



Piramal Healthcare
knowledge action care

ANNUAL REPORT 2011-2012

THE BOARD OF DIRECTORS

Ajay G. Piramal, *Chairman*

Swati A. Piramal, *Vice - Chairperson*

Amit Chandra

Keki Dadiseth

Nandini Piramal, *Executive Director*

S. Ramadorai

Deepak Satwalekar

Vijay Shah, *Executive Director and Chief Operating Officer*
(w.e.f 1st January, 2012)

R.A. Mashelkar
(w.e.f 21st December, 2011)

Goverdhan Mehta
(w.e.f 21st December, 2011)

N. Vaghul

AUDITORS

Price Waterhouse

SOLICITORS

Crawford Bayley & Co.

REGISTERED OFFICE

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

BANKERS

Allahabad Bank

Axis Bank Limited

Bank of Baroda

BNP Paribas

Citibank N.A.

Corporation Bank

Credit Agricole Corporate and Investment Bank

HDFC Bank Limited

ICICI Bank Limited

Kotak Mahindra Bank Limited

Punjab National Bank

Standard Chartered Bank

State Bank of Hyderabad

The Hongkong & Shanghai Banking Corporation Limited

Yes Bank Limited

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CHAIRMAN'S LETTER



Dear Shareholders,

My warm greetings to all of you.

Financial Year 2012 marked a steady year for our Company amidst a highly uncertain global environment. During the tough business environment, we focused our efforts on gaining the knowledge and capabilities to build tomorrow's enterprise.

Following the sale of healthcare solutions business in September 2010, our Company continues to grow the existing pharma businesses while evaluating to enter new business sectors. We are looking for opportunities which would provide sustainable returns in sectors that have high growth potential and where we can derive significant advantage through our presence in India. In the past year, we have looked at several different sectors, studied some in depth and performed a detailed evaluation of few specific opportunities.

India has witnessed strong GDP growth in past decade and is likely to continue with 7-8% GDP growth rate for the next decade. The financial services sector is poised for strong growth given India's domestic consumption led economy with sound economic fundamentals, rising disposable income and growth of credit oriented culture. To participate in this growth story Piramal Healthcare has decided to foray into the financial services sector.

Update on Financial Services businesses:

During the year, we acquired INDIAREIT Fund Advisors Private Limited & INDIAREIT Investment Management Company. These Companies are advisors to domestic and an offshore real estate funds. INDIAREIT has a demonstrated track record of raising and deploying effectively large sums of capital in real estate sector in India. As on 31st March 2012, they had ~₹ 4,200 crores of assets under management.

During the last year, our Company commenced lending to the real estate sector through a Non Banking Finance Company – PHL Finance Pvt. Ltd. The objective behind focusing on lending to real estate was to capitalise on the deep domain knowledge and understanding of the real estate sector in India that the Piramal Group possesses. We have put a strong team of experienced and reputed professionals to drive this business. A credit committee comprising of highly experienced and knowledgeable senior people is overseeing the operations and adequate processes and systems are in place.

Update on Pharma businesses:

The pharmaceutical industry globally continues to face challenging time. Large pharma companies are facing patent expiries of blockbuster drugs and on the other hand fewer new products are being approved. These companies are looking at various ways to reduce costs. PHL's Pharma Solutions business is well placed to capitalise on this trend given our good relationship with global pharma companies and excellent regulatory and execution track record. Revenue from this business grew by 33% to ₹ 1,355 crores in last year. This growth was driven by strong rebound in the business from Indian facilities where revenue grew by 53% to ₹ 801 crores.

In the Critical Care business, we continue to strengthen our infrastructure in 102 countries where we sell anesthetic and other critical care products to hospitals. This business is poised for strong growth as we are expanding geographic presence for sevoflurane and preparing for forthcoming launch of desflurane, the latest generation inhalation anesthetic drug. Revenue from our Critical Care business grew by 6% to ₹ 413 crores in last year. The growth was lower due to pricing pressure on sevoflurane in some markets and delayed regulatory approvals.

We continue to grow our OTC business which has a strong brand portfolio. As awareness levels among Indian consumers rise and they rely on more self care medication, the OTC sector in India has potential of continued high growth. We are investing in the OTC business to build power brands. Our Ophthalmology business is the market leader in India. Sales from our OTC and Ophthalmology business grew by 12.3% to ₹ 220 crores in last year.

During the year, the NCE R&D unit of Piramal Life Sciences was demerged into our Company. We now have a strong pipeline of 17 drugs with 11 drugs in clinical trials phase. We have state-of-the-art R&D laboratories built over 200,000 square-feet of space in Mumbai where about 400 scientists are engaged in drug discovery and development in four therapeutic areas – Cancer, Diabetes, Inflammation and Infectious Diseases.

We have received an approval from British Health authorities to market our cartilage repair gel - BST-CarGel® in April 2012. This approval will enable us to commercially launch BST-CarGel® in all countries in European Union. We are now beginning to see the fruits of our investment in research and development and are making significant strides towards creating a truly innovation driven global pharmaceutical business.

We acquired worldwide rights to the molecular imaging development portfolio of Bayer Pharma AG in April 2012. Its lead compound – florbetaben has completed Phase III studies and has shown encouraging results. Florbetaben is a PET tracer for the detection of beta-Amyloid plaque deposition in the brain, which will lead to early diagnosis of Alzheimer's disease in patients. We believe florbetaben addresses a significant unmet medical need and will help improve lives of millions of patients globally.

Vodafone investment:

During the year, our Company acquired ~11% stake in Vodafone India Limited for a consideration of ₹ 5,864 crores (US\$ 1.2 billion). The objective behind this investment was to deploy surplus funds available from sale of the healthcare solutions business to Abbott. We believe this investment would generate an attractive return for our Company.

Acquisition of Decision Resources Group:

In May 2012, our Company has acquired Decision Resources Group (DRG), a US based company in the healthcare information segment, for a consideration of approximately US\$ 635 million (~₹ 3,400 crores). DRG provides high quality, web-enabled research, predictive analytics via proprietary databases and consulting services to the global healthcare industry. It is a fast growing healthcare information business with CAGR of 20% from 2006 to 2011 in the US\$ 5.7 billion global healthcare information industry.

DRG brings long standing relationships with 48 out of top-50 pharma companies with very high customer renewal rate. PHL will benefit from DRG's stable revenue base of high value offering that enables customers to make fully-informed key investment and cost containment decisions in each phase of life sciences lifecycle. The business has high barriers to entry, high operating leverage and strong free cash flows. With strong domain knowledge and network in India and emerging markets, deep relationship with global pharma companies and strong balance sheet, we are well poised to grow this business.

We have taken significant steps towards building a strong global business enterprise that will create shareholder value over the long term. I thank you for your continued faith in us over the past years and want to assure that we are working hard to make sure that we deliver on our promise.

Warm regards,

Ajay G. Piramal

Chairman

Date : 14th June, 2012

10 YEARS FINANCIAL HIGHLIGHTS

Details (₹ in Crores)	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012
Profit & Loss Account										
Total Income	1,402	1,413	1,342	1,623	2,472	2,879	3,288	3,777	2,009	2,352
EBITDA	333	304	203	238	384	548	589	833	379	471
Interest	61	24	19	17	31	46	84	184	89	215
Profit Before Tax	146	203	211	148	267	373	341	500	16,415	121
Profit after Tax	116	200	164	124	228	334	316	482	12,736	115
Earnings per Share	30.3	52.1	8.5*	5.8	10.3	15.9	15.1	21.4	572.2**	6.6

* Face value of shares changed to ₹ 2 per share from ₹ 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

Details (₹ in Crores)	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012
Balance Sheet										
Share Capital	53	91	91	95	80	42	42	42	34	35
Reserves & Surplus	410	367	462	919	1,006	1,051	1,275	1,643	11,803	11,208
Minority Interest	111	-	4	3	1	5	7	-	6	10
Debt	667	356	368	311	639	716	1,339	1,295	757	2,047
Net Deferred Tax	61	38	60	84	89	90	73	57	48	50
Total Liabilities	1,302	852	985	1,412	1,815	1,903	2,736	3,037	12,647	13,349
Net Fixed Assets	868	563	728	1,042	1,224	1,259	2,039	2,113	1,582	2,089
Investments	8	5	4	29	29	65	28	33	1,482	6,964
Net Current Assets	426	284	253	342	563	580	669	891	9,584	4,297
Total Assets	1,302	852	985	1,412	1,815	1,903	2,736	3,037	12,647	13,349

MANAGEMENT DISCUSSION & ANALYSIS

FY2012 KEY HIGHLIGHTS:

- Demerger of NCE R&D unit of Piramal Life Sciences into Piramal Healthcare
- Entry into Financial Services business by setting up an NBFC
- Acquisition of INDIAREIT Fund Advisors and INDIAREIT Investment Management
- Financial investment in Vodafone for \$1.2 billion (acquired ~11% equity stake)

Demerger of PLSL's NCE research unit into PHL:

During the year, the NCE R&D unit of Piramal Life Sciences Limited (PLSL) was demerged into PHL as per the scheme of arrangement approved by the Bombay High Court. Under the scheme, each shareholder of PLSL was allotted one fully paid up equity share of ₹ 2 of PHL for every four shares of ₹ 10 each held in PLSL. All assets and liabilities of the NCE division were transferred to PHL at book value.

The rationale behind the demerger of PLSL's R&D unit into PHL is to get access to the innovative platform of PLSL through which PHL can build its innovative discovery and commercialisation business. PHL can better utilise its manufacturing infrastructure and leverage its marketing experience with products from the division.

The detailed discussion on the pipeline is given in the subsequent parts of Management discussion & analysis section.

Entry into Financial Services Sector:

Piramal Healthcare has been evaluating various sectors to invest proceeds received on sale of the Healthcare Solutions business, in a way that results in long term value creation for shareholders. With this objective in mind, PHL has forayed in Financial Services sector. India has had strong GDP growth in the past decade and is likely to continue with 7-8% GDP growth rate for the next decade. Given sound economic fundamentals, rising disposable income and growth of 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 has commenced lending to real estate sector and other sectors such as education through a Non Banking Finance Company – PHL Finance Pvt. Ltd.

Acquisition of INDIAREIT Fund Advisors & INDIAREIT Investment Management:

Towards building a strong financial services business, Piramal Healthcare has acquired INDIAREIT Fund Advisors Pvt. Ltd. and INDIAREIT Investment Management Company for the total consideration of ₹ 225 crores. INDIAREIT Fund Advisors Pvt. Ltd. is 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. They have a demonstrated track record of raising and deploying effectively large sums of capital in the real estate sector in India. As on 31st March, 2012, the total fund size under management for these funds is ₹ 4,187 crores.

Investment in Vodafone India:

After the sale of Healthcare solutions business to Abbott, PHL has significant funds which will be invested in growing existing businesses and building new businesses. However, the whole process of finding the right strategic investment opportunity will take time. In the interim, PHL has acquired ~11% stake in Vodafone India Limited for a consideration of ₹ 5,864 crores (US\$ 1.2 billion) in two tranches, first ~5.5% for ₹ 2,858 crores in August 2011 and second ~5.5% for ₹ 3,006 crores in February 2012. The rationale for this investment was to utilize surplus funds from sale of healthcare solutions. We believe this investment will generate attractive return.

FINANCIALS - FY2012: (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 Solutions business and Piramal Diagnostic Services Pvt. Ltd. for FY2011).

Summary - consolidated:

• Total Operating Income	: ₹ 2,352.3 crores
• R&D Expenses	: ₹ 233.1 crores
• EBITDA	: ₹ 471.3 crores
• Net Profit	: ₹ 115.3 crores
• Gross margins (sales less material costs)	: From 65.5% to 60.6% in FY2012
• EBITDA Margin	: From 18.9% to 20.0% in FY2012

Revenue and Profits - consolidated:

• Total Operating Income growth	: 17.1%
• Pharma Solutions sales growth	: 32.7%
• Piramal Critical Care sales growth	: 6.4%
• OTC & Ophthalmology sales growth	: 12.3%
• EBITDA growth	: 24.4%

OPERATIONS HIGHLIGHTS – Consolidated

Pharma Solutions:

- New contract signed for commercial manufacturing of off-patent product on an exclusive basis for a large pharma company
- Significant ramp-up in volumes from a key customer for an ongoing contract at Digwal site
- Capacity utilisation of oral solid dosage improved significantly
- Our facilities at Pithampur, Digwal and Toronto cleared USFDA audit successfully

Piramal Critical Care:

- Settled patent litigation with Baxter related to generic version of Baxter's SUPRANE® (desflurane)
- Increased market share in US for sevoflurane
- Received registrations for sevoflurane in 28 EU countries

OTC & Ophthalmology:

- Rank moved from 9th to 7th in OTC market in India, market share increased from 1.3% to 1.5% in FY2012
- Lacto Calamine and Saridon were elected as superbrands during the year
- Extended i-pill franchise across women's intimate range of products

Innovative Discovery & Commercialisation:

- Completed a Phase I/II trial for P276 in combination with gemcitabine for pancreatic cancer in India
- Completed Phase I trials of P1446, an oral Oncology molecule in India and Canada
- Received European CE mark approval in April 2012 for innovative bio-orthopaedic product for cartilage repair BST-CarGel®

Financial Services Business:

- Commenced lending to real estate companies; highly experienced team in place
- Built high quality loan book of ₹ 351 crores as on 31st March 2012
- INDIAREIT received a mandate from Trafalgar/F&C Reit to manage their India investment (Amount: US\$ 36 million)

Net Sales Analysis (Consolidated):

PHL's Pharma Solutions business grew by 32.7% to ₹ 1,354.5 crores against ₹ 1,020.6 crores for FY2011. Revenue from Critical Care grew by 6.4% to ₹ 412.6 crores as compared to ₹ 387.7 crores in FY2011. Sales from OTC & Ophthalmology segment was ₹ 220.0 crores as compared to ₹ 195.8 crores in FY2011 registering growth of 12.3% for the year. Income from Financial Services business was ₹ 53.4 crores for the year.

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

₹ In Crores

No.	Total Operating Income Break-up	% Sales	Year ended		% Growth
			31 st March 2012	31 st March 2011	
1	Pharma Solutions	57.6	1,354.5	1,020.6	32.7
	From assets in India	34.0	800.8	524.5	52.7
	From assets outside India	23.5	553.7	496.1	11.6
2	Piramal Critical Care	17.5	412.6	387.7	6.4
3	OTC & Ophthalmology	9.4	220.0	195.8	12.3
4	Financial Services	2.3	53.4	-	-
5	Investment Income	9.3	219.4	335.8	(34.7)
6	Others	3.9	92.6	68.9	34.4
Total		100	2,352.3	2,008.8	17.1

BUSINESS PERFORMANCE

PHARMA SOLUTIONS (CUSTOM MANUFACTURING)

Market commentary:

The global pharma outsourcing market grew at 15% CAGR from US\$ 44 billion in 2007 to US\$ 67 billion in 2010 (Source: CRAMS India report of ICRA Limited dated June 2011). The global outsourcing trend is likely to continue fuelled by the mounting healthcare costs in developed economies and decreasing profitability of pharma companies due to patent expiry of several blockbuster drugs. Strong growth prospects for the industry are backed by cost pressures for innovative companies and increasing genericisation. The de-stocking exercise of client companies is over and the industry is back to its normal growth trajectory. Established relationships & trust with innovators, quality infrastructure, good regulatory track record and low production & R&D cost will aid strong growth for the Indian companies operating in this sector.

Piramal Healthcare's performance:

The revenues from Pharma Solutions business grew by 32.7% to ₹ 1,354.5 crores in FY2012 as compared to ₹ 1,020.6 crores in FY2011. The revenues from Indian assets grew by 52.7% to ₹ 800.8 crores against ₹ 524.5 crores in FY2011. The sales from assets outside India increased to ₹ 553.7 crores, up by 11.6%.

Significant growth in API business:

Pharma Solutions sales from API division registered significant growth on the back of ramp up of sales in an existing contract with a key customer. A new contract was signed for commercial manufacturing of off-patent product on an exclusive basis for a large pharma company. During the year, DMFs were filed for five new APIs.

Scale-up of packaging business at Morpeth:

Over the last few years, we have built a robust clinical trial packaging business at our Morpeth, U.K. facility. During the year, we secured contract for packaging for Pfizer's key formulation in the U.S. market. The site has now end to end supply chain service.

Increased capacity utilisation at formulation facility:

Capacity utilisation for solid oral dosage has seen significant improvement during the year.

Audits done/Awards won:

During the year our sites at Digwal, Pithampur and Toronto went through successful USFDA inspection.

PIRAMAL CRITICAL CARE

Revenue from Critical Care business was ₹ 412.6 crores as compared to ₹ 387.7 crores in FY2011 registering growth of 6.4%. The growth was lower due to pricing pressure on sevoflurane in some markets and delayed regulatory approvals.

Settlement of patent litigation with Baxter:

During the year, PHL settled the patent litigation with Baxter Healthcare Corporation related to generic version of Baxter SUPRANE® (desflurane), inhalation anaesthetic agent typically used in the hospital. Under the settlement, PHL may launch desflurane in the United States as of 1st January 2014, subject to US regulatory approval. However, PHL may manufacture generic desflurane from 24th April 2012 solely for sale outside the United States in markets where it has obtained or will obtain regulatory registrations.

Increased market share in US for sevoflurane:

PHL's market share for sevoflurane in US has increased from 20% in March 2011 to 25% in March 2012 in volume terms.

Expansion in European Union:

During the year, PHL has received registrations for sevoflurane in 28 countries in European Union. PHL is currently focusing on preparing to launch sevoflurane in top 6 markets in EU.

OTC & OPHTHALMOLOGY

Sales from OTC & Ophthalmology business grew by 12.3% to ₹ 220.0 crores in FY2012 as compared to ₹ 195.8 crores in FY2011. PHL's rank improved from 9th to 7th in OTC market in India in FY2012. The market share has also gone up from 1.3% to 1.5%. During the year, PHL has extended i-pill franchise across women's intimate range of products.

INNOVATIVE DRUG DISCOVERY & COMMERCIALISATION

During the year, the NCE R&D unit of Piramal Life Sciences Limited (PLSL) was demerged into PHL.

This is product focused biopharmaceutical unit specializing in the discovery and development of novel small-molecule drugs. The strategy is to discover and optimize compounds to meet important unmet medical needs in the target markets of cancer, metabolic disorder, inflammatory and infectious diseases. The operating spend on NCE R&D expense for FY2012 was ₹ 138.1 crores.

PIPELINE UPDATE

Oncology

Program	Preclinical	Phase I	Phase II	Phase III	Trial Location
P276 - CDKs	Head & Neck Cancer				India
	Mantle Cell Lymphoma				US, India
	Malignant Melanoma				Australia, NZ
P276 Combination	Triple Negative Breast Cancer				US, India
P276 with Gemcitabine	Pancreatic cancer				India
P276 with Radiation	Head and Neck cancer				India
P276 + Cisplatin + Radiation	Radiation Induced Mucositis				India
P1446 – CDKs	Phase I				Canada
	Phase I				India
P2745	Phase I				India
P7170 – PI3K/mTOR	IND filed				India
PL225B - Merck	IND filed				India
Target Y - Merck	Lead Selection				

Inflammation

Program	Preclinical	Phase I	Phase II	Phase III	Phase IV	Location
Tinefcon ® (oral) - TNF α	Psoriasis					India
	Rheumatoid arthritis					
	Rheumatoid arthritis					India
Tinefcon ® (topical) - TNF α	Psoriasis					India
P3914 – NSAID	Phase I					India
P7170 - PI3K	Preclinical					
P979 - TNF α	Preclinical					

Note: Tinefcon ® is a phytopharmaceutical

Diabetes & Metabolic Disorders

Program	Preclinical	Phase I	Phase II	Phase III	Trial Location
P1736 – Non - PPAR γ	Type 2 Diabetes				India
P1201 - Lilly	Phase I				Netherlands, France
P2202 – Lilly	Type 2 Diabetes				Canada
P7435 - DGAT1	IND Approved				India

Infectious Diseases

Program	Preclinical	Phase I	Phase II	Phase III	Trial Location
PP9706642 – Anti -HSV 2	Anti HSV2				India
PM181104 – MRSA/VRE	Preclinical				
PM181108 – TB	Preclinical				
NPH 30907	Dermatophyte				India

Note: PP9706642 & NPH 30907 are phytopharmaceuticals

FINANCIAL SERVICES BUSINESS

During the year, PHL formed a Non Banking Finance Company engaged in lending to real estate and other sectors – PHL Finance Pvt. Ltd. and acquired INDIAREIT Fund Advisors & INDIAREIT Investment Management (together referred to “INDIAREIT”). These companies constitute financial services business for Piramal Healthcare Limited. The total revenue from this business was ₹ 53.4 crores for the year.

Commencement of operations at NBFC:

During the year, PHL commenced operations of its NBFC – PHL Finance Pvt. Ltd. A highly experienced and knowledgeable team is now in place. Well defined systems and processes are in place with robust credit approval policy from credit committee comprising of experts in this field. As of 31st March 2012, the total loan book for PHL stood at ₹ 351 crores.

Update on new funds raised by INDIAREIT:

During the year, INDIAREIT Investment Manager has got a mandate from Trafalgar/F&C reit for managing their India Investment. (Fund size: US\$ 36 million) The total asset under management (AUM) for INDIAREIT as on 31st March 2012 was ₹ 4,187 crores.

JOINT VENTURE PERFORMANCE

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 19.2% to ₹ 168.6 crores (FY2011 Net Sales: ₹ 141.4 crores). The Operating Profit for FY2012 was up by 4.8% to ₹ 40.3 crores as compared to ₹ 38.4 crores in FY2011. Profit after Tax for FY2012 was up by 5.7% to ₹ 25.6 crores as compared to ₹ 24.2 crores for FY2011.

HUMAN RESOURCES

The Company continues to focus on core values of Knowledge, Action and Care for its employees. 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.

Piramal believes in the Care to be extended to its employees since the day they join the group. The employees are taken through diversified businesses in the group as well as made familiar with the processes that are integral part of the life cycle in Piramal. The primary objective of this initiative is to ensure employees assimilate into the culture of the organization faster and are fully equipped to approach their roles better.

Bandhan:

Globally, employee engagement, as a metric of business success, is getting more attention than ever before. Employee Engagement and Business Performance feed into each other and help organizations, teams and individuals perform better. Over the past four years, with Knowledge, Action & Care as our guiding principles, we rolled out Bandhan - Employee Engagement initiative to enrich our working environment and build a strong culture of engagement.

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. Along with the regular training programs, the PACE program, a development initiative for mentoring junior managers was conducted with broad based participation across geographies, across departments and received very good feedback from the participants and business.

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. Job rotation / enrichment continues to be one of the areas of focus, to enhance the skills of our employees, our focus in FY2012 was providing opportunities to employees on multi-tasking / skilling which has resulted in job enrichment.

During the period under review, total manpower increased by 690 people to 3,928 from 3,238 in FY2011. The increase in staff strength was mainly due to increase in R&D staff due to demerger of NCE business of PLSL into PHL.

Function	31 st March 2012	31 st March 2011	Change
Pharma Businesses			
Field	517	444	73
R&D	750	361	389
Others	2,623	2,433	190
Pharma	3,890	3,238	652
Financial Services	38	-	38
Overall Total	3,928	3,238	690

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 at customers' end may adversely affect our revenues.

Foreign Exchange Risk:

We have significant revenues in foreign currencies. 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 changes in foreign exchange rates.

Product and quality risk:

Our Company is expected to maintain global quality standards in manufacturing. Any deviation with regards to quality compliance could adversely affect our Company.

Default risk in Financial Services business:

As an NBFC, the risk of default and non-payment by borrowers may adversely affect our profitability and asset quality.

Interest rate risk:

Volatility in interest rates in our lending and treasury operations could cause our net interest income to decline and adversely affect our profitability.

Regulatory risk:

We require certain statutory and regulatory approvals for conducting our business and our failure to obtain, retain or renew them in a timely manner, or at all, may adversely affect our operations. Government and statutory regulations, may adversely affect our operating results and financial position.

Investment risk:

Our Company has equity investment in companies in India. Like any other equity investment, this is subject to market conditions.

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.

FINANCIAL HIGHLIGHTS (CONSOLIDATED)

Income Statement

₹ In Crores

Particulars	FY2012	FY2011	Growth %
Total Income			
Net Sales	2,083.8	1,627.3	28.1
Investment Income	219.4	335.8	(34.7)
Other Operating Income	49.1	45.8	7.3
Total Operating Income	2,352.3	2,008.8	17.1
EBITDA	471.3	378.7	24.4
EBITDA as a % of Total Operating Income	20.0%	18.9%	-
Interest Expense	215.5	88.8	142.6
Depreciation	129.3	95.9	34.9
Exceptional Items	5.7	(16,220.5)	-
Profit Before Tax	120.9	16,414.6	-
Tax	5.6	3,678.9	-
Profit After Minority Interest	115.3	12,735.7	-
Earnings Per Share (₹) (Face value ₹ 2/-)	6.6	572.2	-
Earnings Per Share before exceptional items (net of tax) (₹)	6.9	15.2	-

Total Operating Income

Total Operating Income grew by 17.1% to ₹ 2,352.3 crores as compared to ₹ 2,008.8 crores in FY2011. Investment income for FY2012 was lower due to investment of ₹ 5,864 crores in buying equity stake in Vodafone India Limited. 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 24.4% to ₹ 471.3 crores against ₹ 378.7 crores in FY2011. The margins as a percentage of total income were higher at 20.0% as compared to 18.9% for FY2011. EBITDA for FY2012 was higher mainly due to higher forex gain (₹ 278.7 crores in FY2012 as compared to ₹ 98.6 crores in FY2011) which was partly offset by higher NCE R&D spend (₹ 125.0 crores in FY12 as compared to nil in FY11).

Interest Expense

The interest expense for the year includes one-time expense of ₹ 111.7 crores finance charges towards discounting of receivables. As a result interest expense increased by 142.6% to ₹ 215.5 crores for the year as compared to ₹ 88.8 crores for FY2011.

Depreciation

Depreciation for FY2012 was up by 34.9% at ₹ 129.3 crores as compared to ₹ 95.9 crores in FY2011 because of increase in fixed assets at various sites during the year.

Taxation

The tax rate for the year was lower at 4.7% as compared to 22.4% in FY2011 as tax for FY2011 included capital gain tax on sale of healthcare solutions and diagnostic business.

Profit After Minority Interest and Earning Per Share (EPS)

Profit After Minority Interest for the year was ₹ 115.3 crores and EPS for the year was at ₹ 6.6 per share.

Balance Sheet (Consolidated)

₹ in Crores

Particulars	As at 31 st March, 2012	As at 31 st March, 2011
Liabilities		
Share Capital	34.5	33.6
Reserves & Surplus	11,207.5	11,802.8
Minority Interest	10.3	5.8
Loan Funds	2,046.7	756.9
Deferred Tax Liability	50.2	48.4
Total Liabilities	13,349.2	12,647.4
Assets		
Net Fixed Assets	2,088.6	1,582.2
Investments	6,964.1	1,481.6
Net Working Capital	4,296.6	9,583.7
Total Assets	13,349.2	12,647.4

Loan Funds

Total Debt as on 31st March, 2012 was ₹ 2,046.7 crores, compared to ₹ 756.9 crores as on 31st March, 2011. Debt/ Equity ratio was 0.18 as on 31st March, 2012, compared to 0.06 as on 31st March, 2011. Debt increased during the year mainly due to increase in investment.

Fixed Assets

During the year, PHL's gross fixed assets increased by ₹ 537.0 crores. The major items of capital expenditure are as under:

₹ in Crores

No.	Details	FY2012
1.	Goodwill on acquisition of INDIAREIT	201.3
2.	Additional fixed assets on account of demerger of NCE R&D unit of PLSL	143.9
3.	Pharma Solutions – assets	115.2
4.	Critical Care – assets	75.7
5.	Other Fixed Assets Additions	1.0
	Total	537.0

Investments:

Book Value of Investments as on 31st March, 2012 was higher ₹ 6,964.1 crores, compared to ₹ 1,481.6 crores as on 31st March, 2011 mainly due to investment of ₹ 5,864.4 crores in equity shares of Vodafone India. Investments as on 31st March, 2012 also include ₹ 330.6 crores towards lending to real estate companies in form of Non-Convertible Secured Debentures.

Net Working Capital (Consolidated)

₹ in Crores

Particulars	As at 31 st March, 2012	As at 31 st March, 2011
Raw / Packing Material	208.5	165.9
No. of days	37	37
Finished Goods	95.8	85.3
No. of days	17	19
Receivables	436.7	374.7
No. of days	78	83
Net Working Capital	363.6	539.7
No. of days	65	120

Net Working capital as on 31st March, 2012 is lower as compared to that on 31st March, 2011 due to lower loans and advances and higher current liabilities arising mainly from higher trade payables.

Notes:

1. Sales for this purpose is Gross Sales (i.e. net sales + excise duty) and it also includes other operating income but does not include income from financial services business.
2. Receivables do not include the outstanding amount receivable from Abbott pursuant to sale of healthcare solutions business.
3. Other current assets for FY11 excludes cash attributable to buyback of shares.
4. Other current liabilities does not include current maturities of long term debt and unamortised deferred premium.

BEYOND THE BOTTOM LINE

At Piramal Healthcare, we consider Corporate Social Responsibility 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. Piramal Healthcare Ltd. is committed to meeting grassroot level challenges that our society faces and find long term and sustainable solutions. Details about some of these initiatives is given below:

- **Health & Management Research Institute (HMRI)**

It is a non-profit organization that works towards improving access and quality of healthcare services for all, especially the underserved rural populace. It is operational in Andhra Pradesh, Rajasthan, Assam and Maharashtra.

HMRI runs the following services :

- **Health Information Helpline:** Health Information Helpline (HIHL) is HMRI's solution to India's citizens' health information access problem. HIHL provides medically validated advice, counseling services, directory information, and a platform upon which callers can lodge service complaints against public health service providers.

HMRI runs three HIHLs, 104 Sarathi in Guwahati, Assam, 104 Advice in Jaipur, Rajasthan and 104 Advice in Pune, Maharashtra. There has been an increase in counseling services and algorithms and disease summaries – the technological backbone of 104 Advice – are constantly being updated.

- **Mobile Health Services:** HMRI's Mobile Health Services addresses physical access problems by providing primary care, especially maternal and child health and chronic disease services, to villagers living beyond three kilometers of the nearest public health facility.
- **Telemedicine:** HMRI's telemedicine services solve the issue of specialist access for Indians residing in remote areas by using specialized digital medical technology, HMRI telemedicine software and videoconferencing services. This service provides point-of-care, user friendly, cost effective, integrated multi-functional device for rural telemedicine applications with an emphasis on general physician functionality.

- **Piramal E-Swasthya**

Only 30% of Indians have access to modern medicine. While the national doctor-patient ratio for India is 1:1700, in rural areas this is said to plummet to 1:25,000. 'Piramal eSwasthya' was created to explore ways to improve access to healthcare for rural population.

At Piramal E-Swasthya local literate women (Piramal Swasthya Sahayikas) are recruited, trained and are given a medical kit, marketing material and a mobile phone. After talking to and examining the patient, the health care worker would communicate this diagnostic data through a cell-phone to a centralized call centre. At the back end, a call centre worker would enter the information provided into a simple e-diagnosis system which would generate an automated response with the recommended prescription and treatment. This will then be quickly validated by doctors manning the call centre.

Our model is currently operational in 50 villages in Jhunjunu, Churu and Nagaur districts of Rajasthan. Till date 50,000 patients have been treated successfully.

- **Sarvajal**

In India about 40 million people suffer from water borne diseases each year, 2/3rd of the patients visiting doctors for common ailments are suffering from water borne diseases. To improve availability of safe and pure drinking water, the idea of Sarvajal was seeded.

Sarvajal is making safe drinking water accessible to rural population at the ultra low cost of 30 paise per litre. Sarvajal water filtered through 5 stages including RO and UV, is provided in accordance with IS 10500, the drinking water quality standard. They work through a franchise business format under Sarvajal brand name and have already set up 150+ such units, creating employment for around 250 individuals. They are serving more than 80,000 individuals daily.

- **Piramal Foundation for Education Leadership (PFEL)**

PFEL is setting up India's first and the world's largest Education Leadership training academy. The academy will offer in-service and pre-service leadership training programs for school heads and education administrators of the government system. School heads (head teachers, head masters or principals) will be trained to turn around their failing schools through a 3 year part time in-service program with a combination of workshops and on-site coaching. Education Leaders (at cluster, block, district and state levels) will be trained to substantially improve the educational outcomes in their geography through a 2 year part-time in-service leadership training program. PFEL currently works with 250 Schools in Jhunjhunu and Churu districts of Rajasthan.

Simultaneously, they also run an intense 24-month youth leadership development program that helps talented young people to develop the skills to cause positive, exponential and lasting change in society. During the two years, fellows work as 'Sahyogis' to five school principals each. They bring the problem solving skills, positivity, creativity to grassroot issues such as teacher motivation, community – school relationships and the school leaders own sense of identity and purpose.

- **Source for Change (SFC)**

It is a rural BPO, located in Bagar, Rajasthan that provides top-quality BPO services to global clients at competitive prices thus empowering rural India with employment opportunities (particularly for women). SFC aims to break this anomaly by creating opportunities for these women to learn, grow, achieve financial and social freedom and earn renewed respect from the community. SFC has now evolved into a full-fledged state-of-the-art BPO with a resource capacity of 270 seats. The centre also has a comprehensive and rigorous training program wherein all associates undergo two modules of training – core training in computer skills and soft skills training that includes team building, confidence-building, leadership and communication workshops. Currently they have 110 associates working, 73% of which are women.

- **Pratham**

Pratham was established in 1994 to provide pre-school education to the children in the slums of Mumbai city. The organization is founded on the firm belief that education is the fundamental right of every child and no child should be deprived of this basic right simply because he/she does not have access to it or does not have the resources to realize his/her dreams. Its programs are designed to ensure that enrollment in schools increase, learning in schools and communities increase, the education net reaches children who are unable to attend school and models are replicated and scaled up to serve large numbers of children to achieve a large scale impact. Mr Ajay G. Piramal, Chairman of Piramal Healthcare is the current Chairman of Pratham.

REPORT ON CORPORATE GOVERNANCE

A report for the financial year ended 31st March, 2012 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 all 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.

The Company's essential character is shaped by the values of transparency, customer satisfaction, integrity, professionalism and accountability. The Company continuously endeavors to improve on these aspects. The Board views Corporate Governance in its widest sense. The main objective is to create and adhere to a corporate culture of integrity and consciousness, transparency and openness. Corporate Governance is a journey for constantly improving sustainable value creation and is an upward moving target. The Company's philosophy on Corporate Governance is guided by the Company's philosophy of Knowledge, Action and Care.

The Board of Directors fully supports and endorses corporate governance practices as enunciated in Clause 49 of the Listing Agreement as applicable from time to time.

2. Board of Directors

As can be seen from the following paragraphs, your Company's Board comprises individuals who are reputed in respective fields of science, business and management. From time to time, members of the Board receive recognition from the Government, industry bodies and business associations. During the year, Dr. (Mrs.) Swati A. Piramal was conferred with the prestigious "Padma Shri" award for Trade and Industry.

A. Changes during the year

The following changes in the Board of Directors took place during FY 2011-12:

- I. Mr. Amit Chandra was appointed as an Independent Director with effect from 20th June, 2011;
- II. Dr. R.A. Mashelkar and Prof. Goverdhan Mehta, were appointed as Independent Directors with effect from 21st December, 2011, in place of Mr. R.A. Shah and Mr. Y.H. Malegam;
- III. Mr. Vijay Shah was appointed as Executive Director and Chief Operating Officer with effect from 1st January, 2012 in place of Mr. N. Santhanam, who retired as Executive Director and Chief Operating Officer with effect from 31st December, 2011;

The Board places on record its appreciation of the invaluable contributions made by the outgoing Directors during their long association with the Company.

B. Composition and Size of the Board

The Company's policy is to maintain an optimum combination of Executive and Non-Executive Independent Directors. The composition of your Company's Board, which comprises 11 Directors, is given in the table below and is in conformity with clause 49 of the Listing Agreement with the Stock Exchanges.

As will be seen from the following table, none of the Directors hold directorship in more than 15 public limited companies, nor is any of them a member of more than ten Committees of the prescribed nature or holds Chairmanship of more than five such Committees across all public limited companies in which they are Directors. The Board does not have any Nominee Director representing any institution.

Name of Director	Other Directorships ¹		Membership of other Board Committees ²	
	as Member	as Chairman	as Member	as Chairman
Executive Directors – Promoter Group				
Ajay G. Piramal – Chairman	2	6	-	-
Swati A. Piramal	5	-	1	-
Nandini Piramal	3	-	-	-
Executive Director – Non-Promoter Group				
Vijay Shah – Chief Operating Officer	4	-	1	-
Non-Executive Independent Directors				
Amit Chandra	2	-	1	-
Keki Dadiseth	6	-	2	3
R.A. Mashelkar	6	-	3	-
Goverdhan Mehta	1	-	2	-
S. Ramadorai	6	8	5	4
Deepak Satwalekar	4	-	2	1
N. Vaghul	3	1	-	1

Note:

- ¹ 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.
- ² This relates to Committees referred to in clause 49 of the Listing Agreement, viz. Audit Committee and Investors Grievance Committee. This excludes Remuneration Committee which is not considered for the purpose of computing maximum limits under clause 49.

- **Role of Independent Directors**

Independent Directors play a key role in the decision-making process of the Board and in shaping various strategic initiatives of the Company. The Independent Directors are committed to act in what they believe to be in the best interest of the Company and its stakeholders. The Independent Directors are professionals, with expertise and experience in general corporate management, science and innovation, public policy, finance, financial services and other allied fields. This wide knowledge of their respective fields of expertise and best-in-class boardroom practices, helps foster varied, unbiased, independent and experienced perspective. The Company benefits immensely from their inputs in achieving its strategic direction.

- **Inter-se relationships among Directors**

Mr. Ajay G. Piramal and Dr. (Mrs.) Swati A. Piramal are the parents of Ms. Nandini Piramal. Except for this, there are no inter-se relationships among the Directors.

C. Board Meetings and Procedures

There are a minimum of six pre-scheduled Board meetings held every year. Apart from these, additional Board meetings are convened to address the specific needs of the Company. In case of business exigencies or matters of urgency, resolutions are passed by circulation, as permitted by law.

Detailed presentations are made to the Board covering operations, business performance, finance, sales, marketing, business opportunities & strategies, global & domestic business environment and related details. All necessary information including but not limited to those mentioned in Annexure I A to Clause 49, are placed before the Board of Directors. The Members of the Board are at liberty to bring up any matter for discussions at the Board Meetings and the functioning is democratic. Members of the Senior management team are invited to attend the Board Meetings as and when required, which provides additional inputs to the items being discussed by the Board.

I. Meetings Held & Attendance

Ten Board meetings were held during the year, as against the minimum statutory requirement of four meetings. The Company has held at least one Board meeting in every quarter and the maximum time gap between any two meetings was not more than four months, thereby complying with applicable statutory requirements. As will be seen from the following table, all the meetings were well attended:

Sr. No.	Date of Board Meeting	Board strength	No. of Directors present
1	1 st April, 2011	10	10
2	5 th May, 2011	10	9
3	6 th May, 2011	10	9
4	2 nd August, 2011	11	9
5	9 th August, 2011	11	10
6	3 rd October, 2011*	11	4
7	20 th October, 2011	11	9
8	1 st December, 2011	11	9
9	21 st December, 2011	11	9
10	2 nd February, 2012	11	11

* The Board Meeting held on 3rd October, 2011 was convened at short notice. However, despite this, four directors attended in person and four directors participated via teleconference.

II. Details of Directors attendance at Board Meetings and the last Annual General Meeting held on 9th August, 2011 (AGM) are given in the following table

Director	Board Meetings		Attended last AGM
	Held during tenure	Attended	
Mr. Ajay G. Piramal	10	10	Yes
Dr. (Mrs.) Swati A. Piramal	10	9	Yes
Ms. Nandini Piramal	10	10	Yes
Mr. Vijay Shah ¹	1	1	N.A.
Mr. Amit Chandra ²	7	6	Yes
Mr. Keki Dadiseth	10	7	No
Dr. R.A. Mashelkar ³	1	1	N.A.
Prof. Goverdhan Mehta ³	1	1	N.A.
Mr. S. Ramadorai ⁴	10	3	Yes
Mr. Deepak Satwalekar	10	7	Yes
Mr. N. Vaghul	10	9	Yes
Mr. Y.H. Malegam ³	9	8	Yes
Mr. R.A. Shah ³	9	8	Yes
Mr. N. Santhanam ¹	9	8	Yes

¹ Mr. Vijay Shah was appointed as Executive Director & Chief Operating Officer with effect from 1st January, 2012 in place of Mr. N. Santhanam, who retired as Executive Director & Chief Operating Officer with effect from 31st December, 2011.

² Mr. Amit Chandra was appointed as Director w.e.f. 20th June, 2011

³ Dr. R.A. Mashelkar and Prof. Goverdhan Mehta were appointed as Directors with effect from 21st December, 2011, in place of Mr. R.A. Shah and Mr. Y.H. Malegam.

⁴ Mr. Ramadorai could not attend some of the meetings as he was out of India during that time. However, whenever he could do so, he participated via teleconference.

D. Shareholding of Non-Executive Independent Directors

The individual shareholding of Non-Executive Independent Directors (including shareholding as joint holder) as on 31st March, 2012 are given below:

Name	No. of shares held
Dr. R.A. Mashelkar	3125

E. Details of the Directors seeking appointment / re-appointment at the forthcoming Annual General Meeting:**Mr. Ajay G. Piramal**

Mr. Ajay G. Piramal is the Chairman of the Company. He leads the Piramal Group, one of the most respected diversified conglomerates with a presence across 100 countries. Applauded as an exceptional entrepreneur and innovator, he enabled the Piramal Group to evolve from a textile centric business to a USD 2 billion conglomerate with diversified business interests across pharmaceuticals, packaging, financial services and real estate. The Piramal Group steadfastly pursues inclusive growth while adhering to ethical and value driven practices. Mr. Piramal has through the Piramal Foundation dedicated himself towards democratizing healthcare, building skills, spreading education, empowering women and developing youth. Mr. Piramal has received numerous awards including 'Entrepreneur of the Year' Award of UK Trade & Investment Council (2006), Ernst & Young's 'Entrepreneur of the Year' Award in the Healthcare & Life Sciences category (2004), 'CEO of the Year Award' by World Strategy Forum (1999), Rotary International 'Four Way Test Award' (2001), Life Time Achievement Award by the Rotary Club of Mumbai Mid – Town (2004), 'India Innovator of the Year 2008' Award by CNBC TV 18 and Kriyasheel Global Achievers Award (2010).

Mr. Piramal did his B.Sc (Hons) from Bombay University. He completed his Masters in Management Studies from Jamnalal Bajaj Institute of Management Studies and also did an Advanced Management Programme from Harvard Business School.

During the year, Mr. Piramal was appointed on the Board of Directors of Smith & Nephew Plc, UK, a reputed global medical technology company. He is a member of the Board of Dean's Advisors of Harvard Business School, Boston. He is also Chairman of the Board of Governors of the Indian Institute of Technology, Indore.

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

Sr. No.	Name of the Company	Designation and Membership of Board Committees referred to in Clause 49 of the Listing Agreements
1.	Piramal Glass Limited	• Chairman
2.	Piramal Enterprises Limited	• Chairman
3.	Allergan India Private Limited	• Chairman
4.	PHL Fininvest Private Limited	• Chairman
5.	DB Corp Limited	• Director
6.	PHL Finance Private Limited	• Director
7.	PHL Capital Private Limited	• Chairman
8.	INDIAREIT Fund Advisors Private Limited	• Chairman

Ms. Nandini Piramal

Ms. Nandini Piramal graduated in BA (Hons.) from Hertford College, Oxford University and is a MBA of the Stanford Graduate School of Business. Her outstanding academic performance in the MBA Programme was acknowledged by the Stanford Graduate School of Business.

She joined the company in July, 2006 as GM – Strategic Marketing of the Company and was deputed to the Company's wholly-owned subsidiary in the US, NPIL Pharma Inc. as GM – Strategic Marketing. Ms. Piramal gained deep insight into the Group's Pharma Solutions business. She was instrumental in increasing co-ordination between UK, India and China towards globalized sourcing. In September 2008, she was appointed as a non-executive director on the Board of Piramal Healthcare (Canada) Inc (formerly Torcan). She played a key role in implementation of the Operational Excellence Project at Torcan and Grangemouth. She was also actively involved in due diligence

of acquisition and joint venture targets. On 1st April, 2009, Ms. Piramal was appointed as Executive Director of the Company.

Prior to her appointment with the Company, Ms. Piramal was associated with McKinsey & Co. as a Business Analyst, during which time she worked on many projects, including Purchase & Supply Management, Growth Strategy and Information Technology Strategy of various corporates. She was also associated with the slum rehabilitation proposal of McKinsey, which was part of its larger project for the future growth of Mumbai city. She also worked on projects in the Company relating to CMG contracts, branded generic exports, sales force strategy implementation and brand marketing plans.

She currently looks after Consumer Products on the business side and Human Resources, Operational Excellence & Technical Services on the corporate side. She is the daughter of Mr. Ajay G. Piramal and Dr. (Mrs.) Swati A. Piramal.

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

Sr. No.	Name of the Company	Designation and Membership of Board Committees referred to in Clause 49 of the Listing Agreements
1.	The Swastik Safe Deposit & Investments Limited	Director
2.	Piramal Enterprises Limited	Director
3.	Piramal Water Private Limited	Director

Mr. Vijay Shah

Mr. Vijay Shah has a first class in B.Com and is a rank holder of the Institute of Chartered Accountants of India. He has also done a Management Education Programme from IIM, Ahmedabad and the Advanced Management Program (AMP) from the Harvard Business School, Boston, USA.

From 1982 to 1987, he was a senior associate at Management Structure & Systems Pvt. Ltd. - a management consultancy organisation headed by Prof. S.K. Bhattacharya, providing services in the areas of Strategic Planning, Organisational Restructuring and Management Information Systems for large organizations such as Larsen & Toubro, State Bank of India, etc.

Mr. Shah joined the Piramal Group in 1988. He started as the head of the Corporate Planning function of the Piramal Group. In September 1992, he took over as the Managing Director of erstwhile Gujarat Glass Limited (now Piramal Glass Ltd.) During his tenure, sales of Gujarat Glass Ltd. grew from ₹ 26 crores in 1991-92 to ₹ 238 crores in 2000, a CAGR of 32%.

In August 1999, Mr. Shah was assigned responsibility as Executive Director and Chief Operating Officer of Piramal Healthcare Ltd. The sales of the Formulations business grew from ₹ 399 crores in 1999 to ₹ 1138 crores in 2005-06, a CAGR of 20% and market cap of USD 1 billion (5 times growth). During this tenure with PHL, he was involved in several mergers & acquisitions and consequent integration viz. Rhone Poulenc India Ltd., Pharma Business of ICI India Ltd., Sarabhai Piramal and Anaesthetic Business of Rhodia Organique UK Ltd.

In 2006, Mr. Shah once again assumed overall responsibility of Piramal Glass Limited. Under his leadership, Piramal Glass emerged as fastest growing Glass player globally and only player from Asia to feature amongst top 8 players with market share of 5%. In last 2 years, the market capitalization of Piramal Glass Limited grew from a low of ₹ 21 Crores to current market cap of ₹ 850 Crores.

With effect from 1st January, 2012, Mr. Shah has once again been appointed as Executive Director & Chief Operating Officer of Piramal Healthcare Ltd. with overall responsibility of Pharma Solutions and Critical Care business.

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

Sr. No.	Name of the Company	Designation and Membership of Board Committees referred to in Clause 49 of the Listing Agreements
1.	Piramal Glass Limited	<ul style="list-style-type: none"> • Director • Member – Investors Grievance Committee
2.	Piramal Enterprises Limited	<ul style="list-style-type: none"> • Director
3.	Oxygen Bio Research Private Limited	<ul style="list-style-type: none"> • Director
4.	PHL Capital Private Limited	<ul style="list-style-type: none"> • Director

Mr. Keki Dadiseth

Mr. Keki Dadiseth is a Fellow of the Institute of Chartered Accountants of England & Wales. He joined Hindustan Lever Limited in India in 1973 as Manager in the Audit Department. His tenure in the company included a three-year secondment to Unilever Plc in London (1984-87), where he held senior financial and commercial positions. In 1987, Mr. Dadiseth joined the Board of Hindustan Lever Limited till he became Chairman in 1996. Mr. Dadiseth headed several businesses (Detergents and Personal Products) and functions (Personnel and Acquisitions & Mergers activities) for the Group in India. Mr. Dadiseth was appointed Director on the Board of Unilever Plc and Unilever NV in May 2000 and a Member of the Executive Committee. On 1st January, 2001, he took over as Director, Home and Personal Care (HPC), responsible for the HPC business of Unilever worldwide. He retired from Unilever in May 2005.

Mr. Dadiseth is closely associated with various industry, educational, management and medical bodies. He is a Trustee of the Ratan Tata Trust and Chairman of the Managing Committee, Breach Candy Hospital Trust. He is a Director on the Board of the Indian Business School.

Mr. Dadiseth is a Non-Executive Chairman of Omnicom India, a Member of the International Advisory Board of Fleishman-Hillard Inc., a Non-Executive Director of Prudential Plc, a Member of the International Advisory Board of Goldman Sachs – with special focus on South Asia and a Member of the Strategic Advisory Board of Atos India Private Limited. Mr. Dadiseth is also a Non-Executive Director and Chairman of the Board of Directors of Sony India Private Limited and Senior Advisor to the Sony Group in India. He is also the Chairman of the Convening Board of Marsh & McLennan Companies, India.

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

Sr. No.	Name of the Company	Designation and Membership of Board Committees referred to in Clause 49 of the Listing Agreements
1.	Britannia Industries Limited	<ul style="list-style-type: none"> • Director • Member – Audit Committee
2.	ICICI Prudential Life Insurance Co. Ltd.	<ul style="list-style-type: none"> • Director • Chairman – Audit Committee
3.	ICICI Prudential Trust Limited	<ul style="list-style-type: none"> • Director
4.	Siemens Limited	<ul style="list-style-type: none"> • Director • Member – Audit Committee
5.	The Indian Hotels Company Limited	<ul style="list-style-type: none"> • Director • Chairman – Audit Committee
6.	Godrej Properties Limited	<ul style="list-style-type: none"> • Director • Chairman – Audit Committee

Mr. S. Ramadorai

Mr. S. Ramadorai is currently serving as the Vice - Chairman of Tata Consultancy Services Ltd, a company he has been associated with for the past 39 years. He took over as CEO in 1996 when the company's revenues were at USD 155 million and has since then led the company through some of its most exciting phases, including its going public in 2004. In October 2009, he stepped down as CEO, leaving a USD 6 billion global IT services company to his successor, while he took over the mantle of Vice-Chairmanship of the company.

In February 2011, Mr. Ramadorai stepped into public service when the Indian Government appointed him as the Advisor to the Prime Minister in the National Skill Development Council, in the rank of Cabinet Minister. The Council, which is headed by the Prime Minister, seeks to develop a strategy for Skill Development at the National level with a view to address the skill deficit.

In recognition of Mr. Ramadorai's commitment and dedication to the IT industry he was awarded the Padma Bhushan (India's third highest civilian honour) in January 2006. In April 2009, he was awarded the CBE (Commander of the Order of the British Empire) by Her Majesty Queen Elizabeth II for his contribution to the Indo-British economic relations.

His academic credentials include a Bachelor's degree in Physics from Delhi University (India), a Bachelor of Engineering degree in Electronics and Telecommunications from the Indian Institute of Science, Bangalore (India) and a Master's degree in Computer Science from the University of California–UCLA (USA). In 1993, he attended the Sloan School of Management's highly acclaimed Senior Executive Development Program.

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

Sr. No.	Name of the Company	Designation and Membership of Board Committees referred to in Clause 49 of the Listing Agreements
1.	Tata Consultancy Services Limited	• Vice-Chairman • Member – Investors Grievance Committee
2.	Tata Industries Limited	• Director
3.	Tata Technologies Limited	• Chairman • Chairman – Audit Committee
4.	CMC Limited	• Chairman
5.	Hindustan Unilever Limited	• Director • Member – Audit Committee
6.	Tata Elxsi Limited	• Chairman • Member – Audit Committee
7.	Tata Teleservices (Maharashtra) Limited	• Director • Member – Audit Committee
8.	Computational Research Laboratories Limited	• Chairman • Chairman – Audit Committee
9.	Tata Communications Limited	• Director
10.	Tata Advanced Systems Limited	• Chairman • Chairman – Audit Committee
11.	Asian Paints Limited	• Director
12.	BSE Limited	• Chairman • Member – Audit Committee • Chairman – Investors Grievance Committee
13.	Tata Lockheed Martin Aerostructures Limited	• Chairman
14.	Tara Aerospace Systems Limited	• Chairman

3. BOARD COMMITTEES

A. Audit & Risk Committee

I. Constitution of the Committee

The Audit & Risk Committee presently comprises three Non - Executive Independent Directors, viz:

1. Mr. N. Vaghul – Chairman
2. Mr. Keki Dadiseth
3. Dr. R.A. Mashelkar

All the members of the Committee have good knowledge of finance, accounts and business management. The Chairman of the Committee, Mr. N. Vaghul has extensive accounting and related financial management expertise.

The composition of the Audit Committee is in compliance with the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement. Mr. Leonard D'Souza, Company Secretary of the Company, is the Secretary to the Audit Committee.

During the year 2011-12, consequent to the changes in the Board of Directors referred to earlier in this Report, the constitution of the Committee was also changed. Mr. Keki Dadiseth and Dr. R.A. Mashelkar were appointed as members of the Committee in place of Mr. Y.H. Malegam and Mr. R.A. Shah.

Mr. Malegam and Mr. Shah were members of the Committee since its inception, during which time, each of them have contributed immensely to the functioning of the Committee. The reputation and integrity which the Committee enjoys has to a significant extent been built by the contributions of Mr. Y.H. Malegam and Mr. R.A. Shah, which the Committee acknowledges with gratitude.

II. Terms of Reference

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 (standalone 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;
- 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 and (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.

III. Meetings Held & Attendance

The Committee met 9 times during the financial year 2011-12, on the following dates, including before finalisation of annual accounts and adoption of quarterly financial results by the Board:

1 st April, 2011	5 th May, 2011	2 nd August, 2011
29 th August, 2011	30 th August, 2011	22 nd September, 2011
19 th October, 2011	1 st February, 2012	15 th March, 2012

It can be seen from the above table that the frequency of Audit Committee Meetings was much more than the minimum regulatory requirement of at least one meeting every four months.

The Statutory Auditors and Internal Auditors are invited to attend all the meetings of the Committee. The functional / business representatives also made detailed presentations to the Committee which provides a deeper insight into the respective business and functional areas of operations.

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

Name	Committee Meetings	
	Held during tenure	Attended
Mr. N. Vaghul	9	8
Mr. Keki Dadiseth	2	2
Dr. R.A. Mashelkar	2	1

Note:

- Mr. Y.H. Malegam and Mr. R.A. Shah were members of the Committee upto 21st December, 2011 and they attended all the meetings of the Committee held during their tenure. Mr. Keki Dadiseth and Dr. R.A. Mashelkar were appointed as members of the Committee in their place;
- Mr. N. Vaghul was appointed as Chairman of the Committee in place of Mr. R.A. Shah, who was the former Chairman of the Committee.

B. Nomination & Remuneration Committee

I. Constitution of the Committee

The Nomination & Remuneration Committee presently comprises four members as per details in the following table:

Name	Category
Mr. N. Vaghul – Chairman	Non – Executive, Independent
Mr. Keki Dadiseth	Non – Executive, Independent
Mr. S. Ramadorai	Non – Executive, Independent
Mr. Ajay G. Piramal	Executive, Promoter

II. Terms of Reference

The Nomination & 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.

III. Meetings Held & Attendance

The Committee met 4 times during the financial year 2011-12, on the following dates:

5 th May, 2011	20 th October, 2011
21 st December, 2011	2 nd February, 2012

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

Name	Committee Meetings	
	Held during tenure	Attended
Mr. N. Vaghul	4	4
Mr. Keki Dadiseth	4	4
Mr. S. Ramadorai	4	1
Mr. Ajay G. Piramal	4	4

C. Investors Grievance Committee

I. Constitution of the Committee

The Investors Grievance Committee presently comprises two members, as per details in the following table:

Name	Category
Mr. Deepak Satwalekar – Chairman	Non – Executive, Independent
Mr. Vijay Shah	Executive

Mr. Leonard D'Souza, Company Secretary, is the Compliance Officer. His contact details are:

1st Floor, Piramal Tower Annexe, Ganpatrao Kadam Marg,
Lower Parel, Mumbai 400 013.
Tel.: 91 22 3046 7839
Fax: 91 22 3046 7855
Email: complianceofficer.phl@piramal.com

II. Terms of Reference

The terms of reference of the Investors Grievance Committee includes:

- Review of the mechanism implemented for redressal of shareholders' and investors' grievances.
- Overseeing the performance of the Registrar and Transfer Agents of the Company and recommending measures for improvement in the quality of investor services.

III. Meetings Held & Attendance

The Committee met 4 times during the financial year 2011-12, on the following dates:

6 th May, 2011	2 nd August, 2011
4 th October, 2011	2 nd February, 2012

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

Name	Committee Meetings	
	Held during tenure	Attended
Mr. Deepak Satwalekar	4	4
Mr. Vijay Shah	1	1

Note:

Mr. Vijay Shah was appointed as member of the Committee in place of Mr. N. Santhanam with effect from 1st January, 2012, who had attended all the meetings of the Committee during his tenure. The Committee acknowledges with gratitude the contributions made by Mr. Santhanam during his tenure as member of the Committee.

IV. Investors' Grievance Redressal

The total number of complaints redressed to the satisfaction of shareholders during the year under review were 44. There was 1 outstanding complaint as on 31st March, 2012 (which has since been redressed). No requests for transfer and for dematerialization were pending for approval as on 31st March, 2012.

The Registrar and Share Transfer Agents, M/s. Link Intime India Private Limited (RTA), attend to all grievances of the shareholders and investors received directly or through SEBI, Stock Exchanges, Ministry of Corporate Affairs, Registrar of Companies, etc. Most of the investors' grievances / correspondences are attended within a period of 7 days from the date of receipt of such grievances.

The Company maintains continuous interaction with the RTA and takes proactive steps and actions for resolving complaints / queries of the shareholders / investors and also takes initiatives for solving critical issues. Shareholders are requested to furnish their telephone numbers and email addresses to facilitate prompt action.

D. Governance & Ethics Committee

I. Constitution of the Committee

The Governance & Ethics Committee presently comprises three members, as per details in the following table:

Name	Category
Mr. Keki Dadiseth – Chairman	Non – Executive, Independent
Mr. Deepak Satwalekar	Non – Executive, Independent
Ms. Nandini Piramal	Executive, Promoter

During the year 2011-12, consequent to the changes in the Board of Directors referred to earlier in this Report, Ms. Nandini Piramal was appointed as member of the Committee in place of Mr. R.A. Shah.

II. Terms of Reference

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

- To consider, review and decide on matters relating to Corporate Governance as per the Listing Agreement entered into with the Stock Exchanges and other applicable Laws & Regulations;
- To recommend to the Board, best practices in the areas of Board Governance, Corporate Governance, Ethics & Disclosure Policies concerning the interest of the stakeholders;
- To periodically review the compliance with the Code of Conduct for Prevention of Insider Trading of the Company;
- 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.

III. Meetings Held & Attendance

During the financial year 2011-12, the Committee met on 6th May, 2011. All the members of the Committee attended the meeting.

4. REMUNERATION OF DIRECTORS

Details of remuneration to the directors for the year ended 31st March, 2012 are given below:

A. Remuneration to Executive Directors:

Remuneration paid to the Executive Directors is recommended by the Nomination & Remuneration Committee, approved by the Board and is subject to the overall limits as approved by the shareholders.

Details of remuneration paid / payable to the Executive Directors for the year ended 31st March, 2012 are given below:

(in ₹)

Name of Director	Designation	Salary & Perquisites	Performance Linked Incentive	Total
Ajay G. Piramal	Chairman	4,89,36,475	3,00,00,000	7,89,36,475
Swati A. Piramal	Executive Director	2,38,64,188	1,50,00,000	3,88,64,188
Nandini Piramal	Executive Director	1,26,64,096	20,00,000	1,46,64,096
Vijay Shah [w.e.f. 1 st January, 2012]	Executive Director & Chief Operating Officer	82,84,903	25,00,000	1,07,84,903
N. Santhanam [upto 31 st December, 2011]	Former Executive Director & Chief Operating Officer	2,89,87,988	-	2,89,87,988

B. Sitting Fees & Commission paid to Non - Executive Directors

Non - Executive Directors are paid remuneration by way of Commission and Sitting Fees. Sitting fees are paid at the rate of ₹ 20,000 for attending each meeting of the Board and Committees thereof. Commission is paid on an annual basis and is decided broadly on the basis of their respective contribution to the Company and the overall performance of the Company.

Details of sitting fees paid and commission payable to the Non - Executive Directors for the financial year 2011-12, are given below.

(in ₹)

Name	Sitting fees		Commission	Total
	Board Meetings	Committee Meetings		
Mr. Amit Chandra [w.e.f. 20 th June, 2011]	1,20,000	-	12,00,000	13,20,000
Mr. Keki Dadiseth	1,40,000	1,40,000	16,00,000	18,80,000
Mr. S. Ramadorai	60,000	20,000	16,00,000	16,80,000
Mr. Deepak Satwalekar	1,40,000	1,40,000	16,00,000	18,80,000
Dr. R.A. Mashelkar [w.e.f. 21 st December, 2011]	20,000	20,000	4,00,000	4,40,000
Prof. Goverdhan Mehta [w.e.f. 21 st December, 2011]	20,000	-	4,00,000	4,20,000
Mr. N. Vaghul	1,80,000	2,60,000	16,00,000	20,40,000
Mr. Y.H. Malegam [upto 21 st December, 2011]	1,60,000	1,40,000	16,00,000	19,00,000
Mr. R.A. Shah [upto 21 st December, 2011]	1,60,000	1,60,000	16,00,000	19,20,000

Notes for Directors' Remuneration:

- (a) The terms of appointment of Dr. (Mrs.) Swati A. Piramal as approved by shareholders, are contained in her Agreement dated 28th December, 2007. For the main terms of appointment of the other Executive Directors referred to in the above table, kindly refer to the respective resolutions in the accompanying Notice convening the Annual General Meeting and in the related Explanatory Statement, seeking shareholders approval to their appointment / re-appointment.
- (b) No loans and advances have been given to any Director of the Company.

5. GENERAL BODY MEETINGS**A. Details of the Annual General Meetings held during the preceding 3 years and Special Resolutions passed thereat are given below:**

Annual General Meeting (AGM)	Date	Time	Venue	No. of Special Resolutions passed
62 nd AGM	18 th June, 2009	3.00 p.m.	Walchand Hirachand Hall, Indian Merchants' Chamber Building, IMC Marg, Churchgate, Mumbai - 400 020.	(i) Appointment of Ms. Nandini Piramal as Executive Director (ii) Keeping of register and index of members and debentureholders
63 rd AGM	9 th July, 2010	3.00 p.m.	Yashwantrao Chavan Pratisthan, General Jagannath Bhosale Marg, Opposite Mantralaya, Nariman Point, Mumbai - 400 021.	(i) Payment of Commission to Non – Executive Directors (ii) Re-appointment of Mr. N. Santhanam as Executive Director & Chief Operating Officer (iii) Keeping of register and index of members and debentureholders
64 th AGM	9 th August, 2011	3.00 p.m.	Yashwantrao Chavan Pratisthan, General Jagannath Bhosale Marg, Opposite Mantralaya, Nariman Point, Mumbai - 400 021.	None

The special resolutions were passed on show of hands.

B. Postal Ballot

During the financial year ended 31st March, 2012, 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 of the resolutions
25 th October, 2011	Amendment of the Objects clause of the Memorandum of Association by insertion of new objects	11,55,47,097 (99.92)	94,699 (0.08)	7 th December, 2011
	Commencement of the businesses covered by the new objects	11,55,25,340 (99.92)	93,141 (0.08)	
15 th February, 2012	Consent under Section 314 of the Companies Act, 1956, to the appointment of Mr. Peter D. DeYoung, relative of Directors	12,19,72,789 (99.93)	90,633 (0.07)	29 th March, 2012

Mr. N.L. Bhatia, senior Practicing Company Secretary, was appointed as Scrutinizer for both the above mentioned Postal Ballot processes.

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

- **Procedure for Postal Ballot**

After receiving the approval of the Board of Directors, the Notice, Explanatory Statement along with 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, Mumbai 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.

- **Evoting facility**

Evoting facility was offered for the resolution contained in the Notice of Postal Ballot dated 15th February, 2012 for all individual members (i.e. other than Corporates / FIs / FIIs, etc.) to enable them to cast their vote electronically.

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

6. 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. 39 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 2012-13 have been paid to the Stock Exchanges on which the shares of the Company are listed.

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 Annexure1D to Clause 49 of the Listing Agreement regarding constitution of remuneration committee, unqualified financial statements and training of Board Members.

7. MEANS OF COMMUNICATION

Your Company recognizes the importance of two way communication with shareholders and of giving a balanced report of results and progress and responds to questions and issues raised in a timely and consistent manner. Shareholders seeking information may contact the Company directly throughout the year. They also have an opportunity to ask questions in person at the Annual General Meeting.

A. Quarterly Results:

The approved financial results are forthwith sent to the Stock Exchanges where the shares are listed and are displayed on the Company's website www.piramalhealthcare.com and are generally published in Hindu Business Line (all editions) (English) and Mumbai Lakshadweep (Marathi), within forty eight hours of approval thereof.

B. News Releases, Presentations, etc.:

Official news releases and presentations made to media, institutional investors, analysts, etc. are displayed on the Company's website www.piramalhealthcare.com.

C. Website:

The Company's website www.piramalhealthcare.com contains a separate dedicated section 'Investors' where shareholders information is available. Quarterly Results, Annual Reports, Code of Conduct and Ethics, Presentation to Investors and Shareholding Pattern are also available on the website in a user friendly and downloadable form.

D. Annual Report:

The Annual Report containing inter-alia the Audited Annual Accounts, Consolidated Financial Statements, Directors' Report, Auditors' Report, Corporate Governance Report and other important information is circulated to Members and others entitled thereto. The Management Discussion and Analysis Report forms part of the Annual Report.

E. Designated Exclusive Email ID:

The Company has designated the E-mail ID viz., complianceofficer.phl@piramal.com exclusively for investor servicing. This E-mail ID has been displayed on the Company's website 'www.piramalhealthcare.com'.

8. GENERAL INFORMATION FOR SHAREHOLDERS**A. Company Registration Details:**

The Company is registered in the State of Maharashtra, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L24110MH1947PLC005719.

B. Annual General Meeting

Day, Date and Time: Thursday, 19th July, 2012 at 11.00 a.m.

Venue: Yashwantrao Chavan Pratishthan, General Jagannath Bhosale Marg,
Opposite Mantralaya, Nariman Point, Mumbai - 400 021.

C. Financial Calendar

Financial reporting for:

Quarter ending 30 th June, 2012	14 th August, 2012*
Half year ending 30 th September, 2012	5 th November, 2012*
Quarter ending 31 st December, 2012	6 th February, 2013*
Year ending 31 st March, 2013	3 rd May, 2013*
Annual General Meeting for the year ending 31 st March, 2013	July / August, 2013*

* The above dates are final, subject to any unforeseen circumstances.

D. Book Closure Period

Wednesday, 11th July, 2012 to Thursday, 19th July, 2012 (both days inclusive).

E. Dividend Payment Date

Between 20th July, 2012 and 25th July, 2012.

F. Listing on Stock Exchanges**Equity Shares**

BSE Limited (BSE),
[Scrip Code: 500302]
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400 001.

National Stock Exchange of India Limited (NSE),
[Trading Symbol: PIRHEALTH]
“Exchange Plaza”, Bandra-Kurla Complex,
Bandra (E), Mumbai - 400 051.

ISIN INE140A01024

Reuters code : PIRA.BO

Bloomberg code: PIHC: IN

Payment of Listing Fee

Annual listing fee payable to BSE and NSE for FY 2012-13 have been paid in full by the Company.

G. Stock Market Data

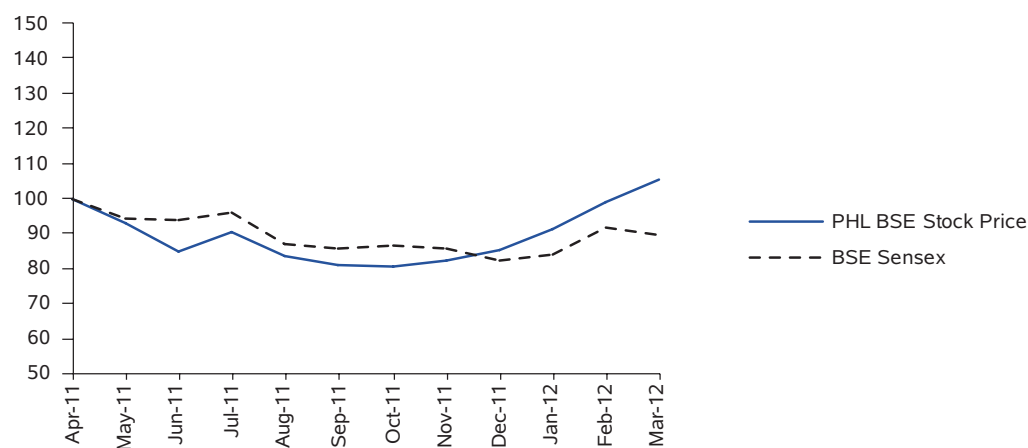
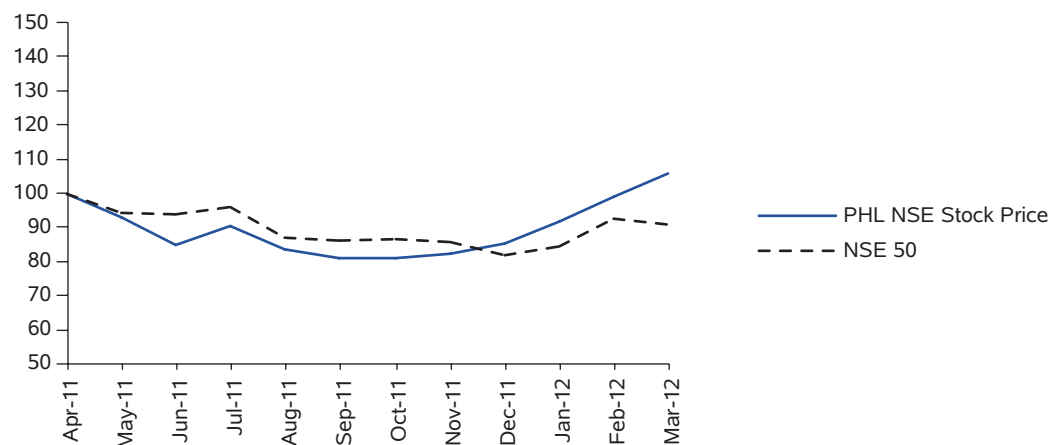
High, Low and Average Closing Price and Trading Volumes of the Company's Equity Shares during each month of the last financial year at BSE and NSE are given below:

Month	BSE Limited ("BSE")				National Stock Exchange of India Limited ("NSE")			
	High (₹)	Low (₹)	Average Closing Price (₹)	Monthly Volume	High (₹)	Low (₹)	Average Closing Price (₹)	Monthly Volume
Apr 2011	459.65	414.00	439.28	10,57,417	490.50	413.15	439.19	64,32,269
May 2011	473.00	360.25	408.26	14,12,498	484.70	358.25	408.27	79,07,839
June 2011	400.90	354.00	371.59	7,32,679	404.70	351.05	371.71	28,82,120
July 2011	410.60	379.10	396.09	2,96,809	410.30	374.95	396.59	20,54,099
Aug 2011	387.50	341.60	366.88	4,51,849	388.00	331.95	367.12	29,27,539
Sep 2011	381.50	344.30	355.68	3,16,722	381.40	342.10	355.74	37,37,203
Oct 2011	368.55	345.60	354.36	1,95,551	365.00	346.00	354.56	16,65,542
Nov 2011	380.00	340.00	360.72	2,17,070	380.15	348.00	360.80	23,40,426
Dec 2011	389.90	355.00	374.24	3,32,589	389.85	353.95	374.60	21,12,385
Jan 2012	421.80	372.20	400.92	6,90,221	434.75	371.60	401.51	38,05,764
Feb 2012	475.00	400.70	434.25	12,48,916	514.30	400.05	435.06	59,02,415
Mar 2012	485.50	438.00	463.00	6,19,716	495.70	440.10	463.91	23,83,013

Source: BSE & NSE Website

H. Stock Performance vs BSE Sensex and NSE-50

Performance of the Company's Equity Shares on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") 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**

- Liquidity**

Shares of the Company are actively traded on BSE and NSE as is seen from the volume of shares indicated in the table containing stock market data and hence ensure good liquidity for the investors.

I. 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 – 400 078.
Tel.: (022) 25946970
Fax: (022) 25946969
E-mail: piramal.irc@linkintime.co.in

J. Share Transfer System (in physical segment)

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

In case of shares in electronic form, the transfers are processed by NSDL / CDSL through respective Depository Participants.

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, 2012 there were no Equity Shares pending for transfer. Also, there were no demat requests pending as on 31st March, 2012.

The Company obtains from a Company Secretary in Practice, half yearly certificate of compliance with the share transfer formalities as required under Clause 47(c) of the Listing Agreement with Stock Exchanges and files a copy of the certificate with the Stock Exchanges.

K. Distribution of Shareholding by size as on 31st March, 2012

No. of Shares held	No. of shareholders	% to no. of shareholders	No. of shares	% to no. of shares
1 to 100	72,868	65.04	20,44,345	1.18
101 to 200	11,333	10.12	16,08,813	0.93
201 to 500	17,622	15.73	55,00,112	3.19
501 to 1000	6,417	5.73	46,37,399	2.69
1001 to 5000	3,220	2.87	58,99,808	3.42
5001 to 10000	235	0.21	16,31,301	0.94
10001 to 20000	116	0.10	16,14,471	0.94
20001 to 30000	51	0.05	12,57,261	0.73
30001 to 40000	22	0.02	7,63,004	0.44
40001 to 50000	21	0.02	9,12,199	0.53
50001 to 100000	50	0.04	35,71,912	2.07
Above 100000	83	0.07	14,31,22,475	82.94
Total	1,12,038	100.00	17,25,63,100	100.00

L. Statement showing shareholding pattern as on 31st March, 2012

Sr. No.	Category of Shareholder	Number of Share holders	Number of shares	%
(A)	Shareholding of Promoter and Promoter Group	17	9,15,80,997	53.07
(B)	Public shareholding			
1	Institutions			
(a)	Mutual Funds / UTI	24	19,73,600	1.14
(b)	Financial Institutions / Banks	30	68,35,766	3.96
(c)	Insurance Companies	4	20,51,646	1.19
(d)	Foreign Institutional Investors	230	3,48,44,576	20.19
2	Non Institutions			
(a)	Bodies Corporate	1,298	42,46,520	2.46

Sr. No.	Category of Shareholder	Number of Share holders	Number of shares	%
(b)	Individuals			
	(i) holding nominal share capital up to ₹ 1 lakh	1,08,408	2,15,92,281	12.51
	(ii) holding nominal share capital in excess of ₹ 1 lakh.	13	19,78,150	1.15
(c)	Others			
	(i) Non Resident Indians – Repatriable	1,354	4,15,882	0.24
	(ii) Non Resident Indians - Non Repatriable	461	3,11,056	0.18
	(iii) Foreign Companies	2	43,16,911	2.50
	(iv) Overseas Bodies Corporate	2	21,17,167	1.23
	(v) Clearing Member	188	2,93,783	0.17
	(vi) Foreign Nationals	1	603	0.00
	(vii) Trusts	6	4,162	0.00
	Total Public Shareholding	1,12,021	8,09,82,103	46.93
	TOTAL	1,12,038	17,25,63,100	100.00

Note: During the year, the paid up share capital of the Company has been increased by 53,52,585 shares on account of allotment of shares to shareholders of Piramal Life Sciences Limited ("PLSL") in the ratio of 1 : 4 (i.e. 1 share of PHL was allotted for every 4 shares of PLSL) under the Scheme of Arrangement for demerger of the NCE Research Unit from PLSL to PHL.

M. Dematerialisation of shares

As on 31st March, 2012, 16,30,49,825 equity shares (94.49% of the total number of shares) are in dematerialised form as compared to 15,84,35,986 equity shares (94.35% of the total number of shares) as on 31st March, 2011.

Note: The percentage shareholding may not be strictly comparable since shareholding as on 31st March, 2011 relates to pre-Demerger share capital whereas shareholding as on 31st March, 2012 relates to post-Demerger share capital.

The Company's shares are compulsorily traded in dematerialised form and are available for trading on both the Depositories in India - National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).

Particulars of Shares	Equity Shares of ₹ 2 each		Shareholders	
	Number	% of total	Number	% of total
Dematerialised form				
NSDL	16,02,28,420	92.85	56,817	50.71
CDSL	28,21,405	1.64	17,079	15.25
Sub – Total	16,30,49,825	94.49	73,898	65.96
Physical Form	95,13,275	5.51	38,142	34.04
Total	17,25,63,100	100.00	1,12,038	100.00

N. Outstanding GDRs / ADRs / Warrants or any convertible warrants

There are no outstanding convertible warrants / instruments

O. 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, Madhya Pradesh
- Digwal Village, Medak District, 502 321, Andhra Pradesh
- Ennore Express Highway, Ernavur Village, Ennore, Chennai 600 057, Tamil Nadu
- Plot No.19 - PHARMEZ, Village Matoda, Sarkhej bawala, NH 8A, Taluka Sanand, Ahmedabad - 382 213, Gujarat
- 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

- 110, Industrial Parkway North, Aurora, Ontario, L4G 3H4, Canada
- 475, Boul, Armand-Frappier, Laval, Quebec, H7V 4B3, Canada

Piramal Critical Care Inc.

- Bethlehem, PA 18017, 3950 Schelden Circle, Pennsylvania State, USA.
- 50 Cobham Dr, Orchard Park, New York - 14127

9. ENVIRONMENT, HEALTH AND SAFETY (EHS):

Your Company is totally committed to establishing a safe working environment. It is our endeavor to always act in a safe and environmentally responsible manner so that employees, the community at large and the environment including the natural resources are well protected. Your Company seeks continuous improvements in EHS by implementing various measures across its manufacturing and other locations. Further details on EHS are given in the Directors' Report.

10. CODE OF CONDUCT

The Board has laid down a Code of Conduct and Ethics for its Members and Senior Management Personnel of the Company. All Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct during the financial year 2011-12. A declaration signed by the Executive Director & Chief Operating Officer to this effect is given below.

"I hereby confirm that the Company has obtained from all the members of the Board and senior management personnel, affirmation that they have complied with the Code of Conduct and Ethics for Directors and Senior Management of the Company in respect of the financial year 2011-12."

Vijay Shah

Executive Director & Chief Operating Officer

11. CERTIFICATE ON CORPORATE GOVERNANCE

Certificate from N.L. Bhatia & Associates, Practicing Company Secretary, confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49, is attached to the Directors' Report forming part of the Annual Report.

NOTICE

NOTICE is hereby given that the 65th Annual General Meeting of the Members of Piramal Healthcare Limited will be held on Thursday, the 19th day of July, 2012 at 11.00 a.m. at Yashwantrao Chavan Pratishthan, General Jagannath Bhosale Marg, Opposite Mantralaya, Nariman Point, Mumbai - 400 021, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at and the Statement of Profit and Loss for the financial year ended on 31st March, 2012 and the Reports of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. S. Ramadorai, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. Keki Dadiseth, 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. Change of name of the Company

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT in accordance with the provisions of Section 21 and other applicable provisions, if any, of the Companies Act, 1956 (“the Act”) and subject to the approval of the Central Government, the name of the Company be changed from “Piramal Healthcare Limited” to “**Piramal Enterprises Limited**”;

RESOLVED FURTHER THAT upon fresh Certificate of Incorporation consequent to change of name of the Company being issued by the Registrar of Companies, the name “**Piramal Enterprises Limited**” be inserted in place of the present name of the Company wherever appearing in the Memorandum and Articles of Association of the Company AND THAT the Board of Directors (which term shall include its Committee(s) constituted / to be constituted by it to exercise its powers including the powers conferred by this resolution), be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary to give effect to this resolution.”

7. Re - appointment of Mr. Ajay G. Piramal as Chairman

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT in accordance with the provisions of sections 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (“the Act”) (including any statutory modifications or re-enactment thereof for the time being in force), approval of the members be and is hereby accorded to the re-appointment of Mr. Ajay G. Piramal as Whole – Time Director designated as Chairman of the Company, not liable to retire by rotation, for a further period of 5 years with effect from 1st April, 2012 upon the terms and conditions including payment of remuneration, perquisites and benefits as are set out in the draft of the Agreement to be entered into between the Company and Mr. Piramal and main terms of which are set out hereunder, which Draft Agreement is hereby approved, with liberty and powers to the Board of Directors (“the Board” which term shall include its Committee(s) constituted / to be constituted by it to exercise its powers including the powers conferred by this resolution) to grant increments and alter and vary from time to time the terms and conditions, including the amount and type of perquisites, allowances and benefits to be provided to Mr. Piramal subject to the applicable provisions of Schedule XIII of the Act:

- a) **Basic Salary** : ₹ 3,26,70,000 per annum (i.e. ₹ 27,22,500 per month);
- b) **Perquisites and Allowances**: Mr. Piramal will be entitled to perquisites, benefits and allowances like furnished residential accommodation (or house rent allowance in lieu thereof), special allowance, reimbursement of expenses in respect of gas, electricity and water, reimbursement of telephone expenses, furnishing and repairs, medical reimbursement for self and family, Leave Travel Allowance, personal accident insurance, leave and encashment of leave, contributions to provident fund and superannuation or annuity fund, gratuity and/or contribution to gratuity fund, chauffeur driven company maintained / leased cars (or allowances in lieu thereof) and such other payments in the nature of perquisites, benefits and allowances as per Company policy in force from time to time or as may otherwise be decided by the Board;

In arriving at the value of perquisites, in so far as there exists a provision for valuation of such perquisites under the Income Tax Rules, the value shall be determined on the basis of the Income Tax Rules in force from time to time;

PROVIDED HOWEVER THAT Total Fixed Pay (as defined hereinbelow) shall not exceed ₹ 6,00,00,000 (Rupees Six crores) per annum, with authority to the Board to grant such annual increments and/or revisions in the Total Fixed Pay and/or in the components thereof from time to time during the tenure of his appointment, subject to the applicable provisions of Schedule XIII of the Act. PROVIDED FURTHER THAT the limits referred to herein shall not apply to those components of his perquisites which, as per Company Policy in force from time to time, are reimbursable at actuals;

Total Fixed Pay: For the purpose of this resolution, the term “Total Fixed Pay” shall mean the aggregate of and shall include all fixed components (including basic salary) of Mr. Piramal’s remuneration, all allowances and the value of all perquisites as per Company Policy in force from time to time, excluding Performance Linked Incentive;

- c) **Performance Linked Incentive:** In addition to Total Fixed Pay, Mr. Piramal shall also be entitled to Performance Linked Incentive of such amount as may be determined by the Board for each financial year of the Company or part thereof, subject to the applicable provisions of Schedule XIII of the Act, taking into consideration various criteria, including the performance of Mr. Piramal and the performance of the Company;

RESOLVED FURTHER THAT the Board shall have authority to grant increments and/or to alter and vary from time to time the terms of his remuneration as aforesaid and to finalise and from time to time, to alter and vary, the terms and conditions of his appointment, in accordance with the general policy of the Company or as may otherwise be decided by the Board, as it may deem fit and proper, subject to the applicable provisions of Schedule XIII of the Act;

RESOLVED FURTHER THAT if in any financial year the Company has no profits or its profits are inadequate, Mr. Piramal shall be entitled to receive the aforesaid remuneration, perquisites, performance linked incentive and benefits on the same terms as set out above, subject to compliance with the applicable provisions of Schedule XIII of the Act, if and to the extent necessary, with the approval of the Central Government.”

8. Re - appointment of Ms. Nandini Piramal as Executive Director

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT in accordance with the provisions of sections 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (“the Act”) (including any statutory modifications or re-enactment thereof for the time being in force), approval of the members be and is hereby accorded to the re-appointment of Ms. Nandini Piramal as Whole – Time Director designated as ‘Executive Director’, not liable to retire by rotation, for a period of 5 years with effect from 1st April, 2012 upon the terms and conditions including payment of remuneration, perquisites and benefits as are set out in the draft of the Agreement to be entered into between the Company and Ms. Piramal and main terms of which are set out hereunder, which Draft Agreement is hereby approved, with liberty and powers to the Board of Directors (“the Board” which term shall include its Committee(s) constituted / to be constituted by it to exercise its powers including the powers conferred by this resolution) to re-designate her and/or reallocate her duties and responsibilities and to grant increments and alter and vary from time to time the terms and conditions, including the amount and type of perquisites, allowances and benefits to be provided to Ms. Piramal, subject to the applicable provisions of Schedule XIII of the Act:

- a) **Basic Salary** : ₹ 80,00,000 per annum (i.e. ₹ 6,66,667 per month);
- b) **Perquisites and Allowances:** Ms. Piramal will also be entitled to perquisites, benefits and allowances like furnished residential accommodation (or house rent allowance in lieu thereof), special allowance, reimbursement of expenses in respect of gas, electricity and water, reimbursement of telephone expenses, furnishing and repairs, medical reimbursement for self and family, Leave Travel Allowance, personal accident insurance, leave and encashment of leave, contributions to provident fund and superannuation or annuity fund, gratuity and/or contribution to gratuity fund, chauffeur driven company maintained / leased cars (or allowances in lieu thereof) and such other payments in the nature of perquisites, benefits and allowances as per Company policy in force from time to time or as may otherwise be decided by the Board;

In arriving at the value of perquisites, in so far as there exists a provision for valuation of such perquisites under the Income Tax Rules, the value shall be determined on the basis of the Income Tax Rules in force from time to time;

PROVIDED HOWEVER THAT Total Fixed Pay (as defined hereinbelow) shall not exceed ₹ 2,00,00,000 (Rupees Two crores) per annum, with authority to the Board to grant such annual increments and/or revisions in the Total Fixed Pay and/or in the components thereof from time to time during the tenure of her appointment, subject to the applicable provisions of Schedule XIII of the Act. PROVIDED FURTHER THAT the limits referred to herein shall not apply to those components of her perquisites which, as per Company Policy in force from time to time, are reimbursable at actuals;

Total Fixed Pay: For the purpose of this resolution, the term “Total Fixed Pay” shall mean the aggregate of and shall include all fixed components (including basic salary) of Ms. Piramal’s remuneration, all allowances and the value of all perquisites as per Company Policy in force from time to time, excluding Performance Linked Incentive;

- c) **Performance Linked Incentive:** In addition to Total Fixed Pay, Ms. Piramal shall also be entitled to Performance Linked Incentive of such amount as may be determined by the Board for each financial year of the Company or part thereof, subject to the applicable provisions of Schedule XIII of the Act, taking into consideration various criteria, including the performance of Ms. Piramal and the performance of the Company;

RESOLVED FURTHER THAT the Board shall have authority to grant increments and/or to alter and vary from time to time the terms of her remuneration as aforesaid and to finalise and from time to time, to alter and vary, the terms and conditions of her appointment, in accordance with the general policy of the Company or as may otherwise be decided by the Board, as it may deem fit and proper, subject to the applicable provisions of Schedule XIII of the Act;

RESOLVED FURTHER THAT if in any financial year the Company has no profits or its profits are inadequate, Ms. Piramal shall be entitled to receive the aforesaid remuneration, perquisites, performance linked incentive and benefits on the same terms as set out above, subject to compliance with the applicable provisions of Schedule XIII of the Act, if and to the extent necessary, with the approval of the Central Government.”

9. Appointment of Mr. Vijay Shah as Executive Director & Chief Operating Officer

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

“RESOLVED THAT Mr. Vijay Shah, who was appointed as Director in the casual vacancy caused by the retirement of Mr. N. Santhanam, with effect from 1st January, 2012, under section 262 of the Companies Act, 1956, read with Article 116 of the Articles of Association of the Company, be and is hereby appointed as a Director on the Board of Directors of the Company.”

- b) To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT in accordance with the provisions of sections 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (“the Act”) (including any statutory modifications or re-enactment thereof for the time being in force), approval of the members be and is hereby accorded to the appointment of Mr. Vijay Shah as Whole – Time Director designated as ‘Executive Director & Chief Operating Officer’ with effect from 1st January, 2012, for a period of 3 years, liable to retire by rotation, upon the terms and conditions including payment of remuneration, perquisites and benefits as are set out in the draft of the Agreement to be entered into between the Company and Mr. Vijay Shah and main terms of which are set out hereunder, which Draft Agreement is hereby approved, with liberty and powers to the Board of Directors (“the Board” which term shall include its Committee(s) constituted / to be constituted by it to exercise its powers including the powers conferred by this resolution) to re-designate him and/or reallocate his duties and responsibilities and to grant increments and alter and vary from time to time the terms and conditions, including the amount and type of perquisites, allowances and benefits to be provided to Mr. Vijay Shah subject to the applicable provisions of Schedule XIII of the Act:

- a) **Basic Salary** : ₹ 2,00,00,000 per annum (i.e. ₹ 16,66,667 per month);
- b) **Perquisites and Allowances:** Mr. Shah will be entitled to perquisites, benefits and allowances like furnished residential accommodation (or house rent allowance in lieu thereof), special allowance, reimbursement of expenses in respect of gas, electricity and water, reimbursement of telephone expenses, furnishing and repairs, medical reimbursement for self and family, Leave Travel Allowance, personal accident insurance, leave and encashment of leave, contributions to provident fund and superannuation or annuity fund, gratuity

and/or contribution to gratuity fund, chauffeur driven company maintained / leased cars (or allowances in lieu thereof) and such other payments in the nature of perquisites, benefits and allowances as per Company policy in force from time to time or as may otherwise be decided by the Board;

In arriving at the value of perquisites, in so far as there exists a provision for valuation of such perquisites under the Income Tax Rules, the value shall be determined on the basis of the Income Tax Rules in force from time to time;

PROVIDED HOWEVER THAT Total Fixed Pay (as defined hereinbelow) shall not exceed ₹ 3,50,00,000 (Rupees Three crores Fifty lakhs) per annum, with authority to the Board to grant such annual increments and/or revisions in the Total Fixed Pay and/or in the components thereof from time to time during the tenure of his appointment, subject to the applicable provisions of Schedule XIII of the Act. PROVIDED FURTHER THAT the limits referred to herein shall not apply to those components of his perquisites which, as per Company Policy in force from time to time, are reimbursable at actuals;

Total Fixed Pay: For the purpose of this resolution, the term "Total Fixed Pay" shall mean the aggregate of and shall include all fixed components (including basic salary) of Mr. Vijay Shah's remuneration, all allowances and the value of all perquisites as per Company Policy in force from time to time, excluding Performance Linked Incentive and Employee Stock Options ("ESOPs");

- c) **Performance Linked Incentive:** In addition to Total Fixed Pay, Mr. Vijay Shah shall also be entitled to Performance Linked Incentive of such amount as may be determined by the Board for each financial year of the Company or part thereof, subject to the applicable provisions of Schedule XIII of the Act, taking into consideration various criteria, including the performance of Mr. Vijay Shah and the performance of the Company;
- d) **ESOPs:** In addition to Total Fixed Pay and Performance Linked Incentive, Mr. Vijay Shah shall also be entitled to ESOPs for each financial year or part thereof, under the Company's Employees Stock Option Plan, in force from time to time;

RESOLVED FURTHER THAT the Board shall have authority to grant increments and/or to alter and vary from time to time the terms of his remuneration as aforesaid and to finalise and from time to time, to alter and vary, the terms and conditions of his appointment, in accordance with the general policy of the Company or as may otherwise be decided by the Board, as it may deem fit and proper subject to the applicable provisions of Schedule XIII of the Act;

RESOLVED FURTHER THAT if in any financial year the Company has no profits or its profits are inadequate, Mr. Shah shall be entitled to receive the aforesaid remuneration, perquisites, performance linked incentive and benefits on the same terms as set out above, subject to compliance with the applicable provisions of Schedule XIII of the Act, if and to the extent necessary, with the approval of the Central Government."

NOTES:

1. **A member entitled to attend and vote at the Annual General Meeting ("the Meeting") is entitled to appoint a proxy to attend and to vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the Meeting.**
2. The Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 is annexed hereto.
3. The Company has already notified closure of Register of Members and Transfer Books thereof from Wednesday, 11th July, 2012 to Thursday, 19th July, 2012 (both days inclusive) for determining the names of members eligible for dividend on equity shares.
4. Dividend on equity shares when declared at the Meeting, will be paid between 20th July, 2012 and 25th July, 2012.
5. Relevant documents referred to in the Notice and Explanatory Statement are open for inspection at the Registered Office of the Company on all working days, except Saturdays between 11.00 a.m. and 1.00 p.m. upto the date of the Meeting.
6. **Directors**
Mr. S. Ramadorai and Mr. Keki Dadiseth retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

Mr. Ajay G. Piramal, Chairman and Ms. Nandini Piramal, Executive Director, are also proposed for re-appointment for a period of 5 years with effect from 1st April, 2012.

Approval of shareholders is also being sought for the appointment of Mr. Vijay Shah as Executive Director & Chief Operating Officer for a period of 3 years with effect from 1st January, 2012. Mr. Vijay Shah was appointed as such, in the casual vacancy caused by the retirement of Mr. N. Santhanam.

The information to be provided for these Directors under Clause 49 of the Listing Agreement is given in the Report on Corporate Governance forming part of the Annual Report.

7. Members are requested to bring their Attendance Slip along with their copy of Annual Report to the Meeting.
8. In case of Joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
9. 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 10th July, 2012. 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.
10. 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.

Financial Year ended	Due date of transfer
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
31.03.2011	09.09.2018

11. Pursuant to Section 205C of the Companies Act, 1956 all unclaimed dividends for the financial years ended 31st March, 1996 to 31st March, 2004 have been transferred to the Investor Education and Protection Fund.
12. 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.
13. 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.
14. 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.

15. 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.
16. Your Company is concerned about the environment and utilizes natural resources in a sustainable manner. Towards this end, the Company supports in full measure, the 'Green Initiative' of the Ministry of Corporate Affairs under which, 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. To support this green initiative of the Government, members who would like to receive such notices / documents in electronic mode and who have not registered their E-mail addresses so far, are requested to do so by sending a request to the Company's Share Transfer Agent, mentioning therein their folio number and E-mail address to which such documents can be sent. For shareholders holding shares in electronic form, such request can also be sent electronically to complianceofficer.phl@piramal.com from the same E-mail address registered with the depository participants.

Registered Office:

Piramal Tower,
Ganpatrao Kadam Marg,
Lower Parel,
Mumbai - 400 013.
Dated: 14th June, 2012

By Order of the Board

Leonard D'Souza
Company Secretary

Explanatory Statement under Section 173(2) of the Companies Act, 1956

Item No. 6

Change of name of the Company

Until May 2010, the word 'Healthcare' in the name of the Company appropriately reflected its business, which was pharmaceuticals and healthcare. Subsequent to the sale of Domestic Formulations Business, the Company has diversified into new businesses.

The business profile of the Company therefore is undergoing a change and is no longer confined to pharmaceuticals and healthcare. However, the word 'Healthcare' currently forming part of its name, indicates otherwise.

In order to appropriately reflect the Company's changed business profile, it is proposed that the name of the Company be changed to "Piramal Enterprises Limited".

The Registrar of Companies, Maharashtra, Mumbai has vide its letter dated 13th June, 2012, made this name available to the Company.

None of the Directors are concerned or interested in this resolution except Mr. Ajay G. Piramal, Dr. (Mrs.) Swati A. Piramal and Ms. Nandini Piramal, Directors belonging to the Promoter Group.

The Board recommends the resolution as set out at Item No. 6 of the Notice for your approval.

Item No. 7

Re - appointment of Mr. Ajay G. Piramal as Chairman

Members will recall that by a Special Resolution passed on 14th March, 2007, members had approved the appointment of Mr. Ajay G. Piramal as Chairman, for a period of 5 years, w.e.f. 1st April, 2007.

Since the said period of 5 years was to expire on 31st March, 2012, the Board of Directors of the Company, taking into consideration several factors, including the various strategies successfully executed by the Company during the last 5 years under Mr. Piramal's stellar leadership, which has added value both to the Company, its shareholders and its employees, notably being the successful sale of the Domestic Formulations Business, as well as considering the various strategic growth initiatives currently being contemplated / pursued in terms of new business initiatives as well as for the Company's existing businesses towards a prudent and astute deployment of funds and the need for achieving growth and performance targets given the attendant challenges and the responsibilities in this regard and also considering the prevalent trend in the industry and other criteria, decided to continue the appointment of Mr. Piramal as 'Chairman', not liable to retire by rotation, for a further period of 5 years, with effect from 1st April, 2012 and approved the terms and conditions including payment of remuneration as recommended by the Nomination & Remuneration Committee, subject to the requisite approval of shareholders.

Mr. Piramal did his B.Sc (Hons) from Bombay University. He completed his Masters in Management Studies from Jamnalal Bajaj Institute of Management Studies and also did an Advanced Management Programme from Harvard Business School. Further details relating to Mr. Piramal are given in the Report on Corporate Governance forming part of the Annual Report.

The terms and conditions, including remuneration payable to Mr. Piramal, are contained in the Draft Agreement ("Agreement") proposed to be entered into by the Company with Mr. Piramal, main terms of which are set out in the resolution at item no. 7 of the accompanying Notice.

The above may be treated as the requisite abstract of the Agreement proposed to be entered into by the Company with Mr. Piramal, as required under section 302 of the Companies Act, 1956.

A copy of the Agreement along with the relevant Company policy are open for inspection at the Registered Office of the Company on all working days, except Saturdays between 11.00 a.m. and 1.00 p.m. upto the date of the Meeting.

Mr. Ajay G. Piramal may be deemed to be interested in this resolution as it concerns his appointment. Dr. (Mrs.) Swati Piramal and Ms. Nandini Piramal may also be deemed to be interested in this resolution, they being related to him. Save and except the above, none of the other Directors of the Company are, in any way, concerned or interested in this resolution.

The Board recommends the resolution as set out at Item No. 7 of the Notice for your approval.

Item No. 8**Re - appointment of Ms. Nandini Piramal as Executive Director**

Members will recall that by a Special Resolution passed at the 62nd Annual General Meeting on 18th June, 2009, members had approved the appointment of Ms. Nandini Piramal as Executive Director, for a period of 3 years, w.e.f. 1st April, 2009.

Since the said period of 3 years was to expire on 31st March, 2012, the Board of Directors of the Company, taking into consideration several factors, including the performance of Ms. Piramal during her tenure, additional responsibilities and growth and performance targets for the functions under her responsibility, decided to continue the appointment of Ms. Piramal as Executive Director, not liable to retire by rotation, for a period of 5 years, with effect from 1st April, 2012 and approved the terms and conditions including payment of remuneration as recommended by the Nomination & Remuneration Committee, subject to the requisite approval of shareholders.

Ms. Piramal graduated in BA (Hons) from Hertford College, Oxford University and is an MBA of the Stanford Graduate School of Business. Her outstanding academic performance in the MBA Programme was acknowledged by the Stanford Graduate School of Business. Further details relating to Ms. Piramal are given in the Report on Corporate Governance forming part of the Annual Report.

The terms and conditions, including remuneration payable to Ms. Piramal are contained in the Draft Agreement ("Agreement") proposed to be entered into by the Company with Ms. Piramal, main terms of which are set out in the resolution at item no. 8 of the accompanying Notice.

The above may be treated as the requisite abstract of the Agreement proposed to be entered into by the Company with Ms. Piramal, as required under section 302 of the Companies Act, 1956.

A copy of the Agreement along with the relevant Company policy are open for inspection at the Registered Office of the Company on all working days, except Saturdays between 11.00 a.m. and 1.00 p.m. upto the date of the Meeting.

Ms. Piramal may be deemed to be interested in this resolution as it concerns her appointment. Mr. Ajay G. Piramal and Dr. (Mrs.) Swati Piramal may also be deemed to be interested in this resolution, they being related to her. Save and except the above, none of the other Directors of the Company are, in any way, concerned or interested in this resolution.

The Board recommends the resolution as set out at Item No. 8 of the Notice for your approval.

Item No. 9**Appointment of Mr. Vijay Shah as Executive Director & Chief Operating Officer**

Members will recall that Mr. Vijay Shah was earlier the Chief Operating Officer and Whole-Time Director of the Company, until April 2006, when he was appointed as the Managing Director of Piramal Glass Limited ("PGL"). With the retirement of Mr. N. Santhanam as Executive Director and Chief Operating Officer of the Company with effect from 31st December, 2011, the Board of Directors of the Company, taking into consideration, Mr. Shah's excellent performance, leadership skills and deep knowledge of the various businesses of the Company, decided to appoint him as 'Executive Director & Chief Operating Officer', liable to retire by rotation, for a period of 3 years, with effect from 1st January, 2012, in the casual vacancy caused by the retirement of Mr. N. Santhanam and approved the terms and conditions including payment of remuneration as recommended by the Nomination & Remuneration Committee, subject to the requisite approval of shareholders.

Mr. Shah is a first class in B.Com and a Chartered Accountant (rank holder). He has also done a Management Education Programme from IIM, Ahmedabad and the Advanced Management Program from the Harvard Business School, Boston, USA and has more than 24 years of rich and varied experience in Corporate Management and Business Strategy. Further details relating to Mr. Shah are given in the Report on Corporate Governance forming part of the Annual Report.

As required under section 257 of the Companies Act, 1956, the Company has received joint notice alongwith deposit, from some members proposing the candidature of Mr. Shah as Director of the Company.

The terms and conditions, including remuneration payable to Mr. Shah are contained in the Draft Agreement ("Agreement") proposed to be entered into by the Company with Mr. Shah, main terms of which are set out in the resolution at item no. 9 of the accompanying Notice.

The above may be treated as the requisite abstract of the Agreement proposed to be entered into by the Company with Mr. Shah, as required under section 302 of the Companies Act, 1956.

A copy of the Agreement along with the relevant Company policy are open for inspection at the Registered Office of the Company on all working days, except Saturdays between 11.00 a.m. and 1.00 p.m. upto the date of the Meeting.

Mr. Vijay Shah may be deemed to be interested in this resolution as it concerns his appointment. Save and except the above, none of the other Directors of the Company are, in any way, concerned or interested in this resolution.

The Board recommends the resolution as set out at Item No. 9 of the Notice for your approval.

Registered Office:

Piramal Tower,
Ganpatrao Kadam Marg,
Lower Parel,
Mumbai - 400 013.
Dated: 14th June, 2012

By Order of the Board

Leonard D'Souza
Company Secretary

DIRECTORS' REPORT

Dear Shareholders,

We take pleasure in presenting the 65th Annual Report and Audited Accounts for the Year ended 31st March, 2012.

PERFORMANCE HIGHLIGHTS: (Standalone)

₹ in Crores

Particulars	FY 2011 - 12	FY 2010 - 11
Operating income	1,153.5	814.4
Income from Investments	254.7	379.7
Total Operating Income	1,408.2	1,194.1
R&D Expenses	167.9	39.4
Other Expenses	1,122.5	901.7
EBIDTA excluding FOREX impact	117.8	253.0
Foreign Exchange Gain / (Loss)	279.7	92.6
EBIDTA	397.5	345.6
% margin	28.3%	28.9%
Less:		
Interest Expenses	199.9	80.1
Depreciation	76.4	59.0
Profit before tax and Exceptional items	121.2	206.6
Add: Exceptional Items Income / (Expenses) (Net)	-	16,209.9
Profit before tax	121.2	16,416.5
Less:		
Income Tax provision	(9.5)	3,670.3
— Current	22.5	3,682.8
— Deferred	8.2	(12.5)
— MAT Credit Entitlement	(40.2)	-
Profit after tax for continuing businesses	130.7	12,746.2
% margin	9.3%	NA
Add:		
Profit from discontinued operations after tax	-	150.7
Profit for the year	130.7	12,896.9
Add:		
Profit brought forward from previous year	5,768.3	460.6
Profit available for appropriation	5,899.0	13,357.5
Appropriation:		
Proposed dividend		
— Equity Shares	302.0	200.7
— Dividend Distribution Tax thereon	49.0	32.6
Transfer to General Reserve	13.1	7,398.6
Transfer from Debenture Redemption Reserve	-	50.0
Transfer to Debenture Redemption Reserve	7.5	7.5
P&L Debit balance of Demerged R&D NCE Unit	330.0	-
Balance carried to Balance Sheet	5,197.4	5,768.2
Earnings Per Share (Basic / Diluted) (₹)	7.7	572.8

DIVIDEND

The Board has recommended Equity Dividend at ₹ 17.50 per equity share of ₹ 2 (i.e. 875%).

The above dividend will be paid to eligible members after the approval by the members at the forthcoming Annual General Meeting ('AGM') between 20th July, 2012 and 25th July, 2012.

The total cash outflow on account of dividend payments, including distribution tax, will be ₹ 351 crores (FY 2011 ₹ 233.2 crores).

The Board recommends the above dividend for declaration by the members.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR 2012:

Entry into Financial Services Sector:

Your Company ("PHL") has 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, your Company has forayed into Financial Services sector. India has had strong GDP growth in the past decade and is likely to continue with 7-8% GDP growth rate for the next decade. Given sound economic fundamentals, rising disposable income and growth of 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 has commenced lending to real estate sector and other sector such as education through a Non Banking Finance Company – PHL Finance Pvt. Ltd.

Acquisition of INDIAREIT Fund Advisors & INDIAREIT Investment Management:

Towards building a strong financial services business, your Company has acquired INDIAREIT Fund Advisors Pvt. Ltd. and INDIAREIT Investment Management Company for the total consideration of ₹ 225 crores. INDIAREIT Fund Advisors Pvt. Ltd. is 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. As on 31st March, 2012, the total fund size under management for these funds is ₹ 4,187 crores.

Demerger of PLSL's NCE research unit into PHL:

During the year, the NCE R&D unit of Piramal Life Sciences Limited ('PLSL') was demerged into PHL with effect from 1st April, 2011, as per the scheme of arrangement approved by the Hon'ble Bombay High Court. Under the scheme, each shareholder of PLSL was allotted one fully paid up equity share of ₹ 2 of PHL for every four equity shares of ₹ 10 each held in PLSL. All assets and liabilities of the NCE division were transferred to PHL at book value.

The rationale behind the demerger of PLSL's NCE R&D unit into PHL is to get access to the innovative platform of PLSL through which your Company can build its innovative discovery and commercialisation business. PHL can better utilise its manufacturing infrastructure and leverage its marketing experience with products from the division.

Investment in Vodafone India:

After the sale of Healthcare solutions business to Abbott, your Company has received significant funds which will be invested in growing existing businesses and building new businesses. However, the whole process of finding the right strategic investment opportunity will take time. In the interim, your Company has bought ~11% stake in Vodafone India Limited for a consideration of ₹ 5,864 crores (USD 1.2 billion) in two tranches, first ~5.5% for ₹ 2,858 crores in August 2011 and second ~5.5% for ₹ 3,006 crores in February 2012. The rationale for this investment was to utilize surplus funds from sale of healthcare solutions.

OPERATIONS REVIEW:

The financials of the year 2011-12 have been restated to show separately profit from the discontinued operations. Total Operating Income for the year grew by 17.9% to ₹ 1,408.2 crores against ₹ 1,194.1 crores in FY2011. Operating Profit (OPBIDTA) was higher at ₹ 397.5 crores against ₹ 345.6 crores in FY2011 due to higher foreign exchange gain (₹ 279.7 crores in FY2012 as compared to ₹ 92.6 crores in FY2011). Profit after Tax was ₹ 130.7 crores and Earnings per share were ₹ 7.7 for the year.

A detailed discussion of operations for the year ended 31st March, 2012 is given in the Management Discussion and Analysis.

RESEARCH & DEVELOPMENT:

With the demerger of NCE R&D unit of PLSL into PHL, your Company now focuses on the discovery and development of novel drugs to treat unmet medical conditions in the therapeutic areas of cancer, metabolic disorders, inflammation and infectious diseases. Your Company aspires to launch a new chemical entity (NCE) discovered in-house in the global market.

The Piramal R&D Centre has state-of-the-art research laboratories in Goregaon, Mumbai built over 200,000 square feet and a world-class team of scientists. The Centre has comprehensive capabilities spanning target identification, lead discovery and optimization, to IND enabling pre-clinical development and clinical R&D.

Your Company's focused and well defined business strategy has enabled it to successfully identify promising candidates and build a robust pipeline of molecules for different indications at various stages of preclinical and clinical development.

PHL is committed to widening its pipeline through licensing and research collaborations and currently has partnerships with leading global pharmaceutical companies including Eli Lilly and Merck and premier institutes in India and abroad. A more detailed description of various programmes in R&D is given in Management Discussion and Analysis.

The strength of the research and development staff was 466 people in FY2012 as compared to 129 people in FY2011. The increase in R&D staff is due to the demerger of NCE R&D unit of PLSL into PHL.

SUBSIDIARY COMPANIES:

Piramal Healthcare UK Ltd.

Net sales for FY2012 grew by 12.5% to ₹ 476.7 crores against ₹ 423.9 crores in FY2011, aided by favourable currency movement. Operating margin for the year was higher at 12.6% against 10.9% in the last year, driven by continuous operational excellence exercise. Operating Profit for the year grew by 30.0% to ₹ 60.3 crores as compared to ₹ 46.3 crores in FY2011. Similarly, Net profit was higher at ₹ 42.3 crores as compared to ₹ 31.5 crores in FY2011 registering growth of 34.2%.

Piramal Healthcare (Canada) Ltd.

Net Sales for FY2012 were stable at ₹ 93.5 crores as compared to ₹ 94.0 crores for FY2011. R&D expenses, mainly on development of innovative cartilage repair gel - BST-CarGel® was higher at ₹ 47.6 crores as compared to ₹ 15.3 crores in FY2011. As a result, Operating loss for FY2012 was higher at ₹ 30.8 crores as compared to ₹ 3.5 crores for FY2011. Similarly, Net loss for the year was ₹ 50.2 crores as compared to Net loss of ₹ 16.0 crores for FY2011. Subsequently, in April 2012, PHL has received European CE mark approval for BST-CarGel® which will enable your company to commercialize this product in all countries of European Union.

Piramal Healthcare Inc.

Piramal Healthcare Inc. includes financials of Piramal Critical Care Inc. Net sales for the year grew by 1.7% to ₹ 281.2 crores as compared to ₹ 276.6 crores for FY2011. Growth in this business was lower due to pricing pressure on Sevoflurane in US markets and delay in launching Sevoflurane in European markets. During the year, the patent litigation on generic version of Suprane (desflurane) with Baxter Healthcare was settled. Under the terms of the settlement, PHL has obtained a license to Baxter patent which will allow your Company to launch generic desflurane in US market from 1st January, 2014 and in non-US market from 24th April, 2012.

The Operating Profit was up by 168.3% to ₹ 26.8 crores as compared to ₹ 10.0 crores in FY2011 mainly due to lower SG&A expenses. Net loss for the year was lower at ₹ 32.8 crores compared to ₹ 38.0 crores in FY2011.

Piramal Pharmaceutical Development Services Pvt. Ltd.

Net Sales for the year grew about two fold to ₹ 57.4 crores as compared to ₹ 19.3 crores for FY2011 mainly due to consolidation of full year financials of Oxygen Bio Research Pvt. Ltd., which was acquired in January 2011. The Operating profit grew by 161.9% to ₹ 16.8 crores as compared to ₹ 6.4 crores in FY2011. Net Profit for the year was up by 249.5% to ₹ 9.8 crores as compared to ₹ 2.8 crores in FY2011.

INDIAREIT Fund Advisors Pvt. Ltd.

During the year, your Company acquired INDIAREIT Fund Advisors & INDIAREIT Investment Management. 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 and INDIAREIT Investment Management Company is manager to offshore real estate private equity funds investing in India through the FDI route. During the year, INDIAREIT received a mandate from Trafalgar/F&C Reit, a leading UK-owned international real estate manager to manage their India fund. The total fund size under management for these funds was ₹ 4,187 crores as on 31st March 2012. For FY2012, INDIAREIT Fund Advisors Pvt. Ltd. reported Total income of ₹ 28.0 crores and Profit after tax of ₹ 9.0 crores.

PHL Finance Pvt. Ltd.

During the year, your Company commenced lending to real estate sector and other sectors such as education through a Non Banking Finance Company – PHL Finance Pvt. Ltd. ('PHLFL'). There is strong team in place and operations have been commenced during the year. As on 31st March 2012, PHLFL had a loan book of ₹ 89.4 crores. PHLFL reported Total income of ₹ 15.4 crores and Profit after tax of ₹ 5.8 crores for FY2012.

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

JOINT VENTURE:

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 19.2% to ₹ 168.6 crores (FY2011 Net Sales: ₹ 141.4 crores). The Operating Profit for FY2012 was up by 4.8% to ₹ 40.3 crores as compared to ₹ 38.4 crores in FY2011. Profit after Tax for FY2012 was up by 5.7% to ₹ 25.6 crores as compared to ₹ 24.2 crores for FY2011.

INDUSTRY OUTLOOK:

The global pharma outsourcing market grew at 15% CAGR from USD 44 billion in 2007 to USD 67 billion in 2010 (Source: ICRA Limited: CRAMS India, June 2011). The global outsourcing trend is likely to continue fuelled by the mounting healthcare costs in developed economies and decreasing profitability of pharma companies due to patent expiry of several blockbuster drugs. Strong growth prospects for the industry are backed by cost pressures for innovative companies and increasing genericisation. The de-stocking exercise of the client companies is over and the industry is back to its normal growth trajectory. Established relationships & trust with innovators, quality infrastructure, good regulatory track record and low production & R&D cost will aid strong growth for the Indian companies operating in this sector.

SIGNIFICANT EVENTS POST BALANCE SHEET DATE:

European regulatory approval for BST-CarGel®

PHL has received the European CE mark approval for its innovative bio-orthopedic product for cartilage repair, BST-CarGel® in April 2012. BST-CarGel®, an EU class III medical device, is a novel natural polysaccharide based liquid scaffold which, combined with the patient's whole blood, is then implanted into a debrided cartilage lesion prepared with bone marrow access. European regulatory approval enables PHL to commercialize BST-CarGel® in all of the countries in the European Union.

Acquisition of Bayer's molecular imaging development portfolio

PHL has acquired worldwide rights to the molecular imaging research and development portfolio of Bayer Pharma AG through its newly created subsidiary – Piramal Imaging SA in April 2012. The portfolio includes rights to florbetaben, which is in the final stages of its Phase III clinical trials. Florbetaben is a PET tracer for the detection of beta-Amyloid plaque deposition in the brain, which is the pathological hallmark of disease in probable Alzheimer's disease patients. First Phase III trial showed that PET imaging with florbetaben reliably detects beta-Amyloid in the brain during life with great accuracy and thus shows value as a potential tool to aid in the diagnosis and assessment of Alzheimer's disease.

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 issues raised by both, the Internal Auditors and the Statutory Auditors.

HUMAN RESOURCES:

Employees are vital to PHL. We have created a favorable work environment that encourages innovation and meritocracy. We had staff strength of 2,913 employees (FY2011: 2,337 employees) as at 31st March, 2012. The increase in the number of R&D employees is due to the demerger of NCE R&D unit of PLSL into PHL during the year.

No.	Function	31 st March, 2012	31 st March, 2011	Change
a.	Field	509	436	73
b.	R&D	466	129	337
c.	Others	1,938	1,772	166
	Total	2,913	2,337	576

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 at the registered office of the Company during working hours upto the date of the AGM.

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 Annexure III to this Report.

COST AUDIT:

M/s. G.R. Kulkarni & Associates, Cost Accountants have been duly appointed as Cost Auditors for conducting Cost Audit for the Formulations and Bulk Drug plants of the Company for current financial year ending 31st March, 2013. They were also the cost auditors for the previous year ended 31st March, 2012.

The Cost Audit Reports are required to be filed within 180 days from the end of the financial year. The Cost Audit Reports for the financial year ended 31st March, 2011 were filed on 27th September, 2011.

The Cost Audit Reports for the financial year ended 31st March, 2012 will be filed within the prescribed period.

ENVIRONMENT, HEALTH AND SAFETY (EHS):

At PHL, it is our endeavor to always act in a safe and environmentally responsible manner so that employees, the community at large and the environment including the natural resources are well protected.

We are seeking continuous improvements in our Environment, Health & Safety (EHS) performance by:

- Integrating Environment, Health & Safety considerations into planning and decision making in all areas of business, such as R&D, product development, projects, supply chain & manufacturing.
- Ensuring EHS as a way of life by aligning all our business activities to safer and cleaner work places and promoting positive work practices that enhance our EHS performance.

- Harmonizing corporate policies and guidelines to EHS procedures & practices across PHL sites and ensuring its implementation at plant levels.
- Evaluating EHS performance at PHL sites through regular assessment of compliance through Corporate EHS audits and self inspections.
- Designing and developing facilities that are efficient in the use of energy thereby minimizing the generation of wastes and recycling, reusing and disposing off residuals so as to reduce the impact on environment.

ENVIRONMENT

All our manufacturing sites remained fully compliant with applicable environmental regulations. 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 to standards far beyond minimum compliance requirements, installation of online monitoring system for process emissions and ambient air quality, and switching over from fossil fuel to carbon neutral fuel, 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 and office premises.

All the employees in PHL undergo annual medical check up which helps them to monitor and maintain their health.

An Industrial Hygiene Program has also been established to provide hygienic working conditions for employees. Through this program, working environmental conditions are monitored to ensure that employees are at all times safe from short term or long term exposure to chemicals, dust, heat, noise, etc.

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, 2012 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. S. Ramadorai and Mr. Keki Dadiseth retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment, which the Board recommends.

Approval of shareholders is also being sought for the re-appointment of Mr. Ajay G. Piramal, Chairman and Ms. Nandini Piramal, Executive Director, for a period of 5 years with effect from 1st April, 2012, which the Board recommends.

Changes during the year

During the year under review, two eminent scientists, viz. Dr. R.A. Mashelkar and Prof. Goverdhan Mehta, were appointed as Independent Directors on the Board of the Company, in place of Mr. R.A. Shah and Mr. Y.H. Malegam, the two senior most independent directors. Both, Mr. Y.H. Malegam and Mr. R.A. Shah have been associated as members of the Board for many years, during which time, they have immensely contributed to the quality of deliberations and various decisions and in shaping the direction and growth of the Company. Your Board acknowledges with gratitude, the honour and reputation that

Mr. Y.H. Malegam and Mr. R.A. Shah have brought to the Board.

Also, during the year, the composition of the Board was strengthened by the appointment of an additional Independent Director, Mr. Amit Chandra with effect from 20th June, 2011.

Another change in the composition of the Board during the year was the appointment of Mr. Vijay Shah as Executive Director and Chief Operating Officer with effect from 1st January, 2012 in place of Mr. N. Santhanam, who retired as Executive Director and Chief Operating Officer with effect from 31st December, 2011. Mr. Santhanam was associated with the Company for over 10 years. The management has vastly benefited from his skills in finance, taxation, legal and corporate secretarial. He also proved his managerial skills which were reflected in his induction on the Board as Executive Director and Chief Operating Officer with varied business responsibilities. Your Board has placed on record its appreciation of the invaluable contribution made by Mr. Santhanam during his tenure with the Company. The appointment of Mr. Vijay Shah as Executive Director and Chief Operating Officer for a period of 3 years with effect from 1st January, 2012 is also being submitted to the shareholders at the ensuing AGM for approval, which the Board recommends.

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 as Annexure I to this Report.

CORPORATE GOVERNANCE:

The Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms part of the Annual Report. The requisite Certificate from Mr. N.L. Bhatia, Practicing Company Secretary, confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid Clause 49, is annexed hereto as Annexure II and forms part of 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

Mumbai
3rd May, 2012

Ajay G. Piramal
Chairman

ANNEXURE I TO THE DIRECTORS' REPORT

(I) Particulars under Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 for the year ended 31st March, 2012

Conservation of Energy

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

Pithampur

- Existing coal fired boilers were modified to permit the use of alternate cheaper and environment friendly agro-based fuel in place of Coal.
- Old VAM chiller has been replaced with new energy efficient chiller.
- Reduction in contracted power from state electricity board from 2500 KVA to 2000 KVA.
- Power Factor of 0.99 has been achieved by efficient operation and monitoring of capacitors.

Ennore

- Installation of variable Frequency Drive to high capacity motors thereby leading to conservation of energy.

Mahad

- Integration of chilled water pipeline resulting in optimum utilization of energy efficient chiller.
- Maintenance of Power Factor to unity by addition of capacitor bank as per load.
- Reduction of steam header pressure by line modification thereby reducing steam consumption and subsequently fuel consumption.
- Rain water harvesting for domestic usage.

Pawne

- Installed a two-way filling machine leading to conservation in electricity.

Digwal

- Power has been shifted from rural feeder to Industrial feeder, which has reduced power failures and resulted in reduction in diesel consumption.
- Installed Effi-max system for Boiler for effective monitoring and reduction in coal consumption.
- Unit-2 Chilled water pumps 20HP X 2 nos have been replaced with existing energy efficient 20HP pump, whereby power savings of 20HP have been achieved.
- Pumping has been avoided at several places by line modifications by providing gravity system & alligning power connections for existing pumps which has resulted in power savings.
- De-centralization of hot water system for production blocks of unit-1, which has resulted in power & steam saving.

FORM A			
		For the year ended 31st March, 2012	For the year ended 31st March, 2011
A	Power and Fuel Consumption		
	1. Gas Electricity		
	(a) (i) Gas		
	Unit (000 M3)	-	-
	Total Amount (₹ In Crores)	-	-
	Rate/Unit (₹)	-	-
	(ii) Electricity		
	Unit (000)	34,391.25	46,540.29
	Total Amount (₹ In Crores)	18.10	22.47
	Rate/Unit (₹)	5.26	4.83
	(b) Own Generation		
	Diesel Generator		
	Unit (000)	6,231.15	4,243.88
	Total Amount (₹ In Crores)	8.23	4.95
	Rate/Unit (₹)	13.21	11.66
	2. Coal		
	Qty. (Tonnes)	18,928.41	22,485.96
	Total Cost (₹ In Crores)	9.91	9.81
	Cost / Unit (₹)	5.23	4.36
	3. Furnace Oil		
	Qty. (K.Ltrs)	501.04	566.27
	Total Cost (₹ In Crores)	2.23	1.84
	Average / K ltrs. (₹)	44,573.04	32,555.85
	4. Other		
	(I) Hydel Power		
	Qty. (000M3)	4,400.00	4,400.00
	Total Cost (₹ In Crores)	1.87	1.84
	Average Rate	4.24	4.19
	(II) HSD OIL		
	Qty. (K.Ltrs)	1,103.27	515.38
	Total Cost (₹ In Crores)	4.84	2.05
	Average Rate	43.91	39.83
	(III) Biomass		
	Qty. (Tonne)	3,153.17	2,251.21
	Total Cost (₹ In Crores)	1.23	1.18
	Average Rate	3.89	5.26
	(IV) Husk		
	Qty. (Tons.)	-	2,022.96
	Total Cost (₹ In Crores)	-	0.80
	Average Rate/Kg (₹)	-	3.93

B. Consumption per unit of Production

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

- Formulation development of several dosage forms such as tablets, capsules, injections, suspension and ophthalmic solutions for Pharma Solutions (International clients).
- Preformulation studies towards characterization of new chemical entities for Pharma Solutions.
- Process development and optimization, scale up and manufacturing of ANDA projects for international clients.

Process Development

- Process development of generic pharmaceutical ingredients and intermediates using cost effective and environment friendly processes.
- Active Pharmaceutical Ingredients (APIs) for Drug Master File (DMF) filing.
- Innovation in process chemistry to achieve commercial and technical breakthroughs.

Drug Discovery and Development

The Company is engaged in the discovery and development of new drugs to address unmet medical needs. To this end the therapeutic areas currently being addressed are:

- **Oncology**
Cyclin Dependent Kinase Inhibitors, PI3 Kinase Inhibitors and TGF- β pathway inhibitors
- **Inflammation**
TNF-Production / Release Inhibitors and safer NSAIDS
- **Diabetes / Metabolic Disorders**
Insulin Sensitizers (non-PPAR γ), DGAT-1 Inhibitors and GPR 40 Modulators
- **Anti-Infectives**
Antibacterials and Antivirals

2. Benefits derived as a result of above

Pharmaceutical R&D

- Development of formulations with agreed quality for global pharmaceutical companies resulting in value addition through reduced development cost.
- Discovery and development support to strengthen product pipeline of clients.
- Strengthening support to global innovator companies through our “network” capabilities and grow as a major player in CRAMS business.

Process Development

- Cost effective and technically viable development of manufacturing process.
- DMF filing of APIs to cater to the regulated market customers.

Drug Discovery and Development

Commercialization of NCEs will address major health problems by offering new drugs to satisfy still unmet medical needs in India and the rest of the world

3. Future plan of Action

Pharmaceutical R&D

- Becoming leaders in contract research and manufacturing business.
- Differentiating ourselves on the basis of our technical expertise in the field of research and manufacturing.

Process Development

- Build a pipeline of API's for DMF filing.
- Explore chemistry and technology for continuous improvement in cost effectiveness.

Drug Discovery and Development

Piramal Healthcare will continue to advance its compounds in the following manner:

- P276: Embark on advanced clinical trials in various cancers
- P1446: Based on completed Phase I trial, Phase I/II studies in specific malignancies being developed
- P2745: Phase I study in India ongoing
- P7170: Initiate Phase I study in India
- P2202: Phase II studies in Canada and India ongoing
- P1201: Phase II studies being planned
- P1736: Phase II study in T2DM patients in India ongoing
- P7435: Initiate Phase I study in India

4. Expenditure on R&D

	(₹ in crores)
Capital	21.56
Recurring	167.87
Total	189.43
Total R&D Expenditure as a percentage to sales	16.42%

5. Technology Absorption, Adaptation & Innovation:

Pithampur

- Successfully adopted Unit Dosage technology for Ophthalmologic products.
- Re-designed the lifting and positioning Unit for N Block Compression, leading to improved capacity utilization.
- Installed two dehumidifier in N Block compression cubical, leading to enhanced production capacity.

Ennore

- Adapted novel manufacturing process at metric ton quantity through process innovation, resulting in conservation in raw material consumption and improved efficiency in operations.

Mahad

- Installed and commissioned EPD Collator leading to more efficient automation of strip packing machine.
- State-of-the-art facility developed for Human Nutrition & Health (HNH) section leading to enhancement in capacity.
- Atomic Absorption Spectrophotometer (AAS) installed and commissioned for quantitative analysis of elements.

Pawne

- The installation of a higher technology two-way filling machine led to higher efficiency.

Digwal

- Successfully converted existing single product clean room facility into Multi product clean room facility.
- Successfully completed the validation batches of new products.

6. Foreign Exchange Earnings and Outgo

During the year, foreign exchange earnings were ₹ 704.57 Crores as against outgo of ₹ 341.81 Crores.

ANNEXURE II TO THE DIRECTORS' REPORT

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, 2012 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: 3rd May, 2012

ANNEXURE III TO THE DIRECTORS' REPORT

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, 2012.

Sr. No.	Details	Disclosures	
(i)	Options Granted for FY2012	3,32,500 Options	
(ii)	Pricing Formula	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:	
		(a) market price on the date of grant; or	
		(b) average of the price prevailing for the type of share or other security in respect of which the option is granted during the 3 (three) months immediately preceding the date on which the option is offered to the employee; or	
		(c) the issue price of any such shares or securities if the same have been issued within three months prior to the option.	
		Options granted during the financial year ended 31 st March, 2012, were at an exercise price of ₹ 200/- per share which was approved by the Trustees of the ESOP Trust, taking into consideration several factors.	
(iii)	Options Vested during FY2012	None	
(iv)	Options Exercised during FY2012	Options 450 1,600 66,550 95,600	Relating to Fin Yr FY-07 FY-08 FY-09 FY-10
(v)	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.	
(vi)	Options Lapsed	Options 572 4,512 600 5,850 10,050	Relating to Fin Yr FY-06 FY-07 FY-08 FY-09 FY-10
(vii)	Variation of terms of Options	None	
(viii)	Total number of Options in force	Options 1,220 3,230 3,550 31,425 64,450	Relating to Fin Yr FY-06 FY-07 FY-08 FY-09 FY-10

Sr. No.	Details	Disclosures
(ix)	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 received a grant in any one year of option amounting to 5% or more of options granted during that year	Mr. Rajesh Laddha, Chief Financial Officer has received a grant amounting to 5% or more of Options granted during FY12.
	– 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 the 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.

AUDITORS' REPORT

To the Members of Piramal Healthcare Limited

1. We have audited the attached Balance Sheet of Piramal Healthcare Limited (the "Company") as at March 31, 2012, and the related Statement of Profit and Loss 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 statement 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 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss 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, 2012 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2012 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, 2012;
 - (ii) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
 - (iii) in the case of the 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 Number: F-55913

Mumbai
May 03, 2012

ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph 3 of the Auditors' Report of even date to the members of Piramal Healthcare Limited on the financial statements as of and for the year ended March 31, 2012

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, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
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 five 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 aggregated to ₹ 138,621 lakhs and ₹ 57,514 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, as applicable.
 (d) In respect of the aforesaid loans, there is no overdue amount more than Rupees One Lakh.
 (e) The Company has not taken any 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 and 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 the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with its size and the 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 the 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 and other material statutory dues, as applicable, with the appropriate authorities.
 (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 and customs duty which have not been deposited on account of any dispute.

ANNEXURE TO AUDITORS' REPORT (Contd.)

Referred to in paragraph 3 of the Auditors' Report of even date to the members of Piramal Healthcare Limited on the financial statements as of and for the year ended March 31, 2012

According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax, sales tax and excise duty as at March 31, 2012 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount* (₹ 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	233	1989-2011	Appellate Authority – upto Commissioner's Level
		706	1989-2008	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	828	1999-2010	Appellate Authority – upto Joint Commissioner Level
		259	1991-2009	Tribunal
Income-Tax Act, 1961	Income tax including interest and penalty, as applicable	20,591	2004-05, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10 and 2010-11	Appellate Authority – upto Commissioner's level
		10,086	1999-00, 2006-07, 2007-08, 2008-09, 2009-10 and 2010-11	Income Tax Appellate Tribunal

* Net of amounts paid under protest or otherwise

10. The Company has no accumulated losses.
11. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
12. In our opinion, the Company has maintained adequate documents and records in the cases where the Company has granted 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 or financial institutions 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, the term loans have been applied, on an overall basis, 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 fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Partha Ghosh
Partner
Membership Number: F-55913

Mumbai
May 03, 2012

BALANCE SHEET**as at March 31, 2012**

	Note No.	As at March 31, 2012 ₹ in Crores	As at March 31, 2011 ₹ in Crores
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	4	34.51	33.58
Reserves and surplus	5	11,106.27	11,664.93
		11,140.78	11,698.51
Non-current Liabilities			
Long-term borrowings	6	216.67	239.20
Deferred tax liabilities (Net)	7	100.53	92.33
Other long-term liabilities	8	132.84	188.98
Long-term provisions	9	19.97	15.51
		470.01	536.02
Current Liabilities			
Short-term borrowings	10	975.45	47.07
Trade payables (Refer Note 43)		312.61	276.13
Other current liabilities	11	485.60	347.34
Short-term provisions	12	359.95	240.44
		2,133.61	910.98
TOTAL ASSETS		13,744.40	13,145.51
Non-current assets			
Fixed assets			
Tangible assets	13	631.90	533.16
Intangible assets	13	128.52	133.13
Capital Work in progress		23.03	29.25
Intangible assets under development (Refer Note 3.4)		143.48	0.59
		926.93	696.13
Non-current investments	14	6,763.60	482.53
Long-term loans and advances	15	117.03	59.85
Other non-current assets	16	4,125.58	5,785.46
		11,933.14	7,023.97
Current Assets			
Current investments	17	346.69	1,100.72
Inventories	18	266.71	230.20
Trade receivables	19	242.48	209.09
Cash and bank balances	20	13.24	1,754.03
Short-term loans and advances	21	857.96	916.93
Other current assets	22	84.18	1,910.57
		1,811.26	6,121.54
TOTAL		13,744.40	13,145.51
Contingent liabilities and commitments	23		
Summary of significant accounting policies	2		
The notes are an integral part of the Financial Statements			

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

For Price WaterhouseFirm Registration Number: 301112E
Chartered Accountants**Partha Ghosh**Partner
Membership No. F-55913
Mumbai, May 03, 2012**Ajay G. Piramal****Vijay Shah**
Rajesh Laddha
Leonard D'SouzaChairman
Executive Director & Chief Operating Officer
Chief Financial Officer
Company Secretary

Mumbai, May 03, 2012

STATEMENT OF PROFIT AND LOSS

for the Year Ended March 31, 2012

	Note No.	Year Ended March 31, 2012 ₹ in Crores	Year Ended March 31, 2011 ₹ in Crores
Revenue from operations (Gross)	25	1,174.00	827.02
Less : Excise Duty		20.52	12.58
Revenue from operations (Net)		1,153.48	814.44
Other Income	26	534.43	472.29
Total Revenue		1,687.91	1,286.73
Expenses			
Cost of raw and packing materials consumed	27	538.95	354.52
Purchases of stock-in-trade	28	80.96	80.78
Changes in inventories of finished goods, work-in-progress and stock-in-trade	29	(12.51)	(37.76)
Employee benefits expense	30	151.75	144.92
Finance costs	31	199.90	80.06
Depreciation and amortisation expense	13	76.39	58.99
Other Expenses	32	531.25	398.66
Total Expenses		1,566.69	1,080.17
Profit Before Exceptional Items and Tax		121.22	206.56
Exceptional Items	33	-	16,209.90
Profit before Tax		121.22	16,416.46
Less: Tax Expenses			
Current Tax			
Provision for Taxation - Current [includes prior period tax ₹ Nil (Previous year ₹ 9.52 Crores)]	35.1	22.50	3,682.79
MAT Credit Entitlement [includes prior period MAT credit ₹ 17.70 Crores (Previous year ₹ Nil)]	35.2	(40.20)	-
Net Current Tax		(17.70)	3,682.79
Deferred Tax		8.20	(12.52)
		(9.50)	3,670.27
Profit for the year from Continuing Operations		130.72	12,746.19
Profit from discontinuing operations		-	150.72
Tax expense of discontinuing operations		-	-
Profit from discontinuing operations after tax		-	150.72
Profit for the Year		130.72	12,896.91
Earning Per Share (Basic/Diluted) (₹) (Face value of ₹ 2/- each) (Refer Note 47)		7.7	572.8
The notes are an integral part of the Financial Statements			

This is the Statement of Profit and Loss 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 03, 2012

Ajay G. Piramal

Vijay Shah

Rajesh Laddha

Leonard D'Souza

Chairman

Executive Director & Chief Operating Officer

Chief Financial Officer

Company Secretary

Mumbai, May 03, 2012

CASH FLOW STATEMENT

for the Year Ended March 31, 2012

	Year Ended March 31, 2012 ₹ In Crores	Year Ended March 31, 2011 ₹ In Crores
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax from Continuing Operations	121.22	16,416.46
Adjustments for:		
Depreciation and amortisation expense	76.39	58.99
Finance Costs	199.90	80.06
Interest Income on Non Current Investments	(27.04)	(18.37)
Interest Income on Current Investments	(12.19)	(55.43)
Interest Income on Current Assets	(135.34)	(243.38)
Dividend on Non Current Investments	(3.92)	(7.84)
Dividend on Current Investments	(16.45)	(50.43)
Loss on Sale of Assets (Net)	0.97	0.11
Fixed Assets Written Off	-	16.68
Provision for slow moving Inventories	3.00	3.00
(Profit) on Sale on Current Investment (Net)	(59.76)	(4.24)
Provision for Doubtful Debts	2.00	1.26
Exchange Gain on proceeds from Sale of Domestic Formulation Business	(201.29)	-
Unrealised foreign exchange gain	(124.67)	(83.59)
Exceptional Items (Net):		
- Sale of Investment in Subsidiary Company - Piramal Diagnostic Services Private Limited (PDSPL)	-	(278.30)
- Sale of Domestic Formulation Business	-	(15,994.62)
- Provision for Diminution in Value in Biosyntech Inc., Canada	-	22.32
- Plant Closure Cost - Vitamin and Fine Chemical Plant	-	40.70
Operating (Loss) Before Working Capital Changes from Continuing Operations	(177.18)	(96.62)
Adjustments For Changes In Working Capital from Continuing Operations:		
- (INCREASE) in Trade receivables	(31.03)	(64.07)
- (INCREASE)/DECREASE in Other Current Assets	86.39	(94.91)
- (INCREASE) in Long Term Loans and Advances	(9.70)	(1.64)
- (INCREASE) in Inventories	(32.96)	(97.52)
- (INCREASE) in Short Term Loans and Advances	(207.81)	(202.49)
- INCREASE/(DECREASE) in Trade Payables	20.89	(9.40)
- INCREASE/(DECREASE) in Other long-term liabilities	0.22	(0.09)
- INCREASE/(DECREASE) in Long-term provisions	2.38	(4.23)
- INCREASE/(DECREASE) in Other current liabilities	(102.28)	82.16
- INCREASE/(DECREASE) in Short-term provisions	1.63	(5.12)
- (INCREASE) in amounts invested in Debentures	(243.04)	-
Cash (Used in) Continuing Operations	(692.49)	(493.93)
- Taxes Paid (Net of Refunds) - Continuing Operations	(62.15)	(3,568.55)
Net Cash Before Exceptional Items	(754.64)	(4,062.48)
Exceptional Items:		
- Plant Closure Cost - Vitamin and Fine Chemical Plant	-	(15.69)
- Sale of Domestic Formulation Business	-	(763.02)
- Sale of Investment in Subsidiary Company - PDSPL	-	(18.96)
Net Cash (Used in) Operating Activities from Continuing Operations	(A) (754.64)	(4,860.15)
Net Cash from Operating Activities from Discontinuing Operations	(B) -	154.79
B. CASH FLOW FROM INVESTING ACTIVITIES		
Adjustments for changes in :		
Purchase of Tangible / Intangible Fixed Assets	(80.83)	(89.79)
Capital Work in Progress	8.81	13.98
Intangible assets under development	(26.12)	-
Proceeds from Sale of Tangible / Intangible Fixed Assets	5.80	0.06
Purchase of Non Current Investment		
- in Debentures	-	(15.75)
Purchase of Current Investment:		
- in Mutual Funds	(12,395.96)	(18,423.33)
- in Certificate of Deposits	(465.51)	(967.28)
- in Bonds	-	(276.25)
- in Commercial Paper	(448.04)	(4,395.11)

CASH FLOW STATEMENT (Contd.)**for the Year Ended March 31, 2012**

	Year Ended March 31, 2012 ₹ In Crores	Year Ended March 31, 2011 ₹ In Crores
Proceeds from Sale of Non Current Investment		
- in Debentures	165.00	15.75
Proceeds from Sale of Current Investment:		
- in Mutual Funds	12,886.04	17,645.99
- in Certificate of Deposits	795.00	643.28
- in Bonds	-	68.75
- in shares of SRL	-	137.62
- in Commercial Paper	455.00	4,394.80
Interest Received	176.11	266.64
Dividend on Current Investments	16.45	50.43
Investment in Wholly owned Subsidiaries [Refer Note 52 (a) and (b)]	(340.52)	-
Investment in Equity Shares of Vodafone [Refer Note 52 (c)]	(5,864.37)	-
Dividend on Non Current Investments	3.92	7.84
Proceeds from Sale of Investment in Subsidiary Company - PDSPL	-	66.35
Proceeds from Sale of Domestic Formulation Business	3,796.49	10,245.70
Net Cash (used in) / From Investing Activities from Continuing Operations (C)	(1,312.73)	9,389.68
Net Cash (used in) Investing Activities from Discontinuing Operations (D)	-	(2.15)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long Term Borrowings		
Receipts [Excludes Exchange Fluctuation Loss of ₹ 22.13 Crores (Previous Year Loss ₹ 9.57 Crores) on reinstatement of Foreign Currency Loan]	-	-
Payments	(37.50)	(281.78)
Proceeds from Short Term Borrowings		
Receipts [Excludes Exchange Fluctuation Loss of ₹ 1.46 Crores (Previous Year Gain ₹1.25 Crores) on reinstatement of Foreign Currency Loan]	6,491.15	14,135.52
Payments	(5,565.48)	(14,224.08)
Finance Costs Paid	(199.80)	(83.08)
Dividend Paid	(200.65)	(112.86)
Dividend Tax Paid	(32.55)	(18.75)
Buy Back of Equity Shares	(42.33)	(2,447.02)
Net Cash (used in)/From Financing Activities from Continuing Operations (E)	412.84	(3,032.05)
Net Cash (used in)/From Financing Activities from Discontinuing Operations (F)	-	-
Net Increase / (Decrease) in Cash & Cash Equivalents (A)+(B)+(C)+(D)+(E)+(F)	(1,654.53)	1,650.12
Cash and Cash Equivalents As At 31.03.2011	1,662.65	12.53
Add: Cash balance acquired on demerger (Refer Note 3.2)	0.28	-
Cash and Cash Equivalents As At 31.03.2012	8.40	1,662.65
Cash and Cash Equivalents Comprise of :		
Cash on Hand	0.11	0.10
Balance with Scheduled Banks	8.29	1,662.55
	8.40	1,662.65

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.
- The above Cash Flow Statement does not include assets (other than cash and cash equivalents) / liabilities acquired on demerger of NCE unit of Piramal Life Sciences Limited. (Refer Note 3).
- 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 03, 2012

Ajay G. Piramal**Vijay Shah****Rajesh Laddha****Leonard D'Souza**

Chairman

Executive Director & Chief Operating Officer

Chief Financial Officer

Company Secretary

Mumbai, May 03, 2012

NOTES TO FINANCIAL STATEMENTS

for the Year Ended March 31, 2012

1. GENERAL INFORMATION

Piramal Healthcare Limited (the 'Company') is engaged mainly in pharmaceutical business including its research and development. Recently the Company has diversified into financial services business by investing through subsidiaries in Real Estate Investment Trust and other Non Banking Finance Companies. The Company has manufacturing plants in India and sells in Domestic as well as International market through independent retailers and through clearing & forwarding agent. The Company is a public limited company and is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE).

2. SIGNIFICANT ACCOUNTING POLICIES

i) Basis of Accounting

These financial statements are prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies Accounting Standards Rules, 2006, as amended] and the other relevant provisions of the Companies Act, 1956.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

ii) Recognition of dividend income from subsidiary companies

The Company was complying with the requirement of pre-revised Schedule VI of recognising dividend declared by subsidiary companies after the reporting date if they related to the period which closed on or before the reporting date, i.e. till March 31, 2011. In the absence of similar requirement in the Revised Schedule VI, the Company has now changed its accounting policy in order to comply with the requirements of AS 9: Revenue Recognition, which requires dividend income to be recognised when the right to receive dividend is established.

Had the Company continued to follow the earlier accounting policy, there would have not been any impact on statement of Profit & Loss or Balance sheet.

iii) 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.

NOTES TO FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

Tangibles

Depreciation on tangible 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 Statement of Profit and Loss. 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.

iv) 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.

v) Inventories

a. Raw Materials

Inventories are valued at cost. Cost is determined on Moving Average price basis.

b. Packing Materials

Inventories are valued at cost. Cost is determined on Moving Average price basis.

c. Work in Process

Inventories are valued at cost. The cost of work in process comprises of raw & packing materials, direct labour, other direct costs and related production overheads as applicable. Cost of materials is determined on actual cost of materials issued.

d. Manufactured Finished Goods

Inventories are valued at lower of cost or net realizable value. The cost of finished goods comprises of materials, direct labour, other direct costs and related production overheads and Excise duty as applicable. Cost of materials is determined on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

e. Traded Finished Goods

Inventories are valued at lower of cost or net realizable value. Cost is determined on Moving Average Price basis.

Net realizable value is the estimate of the selling price in the ordinary course of business as applicable.

vi) Employee Benefits

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

NOTES TO FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

The Company has a Defined Benefit Plan comprising of Provident Fund, Gratuity Fund, Pension Fund, Leave Encashment and Long Term Service Award.

Provident Fund: Contribution towards Provident Fund are made to a Trust administered by the Company. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of the year and any shortfall in the fund size maintained by the Trust set up by the Company is additionally provided for. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

Gratuity: The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognized in the Statement of Profit and Loss in the year in which they arise.

Leave Encashment: Provision for Leave Encashment, which are expected to be availed and encashed within 12 months from the end of the year are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of leave encashment as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Leave Encashment, which are expected to be availed or encashed beyond 12 months from the end of the year are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

Voluntary Retirement Scheme (VRS) : Termination benefits in the nature of voluntary retirement benefits are recognised in the Statement of Profit and Loss as and when incurred.

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

vii) 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.

viii) Revenue recognition

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

Sale of Services: In contracts involving the rendering of services, revenue is measured using the proportionate completion method and are recognised net of service tax.

Other Income

a. Interest:

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

b. Dividend:

Dividend income is recognised when the right to receive dividend is established.

ix) 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

NOTES TO FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

denominated in foreign currency are recognised in the Statement of Profit and Loss. In cases where they relate to acquisition of fixed assets, they are adjusted to the carrying cost of such assets.

Forward Exchange Contracts: Premium or discount in respect of forward contracts is accounted over the period of the contract. Profit or loss arising on cancellation or renewal of such a forward exchange contract are recognised as income or as expense for the period.

x) Research and Development

The research and development (R&D) cost is accounted in accordance with Accounting Standard - 26 'Intangible Assets'.

Research

Research costs, including patent filing charges, technical know-how fees, testing charges on animal and expenses incurred on development of a molecule till the stage of Pre-clinical studies and till the receipt of regulatory approval for commencing phase I trials are treated as revenue expenses and charged off to the Statement of Profit and Loss of respective year.

Development

Development costs (costs incurred when the lead molecule enters phase I trial and after obtaining regulatory approval for conducting phase I studies) relating to design and testing of a new or improved materials, products or processes are recognized as an intangible assets and are carried forward under intangible assets under development until the completion of the project as it is expected that such assets will generate future economic benefits. During the course of the studies, if it is observed that the studies are not proceeding as per expectations, the same are discontinued and the amount classified under intangible assets under development is charged off to Statement of Profit and Loss.

xi) 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.

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) Cash and Cash Equivalents

In the cash flow statement, cash and cash equivalents includes cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

xiv) Proposed Dividend

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

NOTES TO FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

3. The scheme of demerger of New Chemical Entity (NCE) of Piramal Life Sciences Limited (PLSL) into the Company on a going concern basis was sanctioned by the Hon'ble High Court of Bombay on November 25, 2011. The said scheme became effective on December 14, 2011 (the Effective Date), with an appointed date with effect from April 01, 2011.
- 3.1 Pursuant to the said scheme, the Company has issued one Equity Share of ₹ 2/- each of the Company for four equity shares of ₹ 10/- each held in PLSL, thereby allotting 53,52,585 Equity Shares to the shareholders of PLSL amounting to ₹ 1.07 Crores. The shares were issued to shareholders on December 30, 2011 being a record date.
- 3.2 Pursuant to the said scheme, all the assets and liabilities as on appointed date, related of the R&D NCE unit has been transferred to the Company. Accordingly, net assets of ₹ 22.95 Crores has been transferred, adjusting the Capital Reserves as shown below:

Particulars	₹ In Crores
Assets	
Fixed Assets	
Tangible assets	81.44
Intangible assets	2.47
Capital Work In Progress	2.59
Intangible assets under development	116.77
	203.27
Non Current Assets	
Long-term loans and advances	6.13
Current Assets	
Inventories	6.55
Cash and cash equivalents	0.28
Short-term loans and advances	5.75
	12.58
(I)	221.98
Liabilities	
Non-current liabilities	
Long Term Borrowings	107.50
Long-term provisions	2.08
	109.58
Current liabilities	
Short-term borrowings	347.00
Trade payables	16.31
Other current liabilities	44.13
Short-term provisions	0.10
	407.54
(II)	517.12
Reserves	
Capital Reserve	11.89
Statement of Profit & Loss (Debit Balance)	329.98
Net Assets [(I)+(IV)-(II)-(III)]	22.95
Adjusted against:	
- Issue of Equity Share Capital	1.07
- Credit to Capital Reserves	21.88
Total	22.95

NOTES TO FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

3.3 PLSL has carried on the business and activities relating to R&D NCE Unit in trust from the Appointed Date to the Effective Date. It has incurred revenue expenditure of ₹ 137.62 Crores and spent an amount of ₹ 15.49 Crores on Assets (net of liabilities) from the Appointed Date to the Effective Date. These amounts have been adjusted against the amounts receivable from PLSL to the extent of ₹ 155.20 Crores. Balance amount of ₹ 2.09 Crores has been received by the Company from PLSL in March 2012.

3.4 As a globally integrated healthcare company, Piramal Healthcare is committed to original drug discovery to fight diseases, and aspire to provide novel, affordable drugs in India and across the world. The Drug Discovery and Development Unit of Piramal Healthcare has set up a state-of-the-art research centre in Goregaon, Mumbai in 2004 and embarked upon an ambitious programme to discover and develop new chemical entities (NCEs) in select therapeutic areas, including Cancer, Inflammation, Diabetes / Metabolic Disorders and Infectious Diseases. The company has leveraged India's bio-diversity and vast pool of knowledge in traditional medicine to source new drug leads, and pursued dedicated medicinal chemistry efforts to discover NCEs to treat unmet medical needs. The Company is also taking herbal medication to the world by applying modern science and clinical validation techniques while preserving the holistic properties of natural medicine.

The Drug Discovery and Development unit of Piramal Healthcare has made significant progress, with an R&D pipeline having several molecules in different phases of development including one molecule in phase IV.

After successful pre-clinical studies, the company makes application to requisite regulatory authorities for conducting phase I/II/III studies. The company enters into agreement with different Clinical Research Organisations (CROs) for conducting Phase I and Phase II/III studies on human volunteers. The expenses related to phase I studies are relating to design and testing of a new or improved materials, products or processes and payments made to CROs. These expenses are recognized as an intangible asset and are carried forward under Intangible assets under development until the completion of the project as it is expected that such assets will generate future economic benefits.

Currently major development programs are in phase I/II studies. In Oncology, P1446 and P276 are in phase I/II study. In Diabetes and Metabolic Disorder, P1736-05 and P2202 are in Phase II study. In Inflammation, Tinefcon has completed Phase II study, Tinefcon - Psoriasis is in Phase IV studies. In infectious disease, PP9706642 is in phase II studies. The company has the product development option whereby it can sell/transfer it at development stage or engage a partner for further development. For certain studies, on development, the company will be entitled for milestone payments.

Development expenses which are incurred after approval for conducting Phase I study are included in Intangible assets under development.

	As at March 31, 2012 ₹ in Crores	As at March 31, 2011 ₹ in Crores
4. SHARE CAPITAL		
AUTHORISED		
25,00,00,000 (25,00,00,000) Equity Shares of ₹ 2/- each	50.00	50.00
30,00,000 (30,00,000) Preference Shares of ₹ 100/- each	30.00	30.00
2,40,00,000 (2,40,00,000) Preference Shares of ₹ 10/- each	24.00	24.00
10,50,00,000 (10,50,00,000) Unclassified Shares of ₹ 2/- each	21.00	21.00
	125.00	125.00
ISSUED, SUBSCRIBED AND PAID UP		
17,25,63,100 (16,79,16,044) Equity Shares of ₹ 2/- each (fully paid up)	34.51	33.58
TOTAL	34.51	33.58

NOTES TO FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

4.1 Reconciliation of number of shares

Equity Shares

Particulars	No. of shares	₹ In Crores	No. of shares	₹ In Crores
At the beginning of the year	167,916,044	33.58	209,013,144	41.80
Less: Shares bought back during the year (Refer Note 4.5)	705,529	0.14	41,097,100	8.22
Add: Issued during the year - demerger of R&D NCE division of PLSL into the Company (Refer Note 3.1)	5,352,585	1.07	-	-
At the end of the year	172,563,100	34.51	167,916,044	33.58

4.2 Details of shareholders holding more than 5% shares in the Company

Particulars	No. of shares	% Holding	No. of shares	% Holding
Paramount Pharma Private Limited	33,058,878	19.16%	32,158,739	19.15%
BMK Laboratories Private Limited	29,927,906	17.34%	29,602,906	17.63%
Cavaal Fininvest Private Limited	14,775,684	8.56%	14,775,684	8.80%
Aberdeen Asset Managers Limited	-	-	10,885,612	6.48%
Aberdeen Global Indian Equity Fund Mauritius Limited	12,401,000	7.19%	-	-

4.3 Aggregate number of shares issued for consideration other than cash and shares bought back during the year of five years immediately preceding reporting financial year;

Particulars	Financial Year	No. of shares	Financial Year	No. of shares
i. Equity Shares allotted as fully paid-up pursuant to demerger of R&D NCE division of PLSL into the Company (Refer Note 3.1)	2011-12	5,352,585	-	-
ii. Equity shares bought back by the Company (Refer Note 4.5)	2011-12	705,529	-	-
iii. Equity shares bought back by the Company (Refer Note 4.5)	2010-11	41,097,100	2010-11	41,097,100

4.4 Rights, preferences and restrictions attached to shares

Equity Shares:

The company has one class of equity shares having a par value of ₹ 2/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

4.5 The Company had decided to buyback 41,802,629 equity shares during the financial year 2010-11 of which 4,10,97,100 equity shares were bought back through tender offer during the financial year 2010-11 aggregating amount of ₹ 2,465.83 Crores, by utilizing Securities Premium Account and General Reserve to the extent of ₹ 143.33 Crores and ₹ 2,314.28 Crores respectively. Capital Redemption Reserve has been created out of General Reserve for ₹ 8.22 Crores 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, buyback of 7,05,529 equity shares belonging to one overseas corporate body was then kept in abeyance pending Reserve Bank of India (RBI) approval.

During the year, on receipt of approval from RBI the Company has bought back the remaining 7,05,529 equity shares for an aggregate amount of ₹ 42.33 Crores, by utilizing General Reserve of ₹ 42.19 Crores. Capital Redemption Reserve has been created out of General Reserve for ₹ 0.14 Crores being the nominal value of shares bought back in compliance with Section 77AA of the Companies Act, 1956.

NOTES TO FINANCIAL STATEMENTS (contd.)**for the Year Ended March 31, 2012**

	As at March 31, 2012 ₹ in Crores	As at March 31, 2011 ₹ in Crores
5. RESERVES AND SURPLUS		
CAPITAL RESERVE		
As per last Balance Sheet	1.62	1.62
Add: Transferred on demerger (Refer note 3.2)	11.89	-
Add: Created on demerger (Refer note 3.2)	<u>21.88</u>	<u>-</u>
	35.39	1.62
CAPITAL SUBSIDY		
As per last Balance Sheet	0.40	0.40
CAPITAL REDEMPTION RESERVE		
As per last Balance Sheet	61.59	53.37
Add: Transferred from General Reserve (Refer Note 4.5)	<u>0.14</u>	<u>8.22</u>
	61.73	61.59
SECURITIES PREMIUM ACCOUNT		
As per last Balance Sheet	-	143.33
Less: Utilised for buy back of shares (Refer Note 4.5)	<u>-</u>	<u>143.33</u>
	-	-
DEBENTURE REDEMPTION RESERVE		
As per last Balance Sheet	22.50	65.00
Add: Transferred from Surplus in Statement of Profit and Loss (Refer Note 5.1)	7.50	7.50
Less: Transferred to Surplus in Statement of Profit and Loss	<u>-</u>	<u>50.00</u>
	30.00	22.50
GENERAL RESERVE		
As per last Balance Sheet	5,810.57	734.47
Add: Transferred from Surplus in Statement of Profit and Loss	13.07	7,398.60
Less: Premium paid on buy back of shares (Refer Note 4.5)	42.19	2,314.28
Less: Transfer to Capital Redemption Reserve (Refer Note 4.5)	<u>0.14</u>	<u>8.22</u>
	5,781.31	5,810.57
SURPLUS IN STATEMENT OF PROFIT AND LOSS		
As per Last Balance Sheet	5,768.25	460.64
Profit for the year	130.72	12,896.91
Appropriations		
Less: P&L Debit balance of Demerged R&D NCE Unit (Refer Note 3.2)	329.98	-
Less: Proposed Dividend on Equity Shares	301.99	200.65
Less: Distribution Tax Thereon	48.99	32.55
Less: Transfer to General Reserve	13.07	7,398.60
Add: Transfer from Debenture Redemption Reserve	-	50.00
Less: Transfer to Debenture Redemption Reserve	<u>7.50</u>	<u>7.50</u>
	5,197.44	5,768.25
TOTAL	<u>11,106.27</u>	<u>11,664.93</u>

5.1 As per Section 117C of the Companies Act, 1956 the Company has created Debenture Redemption Reserve during the year for Secured Redeemable Non Convertible Debentures issued in earlier year.

NOTES TO FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

	As at March 31, 2012 ₹ in Crores	As at March 31, 2011 ₹ in Crores
6. LONG TERM BORROWINGS		
Secured		
12.10% - Secured Redeemable Non Convertible Debentures (Redeemable at par at the end of 5 th year from the date of allotment - December 15, 2008)	150.00 150.00	150.00 150.00
Unsecured		
Term Loans		
From Banks	66.67 66.67	89.20 89.20
TOTAL	216.67	239.20

(a) Notes on Secured Loans

- 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 and Bangalore.
- Satisfaction of charges in respect of certain repaid loans are still awaited.

(b) Terms of repayment and rate of interest for unsecured borrowings

Borrowings	Terms of Repayment	Rate of Interest	Terms of Repayment	Rate of Interest
1. External Commercial Borrowings	-	-	Repayable after Five years from date of availment of Loan	Interest to be paid half yearly @ 4.22%-5.42%p.a.
2. Loan from Central Bank of India	Repayable in 12 equal Quarterly installments from June 2012	Interest to be paid monthly @ BPLR minus 2% p.a.	-	-

- (c)** The Company is in process of transferring the loan taken from Central Bank of India (acquired on demerger of R&D NCE Unit) in the name of the Company. (Refer Note 3.2)

	As at March 31, 2012 ₹ in Crores	As at March 31, 2011 ₹ in Crores
7. DEFERRED TAX LIABILITIES (NET)		
(a) Deferred Tax Liabilities on account of timing differences		
- Depreciation	123.67 123.67	120.77 120.77
(b) Deferred Tax Asset on account of timing differences		
- VRS	4.87	6.07
- Provision for Doubtful Debts	7.22	6.72
- Others	11.05 23.14	15.65 28.44
TOTAL	100.53	92.33

Deferred Tax Assets and Deferred Tax Liabilities have been offset as they relate to the same governing taxation laws.

NOTES TO FINANCIAL STATEMENTS (contd.)**for the Year Ended March 31, 2012**

	As at March 31, 2012 ₹ in Crores	As at March 31, 2011 ₹ in Crores
8. OTHER LONG-TERM LIABILITIES		
Unamortised Premium on Forward Contracts	130.97	187.33
Deposits Received	1.87	1.65
TOTAL	132.84	188.98
9. LONG-TERM PROVISIONS		
Provision for employee benefits (Refer Note 37)	10.08	5.62
Others	9.89	9.89
TOTAL	19.97	15.51
10. SHORT-TERM BORROWINGS		
Secured		
Loans repayable on demand - from banks	75.45	47.07
	75.45	47.07
Unsecured		
Commercial Papers	900.00	-
TOTAL	975.45	47.07
Note: Loans are secured by hypothecation of stocks and book debts.		
11. OTHER CURRENT LIABILITIES		
Current maturities of long-term debt	135.09	-
Interest accrued but not due on borrowings	6.54	6.44
Advance From Customers	8.81	9.11
Unpaid dividends	4.68	3.48
Right Issue money refundable to shareholders	0.11	0.11
Unamortised Premium on Forward Contracts	175.04	197.29
Forward Exchange Contract Payable	124.79	-
Other payables		
- Employee Related Liabilities	27.10	106.40
- TDS Payable	3.41	24.47
- Deposits received	0.03	0.04
	30.54	130.91
TOTAL	485.60	347.34
There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.		
12. SHORT-TERM PROVISIONS		
Provision for employee benefits (Refer Note 37)	8.76	7.03
Proposed Dividend on Equity Shares	301.99	200.65
Tax Payable on Proposed Dividend	48.99	32.55
Provision for Wealth Tax	0.21	0.21
TOTAL	359.95	240.44

NOTES TO FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

13. FIXED ASSETS

Particulars		COST				DEPRECIATION / AMORTISATION					NET BLOCK		
		Opening As at 1-Apr-11	On Demerger #	Additions \$	Deductions/ Adjustment	As at 31-Mar-12 (A)	Opening As at 1-Apr-11	On Demerger #	For the Year ##	Deductions Adjustment	As at 31-Mar-12 (B)	As at 31-Mar-12 (A-B)	As at 31-Mar-11
Tangible Assets													
Land Leasehold		11.50	-	-	-	11.50	2.46	-	0.26	-	2.72	8.78	9.04
Land Freehold		33.44	-	4.57	-	38.01	-	-	-	-	-	38.01	33.44
Building		144.00	37.24	10.51	-	191.75	34.38	29.98	11.55	-	75.91	115.84	109.62
Plant and Equipment @		575.23	92.15	62.52	16.34	713.56	206.51	22.24	44.45	9.73	263.47	450.09	368.72
Furniture and Fixtures		14.55	6.76	4.28	0.27	25.32	4.08	2.79	1.86	0.12	8.61	16.71	10.47
Vehicles		2.33	0.16	0.33	-	2.82	0.82	0.06	0.22	-	1.10	1.72	1.51
Office Equipment		0.80	0.32	0.30	0.01	1.41	0.44	0.13	0.09	-	0.66	0.75	0.36
Total		781.85	136.63	82.51	16.62	984.37	248.69	55.20	58.43	9.85	352.47	631.90	533.16
Intangible Assets (Acquired)													
Brands and Trademarks* @@		86.58	-	4.94	-	91.52	11.99	-	5.78	-	17.77	73.75	74.59
Copyrights, Know-how and Intellectual property rights @@		99.35	-	-	-	99.35	46.00	-	8.83	-	54.83	44.52	53.35
Computer Software		9.09	7.22	5.94	-	22.25	3.90	4.75	3.35	-	12.00	10.25	5.19
Total		195.02	7.22	10.88	-	213.12	61.89	4.75	17.96	-	84.60	128.52	133.13
Grand Total		976.87	143.85	93.39	16.62	1,197.49	310.58	59.95	76.39	9.85	437.07	760.42	666.29
Previous Year		1,570.25	-	86.12	679.50	976.87	496.36	-	58.99	263.39	310.58		

Refer Note 2(ii)

Refer Note 2(x)

Refer Note 3

Depreciation for the year includes depreciation amounting to ₹ 16.42 Crores (Previous Year ₹ 3.59 Crores) on assets used for Research and Development.

\$ During the year Company incurred ₹ 21.56 Crores (Previous year ₹ 1.94 Crores) towards capital expenditure for Research and Development (Refer Note 50).

@ In accordance with the provisions of Accounting Standard (AS – 11) - "The Effects of Changes in Foreign Exchange Rates", the Company has capitalised exchange difference amounting to ₹ 12.56 Crores on restatement of long-term loans used for acquiring the 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 48

NOTES TO FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

14. NON-CURRENT INVESTMENTS (Refer Note 2(iv))

	Nos. as at March 31, 2012	Nos. as at March 31, 2011	Face Value ₹	As at March 31, 2012 ₹ in Crores	As at March 31, 2011 ₹ in Crores
Trade Investments					
1. Investments in Equity Instruments (at cost)					
a) Subsidiary Companies (Unquoted)					
i. Piramal International, Mauritius	1,025,000	1,025,000	1 USD	3.59	3.59
ii. PHL Fininvest Private Limited	2,226,052	2,226,052	10.0	2.67	2.67
iii. Piramal Holdings (Switzerland) Limited, Switzerland	11,000	11,000	1000 CHF	38.34	38.34
iv. Piramal Pharmaceuticals Development Services Private Limited	6,750,000	6,750,000	10.0	6.75	6.75
v. Piramal Healthcare, Inc. U.S.A.	100	100	0.01 USD	55.67	55.67
vi. PHL Capital Private Limited (Refer Note 52 (a))	340,530,000	-	10.0	340.53	-
vii. Piramal Systems and Technologies Private Limited (Refer Note 52 (b))	10,000	-	10.0	0.01	-
b) Joint Venture (Unquoted)					
Allergan India Private Limited	3,920,000	3,920,000	10.0	3.92	3.92
c) Others (Quoted)					
Piramal Life Sciences Limited	4,550,000	4,550,000	10.0	4.55	4.55
d) Others (Unquoted)					
Biosyntech, Inc., Canada	7,500,000	7,500,000	0.001 CAD	22.32	22.32
2. Investments in Debentures (Unquoted) (at cost)					
20.00% Redeemable Non-Convertible Secured Debentures Neptune Developers Limited	3,000	-	100,000.0	30.00	-
16.00% Redeemable Non-Convertible Secured Debentures Keystone Realtors Private Limited SR-B 16 NCD	4	-	100,000,000.0	39.04	-
17.50% Redeemable Non-Convertible Secured Debentures Antevorta Developers Private Limited	13,200	-	100,000.0	132.00	-
17.25% Redeemable Non-Convertible Secured Debentures Mind Space Realty Private Limited	150	-	100,000.0	1.50	-
17.00% Redeemable Non-Convertible Secured Debentures Bagmane Estates Private Limited	4,000	-	100,000.0	40.00	-
Total				720.89	137.81

NOTES TO FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

	Nos. as at March 31, 2012	Nos. as at March 31, 2011	Face Value ₹	As at March 31, 2012 ₹ in Crores	As at March 31, 2011 ₹ in Crores
Other Investments					
1. Investments in Equity Instruments (Unquoted) (at cost)					
Vodafone India Limited (Refer Note 52 (c))	45,425,328	-	10.0	5,864.37	-
2. Investments in Debentures (Unquoted) (at cost)					
10.00% Cumulative Redeemable Non Convertible Debentures Super Religare Laboratories Limited	-	16,500	100,000.0	-	165.00
3. Investments in Bonds (Unquoted) (at cost)					
6.85% Tax Free Bonds 22/01/2014 India Infrastructure Finance Company Limited	20,174	20,174	100,000.0	204.25	205.63
Total				6,068.62	370.63
Total (A)				6,789.51	508.44
Less : Provision for diminution in value of Investment					
- Piramal International, Mauritius				3.59	3.59
- Biosyntech, Inc., Canada				22.32	22.32
Total (B)				25.91	25.91
Total (A - B)				6,763.60	482.53

	Cost ₹ in Crores	As at March 31, 2012 Market Value ₹ in Crores	Cost ₹ in Crores	As at March 31, 2011 Market Value ₹ in Crores
1. Aggregate value of quoted investments	4.55	3.90	4.55	48.69
2. Aggregate value of unquoted investments	6,759.05		477.98	
TOTAL	6,763.60		482.53	

	As at March 31, 2012 ₹ in Crores	As at March 31, 2011 ₹ in Crores
15. LONG-TERM LOANS AND ADVANCES		
Secured and Considered Good:		
Term Loan to Companies	3.0	-
Unsecured and Considered Good (Unless otherwise stated)		
Capital Advances	8.77	1.94
Security Deposits	21.41	15.50
Others		
Advances recoverable in cash or in kind	0.17	0.08
Advance Tax [Net of Provision of ₹ 287.78 Crores (Previous year ₹ 204.98 Crores)]	83.68	42.33
TOTAL	117.03	59.85

NOTES TO FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

	As at March 31, 2012 ₹ in Crores	As at March 31, 2011 ₹ in Crores
16. OTHER NON - CURRENT ASSETS		
Unsecured and Considered Good:		
Receivable on Sale of Domestic Formulation Business	4,070.40	5,352.00
Forward Exchange Contract Receivable	55.18	433.46
TOTAL	4,125.58	5,785.46

17. CURRENT INVESTMENTS (Refer Note 2(iv))

	Nos. as at March 31, 2012	Nos. as at March 31, 2011	Face Value ₹	As at March 31, 2012 ₹ in Crores	As at March 31, 2011 ₹ in Crores
a) Investments in Mutual Funds (Unquoted) (at lower of cost or market value)					
Axis Liquid Fund - Institutional Daily Dividend - Reinvest	500,400	-	1,000.0	50.04	-
Birla Sun Life Fixed Term Plan Series CG Growth	-	150,000,000	10.0	-	150.00
HDFC FMP 370D November 2010(1) - Growth - Series XVIII	-	120,000,000	10.0	-	120.00
ICICI Prudential Interval Fund Annual Interval Plan IV Institutional Cumulative	-	85,787,573	10.0	-	100.00
ICICI Prudential Interval Fund Half Yearly Interval Plan-I Institutional Cumulative	-	149,898,069	10.0	-	150.00
ICICI Prudential Liquid Super Institutional Plan - Dividend - Daily - Reinvest	6,301,371	-	100.0	63.03	-
Kotak FMP 370 Days Series 10 - Growth	-	50,000,000	10.0	-	50.00
Kotak Liquid (Institutional Premium) - Daily Dividend - Re-invest	-	9,406,960	10.0	-	11.50
Reliance Fixed Horizon Fund XVI Series 8 Growth Plan	-	100,000,000	10.0	-	100.00
Reliance Liquidity Fund - Daily Dividend Reinvestment Option - Reinvest	56,008,210	-	10.0	56.04	-
Religare Liquid Fund - Super Institutional Daily Dividend - Reinvest	500,056	-	1,000.0	50.04	-
Sundaram Fixed Term Plan AP 367 Days Growth	-	25,000,000	10.0	-	25.00
TATA Fixed Maturity Plan Series - 29 Scheme A Growth	-	50,000,000	10.0	-	50.00
DWS Fixed Term Fund - Series 76- Growth Plan	-	20,000,000	10.0	-	20.00
SBI Premium Liquid Fund - Super Institutional - Daily Dividend - Reinvest	498,937	-	1,000.0	50.06	-
UTI Liquid Cash Plan Institutional - Daily Income Option - Reinvest	755,100	-	1,000.0	76.98	-

NOTES TO FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

	Nos. as at March 31, 2012	Nos. as at March 31, 2011	Face Value ₹	As at March 31, 2012 ₹ in Crores	As at March 31, 2011 ₹ in Crores
b) Investments in Certificate of Deposits (Unquoted) (at lower of cost or market value)					
Vijaya Bank	-	10,000	100,000.0	-	99.69
Syndicate Bank	-	5,000	100,000.0	-	49.91
Indian Bank	-	9,000	100,000.0	-	89.82
Oriental Bank of Commerce	-	5,000	100,000.0	-	49.91
State Bank of Hyderabad	-	3,500	100,000.0	-	34.89
c) Investments in Debentures (Unquoted) (at lower of cost or market value)					
17.25% Redeemable Non-Convertible Secured Debentures					
Mind Space Realty Private Limited	50	-	100,000.0	0.50	-
Total				346.69	1,100.72
				As at March 31, 2012 ₹ in Crores	As at March 31, 2011 ₹ in Crores
18. INVENTORIES (Refer Note 2 (v))					
(As certified by the Management)					
Raw and Packing Materials [includes in Transit ₹ 0.10 Crores (Previous year ₹ Nil)]			136.30		114.58
Work-in-Progress			66.25		54.34
Finished Goods			35.36		37.78
Stock-in-trade			21.15		17.36
Stores and Spares			7.65		6.14
TOTAL			266.71		230.20
19. TRADE RECEIVABLES					
i. Outstanding for a period exceeding 6 months from the date they are due for payment					
Secured - considered good	0.75			0.17	
Unsecured - considered good	7.87			5.55	
- considered doubtful	28.34			26.34	
	36.96			32.06	
Less : Provision for doubtful debts	28.34			26.34	
			8.62		5.72
ii. Others - Considered good					
Secured	0.69			1.02	
Unsecured	233.17			202.35	
			233.86		203.37
TOTAL			242.48		209.09

NOTES TO FINANCIAL STATEMENTS (contd.)**for the Year Ended March 31, 2012**

	As at March 31, 2012 ₹ in Crores	As at March 31, 2011 ₹ in Crores
20. CASH AND BANK BALANCES		
- Cash and Cash equivalents		
i. Balance with Banks		
- Current Account	8.29	12.52
- Bank Deposit Account (Less than 3 months maturity)	-	1,650.03
	8.29	1,662.55
ii. Cash on Hand	0.11	0.10
	8.40	1,662.65
- Other bank balances		
i. Earmarked balances with banks		
- Unclaimed Dividend Account	4.68	3.48
- Right Issue Unpaid Warrants	0.11	0.11
- Bank Account for buy back	-	61.14
	4.79	64.73
ii. Balance in Escrow Account for Buy Back	-	26.60
iii. Margin Money	0.05	0.05
	4.84	91.38
TOTAL	13.24	1,754.03
21. SHORT - TERM LOANS AND ADVANCES		
Unsecured and Considered Good (Unless otherwise stated)		
Loans to related parties	661.14	785.13
Advances to related parties	38.63	44.91
Others		
Advances recoverable in cash or in kind or for value to be received		
Unsecured and Considered Good	51.90	26.53
Considered Doubtful	0.08	0.08
	51.98	26.61
Less: Provision for Doubtful Advances	0.08	0.08
	51.90	26.53
Advance Tax [Net of Provision of ₹ 3,556.75 Crores (Previous year ₹ 3,634.75 Crores)]	35.64	19.64
MAT Credit Entitlement	22.50	-
Inter Corporate Deposits	8.30	8.30
Less : Provision for Doubtful Inter Corporate Deposits	8.30	8.30
	-	-
Security Deposits	6.66	3.83
Balance with Government Authorities	41.49	36.89
TOTAL	857.96	916.93

NOTES TO FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

	As at March 31, 2012 ₹ in Crores	As at March 31, 2011 ₹ in Crores
22. OTHER CURRENT ASSETS		
Forward Exchange Contract Receivable	-	92.78
Receivable on Sale of Domestic Formulation Business	-	1,784.00
Asset on Discounting of Receivable	69.02	-
Interest, Rent & Claims Receivable	15.16	33.79
TOTAL	84.18	1,910.57
23. CONTINGENT LIABILITIES AND COMMITMENTS		
A Contingent liabilities		
1 Claims against the company not acknowledged as debt:		
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.	0.61	0.61
2 Guarantees issued to Government authorities and limited companies including guarantees issued on behalf of subsidiaries and performance guarantees.	1,089.36	966.83
3 Others		
i. Appeals filed in respect of disputed demands:		
Income Tax		
- where the Company is in appeal	420.71	213.25
- where the Department is in appeal	171.08	178.93
Sales Tax	14.37	12.87
Central / State Excise	11.05	13.10
Labour Matters	0.29	0.24
Stamp Duty	4.05	4.05
Legal Cases	7.07	7.07
ii. Bills Discounted	24.00	21.70
iii. Unexpired Letters of Credit	13.21	9.02
Note: Future cash outflows in respect of 1 and 3(i) above are determinable only on receipt of judgements/decisions pending with various forums/authorities.		
B Commitments		
a. Estimated amount of contracts remaining to be executed on capital account and not provided for;	11.57	14.51
b. Other Commitments		
7,05,529 Shares kept in Abeyance for Buyback of shares	-	42.33
Commitment to invest in non-convertible debentures	157.00	-
Loan Commitments	19.00	-

NOTES TO FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

24. An erstwhile Contractor had made a claim before arbitration panel for ₹ 7.85 Crores 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 ₹ 38.26 Crores 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 ₹ 3.00 Crores (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.

	Year Ended March 31, 2012 ₹ in Crores	Year Ended March 31, 2011 ₹ in Crores
25. REVENUE FROM OPERATIONS		
Sale of products	1,088.54	787.73
Sale of Services	28.23	14.59
Total	1,116.77	802.32
Other operating revenues		
- Interest Income on Non-current Investments	10.69	-
- Processing Charges Recieved	7.09	5.24
- Miscellaneous Income	39.45	19.46
	57.23	24.70
	1,174.00	827.02
Less: Excise duty	20.52	12.58
TOTAL	1,153.48	814.44
26. OTHER INCOME		
Interest Income		
- On Non-current Investments	27.04	18.37
- On Current Investments	12.19	55.43
- On Current Assets		
- On Term Deposits with Limited Companies and Bank Deposits	134.97	242.30
- On Income Tax Refund	0.37	1.07
- On Receivables and Others	-	0.01
	174.57	317.18
Dividend Income		
- On Non-current Investments	3.92	7.84
- On Current Investments	16.45	50.43
	20.37	58.27
Profit on Sale of Current Investment (Net)	59.76	4.24
Exchange Gain (Net)	279.70	92.57
Rent Received	0.03	0.03
TOTAL	534.43	472.29
27. COST OF RAW AND PACKING MATERIALS CONSUMED		
Opening Stock	114.58	65.74
Add: Purchases (Net)	560.67	403.36
Less: Closing Stock	136.30	114.58
TOTAL	538.95	354.52
28. PURCHASES OF STOCK-IN-TRADE		
Traded Goods	80.96	80.78
TOTAL	80.96	80.78

NOTES TO FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

	Year Ended March 31, 2012 ₹ in Crores	Year Ended March 31, 2011 ₹ in Crores
29. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
OPENING STOCKS :		
Work-in-Progress	54.34	37.75
Finished Goods	37.78	27.88
Stock-in-trade	17.36	5.73
Less : Excise Duty	<u>1.23</u>	<u>0.87</u>
	108.25	70.49
CLOSING STOCKS :		
Work-in-Progress	66.25	54.34
Finished Goods	35.36	37.78
Stock-in-trade	21.15	17.36
Less : Excise Duty	<u>2.00</u>	<u>1.23</u>
	120.76	108.25
TOTAL	(12.51)	(37.76)
30. EMPLOYEE BENEFITS EXPENSE (NET OF RECOVERIES)		
Salaries and Wages	130.39	126.68
Contribution to Provident and Other Funds (Refer Note 37)	7.26	6.61
Contribution to Gratuity Fund (Refer Note 37)	3.05	2.16
Staff Welfare	<u>11.05</u>	<u>9.47</u>
TOTAL	151.75	144.92
31. FINANCE COSTS		
Interest Expense	84.99	79.18
Discount on Receivables (Refer Note 53)	111.74	-
Interest on Income Tax	2.37	-
Other borrowing costs	<u>0.80</u>	<u>0.88</u>
	199.90	80.06
32. OTHER EXPENSES (NET OF RECOVERIES)		
Processing Charges	6.87	7.03
Consumption of Stores and Spares Parts	12.37	11.12
Power, Fuel and Water Charges	40.97	38.01
Repairs and Maintenance		
Buildings	6.56	10.00
Plant and Machinery	12.17	11.73
Others	<u>0.15</u>	<u>0.12</u>
	18.88	21.85

NOTES TO FINANCIAL STATEMENTS (contd.)**for the Year Ended March 31, 2012**

	Year Ended March 31, 2012 ₹ in Crores	Year Ended March 31, 2011 ₹ in Crores
Rent		
Premises	16.37	15.18
Other Assets	6.25	5.51
	22.62	20.69
Rates & Taxes (includes Excise Duty)	18.95	17.31
Insurance	4.00	3.02
Travelling Expenses	24.26	24.75
Directors' Commission	4.61	4.46
Directors' Fees	0.19	0.16
Provision for Doubtful Debts	2.00	1.26
Fixed Assets Written Off	-	16.68
Loss on Sale of Assets (net)	0.97	0.11
Advertisement and Business Promotion Expenses	62.73	63.88
Freight	18.21	15.72
Clearing and Forwarding Expenses	15.87	8.84
Claims	1.07	0.47
Legal and Professional Charges	31.12	29.89
Service Charges	19.64	26.45
R & D Expenses	167.87	39.38
Donation	25.74	12.96
Miscellaneous Expenses	32.31	34.62
TOTAL	531.25	398.66
33. EXCEPTIONAL ITEMS - INCOME / (EXPENSES) (NET)		
Sale of Domestic Formulation Business	-	15,994.62
Sale of Investment in Subsidiary Company - Piramal Diagnostic Services Private Limited	-	278.30
Provision for Diminution in Value in Biosyntech Inc., Canada	-	(22.32)
Plant Closure Cost - Vitamin and Fine Chemical Plant	-	(40.70)
	-	16,209.90
TOTAL	-	16,209.90

NOTES TO FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

34. Sale of Domestic Formulations Business

During the previous year, the Company had sold its Domestic Formulations Business (discontinued operations) on September 7, 2010 to Abbott Healthcare Private Limited on slump sale basis.

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

(₹ in Crores)

Particulars	For the Year Ended March 31, 2012	For the Year Ended March 31, 2011
Revenue	-	795.92
Expenses	-	645.20
Profit Before Tax	-	150.72
Profit After Tax	-	150.72

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

Particulars	As at March 31, 2012	As at September 07, 2010
Total Assets	-	732.12
Total Liabilities	-	128.65

Net Cash Flows from operating, financing and investing activities are disclosed in Cash Flow Statement under relevant heads.

35. Income Tax

35.1 Current Tax

Provision for income tax has been made on the basis of Section 115JB of the Income Tax Act, 1961 (Minimum Alternate Tax).

35.2 MAT Credit Entitlement

Prior Period tax credit of ₹ 17.70 Crores is on account of increase in MAT credit entitlement pertaining to earlier period which is now available and utilised for AY 2011-12.

35.3 Deferred Tax

The Company has acquired carried forward tax losses of ₹ 771.47 Crores on account of de-merger of NCE unit of Piramal Life Sciences Limited (PLSL) into the Company. The Company has not recognised deferred tax on the same in absence of virtual certainty for availability of taxable profits in the foreseeable future.

36. Proposed Dividend

The final dividend proposed for the year is as follows;

(₹ in Crores)

Particulars	As at March 31, 2012	As at March 31, 2011
On Equity Shares of ₹ 2/- each		
- Amount of dividend proposed	301.99	200.65
- Dividend Per Equity Share		
a. Normal dividend	₹ 17.50 per share	₹ 6.00 per share
b. One time special dividend	-	₹ 6.00 per share

NOTES TO FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

37. Employee Benefits :

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 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 Provident Fund, Gratuity, Pension, Leave Encashment and Long Term Service Award.

I. Charge to the Statement of Profit and Loss based on contributions:

Particulars	(₹ in Crores)	
	Year Ended March 31, 2012	Year Ended March 31, 2011
Employer's contribution to Superannuation Fund	1.19	0.94
Employer's contribution to Employees' State Insurance	0.72	0.64
Employer's contribution to Employees' Pension Scheme 1995	1.74	1.33
Included in Contribution to Provident and Other Funds and R&D Expenses disclosed under Other Expenses (Refer Note 30 and 32)		

II. Disclosures for defined benefit plans based on actuarial reports as on March 31, 2012.

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.

In terms of Guidance Note issued by The Institute of Actuaries of India, the actuary has provided a valuation of PF liability based on the assumptions listed below and determined that there is no shortfall as at March 31, 2012.

Assumptions used in determining the present value obligation of the interest rate guarantee under the Deterministic Approach:

Particulars	Year Ended March 31, 2012
Expected guaranteed interest rate	8.25%
Remaining term of maturity	17 Years
Discount rate for the remaining term to maturity of interest portfolio	8.50%

The details of fund and plan asset position are given below:

(₹ in Crores)	
Particulars	Year Ended March 31, 2012
Present Value of Defined Benefit Obligation as at the end of the year	96.18
Fair Value of Plan Assets As at end of the year	96.18
Net Liability/(Asset) recognised in the Balance Sheet	-

NOTES TO FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

A. Change in Defined Benefit Obligation

(₹ in Crores)

	(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,	
	2012	2011	2012	2011	2012	2011	2012	2011
Present Value of Defined Benefit Obligation as at beginning of the year	13.80	32.90	0.01	0.07	-	0.01	0.46	0.83
Interest Cost	1.13	2.40	-	0.01	-	-	0.04	0.07
Current Service Cost	1.39	2.92	-	0.01	-	-	0.05	0.14
Liability Transferred In on Demerger of NCE unit	2.05	-	-	-	-	-	-	-
Liability Transferred Out on sale of Formulation Business	-	(15.98)	-	-	-	-	-	(0.82)
Benefits Paid	(2.87)	(11.60)	(0.01)	-	-	(0.01)	(0.01)	(0.08)
Actuarial (gain) / loss	2.85	3.16	-	(0.08)	-	-	(0.23)	0.32
Present Value of Defined Benefit Obligation as at the end of the year	18.35	13.80	-	0.01	-	-	0.31	0.46

B. Changes in the Fair Value of Assets

(₹ in Crores)

	(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,	
	2012	2011	2012	2011	2012	2011	2012	2011
Fair Value of Plan Asset as at beginning of the year	12.50	29.66	0.61	0.63	-	-	-	-
Expected Return on Plan Assets	1.04	2.67	-	0.05	-	-	-	-
Contributions by the employer	2.00	9.50	-	-	-	-	-	-
Liability Transferred In on Demerger of NCE unit*	2.05	-	-	-	-	-	-	-
Assets Transferred Out on sale of Formulation Business	-	(15.98)	-	-	-	-	-	-
Benefits Paid	(2.87)	(11.60)	(0.01)	-	-	-	-	-
Actuarial gain / (loss)	0.63	(1.75)	-	(0.07)	-	-	-	-
Fair Value of Plan Asset as at the end of the year	15.35	12.50	0.60	0.61	-	-	-	-

* The Company is in process of transferring the Gratuity Fund acquired on demerger of R&D NCE Unit in the name of the Company.

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

(₹ in Crores)

	(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,	
	2012	2011	2012	2011	2012	2011	2012	2011
Present Value of Funded Obligation as at end of the year.	18.35	13.80	-	0.01	-	-	-	-
Fair Value of Plan Assets as at end of the year.	15.35	12.50	0.60	0.61	-	-	-	-
Funded Liability/(Asset) recognised in the Balance Sheet	3.00	1.30	(0.60)	(0.60)	-	-	-	-
Present Value of Unfunded Obligation as at end of the year.	-	-	-	-	-	-	0.31	0.46
Unrecognised Actuarial gain / (loss)	-	-	-	-	-	-	-	-
Unfunded Liability recognised in the Balance Sheet (Refer Note 9 and 12)	-	-	-	-	-	-	0.31	0.46

NOTES TO FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

D. Amount recognised in the Balance Sheet

(₹ in Crores)

	(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,	
	2012	2011	2012	2011	2012	2011	2012	2011
Present Value of Defined Benefit Obligation as at the end of the year	18.35	13.80	-	0.01	-	-	0.31	0.46
Fair Value of Plan Assets as at end of the year	15.35	12.50	0.60	0.61	-	-	-	-
Net Liability/(Asset) recognised in the Balance Sheet (Refer Note 9 and 12)	3.00	1.30	(0.60)	(0.60)	-	-	0.31	0.46

E. Expenses recognised in Statement of Profit and Loss

(₹ in Crores)

	(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,	
	2012	2011	2012	2011	2012	2011	2012	2011
Current Service Cost	1.39	2.92	-	0.01	-	-	0.05	0.14
Past Service Cost	-	-	-	-	-	-	-	-
Interest Cost	1.13	2.40	-	0.01	-	-	0.04	0.07
Expected Return on Plan Assets	(1.04)	(2.67)	-	(0.05)	-	-	-	-
Curtailments Cost / (Credit)	-	-	-	-	-	-	-	-
Settlements Cost / (Credit)	-	-	-	-	-	-	-	-
Net Actuarial (gain) / loss	2.22	4.91	-	(0.01)	-	-	(0.23)	0.32
Total Expenses / (Income) recognised in the Statement of Profit And Loss*	3.70	7.56	-	(0.04)	-	-	(0.14)	0.53

*Included in Salaries and Wages, Contribution to Provident and Other Funds, Gratuity Fund and Research and Development Expenses (Refer Note 30 and 32)

F. Actual Return on Plan Assets

(₹ in Crores)

	(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,	
	2012	2011	2012	2011	2012	2011	2012	2011
Expected Return on Plan Assets	1.04	2.67	-	0.05	-	-	-	-
Actuarial gain / (loss) on Plan Assets	0.63	(1.75)	-	(0.07)	-	-	-	-
Actual Return on Plan Assets	1.67	0.92	-	(0.02)	-	-	-	-

NOTES TO FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

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,	
	2012	2011	2012	2011	2012	2011	2012	2011
Debt	74.86	67.90	100.0	100.0	-	-	-	-
Bank Deposit	17.90	25.00	-	-	-	-	-	-
Equity	7.24	7.10	-	-	-	-	-	-

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,	
	2012	2011	2012	2011	2012	2011	2012	2011
Discount Rate (per annum)	8.75	8.25	-	8.25	-	8.25	8.75	8.25
Expected Rate of return on Plan Assets (per annum)	8.60	8.00	-	8.00	-	-	-	-

I. Experience Adjustments

	Gratuity (Funded)				
	As at March 31,				
	2012	2011	2010	2009	2008
Defined Benefit Obligation	18.35	13.80	32.90	28.95	27.38
Plan Assets	15.35	12.50	29.66	30.23	26.96
Deficit / (Surplus)	3.00	1.30	3.24	(1.28)	0.42
Experience adjustment on plan liabilities loss	2.47	3.16	3.21	(2.03)	1.77
Experience adjustment on plan assets gain/ (loss)	0.63	(1.75)	0.30	(1.15)	1.68

(₹ in Crores)

	Pension (Funded)				
	As at March 31,				
	2012	2011	2010	2009	2008
Defined Benefit Obligation	-	0.01	0.07	0.10	0.16
Plan Assets	0.60	0.61	0.63	0.59	0.54
Deficit / (Surplus)	(0.60)	(0.60)	(0.56)	(0.49)	(0.38)
Experience adjustment on plan liabilities loss	-	-	-	-	-
Experience adjustment on plan assets gain/ (loss)	-	-	(0.01)	(0.01)	-

(₹ in Crores)

	Pension (Non-Funded)				
	As at March 31,				
	2012	2011	2010	2009	2008
Defined Benefit Obligation	-	-	0.01	0.01	0.06
Plan Assets	-	-	-	-	-
Deficit / (Surplus)	-	-	0.01	0.01	0.06
Experience adjustment on plan liabilities loss	-	-	-	-	-
Experience adjustment on plan assets gain/ (loss)	-	-	-	-	-

NOTES TO FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

(₹ in Crores)

	Long-Term Service Award (Non-Funded)				
	As at March 31,				
	2012	2011	2010	2009	2008
Defined Benefit Obligation	0.31	0.46	0.83	0.88	0.83
Plan Assets	-	-	-	-	-
Deficit / (Surplus)	0.31	0.46	0.83	0.88	0.83
Experience adjustment on plan liabilities loss	0.23	-	-	-	-
Experience adjustment on plan assets gain/ (loss)	-	-	-	-	-

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 ₹ 1.77 Crores (Previous Year ₹ 3.18 Crores) for Gratuity and Pension.

K. The liability for Leave Encashment (Non – Funded) as at year end is ₹ 16.00 Crores. (Previous year ₹ 11.49 Crores)

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.

38. The Company is 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. The Secondary Segments based on geographical segmentation are considered to be Businesses outside India and within India.

(₹ in Crores)

Details	Within India		Outside India		Inter - Segment		Total	
	March	March	March	March	March	March	March	March
	2012	2011	2012	2011	2012	2011	2012	2011
Revenues	482.34	379.49	671.14	434.95	-	-	1,153.48	814.44
Carrying amounts of Segment Assets	13,564.75	13,021.96	202.79	151.99	-	-	13,767.54	13,173.95
Additions to Fixed and Intangible Assets	172.35	86.12	4.94	-	-	-	177.29	86.12

39. Related Party Disclosures:

A. Controlling Companies

The Swastik Safe Deposits and Investments Limited * (w.e.f. December 30, 2011)

The Ajay G. Piramal Foundation*

Paramount Pharma Private Limited*

BMK Laboratories Private Limited

Cavaal Fininvest Private Limited*

PHL Holdings Private Limited (formerly Known as Piramal International Private Limited)* (w.e.f. September 29, 2011)

Piramal Management Services Private Limited* (upto September 29, 2011)

Piramal Healthcare Limited - Employee Option Scheme* (PHL ESOP)

Piramal Enterprises Limited - Trustees of Piramal Enterprises Executive Trust*

Piramal Life Sciences Limited - Senior Employees Stock Option Trust (w.e.f. December 30, 2011)*

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

B. Subsidiary Companies

PHL Fininvest Private Limited (PHL Fininvest)

Piramal Diagnostic Services Private Limited (PDSL) (upto August 20, 2010, consequent to divestment of shareholding)

Piramal Pharmaceutical Development Services Private Limited (PPDSPL)

Oxygen Bio Research Private Limited #

Piramal International@

Piramal Holdings (Switzerland) Limited (Piramal Holdings)

NOTES TO FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

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 (Oxygen Healthcare) *
 Piramal Critical Care Italia, SPA * @
 Piramal Critical Care Inc (PCCI) **
 Minrad EU (France) **@
 PHL Capital Private Limited (PHL Capital) (w.e.f. May 25, 2011)
 PHL Finance Private Limited (PHL Finance) (w.e.f. July 27, 2011) \$
 PHL Infrastructure Finance Company Private Limited (PHL Infra) (w.e.f. September 16, 2011) \$@
 Indiareit Fund Advisors Private Limited (w.e.f. August 12, 2011) \$ @
 Piramal Systems & Technologies Private Limited (Piramal Systems) (w.e.f. November 29, 2011)
 Indiareit Investment Management Company, Mauritius (w.e.f. March 12, 2012) \$ @
 Piramal Technologies SA (w.e.f. March 13, 2012) ## @
 Piramal Imaging SA (w.e.f. February 6, 2012) * @
 Piramal Molecular Imaging Development GmbH (w.e.f. February 27, 2012) * @

* Held through Piramal Holdings (Switzerland) Limited.

** Held through Piramal Healthcare Inc.

Held through Piramal Pharmaceutical Development Services Private Limited.

\$ Held through PHL Capital Private Limited.

Held through Piramal Systems and Technologies 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 Estates Private Limited (formerly known as Piramal Realty Limited) (Piramal Estates)
 India Venture Advisors Private Limited* (India Venture)
 Allergan India Private Limited (Allergan)
 Arkray Piramal Medical Private Limited (Arkray) (upto September 30, 2010)

* There are no transactions during the year with the above Company.

D. Investing parties with whom the Company 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. (Mrs.) Swati A. Piramal

Mr. N. Santhanam (upto December 31, 2011)

Ms. Nandini Piramal

Mr. Vijay Shah (w.e.f. January 1, 2012)

NOTES TO FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

(₹ in Crores)

Details of Transactions	Subsidiaries		Controlling/ Associates		Key Management Personnel		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
Purchase of Goods								
- Piramal Healthcare UK	1.26	-	-	-	-	-	1.26	-
- PGL	-	-	6.46	11.27	-	-	6.46	11.27
- Allergan	-	-	0.15	2.85	-	-	0.15	2.85
- PCCI	4.27	-	-	-	-	-	4.27	-
- Others	-	-	-	0.09	-	-	-	0.09
TOTAL	5.53	-	6.61	14.21	-	-	12.14	14.21
Sale of Goods								
- Allergan	-	-	34.41	27.56	-	-	34.41	27.56
- PDSL	-	0.20	-	-	-	-	-	0.20
- Piramal Healthcare UK	24.69	27.00	-	-	-	-	24.69	27.00
- PLSL	-	-	-	3.74	-	-	-	3.74
- Piramal Healthcare, Canada	0.58	2.67	-	-	-	-	0.58	2.67
- PCCI	24.57	9.77	-	-	-	-	24.57	9.77
- Oxygen Healthcare	0.88	-	-	-	-	-	0.88	-
- Others	0.01	0.01	-	-	-	-	0.01	0.01
TOTAL	50.73	39.65	34.41	31.30	-	-	85.14	70.95
Rendering of Services								
- Allergan	-	-	0.44	0.20	-	-	0.44	0.20
- Arkray	-	-	-	0.19	-	-	-	0.19
- Oxygen Bio	0.57	-	-	-	-	-	0.57	-
TOTAL	0.57	-	0.44	0.39	-	-	1.01	0.39
Receiving of Services								
- NPIL Pharma Inc	14.39	12.18	-	-	-	-	14.39	12.18
- PEL	-	-	5.00	14.00	-	-	5.00	14.00
- Others	0.09	0.06	0.11	0.13	-	-	0.20	0.19
TOTAL	14.48	12.24	5.11	14.13	-	-	19.59	26.37
Rent Paid								
- Piramal Estates	-	-	7.98	7.78	-	-	7.98	7.78
TOTAL	-	-	7.98	7.78	-	-	7.98	7.78
Sale of Investment (Including accrued Interest)								
- PHL Fininvest	189.75	-	-	-	-	-	189.75	-
TOTAL	189.75	-	-	-	-	-	189.75	-
Dividend Income								
- Allergan	-	-	3.92	7.84	-	-	3.92	7.84
TOTAL	-	-	3.92	7.84	-	-	3.92	7.84

NOTES TO FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

(₹ in Crores)

Details of Transactions	Subsidiaries		Controlling/ Associates		Key Management Personnel		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
Finance granted (including loans and Equity contribution in cash or in kind)								
- PHL Fininvest	974.52	1,379.61	-	-	-	-	974.52	1,379.61
- PDSL	-	234.08	-	-	-	-	-	234.08
- PLSL	-	-	-	347.00	-	-	-	347.00
- Piramal Healthcare Inc.	195.96	320.31	-	-	-	-	195.96	320.31
- Piramal Holdings	215.03	203.54	-	-	-	-	215.03	203.54
- PPDSPL	91.10	91.10	-	-	-	-	91.10	91.10
- PHL-ESOP	-	-	-	2.60	-	-	-	2.60
- PHL Capital	340.53	-	-	-	-	-	340.53	-
- Others	0.70	-	-	-	-	-	0.70	-
TOTAL	1,817.84	2,228.64	-	349.60	-	-	1,817.84	2,578.24
Interest Received								
- PHL Fininvest	27.54	65.15	-	-	-	-	27.54	65.15
- PDSL	-	4.63	-	-	-	-	-	4.63
- PLSL	-	-	-	12.15	-	-	-	12.15
- Piramal Healthcare Inc.	18.42	15.77	-	-	-	-	18.42	15.77
- Piramal Holdings	15.01	12.67	-	-	-	-	15.01	12.67
- Others	0.01	-	-	-	-	-	0.01	-
TOTAL	60.98	98.22	-	12.15	-	-	60.98	110.37
Management Contracts including for Deputation of Employees - Services rendered								
- India Venture	-	-	-	0.54	-	-	-	0.54
TOTAL	-	-	-	0.54	-	-	-	0.54
Remuneration								
- Mr. Ajay G. Piramal	-	-	-	-	7.89	9.00	7.89	9.00
- Dr. (Mrs.) Swati A. Piramal	-	-	-	-	3.89	4.76	3.89	4.76
- Ms. Nandini Piramal	-	-	-	-	1.47	3.35	1.47	3.35
- Mr. N. Santhanam	-	-	-	-	2.90	6.85	2.90	6.85
- Mr. Vijay Shah	-	-	-	-	1.08	-	1.08	-
TOTAL	-	-	-	-	17.23	23.96	17.23	23.96
Purchase of Fixed Assets								
- Piramal Healthcare UK	4.94	-	-	-	-	-	4.94	-
TOTAL	4.94	-	-	-	-	-	4.94	-
Sale of Fixed Assets								
- PPDSPL	1.06	-	-	-	-	-	1.06	-
TOTAL	1.06	-	-	-	-	-	1.06	-
Purchase of Investment								
- PHL Finance	2.00	-	-	-	-	-	2.00	-
TOTAL	2.00	-	-	-	-	-	2.00	-

NOTES TO FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

Details of Transactions	Subsidiaries		Controlling/ Associates		Key Management Personnel		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
Receivable								
- PHL Fininvest	216.36	17.80	-	-	-	-	216.36	17.80
- Piramal Holdings	174.36	206.03	-	-	-	-	174.36	206.03
- PLSL	-	-	-	361.23	-	-	-	361.23
- Piramal Healthcare UK	17.70	16.63	-	-	-	-	17.70	16.63
- PPDSPL	86.03	91.26	-	-	-	-	86.03	91.26
- Piramal Healthcare Inc.	213.55	148.20	-	-	-	-	213.55	148.20
- Allergan	-	-	0.45	-	-	-	0.45	-
- Piramal Estate	-	-	6.05	6.05	-	-	6.05	6.05
- Others	30.22	13.28	0.50	0.38	-	-	30.72	13.66
TOTAL	738.22	493.20	7.00	367.66	-	-	745.22	860.86
Payable								
- NPIL Pharma Inc	22.66	22.22	-	-	-	-	22.66	22.22
- PGL	-	-	-	0.97	-	-	-	0.97
- Allergan	-	-	-	2.49	-	-	-	2.49
TOTAL	22.66	22.22	-	3.46	-	-	22.66	25.68

(₹ in Crores)

	As at March 31, 2012	As at March 31, 2011
40. a. Value of imports calculated on CIF basis:		
i. Raw Materials	228.50	182.36
ii. Capital Goods	28.74	7.65
iii. Traded Goods / reagents	27.89	22.15
b. Expenditure in Foreign Currency		
i. Travelling	3.76	2.43
ii. Professional Fees	8.52	11.52
iii. Commission	2.74	2.07
iv. Subscription	0.59	1.05
v. Service charges	14.39	12.18
vi. Clinical Expenses	1.45	-
vii. Interest Expenses	7.49	6.79
viii. Others	12.73	1.60
c. Dividend remitted in Foreign Currency		
Dividend paid during the year (₹ In Crores)	5.01	3.03
Number of non-resident shareholders	1	1
Number of equity shares held by such non-resident shareholders	4,176,468	5,617,730
Year to which the dividends relate to	2010-11	2009-10
41. Earnings in Foreign Currency		
i. Exports of Goods calculated on FOB basis	651.53	428.63
ii. Interest on Loans	33.43	28.44
iii. Others	19.61	6.32

NOTES TO FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

(₹ in Crores)

42. Miscellaneous Expenditure includes Auditors' Remuneration in respect of:	As at March 31, 2012	As at March 31, 2011
Statutory Auditors:		
a) Audit Fees	0.70	1.00
b) Other Services	0.04	0.51
c) Reimbursement of Out of pocket Expenses	0.02	0.02

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

(₹ in Crores)

	As at March 31, 2012	As at March 31, 2011
(a) The principal amount and the interest due thereon remaining unpaid to suppliers		
(i) Principal	- *	-
(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	-	-

* Amount is below the rounding off norm adopted by the Company

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.

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

Amounts outstanding as at the year-end were:

(₹ in Crores)

Subsidiary Companies	As at March 31, 2012	As at March 31, 2011
Piramal Holdings (Switzerland) Limited	162.93	191.90
PHL Fininvest Private Limited	215.56	17.80
Piramal Healthcare Inc.	195.96	137.33
Piramal Systems & Technologies Private Limited	0.69	-

The maximum amounts due during the year were:

(₹ in Crores)

Subsidiary Companies	As at March 31, 2012	As at March 31, 2011
PHL Fininvest Private Limited	974.52	1,379.61
Piramal Diagnostic Services Private Limited	-	234.08
Piramal Holdings (Switzerland) Limited	215.03	203.54
Piramal Healthcare Inc.	195.96	320.31
Piramal Systems & Technologies Private Limited	0.69	-

NOTES TO FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

- b) During the year the Company has advanced interest free loans aggregating to ₹ 86.00 Crores (Previous Year ₹ 91.10 Crores) [maximum outstanding during the year ₹ 91.10 Crores (Previous Year ₹ 91.10 Crores)] to Piramal Pharmaceuticals Development Services Private Limited.
- c) The Company has advanced interest-bearing loans aggregating to ₹ NIL (Previous Year ₹ 347.00 Crores) [maximum outstanding during the year ₹ NIL (Previous Year ₹ 347.00 Crores)] to Piramal Life Sciences Limited. (Refer Note 3.2)
45. The Company'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 Note 32.

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 ₹ 13.36 Crores (Previous Year ₹ 13.00 Crores) in respect of these leasing arrangements. Future lease rentals payable in respect of motor vehicles, office premises and computers on lease:

(₹ in Crores)

Payable	As at March 31, 2012	As at March 31, 2011
Not Later than one year	10.69	8.08
Later than one year but not later than five years	10.93	11.89
Later than five years	-	-

46. There are no Derivative contracts outstanding as on March 31, 2012.
47. 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, 2012	For the Year Ended March 31, 2011
1. Profit after tax (₹ in Crores)	130.72	12,896.91
2. Weighted Number of Shares (nos.)	168,794,463	225,149,809
3. EPS after exceptional items (₹)	7.7	572.8
4. Face value per share (₹)	2.0	2.0

48. 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.

(₹ in Crores)

Nature of Assets	Brands and Know-How	Trademarks and Copyrights	Brands and Trademarks	Technical Know-How and Business IPR	US FDA / TGA Approvals
Useful Life	15 Yrs	15 Yrs	10 Years	10 Years	10 Years
Amortisation Method	SLM	SLM	SLM	SLM	SLM
Gross Block as on April 01, 2011	11.26	101.04	9.19	45.02	19.42
Accumulated Amortisation as on April 01, 2011	0.75	6.92	7.42	27.98	14.92
WDV as on April 01, 2011	10.51	94.12	1.77	17.04	4.50
Additions during the year	4.94	-	-	-	-
Retirement and Disposals (net of Accumulated Amortisation)	-	-	-	-	-
Amortisation for the year	1.01	6.74	0.42	4.50	1.94
WDV as on March 31, 2012	14.44	87.38	1.35	12.54	2.56
Capital Commitment as on March 31, 2012	-	-	-	-	-

NOTES TO FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

49. Recoveries deducted from expenses are on account of sharing of common expenses with Subsidiaries and Group Companies.
50. Details of additions to fixed assets and Revenue Expenditure for Department of Scientific & Industrial Research (DSIR) approved research and development facilities / division of the Company for the year ended March 31, 2012 are as follows;
The Company has applied for the transfer of DSIR approval for the R&D facility at Goregaon acquired on demerger of R&D NCE Unit in the name of the Company. (Refer Note No. 3)

(₹ in Crores)

Description	For the year ended March 31, 2012	For the year ended March 31, 2011
Revenue Expenditure	115.55	23.84
Capital Expenditure		
Additions to fixed assets	21.56	1.94
Less: Sale proceeds of the assets and Transfer of the Assets	1.70	-
Net addition to fixed assets	19.86	1.94

51. Extracts of Assets and Liabilities as on March 31, 2012 and Income and Expenses for the year ended March 31, 2012 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.

(₹ in Crores)

Particulars	Allergan India Private Limited
Assets	
Tangible Assets	1.63
Intangible Assets	0.27
Intangible Assets under Development	0.60
Deferred Tax Asset (net)	1.03
Long-Term Loans and Advances	4.16
Inventories	10.07
Trade Receivables	6.99
Cash and Cash Equivalents	3.52
Short-Term Loans and Advances	5.58
Liabilities	
Long-Term Provisions	0.19
Trade Payables	4.47
Other Current Liabilities	1.72
Short-Term Provisions	0.53
Income	
Revenue from operations (Net)	82.31
Other Income	0.31
Expenses	
Purchases of stock-in-trade	35.01
Changes in inventories of finished goods, work-in-progress and stock-in-trade	(3.92)
Employee benefits expense	12.17
Depreciation and amortisation expense	0.70
Other Expenses	19.50
Provision for Taxation (including Deferred Tax)	6.53

NOTES TO FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

52. During the year, the following investments were made by the Company;

- 340,530,000 equity shares of ₹ 10/- each amounting to ₹ 340.53 Crores in PHL Capital Private Limited
- 10,000 equity shares of ₹ 10/- each amounting to ₹ 0.01 Crores in Piramal Systems and Technologies Private Limited
- 45,425,328 equity shares (10.97%) in Vodafone India Limited of ₹ 10/- each acquired from ETHL Communications Holdings Limited for cash consideration of ₹ 5,864.37 Crores.

53. During the year, the Company has received ₹ 1,854.44 Crores through discounting of receivables. Finance charges on the same amounting to ₹ 111.74 Crores has been disclosed under "Finance Cost".

54. Production, Sales and Stocks

Class of Goods Manufactured : Pharmaceuticals, Bulk Drugs and Skin Care Products

(₹ in Crores)

Category	Opening Stock	Purchases	Sales	Closing Stock
	(2 & 3)	(1 & 3)	-	(2 & 3)
Traded				
Creams & Powder	0.27	0.86	1.31	0.12
	(1.36)	(3.04)	(11.44)	(0.27)
Vials	0.22	3.21	9.27	-
	(1.25)	(0.09)	(8.58)	(0.22)
Tablets & Capsules	4.58	8.46	37.93	1.87
	(0.20)	(26.23)	(46.84)	(4.58)
Liquids, Drops & Solutions	1.99	16.51	26.69	3.62
	(1.60)	(9.46)	(15.05)	(1.99)
Others	10.30	51.92	74.46	15.54
	(1.10)	(41.96)	(34.19)	(10.30)
Manufactured				
Tablets	10.06	-	236.10	7.35
	(2.28)	-	(153.65)	(10.06)
Capsules	-	-	-	-
	(0.46)	-	(3.48)	-
Liquids	5.76	-	133.93	7.03
	(4.69)	-	(118.07)	(5.76)
Powders, Creams & Ointments	0.08	-	-	-
	(0.40)	-	(0.57)	(0.08)
Bulk Drug & Intermediates	20.54	-	451.12	12.77
	(16.18)	-	(322.86)	(20.54)
Vitamin A in various Forms & Combinations	0.65	-	56.09	5.62
	(3.27)	-	(23.32)	(0.65)
Others	0.69	-	69.35	2.59
	(0.83)	-	(51.69)	(0.69)
Grand Total	55.14	80.96	1,096.25	56.51
	(33.62)	(80.78)	(789.74)	(55.14)

NOTES TO FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

Note:

1. Includes products processed by third parties.
2. Stocks are net of breakages and unsaleable stock.
3. Opening stocks, purchases & closing stocks are net of physician samples.
4. 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.
5. The Pharmaceuticals business comprises of Manufacturing and trading of bulk drugs and formulations.

55. Work In Progress - Stocks

	(₹ in Crores)	
Work-in-Progress	31.03.12	31.03.11
Bulk Drugs	52.00	44.55
Formulations - Liquids	2.95	1.31
Tablets & Capsules	11.30	8.48
Total	66.25	54.34

56. a) Materials Consumed

	UOM	QUANTITY		₹ in Crores	
		YEAR ENDED		YEAR ENDED	
		31.03.12	31.03.11	31.03.12	31.03.11
Vitamin A Acetate 2.8 Mio	Kgs	78,320.98	23,634.08	28.09	8.39
LACTULOSE CONCENTRATE USP	Kgs	1,496,247.45	1,243,547.45	23.55	18.22
D + Ester	Kgs	119,830.50	76,170.00	17.75	10.46
Cilostazol	Kgs	6,450.00	-	15.58	-
Others				453.98	317.45
Total				538.95	354.52
Whereof:		31.03.12	%	31.03.11	%
Imported at Landed Cost		177.96	33%	71.64	20%
Indigenous		360.99	67%	282.88	80%
Total		538.95		354.52	

NOTES TO FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

b) Stores and Spares Parts Consumed

Whereof:	31.03.12 ₹ in Crores	%	31.03.11 ₹ in Crores	%
Imported at Landed Cost	-	0%	-	0%
Indigenous	12.37	100%	11.12	100%
Total	12.37		11.12	

57. The financial statements for the year ended March 31, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended March 31, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to confirm to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements except for accounting for dividend on investments in subsidiaries.

58. The figures for the year ended March 31, 2012 are not comparable to the previous year ended March 31, 2011 on account of the demerger of R&D NCE unit of PLSL into the Company (Refer Note 3).

Signature to note 1 to 58 of Financial Statements.

For Price Waterhouse

Firm Registration Number: 301112E
Chartered Accountants

Partha Ghosh

Partner
Membership No. F-55913
Mumbai, May 03, 2012

Ajay G. Piramal

Vijay Shah

Rajesh Laddha

Leonard D'Souza

Chairman

Executive Director & Chief Operating Officer

Chief Financial Officer

Company Secretary

Mumbai, May 03, 2012

**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 Bio Research Private Limited	Piramal Holdings (Switzerland) Limited	Piramal Critical Care Italia, S.P.A	Piramal Life Sciences (UK) Limited	Oxygen Healthcare Limited
Financial Year ended on	31.03.2012	31.03.2012	31.03.2012	31.03.2012	31.12.2011*	31.12.2011*	31.03.2012	31.03.2012
Capital	2.23	3.68	6.75	0.93	62.00	6.79	78.27	0.01
Reserves	0.43	3.68	0.42	36.05	(9.35)	(5.41)	(3.27)	3.33
Total Assets	219.11	-	101.91	49.93	381.00	40.68	110.24	4.65
Total Liabilities	216.45	-	94.74	12.95	328.35	39.30	35.24	1.31
Details of Investment								
- Investment in Shares	5.17	-	-	-	-	-	-	-
- Investment in Mutual Funds	-	-	-	-	-	-	-	-
- Investment in Fund Scheme	-	-	-	-	-	-	-	-
- Investment in Debentures	187.28	-	-	-	-	-	-	-
Turnover	28.79	0.01	18.70	38.73	60.91	30.49	-	2.49
Profit / (Loss) before taxation	1.24	-	(0.07)	13.65	9.71	7.38	(2.00)	0.30
Provision for taxation	(0.08)	-	(0.04)	0.68	0.39	1.97	-	0.06
Profit / (Loss) after taxation	1.32	-	(0.03)	12.97	9.32	5.41	(2.00)	0.24
Proposed Dividend	-	-	-	-	-	-	-	-
Exchange rate used	-	50.88	-	-	56.36	67.91	81.53	81.53
Local Currency	INR	USD	INR	INR	CHF	EUR	GBP	GBP

**STATEMENT PURSUANT TO GENERAL EXEMPTION GRANTED BY THE MINISTRY OF
CORPORATE AFFAIRS U/S 212(8) OF THE COMPANIES ACT, 1956 (CONTD.)**

Name of the Subsidiary Company	NPIL Pharma Inc.	Piramal Investment Holdings (Canada) Inc.	Piramal Healthcare (Canada) Limited	Piramal Healthcare (UK) Limited	Piramal Healthcare Pension Trustees Limited	Piramal Healthcare (France) Limited	Piramal Healthcare Inc.	Piramal Critical Care Inc.
Financial Year ended on	31.03.2012	31.12.2011*	31.12.2011*	31.12.2011*	31.12.2011*	31.12.2011*	31.12.2011*	31.12.2011*
Capital	0.51	CAD 10	46.11	144.08	GBP 1	GBP 1	60.50	435.71
Reserves	(11.77)	(24.49)	(13.05)	24.86	-	-	(45.75)	(665.52)
Total Assets	72.86	138.32	197.50	403.65	GBP 1	GBP 1	604.47	432.72
Total Liabilities	84.12	162.81	164.44	234.71	-	-	589.72	662.53
Details of Investment								
- Investment in Shares	-	-	-	-	-	-	-	-
- Investment in Mutual Funds	-	-	-	-	-	-	-	-
- Investment in Fund Scheme	-	-	-	-	-	-	-	-
- Investment in Debentures	-	-	-	-	-	-	-	-
Turnover	15.19	-	115.65	470.97	-	0.70	31.31	309.13
Profit / (Loss) before taxation	(2.69)	(5.63)	(33.75)	14.82	-	-	4.45	(24.70)
Provision for taxation	(0.23)	-	13.81	(0.93)	-	-	0.02	(2.82)
Profit / (Loss) after taxation	(2.46)	(5.63)	(47.56)	15.75	-	-	4.43	(21.88)
Proposed Dividend	-	-	-	-	-	-	-	-
Exchange rate used	50.88	51.05	51.05	81.53	81.53	81.53	50.88	50.88
Local Currency	USD	CAD	CAD	GBP	GBP	GBP	USD	USD

**STATEMENT PURSUANT TO GENERAL EXEMPTION GRANTED BY THE MINISTRY OF
CORPORATE AFFAIRS U/S 212(8) OF THE COMPANIES ACT, 1956 (CONTD.)**

Name of the Subsidiary Company	Minrad EU.	PHL Capital Private Limited	Indiareit Fund Advisors Private Limited	INDIAREIT Investment Management Co.	PHL Finance Private Limited	PHL Infrastructure Finance Company Private Limited	Piramal Systems & Technologies Private Limited
Financial Year ended on	31.12.2011*	31.03.2012	31.03.2012	31.03.2012	31.03.2012	31.03.2012	31.03.2012
Capital	0.25	340.53	1.18	0.22	125.00	0.01	0.01
Reserves	(6.70)	(2.85)	126.76	3.19	5.43	-	(0.13)
Total Assets	0.01	337.90	140.49	3.96	132.65	0.01	0.59
Total Liabilities	6.46	0.22	12.55	0.55	2.22	-	0.71
Details of Investment							
- Investment in Shares	-	-	-	0.05	-	-	-
- Investment in Mutual Funds	-	-	-	-	25.16	-	-
- Investment in Fund Scheme	-	-	17.53	-	-	-	-
- Investment in Debentures	-	-	-	-	88.76	-	-
Turnover	-	-	41.63	29.77	15.59	-	-
Profit / (Loss) before taxation	(0.04)	(2.85)	18.56	20.43	9.08	-	(0.13)
Provision for taxation	-	-	6.06	0.63	3.76	-	-
Profit / (Loss) after taxation	(0.04)	(2.85)	12.50	19.80	5.32	-	(0.13)
Proposed Dividend	-	-	-	-	-	-	-
Exchange rate used	67.91	-	-	50.88	-	-	-
Local Currency	EUR	INR	INR	USD	INR	INR	INR

* 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, 2012. The details provided herein, however, are based on the statutory financial year.

Details of Piramal Imaging SA, Piramal Molecular Imaging Development GmbH and Piramal Technologies SA are not provided since the first accounting period will end on December 31, 2012.

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 and its jointly controlled entity; hereinafter referred to as the "Group" (refer 2(iii)(b) to the attached Consolidated Financial statements) as at March 31, 2012, the related consolidated Statement of Profit and Loss 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 26 subsidiaries and 1 jointly controlled entity included in the consolidated financial statements, which constitute total assets of ₹ 2,197.47 Crores and net assets of ₹ 1,228.01 Crores as at March 31, 2012, total revenue of ₹ 1,046.75 Crores, net loss of ₹ 10.27 Crores and net cash flows amounting to ₹ (28.13) Crores 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 auditors on separate financial statements and on the other financial information of the components 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, 2012;
 - (b) in the case of the consolidated Statement of Profit and Loss, 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 Number: F-55913

Mumbai
May 03, 2012

CONSOLIDATED BALANCE SHEET

as at March 31, 2012

	Note No.	As at March 31, 2012 ₹ in Crores	As at March 31, 2011 ₹ in Crores
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	4	34.51	33.58
Reserves & Surplus	5	11,207.52	11,802.84
		11,242.03	11,836.42
Minority Interest		10.34	5.76
Non-current liabilities			
Long Term Borrowings	6	648.22	656.55
Deferred Tax Liabilities (Net)	7	50.18	48.40
Other Long term Liabilities	8	135.16	191.48
Long-Term Provisions	9	59.03	53.91
		892.59	950.34
Current liabilities			
Short-Term Borrowings	10	1,014.45	69.32
Trade payables		412.97	339.97
Other Current Liabilities	11	764.05	407.35
Short-Term Provisions	12	360.55	241.84
		2,552.02	1,058.48
TOTAL		14,696.98	13,851.00
ASSETS			
Non-current Assets			
Fixed Assets			
Tangible Assets	13	1,046.77	853.82
Intangible Assets	13	781.01	589.90
Capital Work In Progress		116.69	137.61
Intangible Assets under Development (Refer Note 3.4)		144.08	0.84
		2,088.55	1,582.17
Non-Current Investments	14	6,577.86	380.86
Long-Term Loans and Advances	15	153.86	64.46
Other Non-Current Assets	16	4,199.33	5,803.59
		13,019.60	7,831.08
Current Assets			
Current Investments	17	386.22	1,100.72
Inventories	18	465.60	382.56
Trade Receivables	19	436.65	374.74
Cash and Bank Balances	20	57.82	1,770.26
Short-Term Loans and Advances	21	225.77	479.52
Other Current Assets	22	105.32	1,912.12
		1,677.38	6,019.92
TOTAL		14,696.98	13,851.00
Contingent liabilities and commitments	23		
Summary of significant accounting policies	2		

The notes are an integral part of the Consolidated Financial Statements

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 03, 2012

Ajay G. Piramal

Vijay Shah
Rajesh Laddha
Leonard D'Souza

Chairman

Executive Director & Chief Operating Officer
Chief Financial Officer
Company Secretary

Mumbai, May 03, 2012

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the Year Ended March 31, 2012

	Note No.	Year Ended March 31, 2012 ₹ in Crores	Year Ended March 31, 2011 ₹ in Crores
Revenue from operations (Gross)	24	2,152.25	1,684.77
Less : Excise Duty		19.32	11.69
Revenue from operations (Net)		2,132.93	1,673.08
Other Income	25	498.17	434.38
Total Revenue		2,631.10	2,107.46
EXPENSES			
Cost of raw and packing materials consumed	26	810.72	580.57
Purchases of Stock-in-Trade	27	153.17	111.44
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	28	(36.65)	2.02
Employee benefits expense	29	436.42	411.65
Finance costs	30	215.46	88.83
Depreciation and amortisation expense	13	129.29	95.86
Other Expenses	31	796.14	623.04
TOTAL EXPENSES		2,504.55	1,913.41
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX		126.55	194.05
Exceptional Items	32	(5.66)	16,220.50
PROFIT BEFORE TAX		120.89	16,414.55
Less: Tax Expenses			
Current Tax			
Provision for Taxation - Current [includes prior period tax ₹ Nil (Previous year ₹ 9.52 Crores)]		40.04	3,690.83
MAT Credit Entitlement [includes prior period MAT credit ₹ 17.70 Crores (Previous year ₹ Nil)]		(42.98)	-
Net Current Tax		(2.94)	3,690.83
Deferred Tax		8.57	(11.93)
		5.63	3,678.90
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		115.26	12,735.65
Profit from discontinuing operations		-	148.83
Tax expense of discontinuing operations		-	0.81
PROFIT FROM DISCONTINUING OPERATIONS AFTER TAX		-	148.02
PROFIT FOR THE YEAR BEFORE MINORITY INTEREST		115.26	12,883.67
Minority Interest		3.76	0.31
CONSOLIDATED PROFIT FOR THE YEAR		111.50	12,883.36
Earning Per Share (Basic/Diluted) (₹) (Face value of ₹ 2/- each) (Refer Note 44)		6.6	572.2
The notes are an integral part of the Consolidated Financial Statements			

This is the Consolidated Statement of Profit and Loss 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 03, 2012

Ajay G. Piramal

Vijay Shah

Rajesh Laddha

Leonard D'Souza

Chairman

Executive Director & Chief Operating Officer

Chief Financial Officer

Company Secretary

Mumbai, May 03, 2012

CONSOLIDATED CASH FLOW STATEMENT

for the Year Ended March 31, 2012

	Year Ended March 31, 2012 ₹ In Crores	Year Ended March 31, 2011 ₹ In Crores
A. Cash Flow From Operating Activities		
Profit before tax from Continuing Operations	120.89	16,414.55
Adjustments for :		
Depreciation and amortisation expense	129.29	95.86
Finance Costs	215.46	88.83
Interest Income on Current Investments	(12.19)	(55.43)
Interest Income on Non-Current Investments	(27.04)	(18.37)
Interest Income on Current Assets	(102.51)	(207.08)
Dividend Income on Current Investments	(16.69)	(50.43)
Dividend Income on Non-current Investments	(1.02)	(0.20)
Capital Work in Progress written off	6.95	9.43
(Profit) / Loss on Sale of Assets (Net)	(1.75)	0.09
Fixed Assets written off	-	16.68
Impairment of Fixed Assets	-	0.43
Profit on Sale of Current Investments (Net)	(59.95)	(4.24)
Provision on Standard Assets	0.26	-
Profit on Sale of Joint Venture	-	(17.74)
Provision for Slow Moving Inventories	3.00	3.00
Provision for Doubtful Debts	5.84	1.86
Provision No Longer Required, written back	-	(0.20)
Provision for Doubtful Advances	-	1.33
Exchange Gain on proceeds from Sale of Domestic Formulation Business	(201.29)	-
Unrealised Foreign Exchange Gain	(110.28)	(95.01)
Exceptional Items		
- Sale of Investment in Subsidiary Company - Piramal Diagnostic Services Private Limited	-	(297.82)
- Sale of Domestic Formulation Business	-	(15,994.62)
- Provision for Diminution in Value in Biosyntech Inc., Canada	-	22.32
- Plant Closure Cost - Vitamin and Fine Chemical Plant	-	40.70
- Voluntary Retirement Cost	5.66	8.92
Operating (Loss) Before Working Capital Changes from Continuing Operations	(45.37)	(37.14)
Adjustments For Changes In Working Capital :		
- (INCREASE) in Trade receivables	(63.55)	(79.53)
- (INCREASE) in Other Non Current Assets	(55.62)	(17.72)
- DECREASE in Other Current Assets	86.55	116.40
- (INCREASE) in Long Term Loans and Advances	(34.34)	(1.64)
- (INCREASE) in Inventories	(79.49)	(70.04)
- (INCREASE) in Short Term Loans and Advances	(53.14)	(266.76)
- INCREASE / (DECREASE) in Trade Payables	53.80	(37.04)
- INCREASE in Other Long Term Liabilities	0.04	4.31
- INCREASE / (DECREASE) in Long Term Provisions	2.55	(4.23)
- (DECREASE) / INCREASE in Other Current Liabilities	(110.35)	46.33
- INCREASE / (DECREASE) in Short Term Provisions	0.11	(4.75)
- (INCREASE) in amounts invested in Debentures	(331.80)	-
Cash (Used) In Continuing Operations	(630.61)	(351.81)
- Taxes Paid (Net of Refunds)	(74.45)	(3,540.60)
Net Cash Before Exceptional Items	(705.06)	(3,892.41)
- Exceptional Items		
- Sale of Investment in Subsidiary Company - Piramal Diagnostic Services Private Limited	-	(18.96)
- Sale of Domestic Formulation Business	-	(763.02)
- Plant Closure Cost - Vitamin and Fine Chemical Plant	-	(15.69)
- Voluntary Retirement Cost	(5.66)	(8.92)
Net Cash (Used) In Operating Activities from Continuing Operations (A)	(710.72)	(4,699.00)
Net Cash From Operating Activities from Discontinuing Operations (B)	-	161.86
B. Cash Flow From Investing Activities		
Adjustments For Changes In :		
Purchase of Tangible / Intangible Assets	(225.02)	(210.95)
Capital Work in Progress	(9.91)	(14.78)
Proceeds from Sale of Tangible / Intangible Assets	10.10	6.09
Purchase of Current Investments		
- in Mutual Funds	(12,421.60)	(18,423.33)
- in Certificate of Deposits	(465.51)	(967.28)
- in Bonds	-	(276.25)
- in Commercial Paper	(448.04)	(4,395.11)
Proceeds from Sale of Current Investments		
- in Mutual Funds	12,886.04	17,645.99
- in Certificate of Deposits	795.00	643.28
- in Bonds	-	68.65

CONSOLIDATED CASH FLOW STATEMENT

for the Year Ended March 31, 2012

	Year Ended March 31, 2012 ₹ In Crores	Year Ended March 31, 2011 ₹ In Crores
- in shares of SRL	-	137.62
- in Commercial Paper	455.00	4,394.80
Purchase of Non Current Investments	-	(15.75)
- in Debentures	-	(15.75)
Proceeds from Sale of Non Current Investments	0.51	-
- in Debentures	(5,864.37)	244.66
Investment in Equity Shares of Vodafone	-	-
Interest Received on Current Investments	27.47	-
Interest Received on Non Current Investments	102.51	-
Interest Received on Non Current Assets	17.71	50.63
Dividend on Investments	(212.24)	(65.28)
Amount paid on acquisition	-	66.35
Proceeds from Sale of Diagnostic Business	-	10,245.70
Proceeds from Sale of Domestic Formulation Business	3,796.49	9.00
Amount Received on Sale of Joint Venture	-	9,159.79
Net Cash (Used in) / From Investing Activities from Continuing Operations (C)	(1,555.86)	(2.15)
Net Cash (Used in) Investing Activities from Discontinuing Operations (D)	-	-
C. Cash Flow From Financing Activities		
Proceeds from Long Term Borrowings	-	-
Receipts [Excludes Exchange Fluctuation Loss of ₹ 22.13 Crores (Previous Year Loss ₹ 9.57 Crores) on reinstatement of Foreign Currency Loan]	263.09	275.29
Payments	(68.49)	(727.59)
Proceeds from Short Term Borrowings	-	-
Receipts [Excludes Exchange Fluctuation Loss of ₹ 1.46 Crores (Previous Year Loss ₹ 1.25 Crores) on reinstatement of Foreign Currency Loan]	6,506.05	14,384.49
Payments	(5,570.95)	(14,244.07)
Finance Costs Paid	(214.00)	(102.15)
Dividend Paid	(200.65)	(112.86)
Dividend Tax Paid	(32.55)	(18.75)
Buy Back of Equity Shares	(42.33)	(2,447.02)
Net Cash (Used in) / From Financing Activities from Continuing Operations (E)	640.17	(2,992.66)
Net Cash From Financing Activities from Discontinuing Operations (F)	-	8.04
Net (Decrease) / Increase in Cash & Cash Equivalents (A)+(B)+(C)+(D)+(E)+(F)	(1,626.41)	1,635.88
Cash and Cash Equivalents As At 31.03.2011	1,678.88	38.12
Cash and Cash Equivalents transferred pursuant to Sale of Subsidiary	-	(5.85)
Cash and Cash Equivalents acquired pursuant to demerger / acquisition (Refer Note 3 and 33)	0.51	10.73
Cash and Cash Equivalents As At 31.03.2012	52.98	1,678.88
Cash and Cash Equivalents Comprise of :		
Cash and Cheques on hand	0.15	0.13
Balance with Scheduled Banks	52.83	1,678.75
	52.98	1,678.88

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.
- The above Consolidated Cash Flow does not include assets (other than cash and cash equivalents) / liabilities acquired on demerger of NCE unit of Piramal Life Sciences Limited (Refer Note 3), and acquisition of Indiareit Fund Advisors Private Limited (Refer Note 33 (b)), INDIAREIT Investment Management Co. (Refer Note 33 (c)) and PHL Finance Private Limited (Refer Note 33 (d)).
- 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 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 03, 2012

Ajay G. Piramal
Vijay Shah
Rajesh Laddha
Leonard D'Souza

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

Mumbai, May 03, 2012

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the Year Ended March 31, 2012

1. GENERAL INFORMATION

Piramal Healthcare Limited (the 'Company'), its subsidiaries and joint ventures (hereinafter collectively referred to as the Group) are engaged mainly in pharmaceutical business including its research and development. Recently the Company has diversified into financial services business by investing through subsidiaries in Real Estate Investment Trust and other Non Banking Finance Companies. The Group has manufacturing plants in India and across globe and sells in Domestic as well as International markets through independent retailers and through clearing & forwarding agents. The Company is a public limited company and is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE).

2. SIGNIFICANT ACCOUNTING POLICIES

i) Basis of Accounting

The consolidated financial statements are prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies Accounting Standards Rules, 2006, as amended] and the other relevant provisions of the Companies Act, 1956.

ii) Presentation and Disclosure of financial statements

During the year ended March 31, 2012, the Revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of Revised Schedule VI does not impact the recognition and measurement principles followed for preparation of financial statements. However it has a significant impact on the presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non current classification of assets and liabilities.

iii) 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 Statement of Profit and Loss.
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 39.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

- 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, 2012
PHL Fininvest Private Limited	India	100%
Piramal Pharmaceutical Development Services Private Limited	India	100%
Oxygen Bio Research Private Limited #	India	76%
Piramal International	Mauritius	100%
Allergan India Private Limited (Allergan)	India	49%
Piramal Holdings (Switzerland) Limited	Switzerland	100%
Piramal Imaging SA * (w.e.f. February 6, 2012) (Refer Note 35)	Switzerland	100%
Piramal Molecular Imaging Development GmbH * (w.e.f. February 27, 2012) (Refer Note 35)	Germany	100%
Piramal Critical Care Italia, S.P.A*	Italy	100%
Piramal Life Sciences (UK) Limited *	U.K.	100%
Oxygen Healthcare Limited*	U.K.	100%
NPIL Pharma Inc. *	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%
PHL Capital Private Limited (w.e.f. May 25, 2011) (Refer Note 33(a))	India	100%
Indiareit Fund Advisors Private Limited \$ (w.e.f. August 12, 2011) (Refer Note 33(b))	India	94%
INDIAREIT Investment Management Co. \$ (w.e.f. March 12, 2012) (Refer Note 33(c))	Mauritius	94%
PHL Finance Private Limited (Formerly Glass Engineers Private Limited) \$ (w.e.f. July 27, 2011) (Refer Note 33(d))	India	100%
PHL Infrastructure Finance Company Private Limited \$ (w.e.f. September 16, 2011) (Refer Note 33(e))	India	100%
Piramal Systems & Technologies Private Limited (w.e.f. November 29, 2011) (Refer Note 34(a))	India	100%
Piramal Technologies SA @ (w.e.f. March 13, 2012) (Refer Note 34(b))	Switzerland	100%

held through Piramal Pharmaceutical Development Services Private Limited

* held through Piramal Holdings (Switzerland) Limited

** held through Piramal Healthcare Inc.

\$ held through PHL Capital Private Limited

@ held through Piramal Systems & Technologies Private Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

iv) 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.

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.

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 tangible 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 Statement of Profit and Loss. 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.

v) 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.

vi) Inventories

a. Raw Materials

Inventories are valued at cost. Cost is determined on Moving Average price / First In First Out (FIFO) basis.

b. Packing Materials

Inventories are valued at cost. Cost is determined on Moving Average price / First In First Out (FIFO) basis.

c. Work in Process

Inventories are valued at cost. The cost of work in process comprises of raw & packing materials, direct labour, other direct costs and related production overheads as applicable. Cost of materials is determined on actual cost of materials issued.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

d. **Manufactured Finished Goods**

Inventories are valued at lower of cost or net realizable value. The cost of finished goods comprises of materials, direct labour, other direct costs and related production overheads and Excise duty as applicable. Cost of materials is determined on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

e. **Traded Finished Goods**

Inventories are valued at lower of cost or net realizable value. Cost is determined on Moving Average Price / First In First Out (FIFO) basis.

Net realizable value is the estimate of the selling price in the ordinary course of business as applicable.

vii) **Employee Benefits**

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

The Group has a Defined Benefit Plan comprising of Provident Fund, Gratuity Fund, Pension Fund, Leave Encashment, and Long Term Service Award.

Provident Fund: Contribution towards Provident Fund are made to a Trust administered by the Company. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of the year and any shortfall in the fund size maintained by the Trust set up by the Company is additionally provided for. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

Gratuity: The Group provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognized in the Statement of Profit and Loss in the year in which they arise.

Leave Encashment: Provision for Leave Encashment, which are expected to be availed and encashed within 12 months from the end of the year are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of leave encashment as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Leave Encashment, which are expected to be availed or encashed beyond 12 months from the end of the year are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

Voluntary Retirement Scheme (VRS) : Termination benefits in the nature of voluntary retirement benefits are recognised in the Statement of Profit and Loss as and when incurred.

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

Indiareit Fund Advisors Private Limited, Piramal Pharmaceutical Development Services Private Limited and Allergan, contributions to Provident Fund are made to the government trust as it is a Defined Contribution Plan.

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 Statement of Profit and Loss represents the contributions payable to the scheme in the period, as determined by independent qualified agencies.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

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.

viii) 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.

ix) Revenue recognition

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

Sale of Services: In contracts involving the rendering of services, revenue is measured using the proportionate completion method and are recognised net of service tax.

Piramal Holdings (Switzerland) Limited and its subsidiaries and Piramal Pharmaceuticals 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.

Indiareit Fund Advisors Private Limited and Indiareit Investment Management Co., Advisory fees are accounted on an accrual basis in accordance with the Investment Management Agreement and Advisory Services Agreement.

PHL Finance Private Limited, Interest income is recognised in the Statement of Profit and Loss on an accrual basis, except in the case of interest on non-performing assets which is recognised on receipt basis as per income recognition and asset classification norms of Reserve Bank of India.

Loan processing / arranger fee income is accounted for upfront as and when it becomes due.

Other Income

a. Interest:

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

b. Dividend:

Dividend income is recognised when the right to receive dividend is established.

x) 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 recognised in the Statement of Profit and Loss. In cases where they relate to acquisition of fixed assets, they are adjusted to the carrying cost of such assets.

Forward Exchange Contracts: Premium or discount in respect of forward contracts is accounted over the period of the contract. The profit or loss arising on cancellation or renewal of such a forward exchange contract are recognised as income or expense for the period.

xi) Research and Development

The research and development (R&D) cost is accounted in accordance with Accounting Standard - 26 'Intangible Assets'.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

Research

Research costs, including patent filing charges, technical know-how fees, testing charges on animal and expenses incurred on development of a molecule till the stage of Pre-clinical studies and till the receipt of regulatory approval for commencing phase I trials are treated as revenue expenses and charged off to the Statement of Profit and Loss of respective year.

Development

Development costs (costs incurred when the lead molecule enters phase I trial and after obtaining regulatory approval for conducting phase I studies) relating to design and testing of a new or improved materials, products or processes are recognized as an intangible assets and are carried forward under Intangible Assets under Development until the completion of the project as it is expected that such assets will generate future economic benefits. During the course of the studies, if it is observed that the studies are not proceeding as per expectations, the same are discontinued and the amount classified under Intangible Assets under Development is charged off to Statement of Profit and Loss.

xii) 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.

xiii) Voluntary Retirement Scheme (VRS)

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

xiv) 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 Statement of Profit and Loss in accordance with the related scheme and in the period in which these are accrued.

xv) Leases

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.

xvi) 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.

xvii) Cash and Cash Equivalents

In the cash flow statement, cash and cash equivalents includes cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

xviii) Proposed Dividend

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

3. The scheme of demerger of New Chemical Entity (NCE) of Piramal Life Sciences Limited (PLSL) into the Company on a going concern basis was sanctioned by the Hon'ble High Court of Bombay on November 25, 2011. The said scheme became effective on December 14, 2011 (the Effective Date), with an appointed date with effect from April 01, 2011.

- 3.1 Pursuant to the said scheme, the Company has issued one Equity Share of ₹ 2/- each of the Company for four equity shares of ₹ 10/- each held in PLSL, thereby allotting 53,52,585 Equity Shares to the shareholders of PLSL amounting to ₹ 1.07 Crores. The shares were issued to shareholders on December 30, 2011 being a record date.
- 3.2 Pursuant to the said scheme, all the assets and liabilities as on appointed date, related of the R&D NCE unit has been transferred to the Company. Accordingly, net assets of ₹ 22.95 Crores has been transferred, adjusting the Capital Reserves as shown below:

Particulars	₹ In Crores
Assets	
Fixed Assets	
Tangible assets	81.44
Intangible assets	2.47
Capital Work In Progress	2.59
Intangible assets under development	116.77
	<u>203.27</u>
Non Current Assets	
Long-term loans and advances	6.13
Current Assets	
Inventories	6.55
Cash and cash equivalents	0.28
Short-term loans and advances	5.75
	<u>12.58</u>
	<u>221.98</u>
	(I)
Liabilities	
Non-current liabilities	
Long Term Borrowings	107.50
Long-term provisions	2.08
	<u>109.58</u>
Current liabilities	
Short-term borrowings	347.00
Trade payables	16.31
Other current liabilities	44.13
Short-term provisions	0.10
	<u>407.54</u>
	<u>517.12</u>
	(II)
Reserves	
Capital Reserve	11.89
Statement of Profit & Loss (Debit Balance)	329.98
	<u>22.95</u>
Net Assets [(I)+(IV)-(II)-(III)]	
Adjusted against:	
- Issue of Equity Share Capital	1.07
- Credit to Capital Reserves	21.88
Total	<u>22.95</u>

- 3.3 PLSL has carried on the business and activities relating to R&D NCE Unit in trust from the Appointed Date to the Effective Date. It has incurred revenue expenditure of ₹ 137.62 Crores and spent an amount of ₹ 15.49 Crores on Assets (net of liabilities) from the Appointed Date to the Effective Date. These amounts have been adjusted against the amounts receivable from PLSL to the extent of ₹ 155.20 Crores. Balance amount of ₹ 2.09 Crores has been received by the Company from PLSL in March 2012.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

- 3.4 As a globally integrated healthcare company, Piramal Healthcare is committed to original drug discovery to fight diseases, and aspire to provide novel, affordable drugs in India and across the world. The Drug Discovery and Development Unit of Piramal Healthcare has set up a state-of-the-art research centre in Goregaon, Mumbai in 2004 and embarked upon an ambitious programme to discover and develop new chemical entities (NCEs) in select therapeutic areas, including Cancer, Inflammation, Diabetes / Metabolic Disorders and Infectious Diseases. The company has leveraged India's bio-diversity and vast pool of knowledge in traditional medicine to source new drug leads, and pursued dedicated medicinal chemistry efforts to discover NCEs to treat unmet medical needs. The Company is also taking herbal medication to the world by applying modern science and clinical validation techniques while preserving the holistic properties of natural medicine.

The Drug Discovery and Development unit of Piramal Healthcare has made significant progress, with an R&D pipeline having several molecules in different phases of development including one molecule in phase IV.

After successful pre-clinical studies, the company makes application to requisite regulatory authorities for conducting phase I/II/III studies. The company enters into agreement with different Clinical Research Organisations (CROs) for conducting Phase I and Phase II/III studies on human volunteers. The expenses related to phase I studies are relating to design and testing of a new or improved materials, products or processes and payments made to CROs. These expenses are recognized as an intangible asset and are carried forward under Intangible assets under development until the completion of the project as it is expected that such assets will generate future economic benefits.

Currently major development programs are in phase I/II studies. In Oncology, P1446 and P276 are in phase I/II study. In Diabetes and Metabolic Disorder, P1736-05 and P2202 are in Phase II study. In Inflammation, Tinefcon has completed Phase II study, Tinefcon - Psoriasis is in Phase IV studies. In infectious disease, PP9706642 is in phase II studies. The company has the product development option whereby it can sell/transfer it at development stage or engage a partner for further development. For certain studies, on development, the company will be entitled for milestone payments.

Development expenses which are incurred after approval for conducting Phase I study are included in Intangible assets under development.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

	As at March 31, 2012 ₹ in Crores	As at March 31, 2011 ₹ in Crores
4. SHARE CAPITAL		
AUTHORISED		
25,00,00,000 (25,00,00,000) Equity Shares of ₹ 2/- each	50.00	50.00
30,00,000 (30,00,000) Preference Shares of ₹ 100/- each	30.00	30.00
2,40,00,000 (2,40,00,000) Preference Shares of ₹ 10/- each	24.00	24.00
10,50,00,000 (10,50,00,000) Unclassified Shares of ₹ 2/- each	21.00	21.00
	125.00	125.00
ISSUED, SUBSCRIBED AND PAID UP		
17,25,63,100 (16,79,16,044) Equity Shares of ₹ 2/- each (fully paid up)	34.51	33.58
TOTAL	34.51	33.58

4.1 Reconciliation of number of shares

Equity Shares

Particulars	No. of shares	₹ In Crores	No. of shares	₹ In Crores
At the beginning of the year	167,916,044	33.58	209,013,144	41.80
Less: Shares bought back during the year (Refer Note 4.5)	705,529	0.14	41,097,100	8.22
Add: Issued during the year - demerger of R&D NCE division of PLSL into the Company (Refer Note 3.1)	5,352,585	1.07	-	-
At the end of the year	172,563,100	34.51	167,916,044	33.58

4.2 Details of shareholders holding more than 5% shares in the Company

Particulars	No. of shares	% Holding	No. of shares	% Holding
Paramount Pharma Private Limited	33,058,878	19.16%	32,158,739	19.15%
BMK Laboratories Private Limited	29,927,906	17.34%	29,602,906	17.63%
Cavaal Fininvest Private Limited	14,775,684	8.56%	14,775,684	8.80%
Aberdeen Asset Managers Limited	-	-	10,885,612	6.48%
Aberdeen Global Indian Equity Fund Mauritius Limited	12,401,000	7.19%	-	-

4.3 Aggregate number of shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding reporting financial year;

Particulars	Financial Year	No. of shares	Financial Year	No. of shares
i. Equity Shares allotted as fully paid-up pursuant to demerger of R&D NCE division of PLSL into the Company (Refer Note 3.1)	2011-12	5,352,585	-	-
ii. Equity shares bought back by the Company (Refer Note 4.5)	2011-12	705,529	-	-
iii. Equity shares bought back by the Company (Refer Note 4.5)	2010-11	41,097,100	2010-11	41,097,100

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

4.4 Rights, preferences and restrictions attached to shares

Equity Shares:

The company has one class of equity shares having a par value of ₹ 2/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

- 4.5 The Company had decided to buyback 41,802,629 equity shares during the financial year 2010-11 of which 4,10,97,100 equity shares were bought back through tender offer during the financial year 2010-11 aggregating amount of ₹ 2,465.83 Crores, by utilizing Securities Premium Account and General Reserve to the extent of ₹ 143.33 Crores and ₹ 2,314.28 Crores respectively. Capital Redemption Reserve has been created out of General Reserve for ₹ 8.22 Crores 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, buyback of 7,05,529 equity shares belonging to one overseas corporate body was then kept in abeyance pending Reserve Bank of India (RBI) approval.

During the year, on receipt of approval from RBI the Company has bought back the remaining 7,05,529 equity shares for an aggregate amount of ₹ 42.33 Crores, by utilizing General Reserve of ₹ 42.19 Crores. Capital Redemption Reserve has been created out of General Reserve for ₹ 0.14 Crores being the nominal value of shares bought back in compliance with Section 77AA of the Companies Act, 1956.

	As at March 31, 2012 ₹ in Crores	As at March 31, 2011 ₹ in Crores
5. RESERVES AND SURPLUS		
CAPITAL RESERVE		
As per last Balance Sheet	39.03	39.03
Add: Transferred on demerger (Refer Note 3.2)	11.89	-
Add: Created on demerger (Refer Note 3.2)	21.88	-
	72.80	39.03
CAPITAL SUBSIDY		
As per last Balance Sheet	0.40	0.40
CAPITAL REDEMPTION RESERVE		
As per last Balance Sheet	61.59	53.37
Add: Transferred from General Reserve (Refer Note 4.5)	0.14	8.22
	61.73	61.59
SECURITIES PREMIUM ACCOUNT		
As per last Balance Sheet	-	143.33
Less: Utilised for buy back of shares (Refer Note 4.5)	-	143.33
	-	-
DEBENTURE REDEMPTION RESERVE		
As per last Balance Sheet	22.50	65.00
Add: Transferred from Surplus in Statement of Profit and Loss (Refer Note 5.1)	7.50	7.50
Less: Transferred to Surplus in Statement of Profit and Loss	-	50.00
	30.00	22.50
GENERAL RESERVE		
As per last Balance Sheet	5,795.63	719.81
Add: Transferred from Surplus in Statement of Profit and Loss	13.07	7,398.60
Less: Transferred to Reserve Fund u/s 45-IC(1) of RBI Act 1934 (Refer Note 5.2)	1.32	0.15

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

	As at March 31, 2012 ₹ in Crores	As at March 31, 2011 ₹ in Crores
Less: Premium paid on buy back of shares (Refer Note 4.5)	42.19	2,314.28
Less: Transfer to Capital Redemption Reserve (Refer Note 4.5)	0.14	8.22
Less: Share of current losses of Minority in subsidiary	-	0.13
	5,765.05	5,795.63
RESERVE FUND U/S 45-IC(1) OF RBI ACT 1934		
As per last Balance Sheet	0.29	0.14
Add: Amount transferred from General Reserve (Refer Note 5.2)	1.32	0.15
	1.61	0.29
FOREIGN CURRENCY TRANSLATION RESERVE	4.09	21.53
SURPLUS IN STATEMENT OF PROFIT AND LOSS		
As per Last Balance Sheet	5,861.87	567.81
Profit for the year	111.50	12,883.36
Appropriations		
Less: P&L Debit balance of Demerged R&D NCE Unit (Refer Note 3.2)	329.98	-
Less: Proposed Dividend on Equity Shares	301.99	200.65
Less: Distribution Tax Thereon	48.99	32.55
Less: Transfer to General Reserve	13.07	7,398.60
Add: Transfer from Debenture Redemption Reserve	-	50.00
Less: Transfer to Debenture Redemption Reserve	7.50	7.50
	5,271.84	5,861.87
TOTAL	11,207.52	11,802.84

- 5.1 As per Section 117C of the Companies Act, 1956 the Company has created Debenture Redemption Reserve during the year for Secured Redeemable Non Convertible Debentures issued in earlier year.
- 5.2 During the current year ended March 31, 2012, PHL Fininvest Private Limited and PHL Finance Private Limited have transferred an amount of ₹ 0.26 Crores (Previous Year ₹ 0.15 Crores) and ₹ 1.06 Crores respectively, 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.

	As at March 31, 2012 ₹ in Crores	As at March 31, 2011 ₹ in Crores
6. LONG-TERM BORROWINGS		
Secured		
12.10% - Secured Redeemable Non Convertible Debentures (Redeemable at par at the end of 5th year from the date of allotment - December 15, 2008)	150.00	150.00
Term Loans		
Secured		
From Banks	58.81	82.25
Unsecured		
From Banks	439.41	424.30
TOTAL	648.22	656.55

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

(a) 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 and Bangalore.
2. Term Loan of ₹ 58.81 Crores (GBP 7.17 Million) [Previous Year ₹ 82.25 Crores (GBP 11.51 Million)] 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.
3. Satisfaction of charges in respect of certain repaid loans are still awaited.

	As at March 31, 2012		As at March 31, 2011	
(b) Terms of repayment and rate of interest for unsecured borrowings	Terms of Repayment	Rate of Interest	Terms of Repayment	Rate of Interest
Borrowings				
1. External Commercial Borrowings	-	-	Repayable after five years from date of availment of loan	Interest to be paid half yearly @ 4.22%-5.42%p.a.
2. Loan from Central Bank of India	Repayable in 12 equal Quarterly installments from June 2012	Interest to be paid monthly @ BPLR minus 2% p.a.	-	-
3. Loan from HSBC Bank	Repayable in 4 quarterly installments from September 30, 2013.	6 months LIBOR+170 BPS	-	-
4. Loan from HSBC Bank	Repayable in 6 annual installments from May 30, 2013.	6 months LIBOR+160 BPS	Repayable in 6 annual installments from May 30, 2013.	6 months LIBOR+160 BPS
5. Loan from ANZ Bank	-	-	Repayable in November 2012.	6 months LIBOR+195 BPS
6. Loan from ANZ Bank	Repayable in 3 annual installments from June 29, 2012.	6 months LIBOR+145 BPS	Repayable in 3 annual installments from June 29, 2012.	6 months LIBOR+145 BPS
7. Loan from Calyon Bank	Installment of ₹ 25.44 Crores each payable in April 2012, April 2013 & October 2013	6 months LIBOR+200 BPS	Installment of ₹ 25.44 Crores each payable in April 2012, April 2013 & October 2013	6 months LIBOR+200 BPS
8. Loan from HSBC Bank	Repayable quarterly ₹ 8.90 Crores	3 months LIBOR+160 BPS	Repayable quarterly ₹ 8.90 Crores	3 months LIBOR+160 BPS

- (c) The Company is in process of transferring the loan taken from Central Bank of India (acquired on demerger of R&D NCE Unit) in the name of the Company. (Refer Note 3.2)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

	As at March 31, 2012 ₹ in Crores	As at March 31, 2011 ₹ in Crores
7. DEFERRED TAX LIABILITIES (Net)		
(a) Deferred Tax Liabilities on account of timing differences		
- Depreciation	128.78	124.33
(b) Deferred Tax Asset on account of timing differences		
- VRS	4.87	6.07
- Provision for Doubtful Debts	7.42	6.87
- Carry forward losses / Unabsorbed Depreciation	54.18	46.79
- Others	12.13	16.20
	<u>78.60</u>	<u>75.93</u>
TOTAL	<u>50.18</u>	<u>48.40</u>

7.1 In view of virtual certainty of future taxable income; Piramal Healthcare UK Limited, Piramal Pharmaceutical Development Services Private Limited and Allergan India Private Limited have recognized deferred tax asset to the extent of ₹ 51.18 Crores [Previous Year ₹ 44.60 Crores] on capital allowances and carry forward losses, ₹ 2.69 Crores (Previous Year ₹ 1.87 Crores) on unabsorbed losses and ₹ 0.31 Crores (Previous Year ₹ 0.32 Crores) on unabsorbed depreciation respectively available under the tax laws in United Kingdom / India, which can be used for set off against future income.

7.2 Deferred Tax Assets and Deferred Tax Liabilities have been offset as they relate to the same governing taxation laws.

	As at March 31, 2012 ₹ in Crores	As at March 31, 2011 ₹ in Crores
8. OTHER LONG-TERM LIABILITIES		
Trade payables	2.32	2.50
Unamortised Premium on Forward Contracts	130.97	187.33
Deposits Received	1.87	1.65
TOTAL	<u>135.16</u>	<u>191.48</u>

9. LONG-TERM PROVISIONS		
Provision for employee benefits (Refer Note 40)	11.00	5.94
Others	48.03	47.97
TOTAL	<u>59.03</u>	<u>53.91</u>

10. SHORT-TERM BORROWINGS		
Secured		
Loans repayable on demand - from banks	95.12	64.86
Unsecured		
Loans repayable on demand - from banks	19.33	4.46
Commercial Papers	900.00	-
	<u>919.33</u>	<u>4.46</u>
TOTAL	<u>1,014.45</u>	<u>69.32</u>

Note on Secured Loan

- Loans of ₹ 75.45 Crores of Piramal Healthcare Limited and Loans of ₹ 6.06 Crores of Piramal Healthcare (Canada) Limited are secured by hypothecation of stocks and book debts.
- Loans of ₹ 6.96 Crores of Indiareit Fund Advisors Private Limited are secured by monies receivable.
- Loans of ₹ 6.65 Crores of Piramal Healthcare (UK) Limited are secured by 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 the Company.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

	As at March 31, 2012 ₹ in Crores	As at March 31, 2011 ₹ in Crores
11. OTHER CURRENT LIABILITIES		
Current maturities of long-term debt	384.01	30.99
Interest accrued but not due on borrowings	10.61	9.15
Advance From Customers	9.97	10.79
Unpaid dividends	4.68	3.48
Right Issue money refundable to shareholders	0.11	0.11
Unamortised Premium on Forward Contracts	175.04	197.29
Forward Exchange Contract Payable	124.79	-
Other payables		
- Employee Related Liabilities	38.12	114.85
- TDS Payable	4.65	25.32
- Deposits received	0.03	0.04
- Others	12.04	15.33
	54.84	155.54
TOTAL	764.05	407.35

There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

12. SHORT-TERM PROVISIONS		
Proposed Dividend on Equity Shares	301.99	200.65
Tax Payable on Proposed Dividend	48.99	32.55
Provision for employee benefits (Refer Note 40)	9.32	7.43
Provision for Wealth Tax	0.21	0.21
Others	0.04	1.00
TOTAL	360.55	241.84

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

13. FIXED ASSETS

Particulars	COST					DEPRECIATION / AMORTISATION					NET BLOCK			
	Opening As at 01/04/2011	Acquisition/ Demerger #	Additions \$	Deductions	Exchange Fluctuation	As at 31/03/2012 (A)	Opening As at 01/04/2011	Acquisition/ Demerger #	For the Year ##	Deductions	Exchange Fluctuation	As at 31/03/2012 (B)	As at 31/03/2011 (A-B)	As at 31/03/2011
Tangible Assets														
Land Leasehold	16.93	-	0.31	-	-	17.24	2.59	-	0.36	-	-	2.95	14.29	14.34
Land Freehold	94.18	-	4.57	-	8.61	107.36	0.53	-	0.08	-	0.07	0.68	106.68	93.65
Building	188.46	37.24	18.84	-	4.14	248.68	44.58	29.98	14.28	-	1.36	90.20	158.48	143.88
Plant and Equipments @	894.00	92.42	154.40	16.66	36.96	1,161.12	309.36	22.41	85.49	9.86	11.90	419.30	741.82	584.64
Furniture and Fixtures	26.99	6.80	6.25	0.54	2.49	41.99	12.71	2.80	3.51	0.12	1.42	20.32	21.67	14.28
Office Equipment	1.69	0.54	0.44	0.01	0.02	2.68	0.79	0.17	0.22	-	0.02	1.20	1.48	0.90
Vehicles	3.63	0.16	0.58	0.20	0.07	4.24	1.50	0.06	0.44	0.16	0.05	1.89	2.35	2.13
Total	1,225.88	137.16	185.39	17.41	52.29	1,583.31	372.06	55.42	104.38	10.14	14.82	536.54	1,046.77	853.82
Intangible Assets														
(Acquired)														
Goodwill**	384.79	199.87	-	-	2.58	587.24	-	-	-	-	-	587.24	384.79	384.79
Brands and Trademarks*	166.48	-	0.25	0.88	8.75	174.60	29.32	-	10.55	-	1.95	41.82	132.78	137.16
Copyrights, Know-how and Intellectual property rights	103.35	-	0.51	0.20	0.58	104.24	46.48	-	9.17	-	0.09	55.74	48.50	56.87
Computer Software	22.71	7.61	6.17	-	3.20	39.69	11.63	5.10	5.19	-	5.28	27.20	12.49	11.08
Total	677.33	207.48	6.93	1.08	15.11	905.77	87.43	5.10	24.91	-	7.32	124.76	781.01	589.90
Grand Total	1,903.21	344.64	192.32	18.49	67.40	2,489.08	459.49	60.52	129.29	10.14	22.14	661.30	1,827.78	1,443.72
Previous Year	2,753.68	62.64	207.25	1,081.07	(39.29)	1,903.21	776.33	0.87	95.86	418.14	(19.45)	459.49		

Refer Note 2(iv)

Refer Note 2(xi)

Refer Notes 3 and 33

Depreciation for the year includes depreciation amounting to ₹ 16.42 Crores (Previous Year ₹ 3.59 Crores) on assets used for Research and Development.

\$ During the year Company incurred ₹ 21.56 Crores (Previous year ₹ 1.94 Crores) towards capital expenditure for Research and Development.

@ In accordance with the provisions of Accounting Standard (AS – 11) - "The Effects of Changes in Foreign Exchange Rates", the Company has capitalised exchange difference amounting to ₹ 12.56 Crores on restatement of long term loans used for acquiring the 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 33

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

14. NON - CURRENT INVESTMENTS (Refer Note 2(v))

	Nos. as at March 31, 2012	Nos. as at March 31, 2011	Face Value ₹	As at March 31, 2012 ₹ in Crores	As at March 31, 2011 ₹ in Crores
Trade Investments					
1. Investments in Equity Instruments (at cost)					
a) Others (Quoted)					
i Piramal Life Sciences Limited	4,550,000	4,550,000	10.0	4.55	4.55
ii. Piramal Glass Limited	2,021,395	2,021,395	10.0	5.17	5.17
b) Others (Unquoted)					
i. Biosyntech, Inc., Canada	7,500,000	7,500,000	0.001 CAD	22.32	22.32
ii. Reaxa Limited	2,500	2,500	0.10 GBP	2.90	2.90
2. Investments in Debentures (Unquoted) (at cost)					
20.00% Redeemable Non-Convertible Secured Debentures					
Neptune Developers Limited	4,500	-	100,000.0	45.00	-
16.00% Redeemable Non-Convertible Secured Debentures					
Keystone Realtors Private Limited SR-B 16 NCD	4	-	100,000,000.0	47.61	-
17.50% Redeemable Non-Convertible Secured Debentures					
Antevorta Developers Private Limited	14,904	-	100,000.0	149.04	-
17.25% Redeemable Non-Convertible Secured Debentures					
Mind Space Realty Private Limited	1,500	-	100,000.0	15.00	-
17.00% Redeemable Non-Convertible Secured Debentures					
Bagmane Estates Private Limited	5,000	-	100,000.0	50.00	-
19.00% Redeemable Non-Convertible Secured Debentures					
Seth Developers Private Limited	1,029	-	100,000.0	10.29	-
3. Investments in Mutual Fund (Unquoted) (at cost)					
Class D units of Indiareit Fund Scheme IV	30	-	10,000.0	0.03	-
Class C units of Indiareit Fund Scheme IV	1,750	-	100,000.0	17.50	-
Class B Redeemable Participating Share of Indiareit Offshore Fund	1,000,000	-	0.01 USD	0.05	-
Management share of Indiareit Offshore Fund	100	-	1 USD	-	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

	Nos. as at March 31, 2012	Nos. as at March 31, 2011	Face Value ₹	As at March 31, 2012 ₹ in Crores	As at March 31, 2011 ₹ in Crores
Other Investments					
1. Investments in Equity Instruments (Unquoted) (at cost)					
i. Vodafone India Limited	45,425,328	-	10.0	5,864.37	-
2. Investments in Debentures (Unquoted) (at cost)					
10.00% Cumulative Redeemable Non Convertible Debentures					
Super Religare Laboratories Limited	16,500	16,500	100,000.0	165.00	165.00
Non Convertible Debentures					
Edelweiss Capital Private Limited	-	5	1,000,000.0	-	0.51
3. Investments in Bonds (Unquoted) (at cost)					
6.85% Tax Free Bonds 22/01/2014					
India Infrastructure Finance Company Limited	20,174	20,174	100,000.0	204.25	205.63
Total (A)				6,603.08	406.08
Less : Provision for diminution in value of Investment					
- Biosyntech, Inc., Canada				22.32	22.32
- Reaxa Limited				2.90	2.90
Total (B)				25.22	25.22
Total (A - B)				6,577.86	380.86

	As at March 31, 2012		As at March 31, 2011	
	Cost ₹ in Crores	Market Value ₹ in Crores	Cost ₹ in Crores	Market Value ₹ in Crores
1. Aggregate value of quoted investments	9.72	26.65	9.72	71.51
2. Aggregate value of unquoted investments	6,568.14		371.14	
TOTAL	<u>6,577.86</u>		<u>380.86</u>	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

	As at March 31, 2012 ₹ in Crores	As at March 31, 2011 ₹ in Crores
15. LONG-TERM LOANS AND ADVANCES		
Secured and Considered Good		
Term Loan to Companies	18.00	-
Unsecured and Considered Good (Unless otherwise stated)		
Capital Advances	9.40	1.95
Security Deposits	24.30	16.33
Others		
Advances recoverable in cash or in kind	8.77	3.85
Advance Tax [Net of Provision of ₹ 287.78 Crores (Previous year ₹ 204.98 Crores)]	88.48	42.33
MAT Credit Entitlement	2.78	-
Balance with Government Authorities	2.13	-
TOTAL	153.86	64.46

	As at March 31, 2012 ₹ in Crores	As at March 31, 2011 ₹ in Crores
16. OTHER NON - CURRENT ASSETS		
Unsecured and Considered Good		
Receivable on Sale of Domestic Formulation Business	4,070.40	5,352.00
Forward Exchange Contract Receivable	55.18	433.46
	4,125.58	5,785.46
Others	22.28	-
Pension Assets (Refer Note 40)	51.47	18.13
TOTAL	4,199.33	5,803.59

	Nos. as at March 31, 2012	Nos. as at March 31, 2011	Face Value Rupees	As at March 31, 2012 ₹ in Crores	As at March 31, 2011 ₹ in Crores
17. CURRENT INVESTMENTS (Refer Note 2(v))					
a) Investments in Mutual Funds (Unquoted) (at lower of cost or market value)					
Axis Liquid Fund - Institutional Daily Dividend - Reinvest	500,400	-	1,000.0	50.04	-
Birla Sun Life Fixed Term Plan Series CG Growth	-	150,000,000	10.0	-	150.00
HDFC FMP 370D November 2010(1) - Growth - Series XVIII	-	120,000,000	10.0	-	120.00
ICICI Prudential Interval Fund Annual Interval Plan IV Institutional Cumulative	-	85,787,573	10.0	-	100.00
ICICI Prudential Interval Fund Half Yearly Interval Plan-I Institutional Cumulative	-	149,898,069	10.0	-	150.00
ICICI Prudential Liquid Super Institutional Plan - Dividend - Daily - Reinvest	6,301,371	-	100.0	63.03	-
Kotak FMP 370 Days Series 10 - Growth	-	50,000,000	10.0	-	50.00

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

	Nos. as at March 31, 2012	Nos. as at March 31, 2011	Face Value Rupees	As at March 31, 2012 ₹ in Crores	As at March 31, 2011 ₹ in Crores
Kotak Liquid (Institutional Premium) - Daily Dividend - Re-invest	-	9,406,960	10.0	-	11.50
Reliance Fixed Horizon Fund XVI Series 8 Growth Plan	-	100,000,000	10.0	-	100.00
Reliance Liquidity Fund - Daily Dividend Reinvestment Option - Reinvest	56,008,210	-	10.0	56.04	-
Religare Liquid Fund - Super Institutional Daily Dividend - Reinvest	500,056	-	1,000.0	50.04	-
Sundaram Fixed Term Plan AP 367 Days Growth	-	25,000,000	10.0	-	25.00
TATA Fixed Maturity Plan Series - 29 Scheme A Growth	-	50,000,000	10.0	-	50.00
DWS Fixed Term Fund - Series 76- Growth Plan	-	20,000,000	10.0	-	20.00
SBI Premium Liquid Fund - Super Institutional - Daily Dividend - Reinvest	498,937	-	1,000.0	50.06	-
UTI Liquid Cash Plan Institutional - Daily Income Option - Reinvest	755,100	-	1,000.0	76.98	-
Birla Sun Life Cash Plus Institutional Premium Daily Dividend Scheme	2,470,188	-	10.0	24.75	-
Birla Sun Life Cash Manager - Institutional Premium - Daily Dividend Scheme	41,301	-	10.0	0.41	-
b) Investments in Certificate of Deposits (Unquoted) (at lower of cost or market value)					
Vijaya Bank	-	10,000	100,000.0	-	99.69
Syndicate Bank	-	5,000	100,000.0	-	49.91
Indian Bank	-	9,000	100,000.0	-	89.82
Oriental Bank of Commerce	-	5,000	100,000.0	-	49.91
State Bank of Hyderabad	-	3,500	100,000.0	-	34.89
c) Investments in Debentures (Unquoted) (at lower of cost or market value)					
16.00% Redeemable Non-Convertible Secured Debentures					
Keystone Realtors Private Limited SR-B 16 NCD	1	-	100,000,000.0	1.19	-
17.50% Redeemable Non-Convertible Secured Debentures					
Antevorta Developers Private Limited	96	-	100,000.0	0.96	-
17.25% Redeemable Non-Convertible Secured Debentures					
Mind Space Realty Private Limited	500	-	100,000.0	5.01	-
19.00% Redeemable Non-Convertible Secured Debentures					
Seth Developers Private Limited	771	-	100,000.0	7.71	-
Total				386.22	1,100.72

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

	As at March 31, 2012 ₹ in Crores	As at March 31, 2011 ₹ in Crores
18. INVENTORIES (Refer Note 2 (vi))		
(As certified by the Management)		
Raw & Packing Materials [Goods in Transit ₹ 1.06 Crores (Previous Year ₹ 2.04 Crores)]	208.51	165.86
Work-in-Progress	135.76	108.84
Finished Goods	52.31	58.88
Stock-in-trade [Goods in Transit ₹ 8.01 Crores (Previous Year ₹ 2.95 Crores)]	43.49	26.42
Stores and Spares	25.53	22.56
TOTAL	465.60	382.56

	As at March 31, 2012 ₹ in Crores	As at March 31, 2011 ₹ in Crores
19. TRADE RECEIVABLES		
i. Outstanding for a period exceeding 6 months from the date they are due for payment		
Secured - considered good	0.75	0.17
Unsecured - considered good	11.07	6.84
- considered doubtful	37.21	31.45
	49.03	38.46
Less : Provision for doubtful debts	37.21	31.45
	11.82	7.01
ii. Others		
Secured - considered good	0.69	0.86
Unsecured - considered good	424.14	366.87
- considered doubtful	-	14.30
	424.83	382.03
Less : Provision for doubtful debts	-	14.30
	424.83	367.73
TOTAL	436.65	374.74

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

	As at March 31, 2012 ₹ in Crores	As at March 31, 2011 ₹ in Crores
20. CASH AND BANK BALANCES		
- Cash And Cash Equivalents		
i. Balance with Banks		
- Current Account	52.81	28.24
- Bank Deposit Account (Less than 3 months maturity)	0.02	1,650.51
	52.83	1,678.75
ii. Cash and Cheques on Hand	0.15	0.13
	52.98	1,678.88
- Other bank balances		
i. Earmarked balances with banks		
- Unclaimed Dividend Account	4.68	3.48
- Right Issue Unpaid Warrants	0.11	0.11
- Bank Account for buy back	-	61.14
	4.79	64.73
ii. Balance in Escrow Account for Buy Back	-	26.60
iii. Margin Money	0.05	0.05
	4.84	91.38
TOTAL	57.82	1,770.26
	As at March 31, 2012 ₹ in Crores	As at March 31, 2011 ₹ in Crores
21. SHORT - TERM LOANS AND ADVANCES		
Unsecured and Considered Good (Unless otherwise stated)		
Loans to related parties	-	347.71
Advances to related parties	-	14.04
Others		
Advances recoverable in cash or in kind or for value to be received		
Unsecured and Considered Good	117.61	45.03
Considered Doubtful	0.08	1.43
	117.69	46.46
Less : Provision for Doubtful Advances	0.08	1.43
	117.61	45.03
Advance Tax [Net of Provision of ₹ 3,559.53 Crores (Previous year ₹ 3,634.75 Crores)]	37.49	31.53
MAT Credit Entitlement	22.50	-
Inter Corporate Deposits	8.30	8.79
Less : Provision for Doubtful Inter Corporate Deposits	(8.30)	(8.30)
	-	0.49
Security Deposits	6.66	3.83
Balance with Government Authorities	41.51	36.89
TOTAL	225.77	479.52

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

	As at March 31, 2012 ₹ in Crores	As at March 31, 2011 ₹ in Crores
22. OTHER CURRENT ASSETS		
Forward Exchange Contract Receivable	-	92.78
Receivable on Sale of Domestic Formulation Business	-	1,784.00
Asset on Discounting of Receivable	69.02	-
Interest, Rent and Claims Receivable	36.30	35.34
TOTAL	105.32	1,912.12

	As at March 31, 2012 ₹ in Crores	As at March 31, 2011 ₹ in Crores
23. CONTINGENT LIABILITIES AND COMMITMENTS		
A Contingent liabilities		
1 Claims against the company not acknowledged as debt:		
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.	0.61	0.61
2 Guarantees issued to Government authorities and limited companies and performance guarantees.	41.12	239.14
3 Others		
i. Appeals filed in respect of disputed demands:		
Income Tax		
- where the Company is in appeal	424.95	217.46
- where the Department is in appeal	171.08	178.93
Sales Tax	14.37	12.87
Central / State Excise	11.05	13.10
Labour Matters	0.29	0.24
Stamp Duty	4.05	4.05
Legal Cases	8.47	8.47
ii. Bills Discounted	24.00	21.70
iii. Unexpired Letters of Credit	13.21	9.02
Note: Future cash outflows in respect of 1 and 3(i) above are determinable only on receipt of judgments/decisions pending with various forums/authorities.		
B Commitments		
a. Estimated amount of contracts remaining to be executed on capital account and not provided for	31.46	45.12
b. Other Commitments		
7,05,529 Shares kept in Abeyance for Buyback of shares	-	42.33
Commitment to Invest in Non Convertible Debentures	165.00	-
Loan Commitments	22.00	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

	Year Ended March 31, 2012 ₹ in Crores	Year Ended March 31, 2011 ₹ in Crores
24. REVENUE FROM OPERATIONS		
Sale of products	1,864.88	1,637.18
Sale of Services	184.82	1.82
Income from Financing Activities	53.45	-
Total	2,103.15	1,639.00
Other operating revenues		
Processing Charges Received	7.09	5.24
Profit on Sale of Assets (Net)	1.75	-
Profit on Sale of Joint Venture	-	17.74
Provision no Longer Required, Written Back	-	0.20
Miscellaneous Income	40.26	22.59
	49.10	45.77
	2,152.25	1,684.77
Less: Excise duty	19.32	11.69
TOTAL	2,132.93	1,673.08
25. OTHER INCOME		
Interest Income		
- On Non-current Investments	27.04	18.37
- On Current Investments	12.19	55.43
- On Current Assets		
- On Term Deposits with Limited Companies and Bank Deposits	99.94	203.84
- On Income Tax Refund	2.10	3.20
- On Receivables and Others	0.47	0.04
	141.74	280.88
Dividend Income		
- On Non-current Investments	1.02	0.20
- On Current Investments	16.69	50.43
Profit on Sale of Current Investment (Net)	59.95	4.24
Exchange Gain (Net)	278.74	98.60
Rent Received	0.03	0.03
TOTAL	498.17	434.38
	Year Ended March 31, 2012 ₹ in Crores	Year Ended March 31, 2011 ₹ in Crores
26. COST OF RAW AND PACKING MATERIAL		
Opening Stock	165.86	108.08
Add: Purchases (Net)	853.37	638.35
Less: Closing Stock	208.51	165.86
TOTAL	810.72	580.57
27. PURCHASES OF STOCK-IN-TRADE		
Traded Goods	153.17	111.44
TOTAL	153.17	111.44

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

	Year Ended March 31, 2012 ₹ in Crores	Year Ended March 31, 2011 ₹ in Crores
28. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN- PROGRESS AND STOCK-IN-TRADE		
OPENING STOCKS :		
Work-in-Progress	108.84	124.07
Finished Goods	58.88	60.84
Stock-in-trade	26.42	11.62
Less : Excise Duty	1.23	0.87
	192.91	195.66
TRANSFERRED ON TERMINATION OF JV		
Stock-in-trade	-	0.73
Less : Excise Duty	-	-
	-	0.73
CLOSING STOCKS :		
Work-in-Progress	135.76	108.84
Finished Goods	52.31	58.88
Stock-in-trade	43.49	26.42
Less : Excise Duty	2.00	1.23
	229.56	192.91
TOTAL	(36.65)	2.02
	Year Ended March 31, 2012 ₹ in Crores	Year Ended March 31, 2011 ₹ in Crores
29. EMPLOYEE BENEFITS EXPENSE (NET OF RECOVERIES)		
Salaries and Wages	371.52	352.77
Contribution to Provident and Other Funds (Refer Note 40)	31.33	30.12
Contribution to Gratuity Fund (Refer Note 40)	3.05	2.44
Staff Welfare	30.52	26.32
TOTAL	436.42	411.65
30. FINANCE COSTS		
Interest Expense	98.57	87.95
Discount on Receivables (Refer Note 45)	111.74	-
Interest on Income Tax	2.37	-
Other borrowing costs	2.78	0.88
TOTAL	215.46	88.83

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

	Year Ended March 31, 2012 ₹ in Crores	Year Ended March 31, 2011 ₹ in Crores
31. OTHER EXPENSES (NET OF RECOVERIES)		
Processing Charges	7.33	7.03
Consumption of Stores and Spares Parts	22.97	15.18
Power, Fuel and Water Charges	65.82	59.82
Repairs and Maintenance		
Buildings	10.56	13.83
Plant and Machinery	41.49	38.44
Others	1.86	0.37
	<u>53.91</u>	<u>52.64</u>
Rent		
Premises	19.28	16.77
Other Assets	11.83	9.14
	<u>31.11</u>	<u>25.91</u>
Rates and Taxes (includes Excise Duty)	29.32	22.01
Insurance	12.25	12.48
Travelling Expenses	48.33	45.45
Directors' Commission	4.61	4.46
Directors' Fees	0.28	0.16
Capital Work in Progress written off	6.95	9.43
Impairment of Fixed Assets	-	0.43
Provision for Doubtful Debts	5.84	1.86
Provision for Doubtful Advances	-	1.33
Provision on Standard Asset	0.26	-
Fixed Assets Written Off	-	16.68
Loss on Sale of Assets (Net)	-	0.09
Advertisement and Business Promotion Expenses	76.45	75.51
Freight	25.71	23.94
Clearing and Forwarding Expenses	17.67	10.58
Claims	1.44	0.47
Legal and Professional Charges	71.75	77.00
Service Charges	2.69	13.80
R & D Expenses	233.13	71.09
Donation	25.77	12.96
Miscellaneous Expenses	52.55	62.73
TOTAL	<u><u>796.14</u></u>	<u><u>623.04</u></u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

	Year Ended March 31, 2012 ₹ in Crores	Year Ended March 31, 2011 ₹ in Crores
32. EXCEPTIONAL ITEMS - INCOME / (EXPENSES) (NET)		
Sale of Domestic Formulation Business	-	15,994.62
Sale of Investment in Subsidiary Company - Piramal Diagnostic Services Private Limited	-	297.82
Provision for Diminution in Value in Biosyntech Inc., Canada	-	(22.32)
Plant Closure Cost - Vitamin and Fine Chemical Plant	-	(40.70)
Voluntary Retirement Cost	(5.66)	(8.92)
TOTAL	(5.66)	16,220.50

33. a) During the year ended March 31, 2012, the Group decided to undertake financial services for the realty sector. The Group established a wholly owned subsidiary PHL Capital Private Limited on May 25, 2011 for investments in the financial services area. The operations of this subsidiary have been consolidated in the financial statements from the date of incorporation.
- b) On August 12, 2011, PHL Capital Private Limited acquired 94% shares of Indiareit Fund Advisors Private Limited, engaged in providing investment advisory services in the real estate sector for a consideration of ₹ 103.66 Crores (including cost of acquisition). The excess of cost of investment over the net worth of the subsidiary as on August 12, 2011 of ₹ 92.96 Crores is recognised as Goodwill on consolidation in the books and depicted in Note 13 of the consolidated financial statements. The operations of this subsidiary have been consolidated in the financial statements from the date of acquisition.

The Net Assets and Liabilities takeover are as under :

(₹ In Crores)

Assets	Amount
Fixed assets (Net)	0.36
Deferred tax asset	0.06
Current and Non-Current Investments	16.87
Cash and Bank Balances	0.02
Short term loans and advances	13.31
Total Assets	30.62
Liabilities	
Long-term provisions	0.20
Short-term borrowings	9.86
Trade payables	3.61
Other current liabilities	5.57
Total Liabilities	19.24
Net Assets Acquired	11.38

- c) The Group, through its subsidiary Indiareit Fund Advisors Private Limited has acquired on March 12, 2012, 94% shares of INDIAREIT Investment Management Co. for a consideration of ₹ 108.33 Crores (including cost of acquisition). The excess of cost of investment over the net worth of the subsidiary as on March 12, 2012 of ₹ 106.28 Crores is recognised as Goodwill on consolidation in the books and depicted in Note 13 of the consolidated financial statements. The operations of this subsidiary have been consolidated in the financial statements from the date of acquisition.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

The Net Assets and Liabilities takeover are as under :

(₹ In Crores)

Assets	Amount
Current investments	0.05
Short-term loans and advances	3.89
Total Assets	3.94
Liabilities	
Other current liabilities	1.01
Short-term provisions	0.75
Total Liabilities	1.76
Net Assets Acquired	2.18

- d) On July 27, 2011, PHL Capital Private Limited acquired 100% shares of PHL Finance Private Limited, a Non Banking Finance Company ('NBFC') engaged in lending / investing for a consideration of ₹ 0.25 Crores (including cost of acquisition). The excess of cost of investment over the net worth of the subsidiary as on July 27, 2011 of ₹ 0.63 Crores is recognised as Goodwill on consolidation in the books and depicted in Note 13 of the consolidated financial statements. The operations of this subsidiary have been consolidated in the financial statements from the date of acquisition.

The Net Assets and Liabilities takeover are as under :

(₹ In Crores)

Assets	Amount
Fixed assets (Net)	0.01
Cash and Bank Balances	0.21
Short-term loans and advances	0.02
Total Assets	0.24
Liabilities	
Other current liabilities	0.62
Total Liabilities	0.62
Net Assets Acquired	(0.38)

- e) During the year ended March 31, 2012, the Group through its wholly owned subsidiary PHL Capital Private Limited incorporated a wholly owned subsidiary PHL Infrastructure Finance Company Private Limited on September 16, 2011. The operations of this subsidiary have been consolidated in the financial statements from the date of incorporation.
34. a) During the year ended March 31, 2012, the Group identified new business opportunities in the area of Homeland Security. The Group established a wholly owned subsidiary Piramal Systems & Technologies Private Limited on November 29, 2011 for investment in this business area. The operations of the subsidiary have been consolidated in the financial statements from the date of incorporation.
- b) The Group, through its wholly owned subsidiary Piramal Systems & Technologies Private Limited, incorporated a wholly owned subsidiary Piramal Technologies SA in Switzerland on March 13, 2012. The operations of the subsidiary have been consolidated in the financial statements from the date of incorporation.
35. During the year ended March 31, 2012, the Group through its wholly owned subsidiary Piramal Holdings (Switzerland) Limited incorporated two new wholly owned subsidiaries Piramal Imaging SA and Piramal Molecular Imaging Development GMBH on February 06, 2012 and February 27, 2012 respectively. The operations of these subsidiaries have been consolidated in the financial statements from the date of incorporation.
36. During the previous year the Company had on:
- September 7, 2010 sold its Domestic Formulations Business to Abbott Healthcare Private Limited on slump sale basis.
 - August 20, 2010 sold its 97.5% holding in Piramal Diagnostic Services Private Limited (Diagnostic Services) to Super Religare Limited (SRL).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

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

(₹ in Crores)

Particulars	Domestic Formulation Business For the Year Ended		Diagnostic Services For the Year Ended	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Revenue	-	795.92	-	87.22
Expenses	-	645.20	-	91.79
Profit / (Loss) Before Tax	-	150.72	-	(1.88)
Exceptional (Loss)	-	-	-	(2.69)
Profit / (Loss) After Tax	-	150.72	-	(2.71)
Exceptional (Loss)	-	-	-	(2.69)

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

(₹ in Crores)

Particulars	Domestic Formulation Business As at		Diagnostic Services As at	
	March 31, 2012	September 7, 2010	March 31, 2012	August 20, 2010
Total Assets	-	732.12	-	243.28
Total Liabilities	-	128.65	-	259.08

Net Cash Flows from operating, financing and investing activities are disclosed in Cash Flow Statement under relevant heads.

37. INCOME TAX

37.1 Current Tax

Provision for income tax has been made on the basis of Section 115JB of the Income Tax Act, 1961 (Minimum Alternate Tax).

37.2 MAT Credit Entitlement

Prior Period tax credit of ₹ 17.70 Crores is on account of increase in MAT credit entitlement pertaining to earlier period which is now available and utilised for AY 2011-12.

37.3 Deferred Tax

The Company has acquired carried forward tax losses of ₹ 771.47 Crores on account of de-merger of NCE unit of Piramal Life Sciences Limited (PLSL) into the Company. The company has not recognised deferred tax on the same in absence of virtual certainty for availability of taxable profits in the foreseeable future.

38. Proposed Dividend

The final dividend proposed for the year is as follows;

Particulars	(₹ in Crores) As at March 31, 2012	(₹ in Crores) As at March 31, 2011
On Equity Shares of ₹ 2/- each		
- Amount of dividend proposed	301.99	200.65
- Dividend Per Equity Share		
a. Normal dividend	₹ 17.50 per share	₹ 6.00 per share
b. One time special dividend	-	₹ 6.00 per share

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

39. 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 (₹ in Crores)	% of total Assets*
Piramal Healthcare (UK) Limited	Straight Line Method	Land and Building – 3.3% - 10.0%	122.27	6.69%
		Plant and Machinery – 8.3% - 10.0%		
		Motor Vehicles – 25.0%		
Piramal Healthcare (Canada) Limited	Reducing Balance Method	Land Improvements and Building – 10.0%	37.81	2.07%
		Plant and machinery – 13.9% – 20.0%		
		Furniture and Fixtures – 20.0%		
		Computer Software – 20.0%		
Piramal Critical Care, Inc.	Straight Line Method	Plant & Machinery – 5.0% - 20.0%	183.14	10.02%
		Furniture & Fixtures – 20.0%		
		Computer Software – 20.0%		
		Buildings – 2.0%		
Allergan India Private Limited	Straight Line Method	Data Processing equipments (included under Plant and Machinery) – 33.3%	1.48	0.08%
		Office equipments – 18.0%		
		Furniture and fittings office – 12.9%		
		Furniture and fittings residence – 20.0%		
		Plant and Machinery – 20.0%		
		Vehicles – 25.0%		
		Brands acquisition and technical know how – 10.0%		
		Product development costs – 25.0%		
		Computer Software – 33.3%		

* 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.

40. Employee Benefits :

Brief description of the Plans:

The Group 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 Group's defined contribution plans are Superannuation, Employees State Insurance Fund, Employees' Pension Scheme (under the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952) and Provident Fund. The Company has no further obligation beyond making the contributions. The Group's defined benefit plans include Provident fund, Gratuity, Pension, Leave Encashment and Long Term Service Award.

I. Charge to the Statement of Profit and Loss based on contributions:

(₹ in Crores)

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
Employer's contribution to Provident Fund	0.97	1.48
Employer's contribution to Superannuation Fund	1.19	1.23
Employer's contribution to Employees' State Insurance	0.72	1.28
Employer's contribution to Employees' Pension Scheme 1995	1.78	2.60
Contribution to Pension Fund	20.54	20.41
401 (k) Plan contribution	2.44	2.23

Included in Contribution to Provident and Other Funds and R&D Expenses disclosed under Other Expenses (Refer Note 29 and 31)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

II. Disclosures for defined benefit plans based on actuarial reports as on March 31, 2012

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.

In terms of Guidance Note issued by The Institute of Actuaries of India, the actuary has provided a valuation of PF liability based on the assumptions listed below and determined that there is no shortfall as at March 31, 2012.

Assumptions used in determining the present value obligation of the interest rate guarantee under the Deterministic Approach:

Particulars	Year Ended March 31, 2012
Expected guaranteed interest rate	8.25%
Remaining term of maturity	17 Years
Discount rate for the remaining term to maturity of interest portfolio	8.50%

The details of fund and plan asset position are given below:

(₹ in Crores)

Particulars	Year Ended March 31, 2012
Present Value of Defined Benefit Obligation as at the end of the year	96.18
Fair Value of Plan Assets As at end of the year	96.18
Net Liability/(Asset) recognised in the Balance Sheet	-

A. Change in Defined Benefit Obligation

(₹ in Crores)

	(Funded)				(Non-Funded)					
	Gratuity		Pension		Gratuity		Pension		Long-Term Service Award	
	As at March 31,		As at March 31,		As at March 31,		As at March 31,		As at March 31,	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Present Value of Defined Benefit Obligation as at beginning of the year	14.42	34.35	294.01	316.96	0.15	0.10	-	0.01	0.46	0.83
Liability Transferred In on Demerger of NCE unit / Acquisitions	2.05	-	-	-	0.25	-	-	-	-	-
Liability transferred out on Sale of Domestic Formulation Business & Subsidiary	-	(17.09)	-	-	-	-	-	-	-	(0.82)
Interest Cost	1.18	2.43	17.90	16.40	0.02	0.02	-	-	0.04	0.07
Current Service Cost	1.50	2.99	0.66	1.30	0.12	0.09	-	-	0.05	0.14
Benefits Paid	(2.88)	(11.61)	(9.88)	(9.04)	(0.01)	(0.01)	-	(0.01)	(0.01)	(0.08)
Past Service Cost	-	0.12	-	-	0.03	-	-	-	-	-
Curtailments	-	-	-	(10.59)	-	-	-	-	-	-
Actuarial (Gain) / Loss	2.67	3.23	(10.14)	4.40	-	(0.05)	-	-	(0.23)	0.32
Exchange Differences on Foreign Plans	-	-	43.24	(25.42)	-	-	-	-	-	-
Present Value of Defined Benefit Obligation as at the end of the year	18.94	14.42	335.79	294.01	0.56	0.15	-	-	0.31	0.46

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

B. Changes in the Fair Value of Assets

(₹ in Crores)

	(Funded)				(Non-Funded)					
	Gratuity		Pension		Gratuity		Pension		Long-Term Service Award	
	As at March 31,		As at March 31,		As at March 31,		As at March 31,		As at March 31,	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Fair Value of Plan Asset as at beginning of the year	12.87	31.30	312.77	317.95	-	-	-	-	-	-
Liability Transferred In on Demerger of NCE unit* / Acquisitions	2.05	-	-	-	-	-	-	-	-	-
Expected Return on Plan Assets	1.08	2.70	20.84	18.33	-	-	-	-	-	-
Contributions by the employer	2.03	9.51	7.59	6.70	-	-	-	-	-	0.08
Asset transferred out on Sale of Domestic Formulation Business & Subsidiary	-	(17.27)	-	-	-	-	-	-	-	-
Benefits Paid	(2.88)	(11.62)	(9.88)	(9.04)	-	-	-	-	-	(0.08)
Actuarial Gain / (Loss)	0.59	(1.75)	8.54	4.26	-	-	-	-	-	-
Exchange Differences on Foreign Plans	-	-	48.02	(25.43)	-	-	-	-	-	-
Fair Value of Plan Asset as at the end of the year	15.74	12.87	387.88	312.77	-	-	-	-	-	-

* The Company is in process of transferring the Gratuity Fund acquired on demerger of R&D NCE Unit in the name of the Company.

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

(₹ in Crores)

	(Funded)				(Non-Funded)					
	Gratuity		Pension		Gratuity		Pension		Long-Term Service Award	
	As at March 31,		As at March 31,		As at March 31,		As at March 31,		As at March 31,	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Present Value of Funded Obligation as at end of the year	18.94	14.42	335.79	294.01	-	-	-	-	-	-
Fair Value of Plan Assets as at end of the year	15.74	12.87	387.88	312.77	-	-	-	-	-	-
Funded Liability/(Asset) recognised in the Balance Sheet (Refer Notes 9, 12 and 16)	3.20	1.55	(52.09)	(18.76)	-	-	-	-	-	-
Present Value of Unfunded Obligation as at end of the year	-	-	-	-	0.56	0.15	-	-	0.31	0.46
Unrecognised Past Service Cost	-	-	-	-	0.03	-	-	-	-	-
Unrecognised Actuarial gain / (loss)	-	-	-	-	-	-	-	-	-	-
Unfunded Liability recognised in the Balance Sheet (Refer Note 9, 12 and 16)	-	-	-	-	0.59	0.15	-	-	0.31	0.46

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

D. Amount recognised in the Balance Sheet

(₹ in Crores)

	(Funded)				(Non-Funded)					
	Gratuity		Pension		Gratuity		Pension		Long-Term Service Award	
	As at March 31,		As at March 31,		As at March 31,		As at March 31,		As at March 31,	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Present Value of Defined Benefit Obligation as at the end of the year	18.94	14.42	335.79	294.01	0.56	0.15	-	-	0.31	0.46
Unrecognised Past Service Cost	-	-	-	-	0.03	-	-	-	-	-
Fair Value of Plan Assets As at end of the year	15.74	12.87	387.88	312.77	-	-	-	-	-	-
Net Liability/(Asset) recognised in the Balance Sheet (Refer Notes 9, 12 and 16)	3.20	1.55	(52.09)	(18.76)	0.59	0.15	-	-	0.31	0.46

E. Expenses recognised in Statement of Profit and Loss

(₹ in Crores)

	(Funded)				(Non-Funded)					
	Gratuity		Pension		Gratuity		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,		For the year ended March 31,	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Current Service Cost	1.50	2.99	0.66	1.30	0.12	0.09	-	-	0.05	0.14
Past Service Cost	-	0.12	-	-	0.03	-	-	-	-	-
Interest Cost	1.18	2.43	17.90	16.40	0.02	0.02	-	-	0.04	0.07
Expected Return on Plan Assets	(1.08)	(2.70)	(20.84)	(18.33)	-	-	-	-	-	-
Curtailments Cost / (Credit)	-	-	-	(10.59)	-	-	-	-	-	-
Net Actuarial (Gain) / Loss	2.08	4.98	(18.68)	0.14	-	(0.05)	-	-	(0.23)	0.32
Total Expenses / (Income) recognised in the Profit And Loss Account*	3.68	7.82	(20.96)	(11.08)	0.17	0.06	-	-	(0.14)	0.53

* Included in Salaries and Wages, Contribution to Provident and Other Funds, Gratuity Fund and Research and Development Expenses (Refer Note 29 and 31)

F. Actual Return on Plan Assets

(₹ in Crores)

	(Funded)				(Non-Funded)					
	Gratuity		Pension		Gratuity		Pension		Long-Term Service Award	
	As at March 31,		As at March 31,		As at March 31,		As at March 31,		As at March 31,	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Expected Return on Plan Assets	1.08	2.70	20.84	18.33	-	-	-	-	-	-
Actuarial Gain / (Loss) on Plan Assets	0.59	(1.75)	8.54	4.26	-	-	-	-	-	-
Actual Return on Plan Assets	1.67	0.95	29.38	22.59	-	-	-	-	-	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

G. Asset Information

(%)

	(Funded)				(Non-Funded)					
	Gratuity		Pension		Gratuity		Pension		Long-Term Service Award	
	As at March 31,		As at March 31,		As at March 31,		As at March 31,		As at March 31,	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Insurer	2.48	3.90	-	-	-	-	-	-	-	-
Debt	73.00	65.80	63.80	71.90	-	-	-	-	-	-
Bank Deposit	17.46	24.20	-	-	-	-	-	-	-	-
Equity	7.06	6.90	36.20	28.10	-	-	-	-	-	-

H. Principal actuarial assumptions used

	(Funded)				(Non-Funded)					
	Gratuity		Pension		Gratuity		Pension		Long-Term Service Award	
	As at March 31,		As at March 31,		As at March 31,		As at March 31,		As at March 31,	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Discount Rate (per annum)	8.50% - 8.75%	7.60% - 8.25%	4.80%	5.70% - 8.25%	8.50% - 8.80%	-	-	8.00%	8.75%	8.25%
Expected Rate of return on Plan Assets (per annum)	8.60% - 9.00%	8.00% - 9.00%	5.47%	6.20% - 8.00%	-	-	-	-	-	-

I. Experience Adjustments

(₹ in Crores)

	Gratuity (Funded)				
	As at March 31,				
	2012	2011	2010	2009	2008
Defined Benefit Obligation	18.94	14.42	33.25	29.29	27.61
Plan Assets	15.74	12.87	30.03	30.43	26.98
Deficit / (Surplus)	3.20	1.55	3.22	(1.14)	0.63
Experience adjustment on plan liabilities Loss / (Gain)	2.62	3.09	3.26	(2.09)	1.67
Experience adjustment on plan assets Gain/ (Loss)	0.59	(1.76)	0.32	(1.15)	1.68

(₹ in Crores)

	Pension (Funded)				
	As at March 31,				
	2012	2011	2010	2009	2008
Defined Benefit Obligation	335.79	294.01	316.96	275.91	0.48
Plan Assets	387.88	312.77	317.94	274.35	0.83
Deficit / (Surplus)	(52.09)	(18.76)	(0.98)	1.56	(0.35)
Experience adjustment on plan liabilities Loss / (Gain)	(10.14)	4.49	44.78	(26.75)	(0.02)
Experience adjustment on plan assets Gain/ (Loss)	8.54	4.31	38.84	(24.15)	(0.03)

(₹ in Crores)

	Gratuity (Non-Funded)				
	As at March 31,				
	2012	2011	2010	2009	2008
Defined Benefit Obligation	0.56	0.15	-	-	-
Plan Assets	-	-	-	-	-
Deficit / (Surplus)	0.56	0.15	-	-	-
Experience adjustment on plan liabilities Loss / (Gain)	(0.12)	0.04	-	-	-
Experience adjustment on plan assets Gain/ (Loss)	(0.10)	-	-	-	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

(₹ in Crores)

	Pension (Non-Funded)				
	As at March 31,				
	2012	2011	2010	2009	2008
Defined Benefit Obligation	-	-	0.01	0.01	0.06
Plan Assets	-	-	-	-	-
Deficit / (Surplus)	-	-	0.01	0.01	0.06
Experience adjustment on plan liabilities Loss / (Gain)	-	-	-	-	-
Experience adjustment on plan assets Gain/ (Loss)	-	-	-	-	-

(₹ in Crores)

	Long-Term Service Award (Non-Funded)				
	As at March 31,				
	2012	2011	2010	2009	2008
Defined Benefit Obligation	0.31	0.46	0.83	0.88	0.83
Plan Assets	-	-	-	-	-
Deficit / (Surplus)	0.31	0.46	0.83	0.88	0.83
Experience adjustment on plan liabilities Loss / (Gain)	0.23	-	-	-	-
Experience adjustment on plan assets Gain/ (Loss)	-	-	-	-	-

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 ₹ 1.96 Crores (Previous Year ₹ 3.42 Crores) for Gratuity and Pension.

K. The liability for Leave Encashment (Non – Funded) as at year end is ₹ 16.22 Crores. (Previous year ₹ 11.63 Crores)

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.

41. The Group is engaged in pharmaceutical business (mainly consisting of manufacturing and sale of own and traded bulk drugs and formulations) and Financial Services Business which is considered the Primary reportable business segment. The Secondary Segments based on geographical segmentation are considered to be Businesses outside India and within India.

(₹ in Crores)

Details	Pharmaceuticals		Financial Services		Eliminations		Total	
	March 2012	March 2011	March 2012	March 2011	March 2012	March 2011	March 2012	March 2011
Revenue								
- External Sales	2,079.16	1,673.08	53.77	-	-	-	2,132.93	1,673.08
- Inter - Segment Sales	0.14	-	-	-	(0.14)	-	-	-
Total Revenue	2,079.30	1,673.08	53.77	-	(0.14)	-	2,132.93	1,673.08
Segment Result	298.19	97.86	31.37	-	-	-	329.56	97.86
Less: Depreciation							129.29	95.86
Less: Finance Cost							215.46	88.83
Add : Interest Income							141.74	280.88
Profit Before Tax and Exceptional Items							126.55	194.05
Add: Exceptional Items							(5.66)	16,220.50
Profit Before Tax							120.89	16,414.55
Less: Provision for Tax							5.63	3,678.90

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

(₹ in Crores)

Details	Pharmaceuticals		Financial Services		Eliminations		Total	
	March 2012	March 2011	March 2012	March 2011	March 2012	March 2011	March 2012	March 2011
Net Profit from Continuing Operations							115.26	12,735.65
Profit from Discontinued Operations (Net of Tax)							-	148.02
Net Profit before Minority Interest							115.26	12,883.67

Other Information

(₹ in Crores)

Details	Pharmaceuticals		Financial Services		Assets arising on Sale of Domestic Formulation Business		Eliminations		Total	
	March 2012	March 2011	March 2012	March 2011	March 2012	March 2011	March 2012	March 2011	March 2012	March 2011
Segment Assets	5,285.89	3,583.57	613.72	-	8,878.60	10,343.36	(2.63)	-	14,775.58	13,926.93
Segment Liabilities	3,514.40	2,084.75	11.44	-	-	-	(2.63)	-	3,523.21	2,084.75
Capital Expenditure	275.74	269.02	200.70	-	-	-	-	-	476.44	269.02
Depreciation	129.33	95.86	(0.04)	-	-	-	-	-	129.29	95.86
Non Cash Expenses other than Depreciation	12.79	29.88	0.26	-	-	-	-	-	13.05	29.88

Secondary Segments

(₹ in Crores)

Details	Within India		Outside India		Eliminations		Total	
	March 2012	March 2011	March 2012	March 2011	March 2012	March 2011	March 2012	March 2011
Revenues	587.13	912.44	1,627.00	800.08	(81.20)	(39.44)	2,132.93	1,673.08
Carrying amounts of Segment Assets	13,538.02	12,931.23	1,731.49	1,403.59	(493.93)	(407.89)	14,775.58	13,926.93
Additions to Tangible and Intangible Assets	386.11	140.26	90.33	128.76	-	-	476.44	269.02

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

42. Related Party Disclosures :

A. Controlling Companies

The Swastik Safe Deposits and Investments Limited * (w.e.f. December 30, 2011)

The Ajay G. Piramal Foundation*

Paramount Pharma Private Limited*

BMK Laboratories Private Limited

Cavaal Fininvest Private Limited*

PHL Holdings Private Limited (formerly Known as Piramal International Private Limited)

*(w.e.f. September 29, 2011)

Piramal Management Services Private Limited* (upto September 29, 2011)

Piramal Healthcare Limited - Employee Option Scheme* (PHL ESOP)

Piramal Enterprises Limited - Trustees of Piramal Enterprises Executive Trust*

Piramal Life Sciences Limited - Senior Employees Stock Option Trust (w.e.f. December 30, 2011)*

*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 Estates Private Limited (formerly known as Piramal Realty Limited) (Piramal Estates)

India Venture Advisors Private Limited (India Venture)

C. Investing parties with whom PHL is a JV Partner

Allergan Inc.*

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

D. Key Management Personnel and their relatives

Mr. Ajay G. Piramal

Dr. (Mrs.) Swati A. Piramal

Mr. N. Santhanam (upto December 31, 2011)

Ms. Nandini Piramal

Mr. Vijay Shah (w.e.f. January 1, 2012)

Mr. Ramesh Jogani (w.e.f. August 12, 2011)

Mr. A.K. Purwar (w.e.f. July 27, 2011)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

Transactions with Related Parties

Details of Transactions	(₹ In Crores)					
	Controlling/ Associates		Key Management Personnel		Total	
	2012	2011	2012	2011	2012	2011
Purchase of Goods						
- PGL	6.46	11.27	-	-	6.46	11.27
- Others	-	0.09	-	-	-	0.09
TOTAL	6.46	11.36	-	-	6.46	11.36
Sale of Goods						
- PLSL	-	3.74	-	-	-	3.74
TOTAL	-	3.74	-	-	-	3.74
Rendering of Services						
- Piramal Realty	1.75	-	-	-	1.75	-
TOTAL	1.75	-	-	-	1.75	-
Receiving of Services						
- PEL	5.00	14.00	-	-	5.00	14.00
- Others	0.11	0.13	-	-	0.11	0.13
TOTAL	5.11	14.13	-	-	5.11	14.13
Rent Paid						
- Piramal Realty	8.40	7.78	-	-	8.40	7.78
TOTAL	8.40	7.78	-	-	8.40	7.78
Finance granted (including loans and Equity contribution in cash or in kind)						
- PLSL	-	347.00	-	-	-	347.00
- PHL - ESOP	-	2.60	-	-	-	2.60
TOTAL	-	349.60	-	-	-	349.60
Interest Received						
- PLSL	-	12.15	-	-	-	12.15
TOTAL	-	12.15	-	-	-	12.15
Management Contracts including for Deputation of Employees - Services rendered						
- India Venture	-	0.54	-	-	-	0.54
TOTAL	-	0.54	-	-	-	0.54
Remuneration						
- Mr. Ajay G. Piramal	-	-	7.89	9.00	7.89	9.00
- Dr. (Mrs.) Swati A. Piramal	-	-	3.89	4.76	3.89	4.76
- Ms. Nandini Piramal	-	-	1.47	3.35	1.47	3.35
- Mr. N. Santhanam	-	-	3.20	6.85	3.20	6.85
- Mr. Vijay Shah	-	-	0.83	-	0.83	-
- Mr. Ramesh Jogani	-	-	3.62	-	3.62	-
- Mr. A. K. Purwar	-	-	0.59	-	0.59	-
TOTAL	-	-	21.49	23.96	21.49	23.96
Receivable						
- PLSL	-	361.23	-	-	-	361.23
- Piramal Estate	6.04	6.05	-	-	6.04	6.05
- India Venture	0.03	-	-	-	0.03	-
- Others	0.50	0.38	-	-	0.50	0.38
TOTAL	6.57	367.66	-	-	6.57	367.66
Payable						
- PGL	-	0.97	-	-	-	0.97
TOTAL	-	0.97	-	-	-	0.97

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

43. The Group's significant leasing arrangements are mainly in respect of residential / office premises, computers, motor vehicles and vapourisers. The aggregate lease rentals payable on these leasing arrangements are charged as rent under "Other Expenses" in Note 31.

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 ₹ 13.83 Crores (Previous Year ₹ 14.29 Crores) in respect of these leasing arrangements. Future lease rentals payable in respect of motor vehicles, office premises and computers on lease :

(₹ in Crores)		
Payable	As at March 31, 2012	As at March 31, 2011
Not later than one year	20.30	11.44
Later than one year but not later than five years	37.31	17.67
Later than five years	2.10	2.44

44. 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, 2012	For the year ended March 31, 2011
1. Profit after tax but before minority interest (₹ in Crores)	115.26	12,883.67
2. Minority Interest (₹ in Crores)	3.76	0.31
3. Profit attributable to Equity Shareholders of the Company (₹ in Crores)	111.50	12,883.36
4. Weighted Number of Shares (nos.)	168,794,463	225,149,809
5. EPS after exceptional items (₹)	6.6	572.2
6. Face value per share (₹)	2.0	2.0

45. During the year, the Company has received ₹ 1,854.44 Crores through discounting of receivables. Finance charges on the same amounting to ₹ 111.74 Crores has been disclosed under "Finance Cost".

46. The Consolidated results for the year ended March 31, 2012 includes the results for Piramal Investment Holdings (Canada) Inc., Piramal Healthcare (Canada) Limited, Piramal Healthcare Pension Trustees Limited, Piramal Healthcare (France) Limited and Piramal Critical Care Italia SPA, based on audited accounts upto the respective financial year ending December 31, 2011 and management estimates prepared by respective Company's Management for the interim period ending March 31, 2012. The results of Piramal Holdings (Switzerland) Limited, Piramal Imaging SA, Piramal Molecular Imaging Development GmbH, Piramal Technologies SA, Piramal International and INDIAREIT Investment Management Co. are based on management estimates for the period ended March 31, 2012 as audited results were unavailable. The combined Total Revenues for the year ended March 31, 2012 for all the above companies as included in the Consolidated Financial Results is 5.81%

47. 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2012

48. An erstwhile Contractor had made a claim before arbitration panel for ₹ 7.85 Crores 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 ₹ 38.26 Crores 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 ₹ 3.00 Crores (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.
49. There are no Derivative contracts outstanding as on March 31, 2012.
50. The financial statements for the year ended March 31, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended March 31, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to confirm to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.
51. The figures for the year ended March 31, 2012 are not comparable to the previous year ended March 31, 2011 on account of the demerger of R&D NCE of PLSL into the Company (Refer Note 3), establishment of PHL Capital Private Limited and acquisition of Indiareit Fund Advisors Private Limited, INDIAREIT Investment Management Co. and PHL Finance Private Limited (Refer Note 33), establishment of Piramal Systems & Technologies Private Limited and Piramal Technologies SA (Refer Note 34) and incorporation of Piramal Imaging SA, Piramal Molecular Imaging Development GmbH (Refer Note 35) and PHL Infrastructure Finance Company Private Limited (Refer Note 33).

Signature to note 1 to 51 of Consolidated Financial Statements.

For Price Waterhouse

Firm Registration Number: 301112E

Chartered Accountants

Partha Ghosh

Partner

Membership No. F-55913

Mumbai, May 03, 2012

Ajay G. Piramal

Vijay Shah

Rajesh Laddha

Leonard D'Souza

Chairman

Executive Director & Chief Operating Officer

Chief Financial Officer

Company Secretary

Mumbai, May 03, 2012

NOTES

[illegible]

SUBSIDIARY COMPANIES

Indian Subsidiaries

INDIAREIT Fund Advisors Private Limited
Oxygen Bio Research Private Limited
PHL Capital Private Limited
PHL Finance Private Limited

PHL Fininvest Private Limited
PHL Infrastructure Finance Company Private Limited
Piramal Pharmaceutical Development Services Private Limited
Piramal Systems & Technologies Private Limited

Foreign Subsidiaries

INDIAREIT Investment Management Co.
Minrad EU
NPIL Pharma Inc
Oxygen Healthcare Limited
Piramal Critical Care Inc
Piramal Critical Care Italia SPA
Piramal Healthcare (Canada) Limited
Piramal Healthcare (France) Limited
Piramal Healthcare Inc

Piramal Healthcare Pension Trustees Limited
Piramal Healthcare (UK) Limited
Piramal Holdings (Suisse) SA
Piramal Imaging GmbH
Piramal Imaging SA
Piramal International
Piramal Investment Holdings (Canada) Inc
Piramal Life Sciences (UK) Limited
Piramal Technologies SA

JOINT VENTURE COMPANIES

Allergan India Private Limited

INVESTORS CORRESPONDENCE

Mr. Leonard D'Souza, Company Secretary
Piramal Healthcare Limited, 1st Floor, Piramal Tower Annexe, Ganpatrao Kadam Marg, Lower Parel, Mumbai 400 013.
Tel.: (91 22) 3046 7839; Fax: (91 22) 3046 7855; Email: complianceofficer.phl@piramal.com

INFORMATION FOR SHAREHOLDERS

Listing of Equity Shares on Stock Exchanges

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

Share Transfer Agent

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound, LBS Marg,
Bhandup (West), Mumbai - 400 078.
Tel.: (022) 25946970 Fax: (022) 25946969
e-mail: piramal.irc@linkintime.co.in

PLANT LOCATION FOR 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, Madhya Pradesh
- Digwal Village, Medak District, 502 321, Andhra Pradesh
- Ennore Express Highway, Ernavur Village, Ennore, Chennai 600 057, Tamil Nadu
- Plot No.19 - PHARMEZ, Village Matoda, Sarkhej bawala, NH 8A, Taluka Sanand, Ahmedabad - 382 213, Gujarat
- Shirish Research Campus, Plot No – 18, PHARMEZ, Special Economic Zone, Taluka Sanand, Ahmedabad
- Morpeth, Northumberland, UK
- Grangemouth, Stirlingshire, UK
- 110, Industrial Parkway North, Aurora, Ontario, L4G 3H4, Canada
- 475, Boul, Armand-Frappier, Laval, Quebec, H7V 4B3, Canada
- Bethlehem, PA 18017, 3950 Schelden Circle, Pennsylvania State, USA
- 50 Cobham Dr. Orchard Park, New York - 14127, USA

Piramal Healthcare's Global R&D Footprint



CRAMS (formulations) facility, Morpeth, UK



Critical care facility, Bethlehem, USA



High Potency API facility, Grangemouth, Scotland



CRAMS (API development) facility, Toronto, Canada



Critical Care R&D facility, Buffalo, USA



CRAMS (API) facility, Digwal, India



CRAMS (Formulation) facility, Pithampur, India



NCE Research Centre, Mumbai, India



CRAMS Pharma Development facility, A'bad, India



CRAMS (API Development) facility, Ennore, India



CRAMS (Discovery Services) facility, Ahmedabad, India



CRO Facility with Piramal Imaging - Berlin Germany