial Statements

### Schedule 22 (Contd.)

NAME OF FUND	PURCHASED DURING THE YEAR	SOLD DURING THE YEAR	FACE VALUE
	NO OF UNITS	NO OF UNITS	RUPEES
IDFC Savings Advantage Fund - Plan A - Daily Dividend	1,008,429	1,008,429	1,000
IDFC Cash Fund – Growth	600	600	10
IDFC Cash Fund Super Instl Plan C Daily Dividend	420,061,525	420,061,525	10
JP Morgan India Treasury Fund - Super Inst. Daily Div Plan – Reinvest	200,582,754	200,582,754	10
JP Morgan India Liquid Fund - Super Inst Daily Dividend Plan – Reinvest	349,806,776	349,806,776	10
JP Morgan India Liquid Fund - Retail- Growth Plan	896	896	10
JP Morgan India Liquid Fund - Retail - Daily Dividend Plan Reinvest	9,986	9,986	10
JP Morgan India Treasury Fund - Retail - Daily Dividend Plan – Reinvest	9,992	9,992	10
Kotak Liquid (Regular) – Growth	553	553	10
Kotak Liquid (Regular) Weekly Dividend Re-investment	9,976	9,976	10
Kotak Floater (Long Term) - Daily Dividend Re-investment	397,517,066	397,517,066	10
Kotak Quarterly Interval Plan Series – 8 Dividend Payout	149,997,000	149,997,000	10
Kotak Flexi Debt Institutional - Daily Dividend Re-investment	252,146,120	252,146,120	10
Kotak Quarterly Interval Plan Series 9 - Dividend Payout	149,988,372	149,988,372	10
Kotak Quarterly Interval Plan Series 5 - Dividend Payout	60,000,000	60,000,000	10
Kotak FMP 370 Days Series 10 - Growth	50,000,000	-	10
Kotak Floater (Short Term) - Daily Dividend Re-investment	155,879,752	155,879,752	10
Kotak Floater (Short Term) - Growth	69,794,520	69,794,520	10
Kotak Liquid (Institutional Premium) - Growth	61,209,188	61,209,188	10
Kotak Liquid (Institutional Premium) - Daily Dividend Re-investment	1,250,214,602	1,240,807,642	10
Reliance Floating Rate Fund - Short Tem Plan - Daily Dividend Reinvestment Plan	200,140,903	200,140,903	10
Reliance Liquidity Fund Daily Dividend Reinvestment Option	2,386,539,858	2,386,539,858	10
Reliance Medium Term Fund - Daily Dividend Plan	117,985,836	117,985,836	10
Reliance Money Manager Fund-Institutional Option - Daily Dividend Plan	9,486,641	9,486,641	1,000
Reliance Short Term Fund - Retail Plan - Dividend Plan	260,035,231	260,035,231	10
Reliance Monthly Interval Fund - Series I-Institutional Dividend Plan	99,967,011	99,967,011	10
Reliance Fixed Horizon Fund XVI Series 8 Growth Plan	100,000,000	-	10

## Standalone Financial Statements

### Schedule 22 (Contd.)

NAME OF FUND	PURCHASED	SOLD DURING THE	FACE VALUE
	DURING THE YEAR	YEAR	RUPEES
	NO OF UNITS	NO OF UNITS	
Reliance Liquid Fund - Cash Plan - Growth Option - Growth Plan	20,232,273	20,232,273	10
Reliance Liquidity Fund - Growth Option	186,749,341	186,749,341	10
Reliance Liquid Fund - Treasury Plan - Institutional Option - Growth Option - Growth Plan	25,491,562	25,491,562	10
Reliance Liquid Fund - Treasury Plan - Institutional Option - Daily Dividend Option	65,463,966	65,463,966	10
Reliance Liquid Fund - Treasury Plan - Retail Option - Daily Dividend Option	6,561	6,561	10
Reliance Liquid Fund - Treasury Plan-Retail Option - Growth Option-Growth Plan	446	446	10
Reliance Liquidity Fund Daily Dividend Reinvestment Option	517,898,018	517,898,018	10
Religare Credit Opportunities Fund – Institutional Monthly Dividend – Reinvest	120,176,732	120,176,732	10
Religare Liquid Fund - Regular Weekly Dividend	9,997	9,997	10
Religare Liquid Fund - SIP - Daily Dividend	269,895,420	269,895,420	10
SBI Premier Liquid Fund - Super Institutional - Daily Dividend - Reinvest	464,297,124	464,297,124	10
SBI-SHF - Ultra Short Term Fund - Institutional Plan - Daily Dividend Reinvest	100,139,094	100,139,094	10
SBI Magnum Insta Cash Fund - Daily Dividend Option	598	598	10
SBI - Magnum Insta Cash Fund - Cash Option	26,230,983	26,230,983	10
Sundaram Fixed Term Plan AP 367 Days Growth	25,000,000	-	10
Sundaram Money Fund - Div. Rein. Daily	9,907	9,907	10
Sundaram Money Fund Super Inst. Growth	42,669,457	42,669,457	10
Sundaram Money Fund Super Inst. Daily Div.	59,478,059	59,478,059	10
TATA Floater Fund - Daily Dividend	149,696,167	149,696,167	10
TATA Liquid Super High Investment - Daily Dividend	5,465,126	5,465,126	1,000
TATA Fixed Maturity Plan Series - 29 Scheme A Growth	50,000,000	-	10
TATA Liquid Fund - Appreciation	5	5	1,000
UTI Liquid Cash Plan Institutional - Daily Income Option	11,596,860	11,596,860	1,000
UTI Treasury Advantage Fund - Instl Plan (Daily Dividend Option)	9,676,960	9,676,960	1,000
UTI Liquid Cash Plan Regular - Daily Income Option	95	95	1,000
UTI Money Market Fund - Growth Plan	4	4	1,000
UTI Treasury Advantage Fund - Daily Dividend Plan	96	96	1,000
UTI Fixed Income Interval Fund - Series II - Quarterly Interval Plan - VII - Institutional Dividend Plan	69,995,800	69,995,800	10
UTI Floating Rate Fund - Short Term Plan - Institutional Daily Dividend Plan	1,502,824	1,502,824	1,000
UTI Liquid Cash Plan Institutional Plan - Growth Option	1,420,681	1,420,681	1,000

## Standalone Financial Statements

### Schedule 22 (Contd.)

DETAILS	PURCHASED	SOLD DURING THE	FACE VALUE
	DURING THE YEAR	YEAR	RUPEES
	NO OF UNITS	NO OF UNITS	
<b>CERTIFICATE OF DEPOSITS</b>			
Allahabad Bank	4,000	4,000	100,000
Axis Bank	2,500	2,500	100,000
Canara Bank	19,000	19,000	100,000
Central Bank of India	4,000	4,000	100,000
Dena Bank	5,000	5,000	100,000
Indian Bank	9,000	-	100,000
Kotak Mahindra Bank	10,000	10,000	100,000
Oriental Bank of Commerce	5,000	-	100,000
State Bank of Hyderabad	3,500	-	100,000
State Bank of India	14,000	14,000	100,000
Syndicate Bank	5,000	-	100,000
United Bank of India	6,000	6,000	100,000
Vijaya Bank	10,000	-	100,000
<b>COMMERCIAL PAPERS</b>			
Aditya Birla Finance Limited	7,400	7,400	500,000
Edelweiss Capital Limited	16,700	16,700	500,000
India Infoline Investment Services Limited	21,000	21,000	500,000
India Infoline Limited	4,000	4,000	500,000
Infina Finance Private Limited	2,000	2,000	500,000
ICICI Securities Primary Dealership Limited	2,000	2,000	500,000
Kotak Mahindra Investments Limited	1,000	1,000	500,000
Kotak Mahindra Prime Limited	1,000	1,000	500,000
Kotak Securities Limited	500	500	500,000
L & T Finance Limited	1,500	1,500	500,000
Mahindra & Mahindra Financial Services Limited	2,500	2,500	500,000
Reliance Capital Limited	12,500	12,500	500,000
Reliance Securities Limited	11,800	11,800	500,000
Religare Fininvest Limited	4,000	4,000	500,000
Tata Capital Limited	1,140	1,140	500,000
<b>BONDS</b>			
6.85% India Infrastructure Finance Co. Ltd. Tax Free Bonds 22/01/2014	27,000	6,826	100,000
<b>DEBENTURES</b>			
Barclays Investments & Loans (I) Limited Non Convertible Debentures	42	42	1,000,000
Tata Housing Development Company Limited Non Convertible Debentures	103	103	1,000,000

## Standalone Financial Statements

### Schedule 22 (Contd.)

28. Recoveries deducted from expenses are on account of sharing of common expenses with Associate and Subsidiaries.
29. Details of additions to fixed assets and Revenue Expenditure for Department of Scientific & Industrial Research approved research and development facilities/division of the company for the year ended March 31, 2011 are as follows;

(Rs. in Million)

Description	For the year ended March 31, 2011	For the year ended March 31, 2010
<b>Revenue Expenditure</b>	238.4	271.4
<b>Capital Expenditure</b>		
Additions to fixed assets	19.4	41.9
Less: Sale proceeds of the assets and Transfer of the Assets	-	5.9
<b>Net addition to fixed assets</b>	<b>19.4</b>	<b>36.0</b>

30. Extracts of Assets and Liabilities as on March 31, 2011 and Income and Expenses for the year ended March 31, 2011 related to the interest of the Company (without elimination of the effect of transactions between the Company and Allergan India Private Limited) have been extracted from the audited accounts of Allergan India Private Limited.

(Rs. in Million)

Particulars	Allergan India Private Limited
<b>Assets</b>	
Net Fixed Assets (including CWIP)	19.2
Investments	-
Deferred Tax Asset	9.3
Inventories	61.5
Sundry Debtors	56.1
Cash & Bank Balances	54.4
Other Current Assets	-
Loans and Advances	67.2
<b>Liabilities</b>	
Secured Loans	-
Unsecured Loans	-
Deferred Tax Liability	-
Current Liabilities	76.6
Provisions	2.3
<b>Income</b>	
Net Sales	688.1
Other Income	4.7
<b>Expenses</b>	
Materials	277.9
Staff Cost	93.4
Other Expenses	155.5
(Increase) / Decrease in WIP / Finished Goods	(22.5)
Depreciation	7.4
Provision for Taxation (including Deferred Tax)	62.5

**Schedule 22 (Contd.)****31. Capacity, Production, Sales and Stocks**  
Class of Goods Manufactured : Pharmaceuticals, Bulk Drugs, Chemicals, Tools and Skin Care Products

Category	UOM	Installed capacity	Opening stock		Production		Purchases		Trf. on sale of Formulation Business		Sales		Closing Stock	
			Quantity (3 & 4)	Value (Rs. in Million)	Quantity (1, 2 & 4)	Value (Rs in Million)	Quantity (4 & 7)	Value (Rs in Million)	Quantity (1 & 4)	Value (Rs in Million)	Quantity (6)	Value (Rs in Million)	Quantity (3 & 4)	Value (Rs in Million)
<b>Traded</b>														
Creams & Powder	Kgs	-	100,216.1	97.8	-	281,704.1	487.2	48,598.9	156.2	234,573.5	747.9	4,992.0	2.7	
		-	(73,690.5)	(86.4)	-	(647,999.3)	(836.9)	-	-	(593,936.0)	(1,756.8)	(100,216.1)	(97.8)	
Vials	Ltrs	-	48.6	22.2	-	2,039.6	11.5	58.7	24.9	410.7	103.3	1,615.4	2.2	
		-	(44.4)	(25.3)	-	(212.7)	(139.8)	-	-	(204.3)	(185.2)	(48.6)	(22.2)	
Tablets & Capsules	Mios	-	231.4	514.9	-	835.5	1,292.9	287.6	481.7	730.5	2,556.5	30.4	45.8	
		-	(199.8)	(248.0)	-	(2,040.0)	(2,883.0)	-	-	(1,992.3)	(5,436.7)	(231.4)	(514.9)	
Liquids, Drops & Solutions	KLs	-	650.2	148.0	-	2,373.5	395.7	602.2	123.7	2,249.5	663.6	120.4	19.9	
		-	(605.0)	(87.2)	-	(4,503.8)	(900.8)	-	-	(4,453.3)	(1,659.5)	(650.2)	(148.0)	
Others		-	-	59.1	-	-	689.3	-	147.0	-	583.7	-	103.0	
		-	-	(86.2)	-	-	(375.7)	-	-	-	(794.8)	-	(59.1)	
<b>Manufactured</b>														
Tablets	Mios	7,975.0	285.0	106.5	6,373.5	-	-	613.3	189.9	5,710.0	4,098.3	211.5	100.6	
		(12,745.0)	(356.9)	(154.1)	(5,542.3)	-	-	-	-	(5,596.9)	(6,271.2)	(285.0)	(106.5)	
Capsules	Mios	270.0	17.1	17.1	180.7	-	-	37.0	32.1	158.9	349.9	0.1	-	
		(580.0)	(14.6)	(11.7)	(338.6)	-	-	-	-	(331.6)	(688.3)	(17.1)	(17.1)	
Liquids	KLs	9,801.4	417.9	95.2	7,340.1	-	-	500.1	90.7	6,948.1	2,622.9	120.8	57.6	
		(24,041.7)	(434.4)	(103.9)	(12,159.7)	-	-	-	-	(11,862.4)	(4,645.1)	(417.9)	(95.2)	
Powders, Creams & Ointments	MTs	-	5.7	10.5	32.9	-	-	14.7	21.5	26.2	123.2	-	0.8	
		-	(9.0)	(20.0)	(60.9)	-	-	-	-	(61.1)	(237.7)	(5.7)	(10.5)	
Bulk Drug & Intermediates (2)	MTs	2,090.3	224.1	161.8	1,430.7	-	-	-	-	1,188.8	3,228.6	237.9	205.4	
		(2,135.3)	(132.6)	(163.0)	(1,128.4)	-	-	-	-	(924.6)	(2,635.9)	(224.1)	(161.8)	
Vitamin A in various Forms & Combinations (2)	mmu	276.0	7.4	32.7	136.8	-	-	-	-	55.8	233.2	0.8	6.5	
		(276.0)	(8.2)	(27.7)	(260.7)	-	-	-	-	(111.1)	(473.5)	(7.4)	(32.7)	
Others		-	-	10.0	-	-	-	-	24.2	-	542.5	-	6.9	
		-	-	(1.0)	-	-	-	-	-	-	(1,724.7)	-	(10.0)	
<b>Grand Total</b>		-	-	1,275.8	-	-	2,876.6	-	1,291.9	-	15,853.6	-	551.4	
		-	(1,014.5)	(1,014.5)	-	(5,136.2)	(5,136.2)	-	-	-	(26,509.4)	-	(1,275.8)	

## Standalone Financial Statements

### Schedule 22 (Contd.)

#### Note:

- Includes products processed by third parties.
- Includes production for captive consumption of Bulk Drugs 98328 kgs (PY 91850 kgs) & Vitamins 110.27 mmu (PY 138.33 mmu)
- Stocks are net of breakages & unsaleable stock.
- Opening stocks, production, purchases & closing stocks are net of physician samples.
- Licensed Capacity is not indicated as Industrial Licensing for all Bulk Drugs, Intermediates and their Formulations stands abolished in terms of Press Note No.4 (1994 series) dated 25th October, 1994 issued by the Department of Industrial Development, Ministry of Industry, Government of India.
- Excludes free samples issued.
- Variation in quantity/value is on account of change in product mix.
- In terms of Press Note No. 4 (1994 series) dated October 25, 1994 issued by the Department of Industrial Development, Ministry of Industry, Government of India, and Notification No. S.O 137 (E) dated March 1, 1999 issued by the Department of Industrial Policy and Promotion, Ministry of Industry, Government of India, industrial licensing has been abolished in respect of Bulk Drugs and Formulations.
- The Pharmaceuticals business comprises of Manufacturing and trading of bulk drugs and formulations.
- Installed capacities of the formulation factories of the Company (except where continuous processes are involved) are on a triple shift basis are certified by the Management and have not been verified by the Auditors, this being a technical matter.

### 32. Materials Consumed

	UOM	Quantity YEAR ENDED		Rs in Million YEAR ENDED	
		31.03.11	31.03.10	31.03.11	31.03.10
SEMICARBAZIDE HCL	Kgs	6,870	-	639.6	-
2 CHLORO PYRIDINE	Kgs	3,435	-	471.0	-
BROMINE (LIQUID)	Kgs	347,056	512,588.0	433.0	43.2
LACTULOSE CONCENTRATE USP	Kgs	1,243,547	997,500.2	182.2	162.8
Others				3,342.7	5,902.5
<b>Total</b>				<b>5,068.5</b>	<b>6,108.5</b>
Whereof:			%		%
Imported at Landed Cost		1,384.1	27.3	1,713.1	28.0
Indigenous		3,684.4	72.7	4,395.4	72.0
<b>Total</b>		<b>5,068.5</b>		<b>6,108.5</b>	

#### Note:

- Components and Spare referred to in Para 4D(C) of Schedule VI of the Companies Act, 1956 are assumed to be those incorporated in goods produced and not those used for maintenance of Plant & Machinery.
- The Consumption figures are ascertained on the basis of Opening Stock plus Purchases less Closing Stock and are therefore after adjustment of excesses and shortages ascertained in physical count, unserviceable items etc.

## Standalone Financial Statements

### Schedule 22 (Contd.)

33. The figures for the year ended March 31, 2010 have been regrouped, wherever necessary.
34. The figures for the year ended March 31, 2011 are not comparable to the previous year ended March 31, 2010 on account of the sale of Domestic formulation business referred in note 5 above.

Signatures to Schedule 1 to 22 which form an integral part of the Financial Statements

#### For Price Waterhouse

Firm Registration Number: 301112E  
Chartered Accountants

#### Partha Ghosh

Partner  
Membership No. F-55913  
Mumbai, May 6, 2011

<b>Ajay G. Piramal</b>	Chairman
<b>Keki Dadiseth</b>	Director
<b>Y. H. Malegam</b>	Director
<b>Dr. Swati A. Piramal</b>	Director
<b>R. A. Shah</b>	Director
<b>Deepak Satwalekar</b>	Director
Mumbai, May 6, 2011	

<b>N. Vaghul</b>	Director
<b>Nandini Piramal</b>	Executive Director
<b>N. Santhanam</b>	Executive Director & Chief Operating Officer
<b>Rajesh Laddha</b>	Chief Financial Officer
<b>Leonard D'Souza</b>	Company Secretary

## Standalone Financial Statements

### Additional Information pursuant to Part IV of Schedule VI to the Act

#### Balance Sheet Abstract And Company's General Business Profile

##### I. Registration Details

Registration No. 5719 State Code 11  
 Balance Sheet Date 31 03 11  
 Date Month Year

##### II. Capital raised during the year (Amount in Rs. Thousands)

NIL

Public Issue <u>NIL</u>	Rights Issue <u>NIL</u>
Bonus Issue <u>NIL</u>	Private Placement <u>NIL</u>

##### III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities including shareholders Fund <u>1311734012</u>	Total Assets <u>1311734012</u>
Sources of Funds	Reserves & Surplus
Paid up Capital <u>335832</u>	<u>116648797</u>
Secured Loans <u>1970666</u>	Unsecured Loans <u>892000</u>
Application of Funds	Investments
Net Fixed Assets <u>6980757</u>	<u>15832567</u>
Net Current Assets <u>97957273</u>	Miscellaneous Expenditure <u>NIL</u>
Accumulated Losses <u>NIL</u>	

##### IV. Performance of Company ( Amount in Rs. Thousands)

Turnover <u>20826564</u>	Total Expenditure <u>17253471</u>
+ - Profit/ Loss Before Tax and exceptional items <u>+3573093</u>	+ - Profit/ Loss After Tax <u>+128968897</u>
Earnings per Share in Rs. (Profit for the year/ Paid up Equity) <u>574.33</u>	Dividend Rate % <u>600</u>

##### V. Generic Names of Three Principal Products/ Services of the Company (as per monetary terms)

Item Code No.	<u>29420090</u>
Product Description	<u>CLOROPURINE</u>
Item Code No.	<u>30039090</u>
Product Description	<u>ISOFLLURANE</u>
Item Code No.	<u>30049092</u>
Product Description	<u>HAEMACCEL</u>

## Statement Pursuant to General Exemption granted by the Ministry of Corporate Affairs u/s 212 (8) of the Companies Act, 1956

Name of the Subsidiary Company	PHL Fininvest Private Limited	Piramal International	Piramal Pharmaceutical Development Services Private Limited	Oxygen BioResearch Private Limited	Piramal Holdings (Suisse) SA	Piramal Life Sciences (UK) Limited	Piramal Healthcare (Canada) Limited	Piramal Investment Holdings (Canada) Inc.
Financial Year ended on	31.03.2011	31.03.2011	31.03.2011	31.03.2011	31.12.2010*	31.03.2011	30.11.2010*	30.11.2010*
<b>Capital</b>	22.3	36.8	67.5	9.3	536.5	688.1	415.7	CAD 10
<b>Reserves</b>	(8.8)	(36.8)	4.5	230.8	(182.2)	(11.2)	311.1	(170.0)
<b>Total Assets</b>	200.8	-	999.7	331.2	3,144.7	968.5	1,857.8	1,246.9
<b>Total Liabilities</b>	187.4	-	927.7	91.1	2,790.4	291.5	1,131.0	1,416.9
<b>Details of Investment</b>								
- 2,021,395 Equity Shares of Piramal Glass Limited	51.7	-	-	-	-	-	-	-
- Non Convertible Debentures of Edelwise Capital Private Limited	5.2	-	-	-	-	-	-	-
<b>Turnover</b>	661.9	0.1	124.0	70.7	321.4	-	883.0	-
<b>Profit / (Loss) before taxation</b>	10.3	-	16.6	23.1	(91.0)	(5.5)	(15.8)	(36.1)
<b>Provision for taxation</b>	3.0	-	2.7	4.4	2.4	-	150.8	-
<b>Profit after taxation</b>	7.3	-	13.9	18.7	(93.5)	(5.5)	(166.7)	(36.1)
<b>Proposed Dividend</b>	-	-	-	-	-	-	-	-
<b>Exchange Rate Used</b>	-	44.60	-	-	48.77	71.68	46.02	46.02
<b>Local Currency</b>	INR	USD	INR	INR	CHF	GBP	CAD	CAD

(Rs. in Million)

## Statement Pursuant to General Exemption granted by the Ministry of Corporate Affairs u/s 212 (8) of the Companies Act, 1956 (Contd.)

(Rs. in Million)

Name of the Subsidiary Company	NPIL Pharma Inc.	Oxygen Healthcare Limited	Piramal Healthcare UK Limited	Piramal Healthcare (France) Limited	Piramal Healthcare Pension Trustees Limited	Piramal Healthcare Inc.	Piramal Critical Care Inc.	Minrad EU.
Financial Year ended on	31.03.2011	31.03.2011	31.12.2010*	31.12.2010*	31.12.2010*	31.12.2010*	31.12.2010*	31.12.2010*
<b>Capital</b>	4.5	0.1	1,266.8	GBP 1	GBP 1	USD 1	USD 1	2.3
<b>Reserves</b>	(81.7)	27.1	167.6	-	-	25.9	(1,822.4)	(62.1)
<b>Total Assets</b>	581.5	32.3	4,261.5	GBP 1	GBP 1	4,834.5	3,335.8	2.5
<b>Total Liabilities</b>	658.7	5.1	2,827.1	-	-	4,808.6	5,158.2	62.3
<b>Details of Investment</b>								
- 2,500 Equity Shares of Reaxa Limited, UK; held by Piramal Healthcare UK	-	-	-	-	-	-	-	-
<b>Turnover</b>	117.0	31.7	4,319.5	10.6	-	306.1	2,299.8	-
<b>Profit / (Loss) before taxation</b>	(41.6)	9.6	366.0	-	-	44.9	(549.4)	(5.3)
<b>Provision for taxation</b>	(22.2)	2.2	6.4	-	-	112.8	25.2	-
<b>Profit after taxation</b>	(19.4)	7.3	359.6	-	-	(67.8)	(574.6)	(5.3)
<b>Proposed Dividend</b>	-	-	-	-	-	-	-	-
<b>Exchange Rate Used</b>	44.60	71.68	71.68	71.68	71.68	44.60	44.60	63.42
<b>Local Currency</b>	USD	GBP	GBP	GBP	GBP	USD	USD	EUR

\* For the purposes of the consolidated financial statements included in this annual report, the accounts of the company have been rolled forward to March 31, 2011. The details provided herein, however, are based on the statutory financial year.

Details of Piramal Critical Care Italia SPA. are not provided since the first accounting period will end on December 31, 2011.

**Consolidated Financial Statements****AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS  
OF PIRAMAL HEALTHCARE LIMITED**

The Board of Directors of Piramal Healthcare Limited

1. We have audited the attached consolidated balance sheet of Piramal Healthcare Limited (the "Company") and its subsidiaries, its jointly controlled entity; hereinafter referred to as the "Group" (refer Note 1(ii)(b) on Schedule 22 to the attached consolidated financial statements) as at March 31, 2011, the related consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of 17 subsidiaries and 1 jointly controlled entity included in the consolidated financial statements, which constitute total assets of Rs. 13,773.5 million and net assets of Rs. 6,994.1 million as at March 31, 2011 total revenue of Rs. 10,642.4 million, net loss of Rs. 166.2 million and net cash flows amounting to Rs.141.7 million for the year then ended. These financial statements and other financial information have been audited by other auditors / certified by the management whose reports / returns have been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors.
4. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statements and Accounting Standard (AS) 27 - Financial Reporting of Interests in Joint Ventures notified under sub-section 3C of Section 211 of the Companies Act, 1956.
5. Based on our audit and on consideration of reports of other auditor(s) on separate financial statements and on the other financial information of the component(s) of the Group as referred to above, and to the best of our information and according to the explanations given to us, in our opinion, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2011;
  - (b) in the case of the consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date;  
and
  - (c) in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For Price Waterhouse  
Firm Registration Number: 301112E  
Chartered Accountants

Partha Ghosh  
Partner  
Membership No. F-55913

Mumbai,  
Dated : May 6, 2011

## Consolidated Financial Statements

## Consolidated Balance Sheet as at March 31, 2011

	Schedule No.		As at March 31, 2011 Rs. in Million	As at March 31, 2010 Rs. in Million
<b>SOURCES OF FUNDS</b>				
<b>Shareholders' Funds</b>				
Share Capital	1	335.8	418.0	
Reserves & Surplus	2	118,226.3	16,430.9	
			<b>118,562.1</b>	<b>16,848.9</b>
<b>Minority Interest</b>			<b>57.6</b>	<b>-</b>
<b>Loan Funds</b>				
Secured Loans	3	3,281.0	5,753.6	
Unsecured Loans	4	4,287.6	7,196.0	
			<b>7,568.6</b>	<b>12,949.6</b>
<b>Deferred Tax Liability (Net)</b>				
Deferred Tax Liability (Refer note 16(a), Sch.22)		1,243.3	1,418.2	
Less : Deferred Tax Assets (Refer note 16(a), Sch.22)		759.3	850.4	
			<b>484.0</b>	<b>567.8</b>
<b>T O T A L</b>			<b>126,672.3</b>	<b>30,366.3</b>
<b>APPLICATION OF FUNDS</b>				
<b>Fixed Assets</b>				
Gross Block	5	19,425.0	27,536.8	
Less : Depreciation		4,789.4	7,763.3	
Net Block		<b>14,635.6</b>	<b>19,773.5</b>	
Capital Work In Progress		1,404.1	1,356.6	
			<b>16,039.7</b>	<b>21,130.1</b>
<b>Investments</b>	6		<b>14,815.8</b>	<b>325.5</b>
<b>Current Assets, Loans and Advances</b>				
Inventories	7	3,825.7	4,694.5	
Sundry Debtors	8	3,838.0	4,376.1	
Cash and Bank Balances	9	17,702.8	411.8	
Other Current Assets	10	77,071.6	78.6	
Loans and Advances	11	5,421.5	6,510.8	
		<b>107,859.6</b>	<b>16,071.8</b>	
<b>Less : Current Liabilities and Provisions</b>				
Current Liabilities	12	9,577.8	5,591.1	
Provisions	13	2,465.0	1,570.0	
		<b>12,042.8</b>	<b>7,161.1</b>	
<b>Net Current Assets</b>			<b>95,816.8</b>	<b>8,910.7</b>
<b>T O T A L</b>			<b>126,672.3</b>	<b>30,366.3</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 22

Schedules referred to above and notes attached thereto form an integral part of the Consolidated Balance Sheet. This is the Consolidated Balance Sheet referred to in our report of even date.

## For Price Waterhouse

Firm Registration Number: 301112E  
Chartered Accountants

## Partha Ghosh

Partner  
Membership No. F-55913  
Mumbai, May 6, 2011

Ajay G. Piramal Chairman  
Keki Dadiseth Director  
Y. H. Malegam Director  
Dr. Swati A. Piramal Director  
R. A. Shah Director  
Deepak Satwalekar Director  
Mumbai, May 6, 2011

N. Vaghul Director  
Nandini Piramal Executive Director  
N. Santhanam Executive Director &  
Chief Operating Officer  
Rajesh Laddha Chief Financial Officer  
Leonard D'Souza Company Secretary

## Consolidated Financial Statements

## Consolidated Profit and Loss Account for the Year Ended March 31, 2011

	Schedule No.	Year Ended March 31, 2011 Rs. in Million	Year Ended March 31, 2010 Rs. in Million
<b>INCOME</b>			
Sales and Services		25,374.4	36,813.0
Less : Excise Duty		275.8	568.3
Net Sales		25,098.6	36,244.7
Other Income	14	4,805.6	1,529.2
		<b>29,904.2</b>	<b>37,773.9</b>
<b>EXPENDITURE</b>			
Materials	15	10,703.8	14,222.1
Staff Cost	16	5,178.7	5,853.1
Research and Development Expenses	17	716.2	701.5
Other Expenses	18	7,958.8	8,915.8
(Increase) / Decrease in WIP / Finished Goods	19	(285.2)	(250.0)
		<b>24,272.3</b>	<b>29,442.5</b>
<b>PROFIT BEFORE INTEREST, DEPRECIATION AND TAX</b>		<b>5,631.9</b>	<b>8,331.4</b>
Less : Interest Expense	20	1,003.9	1,838.1
<b>PROFIT BEFORE DEPRECIATION AND TAX</b>		<b>4,628.0</b>	<b>6,493.3</b>
Less : Depreciation		1,198.9	1,426.5
<b>PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS</b>		<b>3,429.1</b>	<b>5,066.8</b>
Add : Exceptional Items Income / (Expenses) (Net)	21	162,205.0	(69.1)
<b>PROFIT BEFORE TAX</b>		<b>165,634.1</b>	<b>4,997.7</b>
Consisting of :			
- Profit / (Loss) Continuing Operations		1,940.8	(1,036.9)
- Profit Discontinued Operations		1,488.3	6,103.7
- Exceptional Items Profit / (Loss) (Net)		162,205.0	(69.1)
Less : Provision for Taxation - Current [Includes Prior Period Tax Rs.95.2 Million (Previous Year Rs.6.4 Million) and Wealth Tax provision Rs.0.3 Million (Previous Year Rs.Nil)] (Refer note 13 & 16(c), Sch.22)		36,908.5	910.8
Less : MAT Credit Entitlement (Refer note 16(b) & (c), Sch.22)		-	(572.8)
Less : Deferred Tax (Net) (Refer note 16 (a), Sch.22)		(111.1)	(157.7)
		<b>36,797.4</b>	<b>180.3</b>
<b>PROFIT AFTER TAX &amp; BEFORE MINORITY INTEREST</b>		<b>128,836.7</b>	<b>4,817.4</b>
Consisting of :			
- Profit / (Loss) Continuing Operations		1,847.8	(886.7)
- Profit Discontinued Operations		1,480.2	5,773.2
- Exceptional Items Profit / (Loss) (Net)		125,508.7	(69.1)
		<b>128,836.7</b>	<b>4,817.4</b>
Minority Interest Profit / (Loss)		3.1	(1.6)
<b>CONSOLIDATED PROFIT AFTER MINORITY INTEREST</b>		<b>128,833.6</b>	<b>4,819.0</b>
Balance Profit Brought Forward		5,678.1	3,893.5
<b>NET PROFIT AVAILABLE FOR APPROPRIATION</b>		<b>134,511.7</b>	<b>8,712.5</b>
Proposed Dividend on Equity Shares		2,006.5	1,128.6
Distribution Tax Thereon		325.5	187.5
Transfer to General Reserve		73,986.0	1,393.3
Transfer from Debenture Redemption Reserve		(500.0)	-
Transfer to Debenture Redemption Reserve		75.0	325.0
		<b>75,893.0</b>	<b>3,034.4</b>
<b>BALANCE CARRIED TO BALANCE SHEET</b>		<b>58,618.7</b>	<b>5,678.1</b>
<b>Earnings Per Share (Basic / Diluted) (Rs.) (Face Value of Rs.2/- each)</b> (Refer note 22, Sch. 22)		<b>573.7</b>	<b>21.4</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 22

Schedules referred to above and notes attached there to form an integral part of the Consolidated Profit and Loss Account. This is the Consolidated Profit and Loss Account referred to in our report of even date.

## For Price Waterhouse

Firm Registration Number: 301112E  
Chartered Accountants

## Partha Ghosh

Partner  
Membership No. F-55913  
Mumbai, May 6, 2011

Ajay G. Piramal Chairman  
Keki Dadiseth Director  
Y. H. Malegam Director  
Dr. Swati A. Piramal Director  
R. A. Shah Director  
Deepak Satwalekar Director  
Mumbai, May 6, 2011

N. Vaghul Director  
Nandini Piramal Executive Director  
N. Santhanam Executive Director & Chief Operating Officer  
Rajesh Laddha Chief Financial Officer  
Leonard D'Souza Company Secretary

**Consolidated Financial Statements****Cash Flow Statement for the Year Ended March 31, 2011**

		Year Ended March 31, 2011 Rs. in Million	Year Ended March 31, 2010 Rs. in Million
<b>A.</b>	<b>Cash Flow From Operating Activities</b>		
	Profit before tax	165,634.1	4,997.7
	Adjustments for :		
	Depreciation	1,198.9	1,426.5
	Interest Expense	1,003.9	1,838.1
	Interest Income	(2,809.6)	(921.7)
	Dividend on Investments	(506.3)	-
	Loss on Sale of Assets (Net)	1.1	12.2
	Advances Written Off	-	0.4
	Fixed Assets written off	261.1	-
	Loss on Impairment of Assets	4.3	17.8
	Loss on Sale of Subsidiary (Net)	-	157.7
	Profit on Sale of Current Investments (Net)	(42.4)	-
	Profit on Sale of Joint Venture	(177.4)	-
	Provision for Slow Moving Inventories	30.0	90.0
	Bad Debts Written off	-	9.6
	Provision for Doubtful Debts	19.0	6.9
	Provision for Doubtful Debts written back	-	(273.6)
	Provision No Longer Required, written back	(2.0)	(3.5)
	Provision for Doubtful Advances	13.3	1.4
	Unrealised Foreign Exchange (Gain) / Loss	(950.1)	361.9
	Exceptional Items		
	- Sale of Subsidiary Company Piramal Diagnostic Services Private Limited (PDSPL)	(2,978.2)	-
	- Sale of Domestic Formulation Business	(159,946.2)	-
	- Provision for Diminution in Value in Biosyntech Inc., Canada	223.2	-
	- Plant Closure Cost - Vitamin and Fine Chemical Plant	407.0	-
	- Voluntary Retirement Scheme	89.2	38.5
	- Restructuring Costs	-	30.6
	<b>Operating Profit Before Working Capital Changes</b>	<b>1,472.9</b>	<b>7,790.5</b>
	<b>Adjustments For Changes In Working Capital :</b>		
	- (INCREASE) / DECREASE in Sundry Debtors	(1,001.5)	382.0
	- (INCREASE) in Other Receivables	(827.7)	(1,687.9)
	- (INCREASE) / DECREASE in Inventories	(929.8)	49.1
	- INCREASE / (DECREASE) in Current Liabilities and Provisions	278.8	(1,058.8)
	<b>Cash Generated From Operations</b>	<b>(1,007.3)</b>	<b>5,474.9</b>
	- Taxes Paid (Net of Refunds)	(35,415.8)	(1,076.6)
	<b>Net Cash Before Exceptional Items</b>	<b>(36,423.1)</b>	<b>4,398.3</b>
	Exceptional Items		
	- Sale of Investment in Subsidiary Company - Piramal Diagnostic Services Private Limited (PDSPL)	(189.6)	-
	- Sale of Domestic Formulation Business	(7,630.2)	-
	- Plant Closure Cost - Vitamin and Fine Chemical Plant	(156.9)	-
	- Voluntary Retirement Scheme	(89.2)	(38.5)
	- Restructuring Costs	-	(30.6)
	<b>Net Cash From Operating Activities (A)</b>	<b>(44,489.0)</b>	<b>4,329.2</b>
	<i>of which discontinued operations</i>	<i>1,618.5</i>	<i>6,450.3</i>
<b>B.</b>	<b>Cash Flow From Investing Activities</b>		
	<b>Adjustments For Changes In :</b>		
	Purchase of Fixed Assets	(2,131.0)	(2,438.5)
	Capital Work in Progress	(147.8)	(430.1)
	Proceeds from Sale of Fixed Assets	60.9	252.0
	Purchase of Investments		
	- in Mutual Funds	(184,233.3)	-
	- in Certificate of Deposits	(9,672.8)	-
	- in Bonds	(2,762.5)	-
	- in Debentures	(157.5)	(47.2)
	- in Commercial Paper	(43,951.1)	-
	Proceeds from Sale of Investments		
	- in Mutual Funds	176,459.9	-
	- in Certificate of Deposits	6,432.8	-
	- in Bonds	687.5	-
	- in shares of SRL	1,376.2	-

**Consolidated Financial Statements****Cash Flow Statement for the Year Ended March 31, 2011**

	Year Ended March 31, 2011 Rs. in Million	Year Ended March 31, 2010 Rs. in Million
- in Debentures	157.5	-
- in Commercial Paper	43,948.0	-
Interest Received	2,446.6	943.3
Dividend on Investments	506.3	-
Amount paid on Acquisition of Subsidiaries	(652.8)	-
Proceeds from Sale of Diagnostic Business	663.5	-
Proceeds from Sale of Domestic Formulation Business	102,457.0	-
Amount Received on Sale of Subsidiary / Joint Venture	90.0	145.9
<b>Net Cash (Used in) Investing Activities (B)</b>	<b>91,577.4</b>	<b>(1,574.6)</b>
<i>of which discontinued operations</i>	<i>(21.5)</i>	<i>(142.8)</i>
<b>C. Cash Flow From Financing Activities</b>		
Proceeds from Long Term Borrowings		
Receipts [Excludes Exchange Fluctuation Loss of Rs.95.7 Million (Previous Year Loss Rs.130.1 Million) on reinstatement of Foreign Currency Loan]	2,752.9	2,315.2
Payments	(7,423.9)	-
Proceeds from Short Term Borrowings		
Receipts	141,028.0	150,698.0
Payments	(139,315.9)	(152,553.6)
Proceeds from Cash Credits		
Receipts [Excludes Exchange Fluctuation Gain of Rs.12.5 Million (Previous Year Gain Rs.27.5 Million) on reinstatement of Foreign Currency Loan]	3,045.3	2,347.4
Payments	(3,124.8)	(3,102.5)
Interest Paid	(1,021.5)	(1,813.1)
Dividend Paid	(1,128.6)	(877.9)
Dividend Tax Paid	(187.5)	(149.2)
Buy Back of Equity Shares	(24,470.2)	-
<b>Net Cash (Used in) Financing Activities (C)</b>	<b>(29,846.2)</b>	<b>(3,135.7)</b>
<i>of which discontinued operations</i>	<i>80.4</i>	<i>1,478.6</i>
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents (A)+(B)+(C)</b>	<b>17,242.2</b>	<b>(381.1)</b>
<b>Cash and Cash Equivalents As At 31.03.2010</b>	<b>411.8</b>	<b>945.5</b>
Cash and Cash Equivalents transferred pursuant to Sale of Subsidiary	(58.5)	(152.6)
Cash and Cash Equivalents acquired pursuant to acquisition	107.3	-
<b>Cash and Cash Equivalents As At 31.03.2011</b>	<b>17,702.8</b>	<b>411.8</b>
<b>Cash and Cash Equivalents Comprise of :</b>		
Cash and Cheques on hand	1.2	8.4
Balance with Scheduled Banks	17,701.6	403.4
	<b>17,702.8</b>	<b>411.8</b>

**Notes :**

- The above Consolidated Cash Flow Statement has been prepared under the 'Indirect Method' set out in Accounting Standard - 3 issued by the Institute of Chartered Accountants of India.
- Cash and cash equivalents includes Rs.913.3 Million which are not available for use by the Company. (Refer Schedule 9 in the accounts)
- Figures in bracket indicate cash outflow.
- The above Cash Flow Statement does not include assets (other than cash and cash equivalents) / liabilities transferred on Sale of Domestic Formulation Business (Refer note 6, Sch.22), Sale of Piramal Diagnostics Services Private Limited (Refer note 7(a), Sch.22), acquisition of Oxygen Bio Research Private Limited and Oxygen Healthcare UK Limited. (Refer note 5(a) & 5(b), Sch.22)
- Previous year figures have been regrouped and recasted wherever necessary to confirm to current year's classification.

This is the Consolidated Cash Flow Statement referred to in our report of even date.

**For Price Waterhouse**

Firm Registration Number: 301112E  
Chartered Accountants

**Partha Ghosh**

Partner  
Membership No. F-55913  
Mumbai, May 6, 2011

**Ajay G. Piramal** Chairman  
**Keki Dadiseth** Director  
**Y. H. Malegam** Director  
**Dr. Swati A. Piramal** Director  
**R. A. Shah** Director  
**Deepak Satwalekar** Director  
Mumbai, May 6, 2011

**N. Vaghul** Director  
**Nandini Piramal** Executive Director  
**N. Santhanam** Executive Director &  
Chief Operating Officer  
**Rajesh Laddha** Chief Financial Officer  
**Leonard D'Souza** Company Secretary

**Consolidated Financial Statements****Schedules forming part of the Consolidated Balance Sheet as at March 31, 2011**

	As at March 31, 2011 Rs. in Million	As at March 31, 2010 Rs. in Million
<b>1. SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
25,00,00,000 (25,00,00,000) Equity Shares of Rs.2/- each	500.0	500.0
30,00,000 (30,00,000) Preference Shares of Rs.100/- each	300.0	300.0
2,40,00,000 (2,40,00,000) Preference Shares of Rs.10/- each	240.0	240.0
10,50,00,000 (10,50,00,000 ) Unclassified Shares of Rs.2/- each	210.0	210.0
	<b>1,250.0</b>	<b>1,250.0</b>
<b>ISSUED &amp; SUBSCRIBED</b>		
16,79,16,044 (20,90,13,144) Equity Shares of Rs.2/- each	335.8	418.0
<b>TOTAL</b>	<b>335.8</b>	<b>418.0</b>

**Note:**

Of the above :

- 3,90,85,590 Equivalent Equity Shares of Rs.2/- each were allotted as fully paid bonus shares by capitalisation of Share Premium / General Reserve.
- 82,50,000 Equivalent Equity Shares of Rs.2/- each were allotted to erstwhile shareholders of Gujarat Glass Limited on amalgamation.
- 88,67,010 Equivalent Equity Shares of Rs.2/- each were allotted to erstwhile shareholders of Boehringer Mannheim India Limited on amalgamation.
- 51,97,050 Equivalent Equity Shares of Rs.2/- each were allotted to erstwhile shareholders of Sumitra Pharmaceuticals and Chemicals Limited as per the scheme of arrangement.
- 3,75,25,020 Equivalent Equity Shares of Rs.2/- each were allotted to erstwhile shareholders of Piramal Healthcare Limited (PHL) as per the scheme of arrangement.
- The erstwhile Piramal Healthcare Limited shareholders held 9,62,180 warrants with a right to convert into 75 Equivalent Equity Shares of the Company for every two warrants held on payment of Rs. 10/- in Cash per Equity Share. Out of this 9,52,644 warrants were converted into 3,57,24,155 shares resulting in the Issued and Subscribed Capital increasing by Rs.71.4 Million. The remaining 9,536 warrants were cancelled.
- 1,57,50,000 Equivalent Equity Shares of Rs.2/- each were allotted to the erstwhile Shareholders of Rhone-Poulenc India Limited on its merger with the Company.
- Out of the Company's Right Issue Offer of 1,90,01,601 Equity Shares of Rs.2/- each for Rs.175/- each (including a Share Premium of Rs.173/- each) for cash aggregating to Rs.3,325.3 Million, allotment of the 4,462 Equity Shares of Rs.2/- each has been kept in abeyance pending receipt of necessary documentation for establishing title to these Shares.
- During the year, 4,10,97,100 equity shares have been bought back pursuant to the buy back programme [Refer note.9, Sch. 22].

## Consolidated Financial Statements

### Schedules forming part of the Consolidated Balance Sheet as at March 31, 2011

	As at March 31, 2011 Rs. in Million		As at March 31, 2010 Rs. in Million	
<b>2. RESERVES AND SURPLUS</b>				
<b>CAPITAL SUBSIDY</b>		4.0		4.0
<b>CAPITAL RESERVE</b>		390.3		390.3
<b>CAPITAL REDEMPTION RESERVE ACCOUNT</b>				
As per last Balance Sheet	533.7		533.7	
Add : Transferred from General Reserve (Refer note.9, Sch.22)	82.2		-	
		615.9		533.7
<b>SHARE PREMIUM ACCOUNT</b>				
As per last Balance Sheet	1,433.3		1,433.3	
Less : Utilised for Buy Back of Shares (Refer note.9, Sch.22)	1,433.3		-	
		-		1,433.3
<b>GENERAL RESERVE</b>				
As per last Balance Sheet	7,198.1		5,806.0	
Add : Transferred from Profit and Loss Account	73,986.0		1,393.3	
Less : Transferred to Reserve Fund u/s 45-IC(1) of RBI Act 1934	1.5		-	
Less : Premium Paid on Buy Back of Shares (Refer note.9, Sch.22)	23,142.8		-	
Less : Transferred to Capital Redemption Reserve (Refer note.9, Sch.22)	82.2		-	
Less : Share of current losses of Minority in subsidiary	1.3		1.2	
		57,956.3		7,198.1
<b>RESERVE FUND U/S 45-IC(1) OF RBI ACT 1934</b>				
As per last Balance Sheet	1.4		1.4	
Add : Transferred from General Reserve during the year (Refer note.23, Sch.22)	1.5		-	
		2.9		1.4
<b>EXCHANGE RESERVE</b>		413.2		487.8
<b>FOREIGN CURRENCY MONETARY ITEM TRANSLATION DIFFERENCE ACCOUNT</b>				
As per last Balance Sheet	54.2		261.0	
Add : Created during the year	-		24.1	
Less : Amortised for the year (Refer note.26, Sch.22)	54.2		230.9	
		-		54.2
<b>DEBENTURE REDEMPTION RESERVE</b>				
As per last Balance Sheet	650.0		325.0	
Less : Transferred to Profit and Loss Account (Refer note.15, Sch.22)	500.0		-	
Add : Transferred from Profit and Loss Account (Refer note.15, Sch.22)	75.0		325.0	
		225.0		650.0
<b>PROFIT &amp; LOSS ACCOUNT</b>				
As per Annexed Profit and Loss Account		58,618.7		5,678.1
<b>TOTAL</b>		<b>118,226.3</b>		<b>16,430.9</b>

## Consolidated Financial Statements

### Schedules forming part of the Consolidated Balance Sheet as at March 31, 2011

	Note	As at March 31, 2011 Rs. in Million	As at March 31, 2010 Rs. in Million
<b>3. SECURED LOANS</b>			
Cash Credit / Overdraft from Banks (Includes Packing Credit Loans)	1	851.2	739.7
Debentures			
12.75% - Secured Redeemable Non Convertible Debentures	2.a	-	2,000.0
12.10% - Secured Redeemable Non Convertible Debentures (Redeemable at par at the end of 5th year from the date of allotment - December 15, 2008)	2.a	1,500.0	1,500.0
Secured Redeemable Non Convertible Debentures (Redeemable at par in April 2011)	2.b	-	1,000.0
Term Loan From Banks	3 & 4	929.8	480.0
Finance Leases	5	-	0.1
3,375,000 Zero Coupon Redeemable Preference Shares of Rs.10/- each of DDRC Piramal Diagnostic Services Private Limited (JV of subsidiary Piramal Diagnostic Services Private Limited) allotted as fully paid- up pursuant to Memorandum of Succession for consideration other than cash.		-	33.8
<b>TOTAL</b>		<b>3,281.0</b>	<b>5,753.6</b>

#### Notes on Secured Loans

1. a. Cash Credit facilities including Packing Credit in Foreign Currency (PCFC) are secured by hypothecation of stocks and book debts.
- b. Overdraft facility of Rs.325.5 Million (GBP 4.5 Million) [Previous Year Rs.174.4 Million (GBP 2.3 Million)] from HSBC Bank Plc is secured First Equitable charge over all present and future freehold and leasehold property; Fixed charge over, among other things, book and other debts, chattels, goodwill and uncalled capital, both present and future of Piramal Healthcare (UK) Limited.
- c. Overdraft facility of Rs.55.1 Million (CAD 1.2 Million) [Previous Year Rs.Nil (CAD Nil)] availed from TD bank secured by charge over all assets and undertaking both; present and future of Piramal Healthcare (Canada) Limited.
2. a. The 12.75% & 12.10% Non-Convertible Debentures are secured on the movable properties of the Company (excluding working capital goods) and on the immovable properties of the Company situated at Gujarat, Mahad, Pithampur, Digwal, Bangalore and Baddi (for previous year).
- b. The Secured Non-Convertible Debentures were secured by a charge on existing and future fixed assets of Piramal Diagnostic Services Private Limited
3. Term Loan of Rs.929.8 Million (GBP 13.0 Million) [Previous Year Rs.Nil (GBP Nil)] from HSBC Bank Plc is secured by a fixed and floating charge over the freehold and leasehold property and all other assets owned by Piramal Healthcare UK Limited.
4. Term Loan of Rs.Nil (Previous Year Rs.480.0 Million) was secured by charge on existing and future assets of Piramal Diagnostic Services Private Limited.
5. Finance Lease was secured by relevant assets acquired under lease.
6. Satisfactions of charges in respect of certain old loans are still awaited.

	As at March 31, 2011 Rs. in Million	As at March 31, 2010 Rs. in Million
<b>4. UNSECURED LOANS</b>		
Banks and Others [Payable within a year Rs.Nil (Previous Year Rs.2,963.2 Million)]	4,287.6	7,184.9
Loan from Other Companies	-	11.1
<b>TOTAL</b>	<b>4,287.6</b>	<b>7,196.0</b>

## Consolidated Financial Statements

## Schedules forming part of the Consolidated Balance Sheet as at March 31, 2011

## 5. FIXED ASSETS

(Rs. in Million)

Particulars	COST				DEPRECIATION / AMORTISATION				NET BLOCK			
	Opening As at 01-04-2010	Acquisition ###	Additions/ Adjustments	Deductions / Adjustments #	As at 31-03-2011 (A)	Opening As at 01-04-2010	Acquisition ###	For the Year	Deductions / Adjustments #	As at 31-03-2011 (B)	As at 31-03-2011 (A-B)	As at 31-03-2010
<b>Intangible Assets</b>												
Brands / Know-how / Licences / Trademarks / Intellectual Property Rights / Goodwill**	10,410.6	458.9	505.9	4,843.3	<b>6,532.1</b>	2,240.5	-	308.0	1,787.8	<b>760.7</b>	<b>5,771.4</b>	8,170.1
Computer Software	469.1	4.0	19.2	245.4	<b>246.9</b>	237.1	0.6	53.2	168.2	<b>122.7</b>	<b>124.2</b>	232.0
<b>Tangible Assets</b>												
Land Leasehold	71.9	18.0	79.4	0.1	<b>169.2</b>	4.7	0.3	2.3	(18.4)*	<b>25.7</b>	<b>143.5</b>	67.2
Land Freehold	1,149.3	-	20.9	133.2	<b>1,037.0</b>	4.0	-	0.8	-	<b>4.8</b>	<b>1,032.2</b>	1,145.3
Building	2,556.3	23.1	220.8	918.4	<b>1,881.8</b>	556.0	0.8	82.9	183.8	<b>455.9</b>	<b>1,425.9</b>	2,000.3
Plant & Machinery@	12,172.5	97.5	1,147.9	4,193.8	<b>9,224.1</b>	4,449.0	4.3	716.4	1,899.5	<b>3,270.2</b>	<b>5,953.9</b>	7,723.5
Furniture & Fixtures & Office Equipment	645.9	23.5	74.6	447.5	<b>296.5</b>	248.5	2.5	30.0	146.1	<b>134.9</b>	<b>161.6</b>	397.4
Motor Vehicle / Transport	61.2	1.4	3.8	29.0	<b>37.4</b>	23.5	0.2	5.2	14.4	<b>14.5</b>	<b>22.9</b>	37.7
<b>Grand Total</b>	<b>27,536.8</b>	<b>626.4</b>	<b>2,072.5</b>	<b>10,810.7</b>	<b>19,425.0</b>	<b>7,763.3</b>	<b>8.7</b>	<b>1,198.8</b>	<b>4,181.4</b>	<b>4,789.4</b>	<b>14,635.6</b>	<b>19,773.5</b>
Previous Year	26,059.0	-	2,438.5	960.7	27,536.8	6,594.6	-	1,426.5	257.8	7,763.3		
Capital Work in Progress (including Capital Advances)											1,404.1	1,356.6
											<b>16,039.7</b>	<b>21,130.1</b>

Refer note 1(iii)(a) &amp; (h), Sch. 22

# Refer note 6 &amp; 7(a), Sch.22

@ Refer note 26, Sch.22

\* Exceptional items as per Sch.21 includes Impairment of Assets.

\*\* The Brands are in the process of being registered in the name of the Company, for which the necessary application has been made with trade mark registry.

### Refer note 5(a) &amp; 5(b), Sch.22

**Consolidated Financial Statements****Schedules forming part of the Consolidated Balance Sheet as at March 31, 2011****6. INVESTMENTS (Refer note 1(iii)(b), Sch.22)**

	Nos. as at March 31, 2011	Nos. as at March 31, 2010	Face Value Rupees	As at March 31, 2011 Rs. in Million	As at March 31, 2010 Rs. in Million
<b>LONG TERM</b>					
<b>Shares of Companies (at cost)</b>					
<b>a) Others (Quoted)</b>					
Piramal Glass Limited	2,021,395	2,021,395	10.0	51.7	51.7
Piramal Life Sciences Limited	4,550,000	4,550,000	10.0	45.5	45.5
Biosyntech Inc., Canada (Refer note 10, Sch.22)	-	7,500,000	0.001 CAD	-	223.2
<b>b) Others (Unquoted)</b>					
Biosyntech Inc., Canada (Refer note 10, Sch.22)	7,500,000	-	0.001 CAD	223.2	-
Reaxa Limited, UK	2,500	2,500	0.10 GBP	29.0	29.0
Non - Convertible Debentures of Edelweiss Capital Private Limited	5	5	1,000,000.0	5.1	5.1
<b>Debentures</b>					
<b>10% Cumulative Redeemable Non Convertible Debentures</b>					
Super Religare Laboratories Limited (Refer note.7(a), Sch.22)	16,500	-	100,000.0	1,650.0	-
<b>CURRENT (at lower of cost or market value)</b>					
<b>a) In Mutual Funds (Unquoted)</b>					
Birla Sunlife Fixed Term Plan series CG Growth	150,000,000	-	10.0	1,500.0	-
HDFC FMP 370D November 2010(1) Growth Series XVII	120,000,000	-	10.0	1,200.0	-
ICICI Prudential Interval Fund Annual Interval Plan IV Institutional Cumulative	85,787,573	-	10.0	1,000.0	-
ICICI Prudential Interval Fund Half Yearly Interval Plan-I Institutional Cumulative	149,898,069	-	10.0	1,500.0	-
Kotak FMP 370 Days Series 10 Growth	50,000,000	-	10.0	500.0	-
Kotak Liquid (Institutional Premium) Daily Dividend Reinvest	9,406,960	-	10.0	115.0	-
Reliance Fixed Horizon Fund XVI Series 8 Growth Plan	100,000,000	-	10.0	1,000.0	-
TATA Fixed Maturity Plan Series 29 Scheme A Growth	50,000,000	-	10.0	500.0	-
DWS Fixed Term Fund - Series 76- Growth Plan	20,000,000	-	10.0	200.0	-
Sundaram Fixed Term Plan AP 367 Days Growth	25,000,000	-	10.0	250.0	-

## Consolidated Financial Statements

### Schedules forming part of the Consolidated Balance Sheet as at March 31, 2011

#### 6. INVESTMENTS (Refer note 1(iii)(b), Sch.22) (Contd.)

	Nos. as at March 31, 2011	Nos. as at March 31, 2010	Face Value Rupees	As at March 31, 2011 Rs. in Million	As at March 31, 2010 Rs. in Million
<b>b) In Bonds (Unquoted)</b>					
6.85% India Infrastructure Finance Co. Ltd. Tax Free Bonds 22/01/2014	20,174	-	100,000.0	2,056.3	-
<b>c) In Certificate of Deposits (Unquoted)</b>					
Vijaya Bank	10,000	-	100,000.0	996.9	-
Syndicate Bank	5,000	-	100,000.0	499.1	-
Indian Bank	9,000	-	100,000.0	898.2	-
Oriental Bank of Commerce	5,000	-	100,000.0	499.1	-
State Bank of Hyderabad	3,500	-	100,000.0	348.9	-
				15,068.0	354.5
Less : Provision for diminution in value of Investment (Refer note 10, Sch.22)				252.2	29.0
<b>TOTAL</b>				14,815.8	325.5

	Cost Rs. in Million	As at March 31, 2011 Market Value Rs. in Million	Cost Rs. in Million	As at March 31, 2010 Market Value Rs. in Million
1. Aggregate value of quoted investments	97.2	715.1	320.4	801.3
2. Aggregate value of unquoted investments	14,718.6		5.1	
<b>TOTAL</b>	14,815.8		325.5	

	As at March 31, 2011 Rs. in Million	As at March 31, 2010 Rs. in Million
<b>7. INVENTORIES</b>		
(As certified by the Management)		
Raw & Packing Materials	1,658.6	1,499.3
Work-in-Progress	1,088.4	1,311.1
Finished Goods [Stock in Transit Rs.29.5 Million (Previous Year Rs.7.9 Million)]	853.1	1,707.1
Engineering Stores	225.6	177.0
<b>TOTAL</b>	3,825.7	4,694.5

**Consolidated Financial Statements****Schedules forming part of the Consolidated Balance Sheet as at March 31, 2011**

	As at March 31, 2011 Rs. in Million	As at March 31, 2010 Rs. in Million
<b>8. SUNDRY DEBTORS</b>		
i. Over six months		
Secured - considered good	1.8	3.5
Unsecured - considered good	126.8	211.1
- considered doubtful	457.5	690.0
	586.1	904.6
Less : Provision for doubtful debts (Refer note 6 & 7(a), Sch.22)	457.5	690.0
	128.6	214.6
ii. Others		
Secured - considered good	10.2	39.0
Unsecured - considered good	3,699.2	4,122.5
- considered doubtful	-	34.3
	3,709.4	4,195.8
Less : Provision for doubtful debts	-	34.3
	3,709.4	4,161.5
<b>TOTAL</b>	<b>3,838.0</b>	<b>4,376.1</b>
<b>9. CASH AND BANK BALANCES</b>		
i. Cash and Cheques on Hand	1.2	8.4
ii. Balance with Scheduled Banks		
- Current Account*	282.8	337.0
- Current Account in respect of Unclaimed Dividend Warrants	34.8	29.5
- Current Account in respect of Rights Issue Refund Orders	1.1	1.1
- Current Account in respect of Buy Back of Shares (Refer note 9, Sch.22)	611.4	-
- Fixed Deposit Account	16,500.3	30.4
- Escrow Account	266.0	-
- Others	5.2	5.4
[*including linked deposits account Rs.30.7 Million (Previous Year Rs.43.7 Million)]		
<b>TOTAL</b>	<b>17,702.8</b>	<b>411.8</b>
<b>10. OTHER CURRENT ASSETS</b>		
Interest, Rent & Claims Receivable	449.2	78.6
Receivable on Sale of Domestic Formulation Business (Refer note 6, Sch.22)	71,360.0	-
Forward contracts Receivable	5,262.4	-
<b>TOTAL</b>	<b>77,071.6</b>	<b>78.6</b>

## Consolidated Financial Statements

### Schedules forming part of the Consolidated Balance Sheet as at March 31, 2011

	As at March 31, 2011 Rs. in Million	As at March 31, 2010 Rs. in Million
<b>11. LOANS AND ADVANCES</b>		
Advances recoverable in cash or in kind or for value to be received		
Unsecured & Considered Good	420.7	484.0
Considered Doubtful	1.3	5.1
	422.0	489.1
Less : Provision for Doubtful Advances	1.3	5.1
	420.7	484.0
Advance to NPIL Senior Employees Stock Option Scheme Trust	-	26.0
Advance Tax [Net of Provision of Rs.38,807.4 Million (Previous Year Rs.3,258.5 Million)]	761.4	933.9
MAT Credit Entitlement (Refer note 16(b) & (c), Sch.22)	-	1,308.4
Inter Corporate Deposits	3,559.8	3,127.8
Less : Provision for Doubtful Inter Corporate Deposits	83.0	83.0
	3,476.8	3,044.8
Other Deposits	280.5	416.4
Balance with Customs, Port Trust and Excise Authorities on Current Account	301.5	293.2
Pension Assets (Refer note 1(iii)(d) & 17, Sch.22)	180.6	4.1
<b>TOTAL</b>	<b>5,421.5</b>	<b>6,510.8</b>
<b>12. CURRENT LIABILITIES</b>		
Sundry Creditors		
- Dues to Micro, Small & Medium Enterprises	-	3.1
- Others	4,447.0	4,421.9
Advances from Customers	181.7	133.2
Investor Education and Protection Fund Shall be Credited by		
- Unpaid Dividend	34.8	29.5
Rights Issue Money Refundable to Shareholders	1.1	1.1
Interest Accrued But Not Due	89.2	106.8
Deferred Premium on Forward Exchange Contracts	3,846.2	-
Other Liabilities	977.8	895.5
<b>TOTAL</b>	<b>9,577.8</b>	<b>5,591.1</b>
<b>13. PROVISIONS</b>		
Proposed Dividend on Equity Shares	2,006.5	1,128.6
Provision for Wealth Tax less Payment	2.1	2.1
Tax Payable on Proposed Dividend	325.5	187.5
Provision for Employees Retirement Benefits (Refer note 1(iii)(d) & 17, Sch.22)	130.9	228.1
Provision for Restructuring Costs	-	23.7
<b>TOTAL</b>	<b>2,465.0</b>	<b>1,570.0</b>

**Consolidated Financial Statements****Schedules forming part of the Consolidated Profit and Loss Account for the Year Ended March 31, 2011**

	Year Ended March 31, 2011 Rs. in Million	Year Ended March 31, 2010 Rs. in Million
<b>14. OTHER INCOME</b>		
Dividend on :		
- Long Term Investments	2.0	-
- Current Investments	504.3	-
	506.3	-
Interest		
On Term Deposits with Limited Companies & Others [Tax Deducted at Source Rs.106.3 Million (Previous Year Rs.122.3 Million)]	754.5	843.7
On Income Tax Refund	10.7	28.7
On Investments [Tax Deducted at Source Rs.130.2 Million (Previous year Rs.Nil)]	2,044.3	49.3
On Receivables and Others	0.1	-
	2,809.6	921.7
Profit on Sale of Current Investment (Net) (Refer note 7(b), Sch.22)	42.4	-
Profit on Sale of Joint Venture (Refer note 8, Sch.22)	177.4	-
Provision for Doubtful Debts Written Back	-	273.6
Processing Charges Received	52.4	15.0
Rent Received [Tax Deducted at Source Rs.Nil (Previous Year Rs.Nil)]	0.3	0.3
Export Incentive	6.7	16.6
Provision no Longer Required, Written Back	2.0	3.5
Exchange Gain (Net)	986.0	141.3
Miscellaneous Income	222.5	157.2
<b>TOTAL</b>	<b>4,805.6</b>	<b>1,529.2</b>
<b>15. MATERIALS</b>		
Raw and Packing Materials	7,412.6	8,508.6
Purchase of Trading Goods	3,291.2	5,713.5
<b>TOTAL</b>	<b>10,703.8</b>	<b>14,222.1</b>
<b>16. STAFF COST (Net of Recoveries)</b>		
Salaries, Wages and Bonus	4,473.6	5,121.8
Contribution to Gratuity, Provident and Other Funds	396.1	434.8
Staff Welfare	309.0	296.5
<b>TOTAL</b>	<b>5,178.7</b>	<b>5,853.1</b>
<b>17. RESEARCH AND DEVELOPMENT EXPENSES</b>		
R & D Expenses	716.2	701.5
<b>TOTAL</b>	<b>716.2</b>	<b>701.5</b>

## Consolidated Financial Statements

### Schedules forming part of the Consolidated Profit and Loss Account for the Year Ended March 31, 2011

	Year Ended March 31, 2011 Rs. in Million	Year Ended March 31, 2010 Rs. in Million
<b>18. OTHER EXPENSES (Net of Recoveries)</b>		
Processing Charges	122.8	182.0
Stores and Spares Consumed	173.3	239.2
Power, Fuel & Water Charges	661.0	792.6
Repairs and Maintenance		
Buildings	155.9	130.5
Plant and Machinery	429.4	464.8
Others	10.7	23.5
	596.0	618.8
Rent		
Premises	251.1	324.9
Other Assets	105.3	125.8
	356.4	450.7
Rates & Taxes (Includes Excise Duty)	267.3	170.6
Insurance	145.4	173.7
Travelling Expenses	773.9	981.7
Directors' Commission	44.6	48.1
Directors' Fees	1.6	1.6
Provision for Doubtful Debts	19.0	6.9
Bad Debts Written Off	-	9.6
Provision for Doubtful Advances	13.3	1.4
Advances Written Off	-	0.4
Fixed Assets Written Off	261.1	-
Loss on Sale of Assets (Net)	1.1	12.2
Loss on Impairment of Assets	4.3	17.8
Advertisement and Business Promotion Expenses	1,502.2	1,839.5
Freight	343.8	394.7
Clearing and Forwarding Expenses	256.4	268.5
Claims	282.6	348.8
Legal and Professional Charges	1,078.4	1,044.8
Loss on sale of Subsidiary	-	157.7
Service Charges Paid	168.6	121.8
Donations	129.6	-
Miscellaneous Expenses	756.1	1,032.7
<b>TOTAL</b>	<b>7,958.8</b>	<b>8,915.8</b>

**Consolidated Financial Statements****Schedules forming part of the Consolidated Profit and Loss Account for the Year Ended March 31, 2011**

	Year Ended March 31, 2011 Rs. in Million	Year Ended March 31, 2010 Rs. in Million
<b>19. (INCREASE) / DECREASE IN WORK - IN - PROGRESS AND FINISHED GOODS</b>		
<b>OPENING STOCKS :</b>		
Work-in-Progress	1,311.1	1,325.5
Finished Goods	1,707.1	1,447.5
Less : Excise Duty	21.1	25.9
	2,997.1	2,747.1
<b>TRANSFERRED ON SALE OF BUSINESS / SUBSIDIARY / JV</b>		
(Refer note 6, 7(a) & 8, Sch.22)		
Work-in-Progress	(27.0)	-
Finished Goods	(1,346.2)	-
Add : Excise Duty	21.0	-
	(1,352.2)	-
<b>CLOSING STOCKS :</b>		
Work-in-Progress	1,088.4	1,311.1
Finished Goods	853.1	1,707.1
Less : Excise Duty	11.4	21.1
	1,930.1	2,997.1
<b>TOTAL</b>	<b>(285.2)</b>	<b>(250.0)</b>
<b>20. INTEREST EXPENSE</b>		
Interest on Fixed Loans / Debentures	950.1	1,461.8
Interest on Others	53.8	376.3
<b>TOTAL</b>	<b>1,003.9</b>	<b>1,838.1</b>
<b>21. EXCEPTIONAL ITEMS INCOME / (EXPENSES) (Net)</b>		
Voluntary Retirement Scheme (Refer note 12, Sch.22)	(89.2)	(38.5)
Sale of Domestic Formulation Business (Refer note 6, Sch.22)	159,946.2	-
Sale of Subsidiary Company Piramal Diagnostic Services Private Limited (Refer note 7(a), Sch.22)	2,978.2	-
Provision for Diminution in Value in Biosyntech Inc., Canada (Refer note 10, Sch.22)	(223.2)	-
Plant Closure Cost - Vitamin and Fine Chemical Plant (Refer note 11, Sch.22)	(407.0)	-
Restructuring Costs	-	(30.6)
<b>TOTAL</b>	<b>162,205.0</b>	<b>(69.1)</b>

**Consolidated Financial Statements****Schedules forming part of the Financial Statements for the Year Ended March 31, 2011****22. NOTES TO THE FINANCIAL STATEMENTS****1. SIGNIFICANT ACCOUNTING POLICIES****i) Basis of Accounting**

The consolidated financial statements are prepared to comply in all material aspects with all the applicable accounting principles in India, the applicable Accounting Standards notified u/s 211(3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956.

**ii) Principles of consolidation**

- a. The consolidated financial statements relate to Piramal Healthcare Limited (the “Company”), its Subsidiary Companies and Joint Venture Companies (the “Group”). The consolidated financial statements have been prepared on the following basis:
  1. In respect of Subsidiary Companies, the financial statements have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and unrealised profits / losses on intra-group transactions as per Accounting Standard – AS 21 “Consolidated Financial Statements”.
  2. In case of Joint Venture Companies, the financial statements have been consolidated as per Accounting Standard – AS 27 “Financial Reporting of Interests in Joint Ventures”.
  3. In case of foreign subsidiaries, being Non-Integral Foreign Operations, revenue items are consolidated at the average rate prevailing during the year. All asset and liabilities are converted at the rate prevailing at the end of the year. Any exchange difference arising on consolidation is recognized in the exchange reserve. In case of Integral Foreign Operations, monetary items denominated in foreign currency are translated into the reporting currency at the exchange rates in effect at the balance sheet date and non-monetary items are translated at rates of exchange in effect when the assets were acquired or obligations incurred. The resultant translation exchange gain / loss have been included in Profit and Loss Account.
  4. The excess of cost to the Company of its investment in the Subsidiary Company is recognized in the financial statements as Goodwill, which is tested for impairment on every balance sheet date. The excess of Company’s share of equity and reserves of the Subsidiary Company over the cost of acquisition is treated as Capital Reserve. Amortisation of goodwill is confined to amalgamation goodwill in accordance with the applicable Accounting Standards.
  5. The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company’s separate financial statements. However, in case of depreciation it was not practicable to use uniform accounting policies in case of subsidiaries as mentioned in note no. 18.

**Consolidated Financial Statements****Schedule 22 (Contd.)**

b. The Subsidiary Companies and Joint Venture Companies considered in the consolidated financial statements are:

Name of the Company	Country of incorporation	% voting power held as at March 31, 2011
Piramal Diagnostic Services Private Limited (PDSPL) (upto August 20, 2010) (Refer note 7(a))	India	97.5%
DDRC Piramal Diagnostic Services Private Limited (upto August 20, 2010)@ (Refer note 7(a))	India	50%
PHL Fininvest Private Limited (PFL)	India	100%
Arkray Piramal Medical Private Limited# (upto September 30, 2010) (Refer note 8)	India	49%
Piramal Pharmaceutical Development Services Private Limited (PPDSPL)	India	100%
Oxygen Bio Research Limited\$ (w.e.f. January 11, 2011) (Refer note 5 (a))	India	76%
Piramal International (PI)	Mauritius	100%
Allergan India Private Limited (Allergan)	India	49%
Piramal Holdings (Switzerland) Limited	Switzerland	100%
Piramal Critical Care Italia S.P.A.* (w.e.f. November 3, 2010) (Refer note 5(c))	Italy	100%
Piramal Life Sciences (UK) Limited *	U.K.	100%
Oxygen Healthcare Limited*(w.e.f. January 11, 2011) (refer note 5(b))	U.K.	100%
NPIL Pharma Inc. (NPI)*	U.S.A	100%
Piramal Investment Holdings (Canada) Inc*	Canada	100%
Piramal Healthcare (Canada) Limited *	Canada	100%
Piramal Healthcare (UK) Limited*	U.K.	100%
Piramal Healthcare Pension Trustees Limited*	U.K.	100%
Piramal Healthcare (France) Limited*	U.K.	100%
Piramal Healthcare Inc.	U.S.A	100%
Piramal Critical Care Inc.**	U.S.A	100%
Minrad EU.**	France	100%

# held through PHL Fininvest Private Limited.

\$ held through Piramal Pharmaceutical Development Services Private Limited.

\* held through Piramal Holdings (Switzerland) Limited.

@held through Piramal Diagnostic Services Private Limited.

\*\*held through Piramal Healthcare Inc.

**Consolidated Financial Statements****Schedule 22 (Contd.)****iii) Other Significant Accounting Policies****a. Fixed Assets and Depreciation****1. Fixed Assets****Intangibles**

Brands/know-how (including US FDA / TGA approvals and Business Application Software intended for long term use) are recorded at their acquisition cost and in case of assets acquired on merger, at their carrying values. Allergan, Product Development Costs, which relate to design and testing of new or improved products or processes, are recognised as an intangible asset if it is expected that such assets will generate future economic benefits, and amortised over their useful life, not exceeding four years.

**Tangibles**

All fixed assets are stated at cost of acquisition, less accumulated depreciation and includes adjustment arising from exchange rate variations attributable to fixed assets. In the case of fixed assets acquired for new projects / expansion, interest cost on borrowings, and other related expenses incurred upto the date of completion of project are capitalised.

**2. Depreciation****Intangibles**

Brands / know-how (including US FDA / TGA approvals) / Intellectual Property Rights are amortised from the month of product launch / commercial production, over their estimated economic life not exceeding ten / fifteen years. Computer Software is being depreciated on straight line method at the rates specified in Schedule XIV of the Companies Act, 1956.

**Tangibles**

Depreciation on fixed assets has been provided on straight line method at the rates specified in Schedule XIV of the Companies Act, 1956. Diagnostic equipments placed with customers are amortised over a period of 60 months. Depreciation on additions / deletions of assets during the year is provided on a pro-rata basis.

**3. Impairment**

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Profit and Loss Account. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

**b. Investments**

Investments that are readily realizable and intended to be held but not more than a year are classified as current investments. All other investments are classified as long term investments. Long term investments are stated at cost, except where there is a diminution in value (other than temporary), in which case the carrying value is reduced to recognize the decline. Current investments are carried at lower of cost and fair value, computed separately in respect of each category of investment.

**c. Inventories**

Inventories are valued at lower of cost or net realizable value (Cost is determined on weighted average basis). The cost of work-in-progress and finished goods comprises of raw materials, direct labour, other direct costs and related production overheads and Excise duty as applicable. Net realizable value is the estimate of the selling price in the ordinary course of business as applicable.

**d. Retirement Benefits**

The Company has Defined Contribution Plan for its employees' retirement benefits comprising of Provident Fund, Superannuation Fund, Pension and Employee State Insurance Fund which are recognised by the Income Tax Authorities and administered through its trustees. The Company and eligible employees make monthly contributions to the Provident Fund trust equal to specified percentage of the covered employees' salary. The interest rate payable by the Provident Fund trust to the beneficiaries every year is being notified by the Government. The Company has an obligation to make good any shortfall, if any, between the return from the investments of the trust and the notified interest rates. The Company contributes to Superannuation Fund and Employees' State Insurance Fund and Employees' Pension Scheme 1995 and has no further obligations to the plan beyond its monthly contribution.

The Company has Defined Benefit Plan comprising of Gratuity Fund, Pension Fund, Leave Encashment and Long Term Service Award. The Company contributes to the Gratuity Fund, which is recognized by the Income Tax Authorities and administered through its trustees. The liability for the Gratuity, Pension, Leave Encashment and Long Term Service

## Consolidated Financial Statements

### Schedule 22 (Contd.)

Award is determined on the basis of an independent actuarial valuation done at the year-end. The actuarial valuation method used for measuring the liability is the Projected Unit Credit method. The obligations are measured as the present value of estimated future cashflows discounted at rates reflecting the prevailing market yields of Indian Government securities as at the Balance Sheet date for the estimated term of the obligations. The estimate of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors. The expected rate of return of the plan assets is the Company's expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations. Plan assets are measured at fair value as at the Balance Sheet date.

Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised in the Profit and Loss Account in the year in which they arise.

Piramal Healthcare Canada Limited, the contribution in respect of Pension Plan for Employees of Piramal Healthcare Canada Limited is charged to revenue every year.

Piramal Healthcare (UK) Limited has a Defined Benefit scheme and a Defined Contribution scheme. The assets of the schemes are held separately from those of Piramal Healthcare (UK) Limited. In case of defined benefit schemes, assets are measured using market values. Liabilities are measured using a project unit method and discounted at the current rate of return of high quality corporate bond of equivalent term and currency. Costs and liabilities are assessed in accordance with the advice of independent qualified actuaries. The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus / deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses. In the case of Defined Contribution schemes, the amount charged to profit and loss account represents the contributions payable to the scheme in the period, as determined by independent qualified agencies.

NPIL Pharma Inc. and Piramal Critical Care Inc., have adopted a 401 (k) contribution plan. Employees become eligible for participation after three months of service. Contributions by NPIL Pharma Inc. and Piramal Critical Care Inc. are discretionary.

#### e. Provisions and Contingent Liabilities

The Company recognises a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

#### f. Revenue Recognition

Sales are recognized upon delivery of products and are recorded inclusive of excise duty but are net of trade discounts and sales tax.

Piramal Holdings (Switzerland) Limited and its subsidiaries and Piramal Pharmaceutical Development Services Private Limited, revenue from Research and Development contracts is recognized under the percentage of completion method. Revenue recognized under this method is included in unbilled revenue if it is not invoiced by the year-end. Provision is made for all anticipated losses as soon as these are ascertained.

Piramal Healthcare Inc. and its subsidiaries recognize revenues from product sales and services when earned. Revenue related to products sale is recognized when the goods are received by the customer, resulting in the transfer of title and risk of loss. Sales are net of discounts and returns. The Company recognizes revenue from license agreements over the remaining life of the agreement or the underlying intellectual property, whichever is shorter.

Piramal Holdings (Switzerland) Limited and its subsidiaries, revenue related to materials for sale and resale is recognized as goods are shipped, exclusive of VAT. Billings in advance of work performed are included in deferred revenue.

Piramal Diagnostic Services Private Limited, medical testing charges consists of fees received for various test conducted in pathology and radiology are recognised on accrual basis when the samples are received for test, net of discounts, if any.

#### g. Foreign Currency Transactions

Foreign currency transactions are accounted at the exchange rate prevailing on the date of transactions. Gains or losses resulting from the settlement of such transaction and from the translation of monetary assets and liabilities denominated in foreign currency are recognised in the Profit and Loss Account. In cases where they relate to acquisition of fixed assets, they are adjusted to the carrying cost of such assets. Premium or discount in respect of forward contracts is accounted over the period of the contract.

## Consolidated Financial Statements

### Schedule 22 (Contd.)

#### h. Research and Development

Revenue expenditure on research and development is recognized as expense in the year in which it is incurred and the expenditure on capital assets is depreciated over the useful lives of the assets.

#### i. Excise Duty

The excise duty in respect of closing inventory of finished goods is included as part of inventory. The material consumed is net of Central Value Added Tax (CENVAT) credits.

#### j. Voluntary Retirement Scheme (VRS)

Compensation paid on voluntary retirement scheme is charged off in the year in which they are incurred.

#### k. Government Assistance

Piramal Healthcare Canada Limited, government assistance in the form of income tax research and development tax credits, earned on qualifying expenditures, is recognised when realized. Income tax investment tax credits related to fixed assets are accounted for as a reduction in the cost of related assets.

Piramal Healthcare (UK) Limited, government grants are recognised in the Profit and Loss Account in accordance with the related scheme and in the period in which these are accrued.

#### l. Leases

##### Finance Leases

Allergan, Leases which effectively transfer, substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against the income. Lease management fees, legal charges and other initial direct cost are capitalised.

If there is no reasonable certainty that Allergan will obtain the ownership by the end of the leased term, capitalised leased assets are depreciated over the shorter of estimated useful life of the asset or the lease term.

##### Operating Leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits as per the terms of the lease agreement over the lease period.

#### m. Taxes on Income

##### Current Tax

Current Tax is determined as the amount of tax payable in respect of taxable income for the year.

##### Deferred Taxation

Deferred Tax resulting from timing differences between book and tax profits is accounted for under the liability method, at the current rate of tax, to the extent that the timing differences are expected to crystallise.

#### n. Proposed Dividend

Dividend proposed by the Board of Directors is provided in the books of accounts pending approval at the Annual General Meeting.

**Consolidated Financial Statements****Schedule 22 (Contd.)**

(Rs. in Million)

		As at March 31, 2011	As at March 31, 2010
2.	Estimated Amount of outstanding contracts / Capital Commitment	451.2	721.7
3.	Contingent Liability for the Group:		
	a. Demand dated June 5, 1984 the Government has asked for payment to the credit of the Drugs Prices Equalisation Account, the difference between the common sale price and the retention price on production of Vitamin 'A' Palmitate (Oily Form) from January 28, 1981 to March 31, 1985 not accepted by the Company. The Company has been legally advised that the demand is untenable.	6.1	6.1
	b. Appeals filed in respect of disputed demands:		
	Income Tax		
	- where the Group is in appeal	2,174.6	683.4
	- where the Department is in appeal	1,789.3	1,815.4
	Sales Tax	128.7	90.2
	Central / State Excise	131.0	118.6
	Labour Matters	2.4	34.0
	Stamp Duty	40.5	40.5
	Legal Cases	84.7	72.7
	c. Guarantees issued to Government authorities, limited companies and performance guarantees.	2,391.4	3,176.6
	d. Unexpired Letter of Credit	90.2	21.8
	e. Bills Discounted	217.0	66.0

Note : Future Cash outflows in respect of (a) & (b) above are determinable only on receipt of judgements / decisions pending with various forums / authorities.

4. An erstwhile Contractor has made a claim before arbitration panel for Rs.78.5 Million on Canere Actives and Fine Chemicals Private Limited (Canere) prior to its amalgamation for unsettled dues for erection and commissioning of a manufacturing facility during the year 1999-2000. Canere has filed a counter claim of Rs.382.6 Million on the Contractor for submitting inflated bills for work not done and for special and indirect damages caused due to negligence of the Contractor. The Arbitration panel has awarded net claim in favour of contractor resulting in total claim against Canere amounting to Rs.30.0 Million (including interest). The Company has gone into the appeal against said order in Civil Court. The Company has provided for the said liability, anticipating the event of Civil Judge upholding the orders passed by the Tribunal.

## Consolidated Financial Statements

### Schedule 22 (Contd.)

5. a) The Group, through its wholly owned subsidiary Piramal Pharmaceutical Development Services Private Limited, has acquired on January 11, 2011, 76% shares of Oxygen Bio Research Private Limited, a company providing integrated discovery services in synthetic chemistry, medicinal chemistry, computational chemistry and in-vitro Biology for a consideration of Rs.517.0 Million (including cost of acquisition). The excess of cost of investment over the net worth of the subsidiary as on January 11, 2011 of Rs.348.7 Million is recognized as Goodwill on Consolidation in the books and depicted in Schedule 5 of the financials. The operations of this subsidiary have been consolidated in the financial statements from the date of acquisition.

The Net Assets and Liabilities taken over are as under:

(Rs. in Million)	
<b>Assets</b>	<b>Amount</b>
Fixed Assets (Net) (including CWIP)	207.1
Inventories	8.6
Sundry Debtors	38.8
Cash & Bank Balances	51.9
Loans & Advances	3.1
<b>Liabilities</b>	
Secured Loans	29.8
Current Liabilities	49.3
Deferred Tax Liability	8.9
<b>Net Assets Acquired</b>	<b>221.5</b>

- b) The Group has through its wholly owned subsidiary Piramal Life Sciences (UK) Limited acquired 100% shares of Oxygen Healthcare UK Limited for a consideration of GBP 1.9 Million (Rs.135.8 Million) (including cost of acquisition) on January 11, 2011. The excess of cost of investment over the net worth of the subsidiary as on January 11, 2011 of GBP 1.6 Million (Rs.110.1 Million) is recognized as Goodwill on Consolidation in the books and depicted in Schedule 5 of the financials. The operations of this subsidiary have been consolidated in the financial statements from the date of acquisition.

The Net Assets and Liabilities taken over are as under :

(Rs. in Million)	
<b>Assets</b>	<b>Amount</b>
Fixed Assets (Net)	0.1
Sundry Debtors	1.5
Cash & Bank Balances	55.4
<b>Liabilities</b>	
Current Liabilities	31.3
<b>Net Assets Acquired</b>	<b>25.7</b>

- c) During the year ended March 31, 2011, the Company incorporated a wholly owned subsidiary Piramal Critical Care Italia SPA on November 3, 2010. The operations of this subsidiary have been consolidated in the financial statements from the date of incorporation.

## Consolidated Financial Statements

### Schedule 22 (Contd.)

6. The Company had entered into Business Transfer Agreement (BTA) with Abbott Healthcare Private Limited (Abbott), dated May 21, 2010 for sale of its Domestic formulation business ("Business") to Abbott on slump sale basis for net cash consideration for Rupee equivalent of USD 3.8 Billion of which Rupee equivalent of USD 2.2 Billion is received and balance Rupee equivalent of USD 1.6 Billion is receivable on deferred payment basis equally over the next four years. The transaction was concluded on September 07, 2010. The Company recognised a profit of Rs.159,946.2 Million on account of sale of the Business.

The amount of revenue and expenses in respect of the ordinary activities attributable to the discontinued operation of Business is:

(Rs. in Million)

Particulars	For the Year Ended March 31, 2011	For the Year Ended March 31, 2010
Revenue	7,959.2	19,705.7
Expenses	6,452.0	13,555.3
Profit Before Tax	1,507.2	6,150.4
Profit After Tax	1,507.2	5,821.3

The carrying amount of total assets and liabilities pertaining to the Business are as follows:

(Rs. in Million)

Particulars	As at September 07, 2010	As at March 31, 2010
Total Assets	7,321.2	7,110.4
Total Liabilities	1,286.5	1,056.8

7. a. During the year the Company has sold its 97.5% holding (3,859,200 Equity shares) of Piramal Diagnostic Services Private Limited (PDSPL) to Super Religare Limited (SRL) for consideration of Rs.3,629.7 Million. The consideration has been discharged by cash of Rs.663.5 Million, Equity Shares of Super Religare Limited of Rs.1,316.2 Million (5,069,902 shares of Rs.10/- each at a premium of Rs.249.62/-) and 16,500 10% cumulative redeemable non-convertible debentures of Rs.100,000/- each valuing Rs.1,650.0 Million for its 97.5% share in PDSPL. In addition SRL has assumed a liability of the Company's outstanding loan of Rs.2,277.1 Million in PDSPL. The Company recognised a profit of Rs.2,978.2 Million on account of sale of the investment in the subsidiary.

The amount of revenue and expenses in respect of the ordinary activities attributable to the discontinued operation of Subsidiary is:

(Rs. in Million)

Particulars	For the Period Ended August 20, 2010	For the Year Ended March 31, 2010
Revenue	872.2	2,065.5
Expenses	917.9	2,112.2
<b>Profit (Loss) Before Tax :</b>		
Discontinued Operations	(18.8)	(46.7)
Exceptional Loss	(26.9)	-
<b>Profit (Loss) After Tax :</b>		
Discontinued Operations	(27.1)	(48.1)
Exceptional Loss	(26.9)	-

## Consolidated Financial Statements

### Schedule 22 (Contd.)

The carrying amount of total assets and liabilities pertaining to the Business are as follows:

(Rs. in Million)

Particulars	As at August 20, 2010	As at March 31, 2010
Total Assets	2,432.8	2,505.7
Total Liabilities	2,590.8	2,609.9

- b. Pursuant to the terms of Shareholders' Agreement dated July 13, 2010, entered between the Company and Super Religare Limited (SRL), and pursuant to Promoters of SRL exercising their call option in accordance with the said agreement, the Company has sold its entire shareholding in SRL (as per Note 7(a) above), comprising 5,069,902 Equity Shares of Rs.10/- each, for a total consideration of Rs.1,376.4 Million. The Company has recognised profit of Rs.60.2 Million (Refer Schedule 14) on account of sale of the investment in SRL Equity Shares.
8. On September 30, 2010, the Company sold its entire stake of 49% in its Joint Venture Arkray Piramal Medical Private Limited ("ARKRAY") held through its wholly owned subsidiary PHL Fininvest Private Limited for a cash consideration of Rs.90.0 Million. The Company recognised a pre-tax profit (net of expenses) of Rs.177.4 Million on account of the sale of its stake in the joint venture.
9. The Company decided to buyback upto 4,18,02,629 equity shares of the face-value of Rs.2/- each at a price of Rs.600/- per share aggregating to Rs.25,081.6 Million from the shareholders of the Company through a Tender Offer, in accordance with Section 77A of the Companies Act, 1956 and the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 as amended.
- The Company has bought back 4,10,97,100 equity shares through tender offer transactions for an aggregate amount of Rs.24,658.3 Million, by utilizing Share Premium Account and General Reserve to the extent of Rs.1,433.3 Million and Rs.23,142.8 Million respectively. Capital Redemption Reserve has been created out of General Reserve for Rs.82.2 Million being the nominal value of shares bought back in terms of Section 77AA of the Companies Act, 1956.
- In compliance with the Foreign Exchange Management Act, 1999, extinguishment of 7,05,529 shares belonging to one overseas corporate body have been kept in abeyance pending Reserve Bank of India (RBI) approval. Consequently, on receipt of RBI approval the shares will be bought back.
10. The Company held 7,500,000 equity shares as investment in Biosyntech Inc., Canada valued at Rs.223.2 Million which has filed for bankruptcy protection under the Bankruptcy and Insolvency Act, Canada.
- Pending final liquidation order from the Court, the management is of the opinion that there is permanent diminution in the value amounting to Rs.223.2 Million and hence the same has been provided in the financial statements.
11. The Board of Directors has approved to shift its manufacturing operation of Vitamins and Fine Chemicals from its Thane Unit to Digwal & Mahad unit. Consequently it has been decided to shut down Thane plant effective September 30, 2010. The total closure cost of the plant (including VRS) is Rs.407.0 Million which has been provided in the financial statements.
12. Exceptional items for the year ended March 31, 2011 also includes payments made under the Voluntary Retirement Scheme of subsidiaries Rs.89.2 Million.
13. The Current tax includes capital gain tax on sale of Business and sale of Investment in PDSPL of Rs. 36,699.9 Million.
14. Dividend Income of Rs.78.4 Million for the year ended March 31, 2011 received by the Company from its Subsidiaries / Joint venture has been considered as part of the income on a stand-alone basis. However, in the consolidated financial statements only the share of the profit of the Joint venture for the year ended March 31, 2011 has been considered.
15. As per Section 117C of the Companies Act, 1956 the Company has created Debenture Redemption Reserve for Secured Redeemable Non Convertible Debentures issued during the previous year and reversed Debenture Redemption Reserve for Secured Redeemable Non Convertible Debentures redeemed during the year.

**Consolidated Financial Statements****Schedule 22 (Contd.)**

16. (a) Major components of Deferred Tax Asset and Liability arising are :

(Rs. in Million)

	As at March 31, 2011		As at March 31, 2010	
	Deferred Tax Asset	Deferred Tax Liability	Deferred Tax Asset	Deferred Tax Liability
<b>On account of timing differences</b>				
Depreciation	-	1,243.3	-	1,418.2
VRS	60.7	-	1.0	-
Provision for Doubtful Debts	68.5	-	156.9	-
Capital Allowances, Carry Forward Losses and Unabsorbed Depreciation*	467.9	-	583.4	-
Others	162.2	-	109.1	-
<b>Total</b>	<b>759.3</b>	<b>1,243.3</b>	<b>850.4</b>	<b>1,418.2</b>

\* In view of virtual certainty of future taxable income; Piramal Healthcare UK Limited and Piramal Pharmaceutical Development Services Private Limited have recognized deferred tax asset to the extent of Rs.446.0 Million on capital allowances and carry forward losses and Rs.18.7 Million on unabsorbed losses respectively available under the tax laws in UK / India, which can be used for set off against future income.

(b) The Company has utilised the MAT Credit Entitlement outstanding in the books of Rs.1,213.2 Million against the tax payable for the year ended March 31, 2011 (Refer Schedule 11).

(c) Prior Period Tax of Rs.95.2 Million is on account of MAT credit adjusted.

17. Employee Benefits:

The disclosures required as per the revised AS15 are as under:

**Brief description of the Plans:**

The Group has various schemes for long term benefits such as Provident Fund, Superannuation, Gratuity, Leave Encashment, Pension, 401(k) Contribution Plan and Long Term Service Award. In case of funded schemes, the funds are recognised by the Income Tax Authorities and administered through trustees. The Group's defined contribution plans are Provident Fund, Superannuation, Employees State Insurance Fund, 401(k) Contribution Plan, Pension and Employees' Pension Scheme (under the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952). The Group has no further obligation beyond making the contributions. The Group's defined benefit plans include Gratuity, Pension, Leave Encashment and Long Term Service Award. The Guidance on implementing Accounting Standard (AS – 15)(Revised 2005) "Employee Benefits" issued by Accounting Standards Board (ASB) states that provident funds set up by the employers which require the interest short fall to be met by the employers needs to be treated as defined benefit plan. However, as at the year end no shortfall remains unprovided for. As advised by an independent actuary, it is not practical or feasible to actuarially value the liability considering that the rate of interest as notified by the Government can vary annually. Further the pattern of investment for investible funds is as prescribed by the Government. Accordingly other related disclosures in respect of provident fund have not been made.

## Consolidated Financial Statements

### Schedule 22 (Contd.)

#### I. Charge to the Profit and Loss Account based on contributions:

(Rs. in Million)

	For the Year Ended March 31, 2011	For the Year Ended March 31, 2010
Employer's contribution to Provident Fund	76.6	95.2
Employer's contribution to Superannuation Fund	12.3	14.6
Employer's contribution to Employees State Insurance	12.8	9.0
Employer's contribution to Employees' Pension Scheme 1995	26.0	40.0
Contribution to Pension Fund	204.1	199.9
401 (k) Plan contribution	22.3	21.8

Included in Contribution to Gratuity, Provident and Other Funds and Research and Development Expenses (Refer Sch.16 & 17)

#### II. Disclosures for defined benefit plans based on actuarial reports as on March 31, 2011.

##### A. Change in Defined Benefit Obligation

(Rs. in Million)

	(Funded)				(Non-Funded)			
	Gratuity		Pension		Pension		Long Term Service Award	
	As at March 31, 2011	As at March 31, 2010	As at March 31, 2011	As at March 31, 2010	As at March 31, 2011	As at March 31, 2010	As at March 31, 2011	As at March 31, 2010
Present Value of Defined Benefit Obligation as at beginning of the year	344.5	299.6	3,169.6	2,759.1	0.1	0.1	8.3	8.8
Interest Cost	24.5	22.9	164.0	157.9	-	-	0.7	0.7
Current Service Cost	30.7	27.7	13.0	27.1	-	-	1.4	0.3
Liability transferred out on Sale of Domestic Formulation Business & Subsidiary (Refer Note.6, 7(a) & 8)	(170.9)	-	-	-	-	-	(8.2)	-
Benefits Paid	(116.2)	(42.5)	(90.4)	(143.3)	(0.1)	(0.2)	(0.8)	(0.4)
Past Service Cost	1.3	-	-	-	-	-	-	-
Curtailments**	-	-	(105.9)	(78.5)	-	-	-	-
Actuarial (Gain) / Loss	31.8	36.8	44.0	447.3	-	0.2	3.2	(1.1)
<b>Present Value of Defined Benefit Obligation as at the end of the year</b>	<b>145.7</b>	<b>344.5</b>	<b>3,194.3</b>	<b>3,169.6</b>	<b>-</b>	<b>0.1</b>	<b>4.6</b>	<b>8.3</b>

\*\*Piramal Healthcare UK Limited has introduced a cap to the pensionable pay growth of the members leading to a decrease in the Pension Liability in the current year. Consequently, a curtailment gain of Rs.105.9 Million (GBP 1.5 Million) has been recognized.

**Consolidated Financial Statements****Schedule 22 (Contd.)****B. Changes in the Fair Value of Assets**

(Rs. in Million)

	<b>(Funded)</b>				<b>(Non-Funded)</b>			
	<b>Gratuity</b>		<b>Pension</b>		<b>Pension</b>		<b>Long Term Service Award</b>	
	As at March 31,		As at March 31,		As at March 31,		As at March 31,	
	2011	2010	2011	2010	2011	2010	2011	2010
Fair Value of Plan Asset as at beginning of the year	313.0	312.5	3,179.5	2,743.7	-	-	-	-
Expected Return on Plan Assets	27.0	24.3	182.8	162.8	-	-	-	-
Contributions by the employer	95.1	12.5	67.0	27.9	-	0.2	0.8	0.4
Asset transferred out on Sale of Domestic Formulation Business & Subsidiary (Refer Note.6, 7(a) & 8)	(172.7)	-	-	-	-	-	-	-
Benefits Paid	(116.2)	(42.5)	(90.4)	(143.3)	-	(0.2)	(0.8)	(0.4)
Actuarial Gain / (Loss)	(17.5)	6.2	43.0	388.4	-	-	-	-
<b>Fair Value of Plan Asset as at the end of the year</b>	<b>128.7</b>	<b>313.0</b>	<b>3,381.9</b>	<b>3,179.5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**C. Reconciliation of Present Value of Defined Benefit Obligation and the Fair Value of Assets**

(Rs. in Million)

	<b>(Funded)</b>				<b>(Non-Funded)</b>			
	<b>Gratuity</b>		<b>Pension</b>		<b>Pension</b>		<b>Long Term Service Award</b>	
	As at March 31,		As at March 31,		As at March 31,		As at March 31,	
	2011	2010	2011	2010	2011	2010	2011	2010
Present Value of Funded Obligation as at end of the year	144.4	344.5	3,194.3	3,169.6	-	-	-	-
Fair Value of Plan Asset as at end of the year	128.7	313.0	3,381.9	3,179.5	-	-	-	-
Funded Liability / (Asset) recognised in the Balance Sheet (Refer Sch. 13)	15.7	31.5	(187.6)	(9.9)	-	-	-	-
Present Value of Unfunded Obligation as at end of the year	1.3	-	-	-	-	0.1	4.6	8.3
Unrecognised Actuarial Gain / (Loss)	-	-	-	-	-	-	-	-
<b>Unfunded Liability / (Asset) recognised in the Balance Sheet (Refer Sch. 11 &amp; 13)</b>	<b>17.0</b>	<b>31.5</b>	<b>(187.6)</b>	<b>(9.9)</b>	<b>-</b>	<b>0.1</b>	<b>4.6</b>	<b>8.3</b>

**Consolidated Financial Statements****Schedule 22 (Contd.)****D. Amount recognised in the Balance Sheet**

(Rs. in Million)

	<b>(Funded)</b>				<b>(Non-Funded)</b>			
	<b>Gratuity</b>		<b>Pension</b>		<b>Pension</b>		<b>Long Term Service Award</b>	
	As at March 31,		As at March 31,		As at March 31,		As at March 31,	
	2011	2010	2011	2010	2011	2010	2011	2010
Present Value of Defined Benefit Obligation as at the end of the year	145.7	344.5	3,194.3	3,169.6	-	0.1	4.6	8.3
Fair Value of Plan Assets As at end of the year	128.7	313.0	3,381.9	3,179.5	-	-	-	-
<b>Net Liability / (Asset) recognised in the Balance Sheet (Refer Sch. 11 &amp; 13)</b>	<b>17.0</b>	<b>31.5</b>	<b>(187.6)</b>	<b>(9.9)</b>	<b>-</b>	<b>0.1</b>	<b>4.6</b>	<b>8.3</b>

**E. Expenses recognised in Profit and Loss Account**

(Rs. in Million)

	<b>(Funded)</b>				<b>(Non-Funded)</b>			
	<b>Gratuity</b>		<b>Pension</b>		<b>Pension</b>		<b>Long Term Service Award</b>	
	For the Year Ended March 31,		For the Year Ended March 31,		For the Year Ended March 31,		For the Year Ended March 31,	
	2011	2010	2011	2010	2011	2010	2011	2010
Current Service Cost	30.7	27.7	13.0	27.1	-	-	1.4	0.3
Past Service Cost	1.3	-	-	-	-	-	-	-
Interest Cost	24.5	22.9	164.0	157.9	-	-	0.7	0.7
Expected Return on Plan Assets	(27.0)	(24.3)	(182.8)	(162.8)	-	-	-	-
Curtailments Cost / (Credit)**	-	-	(105.9)	(78.5)	-	-	-	-
Net Actuarial (Gain) / Loss	49.3	30.6	1.0	58.9	-	0.2	3.2	(1.1)
<b>Total Expenses recognised in the Profit And Loss Account*</b>	<b>78.8</b>	<b>56.9</b>	<b>(110.7)</b>	<b>2.6</b>	<b>-</b>	<b>0.2</b>	<b>5.3</b>	<b>(0.1)</b>

\*Included in Salaries, Wages and Bonus, Contribution to Gratuity, Provident and Other Funds and Research and Development Expenses (Refer Sch. 16 & 17)

\*\*Piramal Healthcare UK Limited has introduced a cap to the pensionable pay growth of the members leading to a decrease in the Pension Liability in the current year. Consequently, a curtailment gain of Rs.105.9 Million (GBP 1.5 Million) has been recognized.

**F. Actual Return on Plan Assets**

(Rs. in Million)

	<b>(Funded)</b>				<b>(Non-Funded)</b>			
	<b>Gratuity</b>		<b>Pension</b>		<b>Pension</b>		<b>Long Term Service Award</b>	
	As at March 31,		As at March 31,		As at March 31,		As at March 31,	
	2011	2010	2011	2010	2011	2010	2011	2010
Expected Return on Plan Assets	27.0	24.3	182.8	162.8	-	-	-	-
Actuarial Gain / (Loss) on Plan Assets	(17.5)	6.2	43.0	388.4	-	-	-	-
<b>Actual Return on Plan Assets</b>	<b>9.5</b>	<b>30.5</b>	<b>225.8</b>	<b>551.2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Consolidated Financial Statements****Schedule 22 (Contd.)****G. Asset Information**

(%)

	(Funded)				(Non-Funded)			
	Gratuity		Pension		Pension		Long Term Service Award	
	As at March 31,		As at March 31,		As at March 31,		As at March 31,	
	2011	2010	2011	2010	2011	2010	2011	2010
Insurer	3.9	4.8	-	-	-	-	-	-
Debt	65.8	66.4	71.9	72.7	-	-	-	-
Bank Deposit	24.2	27.9	-	-	-	-	-	-
Equity	6.9	0.9	28.1	27.3	-	-	-	-

**H. Principal actuarial assumptions used :**

	(Funded)				(Non-Funded)			
	Gratuity		Pension		Pension		Long Term Service Award	
	As at March 31,		As at March 31,		As at March 31,		As at March 31,	
	2011	2010	2011	2010	2011	2010	2011	2010
Discount Rate (per annum)	7.6%- 8.25%	7.4% - 8.0%	5.7% - 8.25%	6.0% - 8.0%	-	8.0%	8.25%	7.5%- 8.0%
Expected Rate of return on Plan Assets (per annum)	8.0% - 9.0%	8.0% - 9.0%	6.2%- 8.0%	6.0% - 8.0%	-	-	-	-

**I. Experience Adjustments :**

(Rs. in Million)

	(Funded)				(Non-Funded)			
	Gratuity		Pension		Pension		Long Term Service Award	
	As at March 31,		As at March 31,		As at March 31,		As at March 31,	
	2011	2010	2011	2010	2011	2010	2011	2010
Defined Benefit Obligation	145.7	344.5	3,194.3	3,169.6	-	0.1	4.6	8.3
Plan Assets	128.7	313.0	3,381.9	3,179.5	-	-	-	-
Deficit / Surplus	17.0	31.5	(187.6)	(9.9)	-	0.1	4.6	8.3
Experience adjustment on plan liabilities Loss / (Gain)	31.8	32.1	44.0	-	-	-	3.2	-
Experience adjustment on plan assets Gain / (Loss)	(17.5)	3.0	43.0	(0.1)	-	-	-	-

## Consolidated Financial Statements

### Schedule 22 (Contd.)

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

- J. Expected employer's contribution for the next year is Rs.34.2 Million (Previous Year Rs.28.3 Million) for Gratuity and Pension.
- K. The Liability for Leave Encashment (Non-Funded Scheme) as at year end is Rs.116.3 Million (Previous Year Rs.193.6 Million)

The expected rate of return on plan assets is based on market expectations at the beginning of the year. The rate of return on long-term government bonds is taken as reference for this purpose.

There is no other change in the accounting estimates due to applicability of AS 15 (revised) as the parameters considered in the FY 2010-11 are same as those considered in FY 2009-10 apart from assumptions used for Principal Actuarial.

The above figures are excluding the figures of DDRC Piramal Diagnostic Services Private Limited.

18. In case of the following subsidiaries it was not practicable to use uniform accounting policies for depreciation of assets :

Company	Method of Depreciation	Accounting Policy Used	Written Down Value of Assets (Rs. in Million)	% of total Assets*
Piramal Healthcare (UK) Limited	Straight Line Method	Land and Building – 3.3% - 10.0% Plant and Machinery – 8.3% - 10.0% Motor Vehicles – 25.0%	1,192.5	8.1%
Piramal Healthcare (Canada) Limited	Reducing Balance Method	Land Improvements and Building – 10.0% Plant and machinery – 13.9% – 20.0% Furniture and Fixtures – 20.0% Computer Software – 20.0%	310.5	2.1%
Piramal Critical Care Inc.	Straight Line Method	Plant & Machinery – 5.0% - 20.0% Furniture & Fixtures – 20.0% Computer Software – 20.0% Buildings – 2.0%	1,319.2	9.0%
Allergan India Private Limited	Straight Line Method	Data Processing equipments (included under Plant and Machinery) – 33.3% Office equipments – 18.0% Furniture and fittings office – 12.9% Furniture and fittings residence – 20.0% Plant and Machinery – 20.0% Vehicles (including on lease) – 25.0% Brands acquisition and technical know how – 10.0% Product development costs – 25.0% Leaschold Improvements are written off over the lower of the useful life of the assets and the remaining period of the lease.	16.3	0.1%

\* The impact of depreciation due to difference in accounting policy is not material and hence the same is ignored.

Depreciation in case of aforesaid subsidiaries / joint venture has been provided, as depicted above, at rates equal to or higher than those prescribed by the Indian Companies Act, 1956 and applied by the Group.

## Consolidated Financial Statements

### Schedule 22 (Contd.)

19. (a) The Group is engaged in pharmaceutical business (mainly consisting of manufacturing and sale of own and traded bulk drugs and formulations) and Other Business which is considered the Primary reportable business segment as per Accounting Standard - AS 17 "Segment Reporting" issued by the Institute of Chartered Accountants of India. The Secondary Segments based on geographical segmentation are considered to be Businesses outside India and within India.

(Rs. in Million)

Details	Pharmaceuticals		Other Business		Eliminations		Total	
	March		March		March		March	
	2011	2010	2011	2010	2011	2010	2011	2010
<b>Revenue</b>								
- External Sales	24,228.1	34,183.4	870.5	2,061.3	-	-	25,098.6	36,244.7
- Inter - Segment Sales	1.8	14.7	0.6	0.8	(2.4)	(15.5)	-	-
<b>Total Revenue</b>	<b>24,229.9</b>	<b>34,198.1</b>	<b>871.1</b>	<b>2,062.1</b>	<b>(2.4)</b>	<b>(15.5)</b>	<b>25,098.6</b>	<b>36,244.7</b>
<b>Segment Result</b>								
<b>Segment Result</b>	<b>2,119.8</b>	<b>7,018.4</b>	<b>153.8</b>	<b>391.3</b>	-	-	<b>2,273.6</b>	<b>7,409.7</b>
Less: Interest Expense	932.0	1,767.0	71.9	71.1	-	-	1,003.9	1,838.1
Add : Interest Income	3,357.5	920.7	0.8	1.0	-	-	3,358.3	921.7
<b>Profit Before Tax and Exceptional Items</b>	<b>3,400.4</b>	<b>4,932.3</b>	<b>28.7</b>	<b>134.5</b>	-	-	<b>3,429.1</b>	<b>5,066.8</b>
Add: Exceptional Items	162,231.9	(69.1)	(26.9)	-	-	-	162,205.0	(69.1)
<b>Profit Before Tax</b>	<b>165,632.3</b>	<b>4,863.2</b>	<b>1.8</b>	<b>134.5</b>	-	-	<b>165,634.1</b>	<b>4,997.7</b>
Less: Provision for Tax	36,789.1	178.9	8.3	1.4	-	-	36,797.4	180.3
<b>Net Profit</b>	<b>128,843.2</b>	<b>4,684.3</b>	<b>(6.5)</b>	<b>133.1</b>	-	-	<b>128,836.7</b>	<b>4,817.4</b>
<b>Other Information</b>								
Segment Assets	139,474.4	36,659.8	-	2,505.8	-	(787.8)	139,474.4	38,377.8
Segment Liabilities	20,912.3	19,705.7	-	2,609.8	-	(786.6)	20,912.3	21,528.9
Capital Expenditure	2,625.5	2,738.6	120.9	130.0	-	-	2,746.4	2,868.6
Depreciation	1,144.8	1,239.8	54.1	186.7	-	-	1,198.9	1,426.5
Non Cash Expenses other than Depreciation	297.9	35.4	0.9	12.7	-	-	298.8	48.1

## Consolidated Financial Statements

### Schedule 22 (Contd.)

#### Secondary Segments

(Rs. in Million)

	Within India		Outside India		Eliminations		Total	
	March 2011	March 2010	March 2011	March 2010	March 2011	March 2010	March 2011	March 2010
Revenues	12,814.3	24,699.0	12,805.8	11,950.7	(521.5)	(405.0)	25,098.6	36,244.7
Carrying amount of Segment Assets	129,312.2	27,863.1	14,241.1	12,355.9	(4,078.9)	(1,841.2)	139,474.4	38,377.8
Capital Expenditure	1,411.0	1,900.6	1,335.4	968.0	-	-	2,746.4	2,868.6

- (b) Income from Investments represents the income earned on the temporary investments made out of proceeds from sale of the Domestic Formulation Business and the holding in Piramal Diagnostic Services Private Limited. These temporary investments have been made due to surplus funds available in the interim and shall be deployed in businesses in due course.

20. Related Party Disclosures, as required by Accounting Standard 18 – AS 18 “Related Parties Disclosures” by the Institute of Chartered Accountants of India are given below :

#### A. Controlling Companies

- PHL Holdings Private Limited\* (upto December 7, 2010)
- The Swastik Safe Deposits & Investments Limited (Swastik Safe)\* (upto August 31, 2010)
- Savoy Finance & Investment Private Limited\* (upto January 7, 2011)
- Nandini Piramal Investment Private Limited\* (upto January 7, 2011)
- The Ajay G. Piramal Foundation\*
- Paramount Pharma Private Limited\* (w.e.f. August 30, 2010)
- BMK Laboratories Private Limited (w.e.f. September 1, 2010)
- Cavaal Fininvest Private Limited\* (w.e.f. September 8, 2010)
- Piramal Management Services Private Limited\* (w.e.f. September 1, 2010)
- Piramal Healthcare Limited - Employee Option Scheme (PHL-ESOP)
- Piramal Enterprises Ltd- Trustees of Piramal Enterprises Executive Trust\*

\*There are no transactions during the year with the above Companies.

#### B. Other related parties where common control exists

- Piramal Glass Limited (PGL)
- Piramal Life Sciences Limited (PLSL)
- Piramal Enterprises Limited (PEL)
- Piramal Realty Limited (formerly known as Alpex International Limited) (Piramal Realty)
- IndiaVenture Fund Advisors Private Limited

#### C. Investing Parties with whom PHL is a JV Partner

- Allergan Inc.\*
- ARKRAY Inc.\* (upto September 30, 2010)

\* There are no transactions during the year with the above Companies.

#### D. Key Management Personnel and their relatives

- Mr. Ajay G. Piramal
- Dr. Swati A. Piramal
- Mr. N. Santhanam
- Ms. Nandini Piramal
- Mr. Anand Piramal\*

\* Relative of Mr. Ajay G. Piramal, Dr. Swati A. Piramal & Ms. Nandini Piramal

## Consolidated Financial Statements

## Schedule 22 (Contd.)

## Transactions with Related Parties

(Rs. in Million)

Details of Transactions	Controlling/ Associates		Key Management Personnel		Total	
	2011	2010	2011	2010	2011	2010
<b>Purchase of Goods</b>						
- PGL	112.7	214.7	-	-	112.7	214.7
<b>TOTAL</b>	<b>112.7</b>	<b>214.7</b>	<b>-</b>	<b>-</b>	<b>112.7</b>	<b>214.7</b>
<b>Sale of Goods</b>						
- PLSL	37.4	88.4	-	-	37.4	88.4
<b>TOTAL</b>	<b>37.4</b>	<b>88.4</b>	<b>-</b>	<b>-</b>	<b>37.4</b>	<b>88.4</b>
<b>Receiving of Services</b>						
- PEL	140.0	100.0	-	-	140.0	100.0
- Others	1.3	-	-	-	1.3	-
<b>TOTAL</b>	<b>141.3</b>	<b>100.0</b>	<b>-</b>	<b>-</b>	<b>141.3</b>	<b>100.0</b>
<b>Rent Paid</b>						
- Piramal Realty	77.8	79.0	-	-	77.8	79.0
<b>TOTAL</b>	<b>77.8</b>	<b>79.0</b>	<b>-</b>	<b>-</b>	<b>77.8</b>	<b>79.0</b>
<b>Finance granted (including loans and Equity contribution in cash or in kind)</b>						
- PLSL	3,470.0	707.5	-	-	3,470.0	707.5
- PHL – Employee Option Scheme	26.0	53.4	-	-	26.0	53.4
<b>TOTAL</b>	<b>3,496.0</b>	<b>760.9</b>	<b>-</b>	<b>-</b>	<b>3,496.0</b>	<b>760.9</b>
<b>Interest Received</b>						
- PLSL	121.5	18.8	-	-	121.5	18.8
<b>TOTAL</b>	<b>121.5</b>	<b>18.8</b>	<b>-</b>	<b>-</b>	<b>121.5</b>	<b>18.8</b>
<b>Management Contracts including for Deputation of Employees - Services rendered</b>						
- IndiaVenture	5.4	-	-	-	5.4	-
<b>TOTAL</b>	<b>5.4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5.4</b>	<b>-</b>
<b>Remuneration</b>						
- Mr. Ajay Piramal	-	-	90.0	68.7	90.0	68.7
- Dr. Swati A Piramal	-	-	47.6	33.1	47.6	33.1
- Ms Nandini Piramal	-	-	33.5	13.6	33.5	13.6
- Mr. N. Santhanam	-	-	68.5	21.3	68.5	21.3
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>239.6</b>	<b>136.7</b>	<b>239.6</b>	<b>136.7</b>
<b>Purchase of Fixed Assets</b>						
- Swastik Safe	-	156.0	-	-	-	156.0
<b>TOTAL</b>	<b>-</b>	<b>156.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>156.0</b>

## Consolidated Financial Statements

### Schedule 22 (Contd.)

(Rs. in Million)

Details of Transactions	Controlling/ Associates		Key Management Personnel		Total	
	2011	2010	2011	2010	2011	2010
<b>Receivable</b>						
- PLSL	3,612.3	34.6	-	-	3,612.3	34.6
- Others	-	-	-	-	-	-
<b>TOTAL</b>	<b>3,612.3</b>	<b>34.6</b>	<b>-</b>	<b>-</b>	<b>3,612.3</b>	<b>34.6</b>
<b>Payable</b>						
- PGL	9.7	26.9	-	-	9.7	26.9
<b>TOTAL</b>	<b>9.7</b>	<b>26.9</b>	<b>-</b>	<b>-</b>	<b>9.7</b>	<b>26.9</b>

21. The Group's significant leasing arrangements are mainly in respect of residential / office premises, computers and motor vehicles. The aggregate lease rentals payable on these leasing arrangements are charged as rent under "Other Expenses" in Schedule 18.

These leasing arrangements are for a period not exceeding five years and are in most cases renewable by mutual consent, on mutually agreeable terms. The Group has placed a refundable deposit of Rs.142.9 Million (Previous Year Rs.349.5 Million) in respect of these leasing arrangements. Future lease rentals payable in respect of motor vehicles, office premises and computers on lease :

(Rs. in Million)

Payable:	As at March 31, 2011	As at March 31, 2010
Not Later than one year	114.4	177.1
Later than one year but not later than five years	176.7	244.0
Later than five years	24.4	168.6

In respect of vehicles and assets taken under finance lease, the details of lease terms are as under :

(Rs. in Million)

	As at March 31, 2011	As at March 31, 2010
a) Total Minimum Lease Rentals Payable	-	0.1
b) Future Interest included in (a) above	-	0.1
c) Present Value of Minimum Lease Rentals (a-b)	-	-

Lease Rentals Payable :

(Rs. in Million)

	As at March 31, 2011	As at March 31, 2010
Not Later than one year	-	0.1
Later than one year but not later than five years	-	-
Later than five years	-	-

**Consolidated Financial Statements****Schedule 22 (Contd.)**

The Present Value of finance lease obligations is as follows:

(Rs. in Million)

	As at March 31, 2011	As at March 31, 2010
Not Later than one year	-	0.1
Later than one year but not later than five years	-	-
Later than five years	-	-

22. Earning Per Share (EPS) – EPS is calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Numbers used for calculating basic and diluted earnings per equity share are as stated below :

	For the Year Ended March 31, 2011	For the Year Ended March 31, 2010
1. Profit after tax but before minority interest (Rs. in Million)	128,836.7	4,817.4
2. Minority Interest (Rs. in Million)	3.1	(1.6)
3. Profit attributable to Equity Shareholders of the Company (Rs. in Million)	128,833.6	4,819.0
4. Weighted Number of Shares (nos.)	224,557,394	224,869,468
5. EPS after exceptional items (Rs.)	573.7	21.4
6. Face value per share (Rs.)	2.0	2.0

23. During the current year ended March 31, 2011, PFL has transferred an amount of Rs.1.5 Million being 20% of its Profit After Tax to Reserve Fund as required u/s 45-IC(1) of the Reserve Bank of India Act, 1934.

24. Managerial Remuneration :

(Rs. in Million)

		As at March 31, 2011	As at March 31, 2010
A	To Chairman and Executive Directors		
	a. Salaries	184.4	81.0
	b. Commission (Rs.15.0 Million) (Previous year Rs.15.0 Million) included under Research and Development Expenses	50.0	55.0
	c. Contribution to Provident and Superannuation Fund	7.8	7.1
	d. Other Perquisites	2.4	16.8
		<b>244.6</b>	<b>159.9</b>
B	To Other Directors – Commission	9.6	8.1
C	Director's Fees	1.6	1.6
	<b>Total Managerial Remuneration</b>	<b>255.8</b>	<b>169.6</b>

## Consolidated Financial Statements

### Schedule 22 (Contd.)

25. a. There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund.  
b. There are no Derivative contracts outstanding as on March 31, 2011.
26. The Ministry of Corporate Affairs, through its notification dated March 31, 2009, has relaxed the provisions of Accounting Standard (AS – 11) - “The Effects of Changes in Foreign Exchange Rates” for treating the exchange gain / loss arising on restatement of long term foreign currency monetary items. The Company has opted to follow the changes as per the above notification for its foreign currency long term loans.  
The Company is following the said notification and accordingly has decapitalised exchange difference amounting to Rs.58.2 Million on restatement of long term loans used for acquiring the fixed assets and capitalised exchange difference amounting to Rs.53.6 Million on repayment of long term loans used for acquiring fixed assets.  
For Piramal Holdings (Switzerland) Limited a foreign subsidiary, Rs.54.2 Million for the current year on repayment of long term foreign currency loan is transferred from the Foreign Currency Monetary Item Translation Difference Account to the Profit and Loss Account.
27. The Consolidated results for the year ended March 31, 2011 includes the results for Piramal Investment Holdings (Canada) Inc., Piramal Healthcare (Canada) Limited, Piramal Healthcare Pension Trustees Limited and Piramal Healthcare France Limited, based on audited accounts upto the respective financial year ending November’10 / December’10 and management estimates prepared by respective Company’s Management for the interim period ending March 31, 2011. The results of Arkray Piramal Medical Private Limited, DDRC Piramal Diagnostic Services Private Limited and Piramal Holdings (Switzerland) Limited & Piramal Critical Care Italia S.P.A. are based on management estimates for the period ended September 30, 2010, August 20, 2010 and March 31, 2011 respectively as audited results were unavailable. The combined Total Revenues for the year ended March 31, 2011 for all the above companies as included in the Consolidated Financial Results is 4.2%.
28. Selected employees of Allergan are granted share based payments in the nature of stock appreciation rights under the Share based payment plan of its parent company based upon performance and criticality to the business and long-term potential of the parent company. The Institute of Chartered Accountants of India has issued a Guidance Note on Accounting for Employee Share based Payments, which is applicable to employee share based payment plans, the grant date in respect of which falls on or after April 1, 2005. The Management of Allergan is of the opinion that the Share based payment plan scheme is managed and administered by its parent company for its own benefit and does not have any settlement obligations on Allergan. Accordingly, Allergan is of the opinion that the same is not required to be accounted for as per the said Guidance Note.
29. The figures for the year ended March 31, 2011 are not comparable to the previous year ended March 31, 2010 on account of the sale of Domestic formulation business (refer note 6), PDSPL (refer note 7(a)) and Arkray (refer note 8) and acquisition of Oxygen Bio Research Private Limited (refer note 5(a)) and Oxygen Healthcare Limited (refer note 5(b)) above.
30. The figures for the year ended March 31, 2010 have been regrouped, wherever necessary.

Signatures to Schedules 1 to 22 which form an integral part of the Consolidated Financial Statements.

#### For Price Waterhouse

Firm Registration Number: 301112E  
Chartered Accountants

#### Partha Ghosh

Partner  
Membership No. F-55913  
Mumbai, May 6, 2011

<b>Ajay G. Piramal</b>	Chairman
<b>Keki Dadiseth</b>	Director
<b>Y. H. Malegam</b>	Director
<b>Dr. Swati A. Piramal</b>	Director
<b>R. A. Shah</b>	Director
<b>Deepak Satwalekar</b>	Director
Mumbai, May 6, 2011	

<b>N. Vaghul</b>	Director
<b>Nandini Piramal</b>	Executive Director
<b>N. Santhanam</b>	Executive Director & Chief Operating Officer
<b>Rajesh Laddha</b>	Chief Financial Officer
<b>Leonard D’Souza</b>	Company Secretary

**NOTES**

## SUBSIDIARY COMPANIES

Piramal Pharmaceutical Development Services Private Limited  
PHL Fininvest Private Limited  
Oxygen Bio Research Private Limited  
Piramal Holdings (Suisse) SA  
NPIL Pharma Inc.  
Piramal Healthcare Inc.  
Piramal Critical Care Inc.  
Minrad EU (France)  
Piramal Life Sciences (UK) Limited

Piramal Healthcare (UK) Limited  
Piramal Healthcare Pension Trustees Limited  
Piramal Healthcare (France) Limited  
Piramal Investment Holdings (Canada) Inc.  
Piramal Healthcare (Canada) Limited  
Piramal International  
Piramal Critical Care Italia SPA  
Oxygen Healthcare Limited, UK

## JOINT VENTURE COMPANIES

**Name of the Company**  
Allergan India Pvt. Ltd

**Registered Office**  
Level 2, Prestige Obelisk, No. 3, Kasturba Road,  
Bangalore - 560 001, India.

## INVESTORS CORRESPONDENCE

Leonard D'Souza | Company Secretary  
Piramal Healthcare Limited, Piramal Tower Annexe, Ganpatrao Kadam Marg, Lower Parel, Mumbai 400 013, India.  
Tel.: (91 22) 3046 7953, Fax :(91 22) 2490 2363, E-mail: [complianceofficer.phl@piramal.com](mailto:complianceofficer.phl@piramal.com)

## INFORMATION FOR SHAREHOLDERS

### Registered Office

Piramal Tower, Ganpatrao Kadam Marg, Lower Parel,  
Mumbai 400 013, India.  
Website: [www.piramalhealthcare.com](http://www.piramalhealthcare.com)

### Listing of Equity Shares on Stock Exchanges

Bombay Stock Exchange Limited (Code 500302)  
National Stock Exchange of India Limited (Code PIRHEALTH)

### Share Transfer Agents

Link Intime India Private Limited  
C-13, Pannalal Silk Mills Compound, LBS Marg,  
Bhandup (West), Mumbai – 400078.  
Tel.: (022) 25946970 Fax: (022) 25946969  
e-mail: [piramal.irc@linkintime.co.in](mailto:piramal.irc@linkintime.co.in)

## PLANT LOCATIONS OF PHL AND ITS SUBSIDIARIES

- Plot No.K-1, Additional M.I.D.C, Mahad, Dist. Raigad, 402 302, Maharashtra.
- C-301/1 T.T.C. Industrial Area, Pawne, Navi Mumbai, 400 705 Maharashtra.
- Plot No. 67-70, Sector II, Pithampur, Dist Dhar, 454 775, M.P.
- Digwal Village, Medak District, Andhra Pradesh 502 321.
- Ennore Express Highway, Enravur Village, Chennai 600 057, Tamil Nadu.
- Plot No.19 - Pharmez, Sarkhej Bavla, Sanand, NH 8A, Village Matoda, Taluka Sanand, Ahmedabad - 382 213.
- Shirish Research Campus, Plot No – 18, PHARMEZ, Special Economic Zone, Taluka – Sanand, Ahmedabad.
- Morpeth, Northumberland, UK.
- Grangemouth, Stirlingshire, UK.
- Bethlehem, PA 18017, 3950 Schelden Circle, Pennsylvania State, USA.
- Aurora, Ontario, Canada.
- 475, Boul, Armand-Frappier, Laval, Quebec, H7V 4B3, Canada.

