



**Piramal Enterprises Limited**  
**ANNUAL REPORT 2012-2013**

## THE BOARD OF DIRECTORS

Ajay G. Piramal, *Chairman*

Swati A. Piramal, *Vice - Chairperson*

Gautam Banerjee  
(*w.e.f. April 1, 2013*)

Amit Chandra

Keki Dadiseth

R.A. Mashelkar

Goverdhan Mehta

Siddharth Mehta  
(*w.e.f. April 1, 2013*)

Nandini Piramal, *Executive Director*

S. Ramadorai

Deepak Satwalekar

Vijay Shah, *Executive Director and Chief Operating Officer*

N. Vaghul

## BANKERS

Allahabad Bank

Australia & New Zealand Banking Group Limited

BNP Paribas

Citibank N.A.

Credit Agricole Corporate and Investment Bank

HDFC Bank Limited

Kotak Mahindra Bank Limited

The Hongkong & Shanghai Banking Corporation Limited

Yes Bank Limited

## AUDITORS

Price Waterhouse

## SOLICITORS

Crawford Bayley & Co.

## REGISTERED OFFICE

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

“Values determine how we engage with others,  
what we identify with,  
what we care about and  
what we deem worth fighting for.”

At the Piramal Group, our core values of 'Knowledge, Action and Care' have been an integral part of our guiding philosophy. We believe that living by our values is not just important but imperative.

To ensure consistent understanding and alignment of behaviours with our values across the entire organization, during the last year, we took up an exercise to articulate the precise definitions of 'Knowledge, Action and Care' and subsequently arrived at the behaviours which we need to exhibit at the workplace in order to truly live our values. The output from this exercise will shape key processes like customer management, strategy formulation, performance management, recruitment, induction, talent development, etc. Through a series of employee focus group discussions, structured workshops, culture assessment questionnaires and leadership discovery interviews, our core values have been defined as:

### Knowledge

**Expertise:** We strive for a deeper understanding of our domain.

**Innovation:** We aspire to do things creatively.

### Action

**Entrepreneurship:** We are empowered to act decisively and create value.

**Integrity:** We are consistent in our thought, speech and action.

### Care

**Trusteeship:** We protect and enhance the interests of our customers, community, employees, partners and shareholders.

**Humility:** We aspire to be the best, yet strive to be humble.

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*This Annual Report can also be accessed at the Company's website, [www.piramalenterprises.com](http://www.piramalenterprises.com)*

## CHAIRMAN'S LETTER



Dear Shareholders,

My warm greetings to all of you.

During the financial year 2013, we made the transition from exploring opportunities for deploying capital to defining and executing growth strategies for our existing and new businesses. We laid the foundations for building a strong and sustainable global enterprise as under:

### Focus on three sectors

We have now committed to building our presence in three sectors: Pharmaceuticals, Financial Services and Information Management. We made significant investments in each of these areas during financial year 2013:

- We acquired Decision Resources Group, US (DRG) as the growth platform for our Information Management business. DRG is the gold standard provider of syndicated research, information and analytics to the global healthcare industry with a strong management team.
- We acquired Bayer's Molecular Imaging business and successfully hired key Bayer employees, ensuring a smooth transition to Piramal Imaging. This team has achieved a significant milestone with the US Food and Drug Administration (USFDA) and the European Medicines Agency (EMA) submissions for approval of Florbetaben, a diagnostic imaging agent for diagnosing Alzheimer's disease better.
- We substantially grew our NBFC business in the Real Estate Sector and started lending to the Education Sector as well. We made two structured investments in the Infrastructure Sector aggregating ₹ 925 Crores.

### Quality and Depth of Management Team

We enhanced the quality and depth of our management team by:

- Making senior appointments in existing businesses,
- Bringing onboard best-in-class leaders in our new lines of business,
- Adding depth to our corporate functional departments and
- Building our talent pipeline by bringing in experienced managers and reorganizing operating responsibilities in specific areas.

The leadership team at Piramal Enterprises Limited (PEL) is focused on execution and building a performance-oriented organization. We are starting to see early results from the leadership changes and from the renewed focus on operating metrics in each of our businesses.

We have also formulated sub-committees of the Board and constituted Advisory Boards which play an active role in both strategy formulation as well as in critical operational decisions. This is enabling us to bring world class thinking into our diverse businesses.

### Building our Governance Systems and Enterprise Risk Management Capability

We have strengthened our governance systems to match the changing profile of the company. We undertook a project to assess the issues related to governance, risk and compliance. This is enabling us to put in place adequate systems and processes for identification, reporting and mitigation of risks, and for ensuring compliance.

We have further strengthened our Board of Directors with the additions of:

- **Siddharth N. Mehta**, who brings senior executive level experience and extensive knowledge of the banking industry and financial markets to our Board of directors. Mr. Mehta is a former President and Chief Executive Officer of Transunion. He was also the Chief Executive Officer of HSBC Finance Corporation and HSBC North America Holdings, Inc. He has served

as a Senior Vice President at the Boston Consulting Group in Los Angeles and co-leader of Boston Consulting Group's Financial Services Practice, where he developed retail, insurance and investment strategies for a variety of financial service clients. He also serves on the board of directors of TransUnion LLC, DataCard Group, the Chicago Public Education Fund, the Field Museum and the Myelin Repair Foundation. Mr. Mehta has an undergraduate degree from the London School of Economics and an MBA from the University of Chicago.

- **Gautam Banerjee**, who has extensive experience in the realm of finance, accounting and management. Mr. Banerjee is currently a Senior Advisor with Blackstone Group and Chairman of Blackstone, Singapore. Mr. Banerjee has held various positions during his association with Pricewaterhouse Coopers ('PwC'), from 1982 to 2012. Mr. Banerjee has been a member of various statutory boards / committees of the Government of Singapore and has also been a member of several Industry Associations in Singapore. He was a Nominated Member of Parliament in Singapore from 2007 to 2009. He is also an Independent Director of Singapore Airlines Limited, the Government of Singapore Investment Company Ltd. and the Straits Trading Company Ltd. He is a graduate from the University of Warwick, England and is a member of the Institute of Chartered Accountants in England and Wales and also a member of the Institute of Certified Public Accountants, Singapore.

### **'One Piramal' Values and Purpose**

We initiated the process for building the 'Piramal Way' that brings together its people and stakeholders. We articulated our values as 'Knowledge, Action, Care'. We defined the *One Piramal* purpose as 'Doing Well and Doing Good – Making a positive difference, serving people and living our values'. We are in the process of making our values and purpose an integral part of the way we work and engage all our stakeholders at PEL.

Our efforts in laying the foundations for a sustainable growth have started showing results, and are reflected in PEL's overall financial results. Our FY2013 revenues have increased by 51% to ₹ 3,544 cr. The rest of this letter highlights our key financial achievements in the three sectors - Pharmaceuticals, Financial Services and Information Management:

### **Update on Pharmaceutical businesses**

After a robust growth in FY2012, revenue from Pharma Solutions business continued to grow in FY2013. This increase in revenue came from across our operations in India and outside India. The contract development and manufacturing market continues to expand, driven by Pharmaceutical industry's need for reducing costs and improving R&D productivity. PEL's Pharma Solutions business with its asset mix that offers a combination of eastern and western assets, proximity to target market, good relationship with global pharmaceutical companies, excellent regulatory and execution track record is well placed to leverage this trend.

The Critical Care business grew revenues at an impressive rate in FY2013. This growth came primarily from increase in share of Sevoflurane market in the US. The business is poised for further growth in the next few years with the launch of Sevoflurane in Europe and potential launch of Desflurane in the coming years. The Critical Care business has an infrastructure to sell anesthetic products and other critical care products to hospitals in over 100 countries. We continue to strengthen this marketing, sales and distribution infrastructure.

Sales from our OTC and Ophthalmology businesses increased at above industry growth rates in FY2013. Our OTC business has a strong brand portfolio, which we continue to develop through new launches. This portfolio should drive growth over the long term, given low penetration levels and high growth profile of the Indian market. We are also looking to expand our portfolio through inorganic initiatives. Our JV with Allergan in India for Ophthalmology products has a leading market share in India and continues to benefit from the expanding market in India.

During the year, we acquired worldwide rights to the molecular imaging development portfolio of Bayer Pharma AG. We filed the New Drug Application (NDA) for our lead compound, Florbetaben, during the year. This NDA has been accepted by USFDA and EMA for review. Florbetaben is used for early diagnosis of Alzheimer's disease through detection of beta-Amyloid plaque deposition in the brain. We believe Florbetaben addresses a significant unmet medical need and will help improve lives of millions. We would look to obtain regulatory approval for Florbetaben in the US and Europe and prepare for launch in Q4 of FY2014.

Our New Chemical Entity (NCE) unit in Mumbai has a strong pipeline of 13 drugs with 11 drugs in clinical trials phase and is focused on three therapeutic areas – Cancer, Diabetes and Inflammation. We will continue developing our clinical and pre-clinical NCE and Imaging pipeline according to plan and also pursue inorganic opportunities in the future.

#### **Update on the Financial Services businesses**

During the year, we have substantially grown our lending operations for the Real Estate Sector and have also started lending to the Education Sector. This enabled us to grow our loan book to ₹ 1,591 Crores as at March 31, 2013 from ₹ 351 Crores as at March 31, 2012. During the coming year, we will continue to scale up the NBFC business and evaluate opportunities for entry into other high growth areas of the financial services landscape in India. We believe that the NBFC business offers significant growth opportunities for PEL over the long term.

PEL made its first two structured investments in the Infrastructure Sector aggregating ₹ 925 Crores. Of this, ₹ 425 Crores were invested before March 31, 2013 while the rest were invested in April 2013. During the coming years, we will build a sustainable business model for making such investments.

Our real estate fund management platform, INDIAREIT had ₹ 4,257 Crores under management as of March 31, 2013. INDIAREIT successfully raised another fund for Mumbai Redevelopment projects of ₹ 400 Crores under difficult market conditions during the year. INDIAREIT is also in the process of making exits worth ₹ 440 Crores for some of the earlier funds.

#### **Update on Information Management business**

We completed acquisition of DRG in June 2012 for a consideration of US\$ 635 million (~₹ 3,400 Crores). DRG is a growth platform for our Information Management business and we further strengthened it through acquisition of Abacus International, UK in December, 2012. This acquisition will help our information management business to grow in Europe. DRG has approximately 200 analysts, including 100+ highly experienced PhDs, MDs, MPHs and other key industry experts. DRG has an organic growth strategy in place and we would continue to make tuck-in acquisitions to expand our presence in the information management industry.

While PEL continues to grow across the three sectors with long term growth opportunities, we continue to pursue initiatives that co-opt its stakeholders and build a sustainable global enterprise. The *One Piramal* purpose of 'Doing Well' and 'Doing Good' is reflected in the work undertaken by PEL through the Piramal Foundation. The Foundation today operates at scale with wide reaching impact as under:

- **Healthcare:** Health Management and Research Institute (HMRI) reaches 50 million patients across 6 states.
- **Education:** The education leadership programs reach 120,000 school children through 750 principals and 250 Piramal fellows.
- **Water:** Sarvajal provides clean drinking water to over 100,000 people every day.
- **Rural empowerment:** Source for Change, a rural BPO, has created rural empowerment for over 400 beneficiaries.
- **Other initiatives:** We support Annamrita (ISKON Food Relief Foundation) in providing meals to 50,000 students daily. In addition, we continue to actively support Pratham and Chinmaya Mission, amongst others, in their endeavors.

We are focused on building a strong and sustainable global business enterprise that will create shareholder value over the long term. I thank you for your continued faith and support.

Warm regards,

**Ajay G. Piramal**

Chairman

Date : May 3, 2013

# 10 YEARS FINANCIAL HIGHLIGHTS

Details (₹ in Crores)	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
<b>Profit &amp; Loss Account</b>										
<b>Total Income</b>	1,413	1,342	1,623	2,472	2,879	3,288	3,777	2,009	2,352	3,544
EBITDA	304	203	238	384	548	589	833	379	471	611
Interest	24	19	17	31	46	84	184	89	215	575
Profit Before Tax	203	211	148	267	373	341	500	16,415	121	-193
Profit after Tax	200	164	124	228	334	316	482	12,736	115	-227
Earnings per Share (₹)	52.1	8.5*	5.8	10.3	15.9	15.1	21.4	572.2**	6.6	-13.2

\* 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)	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
<b>Balance Sheet</b>										
Share Capital	91	91	95	80	42	42	42	34	35	35
Reserves & Surplus	367	462	919	1,006	1,051	1,275	1,643	11,803	11,208	10,689
Minority Interest	-	4	3	1	5	7	-	6	10	15
Debt	356	368	311	639	716	1,339	1,295	757	2,047	7,688
Net Deferred Tax	38	60	84	89	90	73	57	48	50	-46
<b>Total Liabilities</b>	<b>852</b>	<b>985</b>	<b>1,412</b>	<b>1,815</b>	<b>1,903</b>	<b>2,736</b>	<b>3,037</b>	<b>12,647</b>	<b>13,349</b>	<b>18,381</b>
Net Fixed Assets	563	728	1,042	1,224	1,259	2,039	2,113	1,582	2,089	6,081
Investments	5	4	29	29	65	28	33	1,482	6,964	7,877
Net Current Assets	284	253	342	563	580	669	891	9,584	4,297	4,423
<b>Total Assets</b>	<b>852</b>	<b>985</b>	<b>1,412</b>	<b>1,815</b>	<b>1,903</b>	<b>2,736</b>	<b>3,037</b>	<b>12,647</b>	<b>13,349</b>	<b>18,381</b>



## MANAGEMENT DISCUSSION & ANALYSIS

### FY2013 KEY HIGHLIGHTS:

#### Acquisition of Decision Resources Group, Inc. (US) and Abacus International (UK)

Piramal Enterprises Limited (PEL) completed acquisition of Decision Resources Group (DRG), a US based provider of high quality, web-enabled research, predictive analytics via proprietary databases and consulting services to the global healthcare industry, for a consideration of approximately US\$ 635 million (~ ₹ 3,400 Crores) in June 2012. With 20% revenue CAGR for the last five years, it is one of the fastest growing companies in the US\$ 5.7 billion global healthcare information industry. It has 48 of the top 50 global pharmaceutical companies as its customers. The overall customer retention rate is 94%. The company, now a subsidiary of PEL, generated revenues of ₹ 649.6 Crores in FY2013. In December 2012, DRG acquired Abacus International, a UK based pioneer in evidence-based global market access solutions for many of the world's leading healthcare companies.

#### Acquisition of Bayer's Molecular Imaging Development Portfolio

PEL 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 amongst a pipeline of other molecules. 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. 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. The molecule has been accepted for review by the US Food and Drug Administration (FDA) in March 2013 and by the European Medicines Agency (EMA) in January 2013.

#### Expansion of Financial Services Business

During this year, PEL started lending to the education sector and has explored new geographies like Bhopal, Coimbatore and NCR. The loan book to Real Estate and Education Sectors has increased to ₹ 1,591 Crores as on March 31, 2013 from ₹ 351 Crores as on March 31, 2012. PEL has also made two structured investments aggregating to ₹ 925 Crores. The first investment of ₹ 425 Crores was made in March 2013 through Optionally Convertible Debentures in Navayuga Road Projects Pvt. Ltd. (NRPL), the road subsidiary of the ₹ 3,000 crore Navayuga Engineering Company (NECL). Another investment of ₹ 500 Crores was made in April 2013 through Optionally Convertible Debentures in Green Infra Ltd., one of the largest clean energy Independent Power Producers (IPPs) in the country funded by IDFC Private Equity.

INDIAREIT, which manages funds for investments in real estate sector, has ₹ 4,257 Crores under management as on March 31, 2013. INDIAREIT raised ₹ 400 Crores for Mumbai Redevelopment Fund during FY2013 and is currently raising a new domestic fund with targeted fund size of ₹ 750 Crores along with green shoe option of ₹ 250 Crores.

#### Change of Name to Piramal Enterprises Limited

With effect from July 31, 2012, the name of the company stands changed from 'Piramal Healthcare Limited' to 'Piramal Enterprises Limited'. The change in the name was done in order to appropriately reflect the changing business profile of the Company.

## BUSINESS PERFORMANCE

### Pharmaceuticals Businesses

#### Pharma Solutions

The market for Global Outsourcing is expected to grow to US\$ 45 Bn by 2015 at a compounded annual growth rate of 12% per year (\*Source: Scrip Insights 2012). The global outsourcing trend is likely to continue, driven by the rising healthcare costs in developed countries and reducing profitability of pharmaceutical companies due to patent expiry of various blockbuster drugs. Long term prospects for the industry are backed by cost pressures for innovative companies and increasing genericisation. Established relationships and trust with innovators, quality infrastructure, good regulatory track record and low production and R&D costs should place PEL in a good position to take advantage of this trend.

In the context of this market outlook, PEL's revenues from Pharma Solutions business grew by 14.7% to ₹ 1,553.3 Crores in FY2013 as compared with ₹ 1,354.5 Crores in FY2012. The revenues from both Indian assets and assets outside India grew by 14.7% to ₹ 918.5 Crores against ₹ 800.8 Crores in FY2012 and to ₹ 634.8 Crores against ₹ 553.7 Crores in FY2012, respectively.

**Continued contract flows into overseas facilities:**

Increase in demand for existing products was seen during the year. Order booking for the late phase commercial business increased in FY2013 as compared with FY2012. Long term commercial contracts were signed at Morpeth in FY2013. Our relationship with PEL's key partner, Pfizer, at Morpeth, continued to grow. The year saw a strong pipeline of enquiries, especially for the ADCs business at Grangemouth. In October 2012, PEL entered into a strategic alliance with Fujifilm Diosynth Biotechnologies, whereby the two parties intend to offer seamless contract development and manufacture of ADCs, a growing niche in the development of biopharmaceuticals.

**Regulatory Audits:**

The MHRA Audit at Morpeth and Grangemouth and EU-GMP Audit at the Formulation Development site at Ahmedabad were completed successfully.

**Recognition:**

The Pithampur facility was awarded the 'Platinum Award – Pharma Sector, Medium business' by India Manufacturing Excellence Awards (IMEA) in partnership with Frost and Sullivan while the Digwal facility was awarded the 'Best Audit Performance' award in the category of Occupational Health and Safety Award – 2012.

**Critical Care**

Revenue from Critical Care business was ₹ 616.1 Crores as compared with ₹ 412.6 Crores in FY2012, registering a growth of 49.3%. The high growth rate is on account of gaining greater share of the Sevoflurane market in the US and some other emerging markets. PEL's market share in terms of volume for Sevoflurane in US has increased from 25% in March 2012 to 30% in March 2013. Major Group Purchasing Organization (GPO) contracts have been renewed for next two years in the US. PEL has more than 50% market share in some of the emerging markets. There has been a meaningful increase in market share in countries such as Turkey and Indonesia. Several tenders were won this year in emerging markets including Mexico, Peru, Kazakhstan and South Africa. Sevoflurane was also launched in the European markets this year. The product will be marketed by direct field force in some countries while association with marketing partners will continue in most of the other countries. Isoflurane sales volumes were also higher as compared with last year.

**OTC and Ophthalmology**

Sales from OTC and Ophthalmology business grew by 23.3% to ₹ 271.2 Crores in FY2013 as compared with ₹ 220.0 Crores in FY2012. The OTC sales force and distribution network now covers 400,000 retailers in 485 'one-lakh+ towns' in India. New products and brands were launched through FY2013 – Lacto Calamine Reneu, Lacto Calamine Sun Screen, Polycrol+, extensions of Jungle Magic brand of perfumes and Jungle Magic Mosquito Bandtiz. 'Lacto Face wash' was awarded the 'Star 2012' for excellence in packaging by Indian Institute of Packaging. We launched several new OTC products and brands in FY13, viz. Lacto Calamine Reneu, Lacto Calamine Sun Screen, Polycrol+, extensions of Jungle Magic brand of perfumes and Jungle Magic Mosquito Bandtiz.

Allergan India Limited (AIL) is a 51:49 Joint Venture for Ophthalmic products between Allergan Inc., USA and PEL. Total revenues of AIL were ₹ 205.4 Crores (FY2012 Total Revenue: ₹ 168.6 Crores). The Operating Profit for FY2013 was ₹ 45.6 Crores as compared with ₹ 40.3 Crores in FY2012. Profit after Tax for FY2013 was ₹ 29.2 Crores as compared with ₹ 25.6 Crores for FY2012.

**Life Sciences**

PEL is working on discovering and optimizing compounds to meet important unmet medical needs in the target markets of cancer, diabetes and inflammation. Spend on R&D expenses for FY2013 was ₹ 286.7 Crores vis-à-vis ₹ 233.1 Crores in FY2012.

**NCE Research:**

The broad highlights of progress made in key therapy areas are given below:

- **Oncology:**

During the year, the Oncology portfolio has made progress with the completion of two clinical trials for P276-00 for Head and Neck Cancer: a Phase II trial with P276-00 as a single agent and Phase I/II in combination with radiation. Also, the Phase

II clinical trial of P276-00 in combination with Cisplatin and radiation for Radiation Induced Mucositis has completed patient recruitment. The development of P276 for Mantle Cell Lymphoma, Malignant Melanoma and Triple Negative Breast Cancer was discontinued as the results of clinical trials were not encouraging.

Phase I trials for P1446A in India and Canada have been completed. During the year, Investigational New Drug (IND) application was approved for P1446A for Malignant Melanoma. Phase I extension clinical trial has been initiated in the US. IND approval was also received for P7170 and PL225B. PEL has partnered with Merck for PL225B. The Phase I trials of P7170 and PL225B have commenced and patient recruitment is in progress, both in the US and India.

▪ **Diabetes:**

Phase II clinical trials for P1736-05 and Phase I clinical trials for P7435 in India have been completed. During the year, IND was filed with the USFDA for a new candidate P11187, a GPR40 agonist for Type II diabetes. The development of P1201 for which there was a partnership agreement with Eli Lilly was discontinued due to safety issues in the molecule.

**Imaging:**

The worldwide rights to molecular imaging research and development portfolio of Bayer Pharma were acquired this year. Since then, the transition from Bayer has been completed and processes and systems have been set up. During the year, an agreement was entered into with IBA Molecular, a world leader in Nuclear Medicine for manufacturing and distribution of Florbetaben in the European and US markets. The New Drug Application (NDA) have also been filed for Florbetaben with USFDA in December 2012 and with EMEA in January 2013 and these have been accepted for review by both in March 2013. Efforts are now focused on building an organization during the year that can start commercial operations post requisite regulatory approvals.

**Bio-orthopedics:**

During the year, the European CE mark approval for BST-CarGel® was received. 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. Enabled by the European regulatory approval, PEL has commercially launched BST-CarGel® in December 2012 in all of the major countries in Europe. Filing for reimbursement with the insurance companies have also commenced in these countries. PEL is also planning to file the dossier for regulatory approval to market BST – CarGel® in India.

**Financial Services Businesses**

The Financial Services segment of PEL consists of the NBFC operations and a real estate fund management business. Income from Financial Services businesses including investment income grew by 44.2% to ₹ 393.2 Crores this year as against ₹ 272.8 Crores for FY2012.

**NBFC Operations :**

During the year, PEL expanded its NBFC operations and started lending to the education sector along with the Real Estate Sector. The lending operations are currently focused in Mumbai, Pune, Bengaluru, Chennai, Bhopal, Coimbatore and NCR. A highly experienced and knowledgeable team, well defined systems and processes and robust credit approval and monitoring policies are in place. As of March 31, 2013, the total loan book for real estate and education sector stood at ₹ 1,591 Crores as compared with ₹ 351 Crores as on March 31, 2012. PEL also invested ₹ 425 Crores in Optionally Convertible Debentures of Navayuga Road Projects Pvt. Ltd. (NRPL) in March 2013. Similarly, another investment of ₹ 500 Crores was made in Optionally Convertible Debentures of Green Infra Ltd in April 2013. PEL is exploring opportunities either in yield assets (e.g. toll roads) or as mezzanine financing for a portfolio of cash generating and under execution projects.

**INDIAREIT:**

As on March 31, 2013, INDIAREIT has ₹ 4,257 Crores under management. INDIAREIT raised ₹ 400 Crores for Mumbai Redevelopment Fund during FY2013 and is in the process of making exits worth ₹ 440 Crores across earlier funds in Q3FY2013. ₹ 200 Crores were committed across two transactions in Q4FY2013 - ₹ 100 Crores each on behalf of Domestic Scheme IV and as the first investment from the recently closed Mumbai Redevelopment Fund. ₹ 400 Crores were raised for Mumbai Redevelopment Fund during FY2013. A new domestic fund, with a targeted fund size of ₹ 750 Crores with green shoe option of ₹ 250 Crores, is currently being raised.

## Information Management Business

The Information Management business of PEL was established through the acquisition of the US based company, Decision Resources Group (DRG). The acquisition was completed in June 2012 for a consideration of US\$ 635 million (~₹ 3,400 Crores). DRG is the gold standard provider of syndicated research, information and analytics to the global healthcare industry with a strong management team. DRG, now a subsidiary of PEL, has approximately 200 analysts, including 100+ highly experienced PhDs, MDs, MPHs and other industry experts. DRG continued to achieve a high customer retention rate of over 94% and retained all of its top 20 customers.

Abacus International was acquired in December, 2012 to help grow the business in Europe. Abacus International is a UK based pioneer in evidence-based global market access solutions for many of the world's leading healthcare companies.

## NET SALES ANALYSIS (CONSOLIDATED):

Total Income grew by 50.7% to ₹ 3,544.3 Crores in FY2013 as against ₹ 2,352.3 Crores in FY2012 with growth coming from across each business line. PEL's Pharma Solutions business grew by 14.7% to ₹ 1,553.3 Crores against ₹ 1,354.5 Crores for FY2012. Revenue from Critical Care grew by 49.3% to ₹ 616.1 Crores as compared with ₹ 412.6 Crores in FY2012. Sales from OTC and Ophthalmology segment were ₹ 271.2 Crores as compared with ₹ 220.0 Crores in FY2012 registering growth of 23.3% for the year. Income from Financial Services business including investment income grew at 44.2% to ₹ 393.2 Crores this year as against ₹ 272.8 Crores for FY2012. Revenue from the Information Management business was ₹ 649.6 Crores this year.

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

No.	Total Operating Income Break-up	% Sales	Year ended		% Growth
			March 31, 2013	March 31, 2012	
<b>1</b>	<b>Pharmaceutical Businesses</b>				
a	Pharma Solutions	43.8	<b>1553.3</b>	1,354.5	14.7
	From assets in India	25.9	<b>918.5</b>	800.8	14.7
	From assets outside India	17.9	<b>634.8</b>	553.7	14.7
b	Critical Care	17.4	<b>616.1</b>	412.6	49.3
c	OTC and Ophthalmology	7.7	<b>271.2</b>	220.0	23.3
<b>2</b>	<b>Financial Services businesses (Incl. Investment Income)</b>	11.1	<b>393.2</b>	272.8	44.2
<b>3</b>	<b>Information Management</b>	18.3	<b>649.6</b>	-	-
4	Others	1.7	<b>60.9</b>	92.6	- 34.2
<b>Total</b>		100	<b>3544.3</b>	2,352.3	

₹ In Crores

## FINANCIAL HIGHLIGHTS (CONSOLIDATED)

### Income Statement

₹ In Crores

Particulars	FY2013	FY2012	Growth %
<b>Total Operating Income</b>	<b>3,544.3</b>	2,352.3	50.7
EBITDA	<b>611.0</b>	471.3	29.6
EBITDA as a % of Total Operating Income	<b>17.2%</b>	20.0%	-
Interest Expense	<b>575.0</b>	215.5	166.9
Depreciation	<b>209.6</b>	129.3	62.1
Exceptional Items	<b>19.1</b>	5.7	237.8
Profit Before Tax	<b>(192.7)</b>	120.9	-
Tax	<b>24.8</b>	5.6	339.8
Profit After Minority Interest and Share in Profit / Loss of Associates	<b>(227.3)</b>	111.5	-
Earnings Per Share (₹) (Face value ₹ 2/-)	<b>(13.2)</b>	6.6	-
Earnings Per Share before exceptional items (net of tax) (₹)	<b>(12.1)</b>	6.9	-

#### Total Operating Income

Total Operating Income grew by 50.7% to ₹ 3,544.3 Crores as compared with ₹ 2,352.3 Crores in FY2012. This is mainly due to the increase in sales in Critical Care business, income from the newly created, information management segment, the increase in income from the financial services segment and growth in other healthcare businesses. 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 29.6% to ₹ 611.0 Crores as against ₹ 471.3 Crores in FY2012. The margins as a percentage of total income were lower at 17.2% as compared with 20.0% for FY2012. EBITDA for FY2013 was higher mainly due to higher revenues.

#### Interest Expense

The interest expense for the year is higher by 166.9% at ₹575 Crores as compared with ₹215.5 Crores in FY2012 on account of loans taken to fund the acquisition of DRG and to fund the NBFC operations. The interest expenses also include the discount on ₹ 975 Crores of Abbott receivables that were monetized in March 2013.

#### Depreciation

Depreciation for FY2013 was up by 62.1% at ₹ 209.6 Crores as compared with ₹ 129.3 Crores in FY2012 mainly because of increase in fixed assets due to acquisition of DRG.

#### Taxation

Increase in tax expenses are on account of taxes paid on income from financial services.

#### Profit / Loss after Minority Interest and Share in Profit / Loss of Associates and Earning Per Share (EPS)

Loss after Minority Interest and share in profit / loss of associates for the year was ₹ 227.3 Crores and EPS for the year was at ₹ (13.2) per share.

## Balance Sheet

₹ in Crores

Particulars	As at March 31, 2013	As at March 31, 2012
<b>Liabilities</b>		
Share Capital	34.5	34.5
Reserves and Surplus	10,689.1	11,207.5
Minority Interest	14.9	10.3
Loan Funds	7,688.1	2,046.7
Deferred Tax Liability / (Asset)	(46.0)	50.2
Total Liabilities	18,380.6	13,349.2
<b>Assets</b>		
Net Fixed Assets	6,081.4	2,088.6
Investments	7,876.8	6,964.1
Net Working Capital	4,422.4	4,296.6
Total Assets	18,380.6	13,349.2

### Loan Funds

Total Debt as on March 31, 2013 was ₹ 7,688.1 Crores, compared to ₹ 2,046.7 Crores as on March 31, 2012. Debt/ Equity ratio was 0.72 as on March 31, 2013, compared to 0.18 as on March 31, 2012. Debt increased during the year mainly on account of loans taken to fund the acquisition of DRG and to fund NBFC operations.

### Fixed Assets

During the year, PEL's gross fixed assets increased by ₹ 4,407.7 Crores. The major items of capital expenditure are as under:

₹ in Crores

No.	Details	FY2013
1.	Goodwill on acquisition of Decision Resources Group (DRG)	3,871.80
2.	Goodwill on acquisition of Sigmatic Limited (Abacus International, UK)	153.32
3.	Intangible assets (Tradenames and non compete fees) acquired on DRG acquisition	92.78
4.	Increase in assets of Pharma Solutions	82.80
5.	Increase in assets of Critical Care	65.62
	<b>Total</b>	<b>4266.3</b>

### Investments:

Book Value of Investments as on March 31, 2013 was higher at ₹ 7,876.8 Crores, compared to ₹ 6,964.1 Crores as on March 31, 2012. The increase was mainly due to investment in non convertible debentures and liquid funds.

## Net Working Capital (Consolidated)

₹ in Crores

Particulars	As at March 31, 2013	As at March 31, 2012
Raw / Packing Material	182.31	208.51
No. of days	26	37
Finished Goods	188.59	95.8
No. of days	27	17
Receivables	595.6	436.7
No. of days	67	78
Net Working Capital	486.2	363.6
No. of days	55	65

Net Working Capital as on March 31, 2013 is higher as compared with that on March 31, 2012 due to increase in cash and Trade Receivables which are attributable to DRG.

Notes:

1. Sales for this purpose is Gross Sales (i.e. net sales + excise duty) and it includes other operating income but does not include income from financial services. Revenue from information management business is included for the purpose of calculating days in receivables but not in case of inventory.
2. Receivables do not include the outstanding amount receivable from Abbott pursuant to sale of domestic formulation business and receivables pertaining to financial services.
3. Other current liabilities do not include current maturities of long term debt and unamortised deferred premium.

## HUMAN RESOURCES (HR)

Over the past year, the focus for HR function has been to be better aligned with businesses as well as instill PEL's core values of 'Knowledge, Action and Care' in every initiative that HR undertakes. The company has invested in developing the HR function to support the long term growth through multiple initiatives as under:

### Recruitment Process:

In the current year, the Turnaround Time (TAT) for recruitment reduced by 33%, in part, through use of nontraditional / innovative sources, which formed ~76% of the total recruitments.

### Induction Process:

PEL's induction process now involves greater emphasis on understanding of the core values. The primary objective of this initiative is to ensure that employees assimilate into the culture of the organization faster and are fully equipped to approach their roles better. The attempt of the team has been to bring in standardization and timeliness to ensure a similar experience of joining for all new employees across the group.

### Learning and Development:

PEL's values of 'Knowledge, Action and Care' include the need for its employees to constantly build expertise and domain knowledge, thereby, creating value for themselves and for the company. To enable this company, has created structured learning opportunities through the 'Learning University' and 'Learning Friday' series.

The 'Learning University Calendar of Programs' was a result of collated needs from PEL's various businesses. Over 1,300 employees were covered through 72 different programs under the Learning University. Stakeholders and participants found these programs to be highly relevant and impactful.

The 'Learning Friday' series brought in several speakers on subjects ranging from personal finance planning to health and wellbeing. About 1,000 employees were covered under this series through 42 different programs offered across locations.

The Learning and Development team also introduced the opportunity for employees to pursue General Management E- MBA in partnership with the S. P. Jain Institute of Management, Mumbai.

### Performance Management System

In line with the value of 'Action', the focus in the area of 'Performance Management' was to bring in standardization, process clarity and execution excellence. Execution excellence became the mandate and was achieved through workshops across the businesses focusing on the need for coaching and mentoring.

### 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. We have conducted an employee engagement initiative called 'Bandhan', over the last five years – aimed at enriching the working environment and building a strong culture of engagement. As an extension of the value of 'Care', PEL also focused on sustained engagement through action planning workshops conducted across PEL's businesses.

### Career Opportunity Program

The Career Opportunity Program has been conceptualized to provide a platform that gives employees opportunities to benefit from cross functional, inter and intra-location / business movements across PEL. Job rotation and enrichment continues to be one of the areas of focus to enhance the skills of the employees. The focus in FY2013 was providing opportunities to employees on multi-tasking / skilling which has resulted in job enrichment.

During the period under review, total manpower of PEL on a consolidated basis increased by 419 people to 4,347 from 3,928 in FY2012, details of which are as under:

Function	As at March 31, 2013	As at March 31, 2012	Change
Field	537	517	20
R&D	827	750	77
Others	2,428	2,623	(195)
Pharmaceuticals Total	3,792	3,890	(98)
Financial Services	40	38	2
Information Management	515	-	-
<b>Grand Total</b>	<b>4,347</b>	<b>3,928</b>	<b>419</b>



## RISKS

Piramal Enterprises Limited (PEL) has emerged as a global conglomerate with operations in India, UK, USA, Canada, Germany, Italy, etc. With increasing global operations and diversified businesses, PEL's risk management process has undergone a significant change. Risk management is a systematic process of identifying, analysing and responding to risk events that have the potential to generate adverse effect on the achievement of organizational objectives. Risks are classified into various categories for better management and control. Each risk category is assigned an owner and appropriately defined for the purpose of common understanding. Also, the possibility of occurrence of the risk event (likelihood) and the magnitude of their consequences (impact) on the organization is determined and used to prioritise risk management. Detailed mitigation plans are worked out and effectiveness of the same is assessed periodically.

PEL undertook a project to assess the issues related to governance, risk and compliance. This enabled the Company to put in place adequate systems and processes for identification, reporting and mitigation of risks, and for ensuring compliance.

Following are the major risks perceived by PEL:

### **Life Sciences:**

There are significant investments made for specializing in discovery and development of novel small molecule drugs to meet important unmet medical needs in the target markets. PEL is exposed to risks arising out of the extremely challenging probability of success rate of drug discovery and commercialisation.

### **Client Concentration Risk in Pharma Solutions Business:**

PEL's business model is based on contracts with customers. Significant business is transacted with a few major customers. As a result, any set back at customers' end may adversely affect revenues.

### **Product and Quality Risk:**

PEL is expected to maintain global quality standards in manufacturing. Some of PEL's products are directly consumed / applied by the consumers. Any deviation with regards to quality compliance of these products would impact the consumers worldwide and hence, adversely affect the Company's performance.

### **Default and Concentration Risk in Financial Services Business:**

As an NBFC, the risk of default and non-payment by borrowers may adversely affect profitability and asset quality. Also, concentration in the real estate sector poses a risk to PEL.

### **Adverse Fluctuations in Foreign Exchange Risk:**

PEL has significant revenues in foreign currencies through export of products and operations outside India. PEL is exposed to risk arising out of changes in foreign exchange rates.

### **Interest Rate Risk:**

Volatility in interest rates in lending and treasury operations could cause the net interest income to decline and adversely affect profitability of the financial services business.

### **Regulatory Risk:**

PEL requires certain statutory and regulatory approvals for conducting businesses and failure to obtain, retain or renew them in a timely manner, may adversely affect operations. A change in laws or regulations made by the government or a regulatory body can increase the costs of operating a business, reduce the attractiveness of investment and / or change the competitive landscape. Also, PEL is structured through various subsidiaries in various countries in a tax efficient manner. Changes in regulations in terms of repatriation and funding may lead to adverse financial impacts.

### **Investment Risk:**

PEL 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.

## BEYOND THE BOTTOM LINE

Piramal Enterprises Limited (PEL) has, over the last five years, set up specific initiatives to address deep rooted issues in the domains of public education, primary healthcare, clean drinking water and women's empowerment. These initiatives, operated and managed by Piramal Foundation, have adopted innovative approaches and cutting edge technology in tackling specific problems in each of the areas outlined earlier. Piramal Foundation actively partners with governments, public agencies and other foundations in implementing these solutions across wider geographies in India. Piramal Foundation believes that any solution that is implemented should offer long term and sustainable remedy to the problem on hand.

Piramal Foundation has undertaken the following initiatives:

### Piramal Swasthya

The healthcare initiative is implemented through Health Management and Research Institute (HMRI) in partnership with State Governments and foundations. HMRI 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 Assam, Andhra Pradesh, Karnataka, Rajasthan and Maharashtra. HMRI recently launched its operations in Karnataka – "Arogya Vani" – under a State Government initiative, besides being invited to offer tele-medicine solutions in the Thane tribal district in Maharashtra.

HMRI runs the following services :

- **Health Information Helpline (HIHL):** HIHL is HMRI's solution to Indian citizens' health information access problem. HIHL provides medically validated advice, counseling services, directory information and a platform wherein callers can lodge service complaints against public health service providers. HMRI runs four HIHLs, 104 'Sarathi' in Guwahati, Assam, 104 'Advice' in Jaipur, Rajasthan, 104 'Advice' in Pune, Maharashtra and 104 'Arogya Vani' in Karnataka. The counseling services, algorithms and disease summaries – the technological backbones 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. Currently, HMRI operates over 100 mobile vans across Assam, Orissa and Rajasthan.
- **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 and is currently operational in Araku in Andhra Pradesh.

HMRI's advice through helplines has benefited over 50 million callers to date and averted more than 900 suicides and nearly 15 million out-patient visits.

In addition, HMRI implements the 'Piramal eSwasthya' model in Rajasthan. The model was created to explore ways to improve access to healthcare for rural population. At Piramal eSwasthya, local literate women (Piramal Swasthya Sahayikas- PSS) are recruited, trained and are given a medical kit, marketing material and a mobile phone. After talking to and examining the patient, the PSS would communicate this diagnostic data through a cell-phone to a centralized call centre. At the back end, a paramedic would enter the information provided into a simple e-diagnosis system which would generate an automated response with the recommended prescription validated by a doctor stationed at the call center. This model is currently operational in 96 villages in Jhunjunu, Churu and Nagaur districts of Rajasthan. Till date, 65,000 patients have been treated successfully.

### Sarvajal

In India, about 40 million people suffer from water borne diseases each year. To improve availability of safe and pure drinking water, Sarvajal has introduced a unique concept that works in a decentralized model and uses technology in ensuring continuity of service through the year.

Sarvajal is making safe drinking water accessible to rural population at extremely affordable prices. Sarvajal water, filtered through 5 stages including RO and UV, is provided in accordance with IS 10500, the drinking water quality standard. Sarvajal works with franchisees in the rural areas and will soon be offering its services in underserved urban communities. The Sarvajal delivery model has now been enhanced through the introduction of a Water ATM. The filtration plant and ATMs create a 'hub and spoke' model of delivery and ensures availability of water 24x7 in the immediate neighbourhood. The Sarvajal service is currently availed by about 100,000 people every day.

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

PFEL has, over the last year, doubled its Principal Leadership Development Programme by covering more than 780 schools across four districts in Rajasthan, viz. Jhunjhunu, Churu, Udaipur and Dungarpur. PFEL offers in-service and pre-service leadership training programs for school heads and education administrators of the government system. PFEL partners with school heads (head teachers, head masters or principals) 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) are trained to substantially improve the educational outcomes in their geography.

Simultaneously, PFEL also runs 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. The 'Piramal Fellows' during the two years, work as 'Sahyogis' to five school principals each. They bring their problem solving skills, positivity, creativity to grassroot issues such as teacher motivation, community – school relationships and the school leader's own sense of identity and purpose. Over 250 Piramal Fellows are currently engaged in bringing about change in the government school system in partnership with the school heads.

PFEL has now embarked on construction of a School of Leadership at Bagar which would be a world class training facility to offer accredited, recognized programmes for higher studies in Leadership. PFEL is attempting to bring the Education Leadership discourse in the mainstream by collaborating with key thought leaders in this field. The School of Leadership will be functional by November 2013.

## **Source for Change (SFC)**

SFC has been an attempt of Piramal Foundation to offer empowering opportunities for women in rural India through creation of livelihood programmes. SFC currently runs a Business Process Outsourcing unit located in Bagar, Rajasthan that provides top-quality BPO services to global clients at competitive prices. SFC aims to create 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. Till date, more than 400 women have benefitted from SFC.

## **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 a 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. Pratham's 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 wide scale impact. Mr. Ajay G. Piramal, Chairman of Piramal Enterprises Limited, is the current Chairman of Pratham.

## **Gopikrishna Piramal Memorial Hospital (GPMH)**

GPMH was established in 1983 in Mumbai. Since inception, the focus of the hospital was to address the major issues of delivery of child health care and welfare to the underprivileged segment of the society. Free medical services are offered on out-patient basis like Extended Immunisation Programme for children, Medical Checkup Camps, Paediatric Consultation, Camps for Detection of Diabetes and Hypertension in economically and socially backward areas along with free medicines, Directly Observed Treatment (DOT) Programme in collaboration with Brihanmumbai Municipal Corporation (BMC), Directorate General of Health Services (DGHS) and World Health Organisation (WHO). The hospital also provides Nephrology Consultation and Haemodialysis Therapy Service for patients with End Stage Renal Disease at nominal charges. This was the first general hospital to have been awarded the ISO 9000 Certification. The first ever university affiliated Course in Dialysis Technology in Western India was started in 2004 by GPMH in affiliation with SNDT Women's University in Dialysis Technology.

## **Annamrita**

To fight the problems of hunger and illiteracy, the Government of India launched the Midday Meal Scheme in 1994. The Mid Day Meal initiative was taken up by ISKCON Food Relief Foundation (IFRF) in 2005. Piramal Foundation pledges to feed 50,000 children daily through 'Annamrita', a venture along with IFRF. Piramal Foundation also has supported the set up of 2 central kitchens for Annamrita.

## REPORT ON CORPORATE GOVERNANCE

A report for the financial year ended March 31, 2013 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. 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, finance, business and management. From time to time, members of the Board receive recognition from the Government, industry bodies and business associations.

#### A. Changes during the year

There were no changes in the Board of Directors during 2012-13. Your Board was further strengthened on April 1, 2013 with the appointment of Mr. Siddharth Mehta and Mr. Gautam Banerjee as Directors. Brief profiles of these Directors are given later in this Report.

#### B. Composition and Size of the Board

The Company's policy is to maintain an optimum combination of Executive, Non-Executive and Independent Directors. The composition of your Company's Board, which comprises 13 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 <sup>1</sup>		Membership of other Board Committees <sup>2</sup>	
	as Member	as Chairman	as Member	as Chairman
<b>Executive Directors – Promoter Group</b>				
Mr. Ajay G. Piramal – Chairman	2	6	-	-
Dr. (Mrs.) Swati A. Piramal – Vice - Chairperson	5	-	1	-
Ms. Nandini Piramal	3	-	-	-
<b>Executive Director – Non-Promoter Group</b>				
Mr. Vijay Shah – Chief Operating Officer	7	-	1	-
<b>Non-Executive Independent Directors</b>				
Mr. Amit Chandra	1	-	-	-
Mr. Keki Dadiseth	8	-	4	3
Dr. R.A. Mashelkar	6	-	3	-
Prof. Goverdhan Mehta	1	-	-	-

Name of Director	Other Directorships <sup>1</sup>		Membership of other Board Committees <sup>2</sup>	
	as Member	as Chairman	as Member	as Chairman
Mr. S. Ramadorai	6	7	6	1
Mr. Deepak Satwalekar	5	-	2	1
Mr. N. Vaghul	5	1	-	3
<b>Directors appointed w.e.f. April 1, 2013</b>				
Mr. Gautam Banerjee – Non-Executive	-	-	-	-
Mr. Siddharth Mehta – Non-Executive Independent	-	-	-	-

Note:

- <sup>1</sup> 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.
- <sup>2</sup> 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 Non-Executive / Independent Directors**

Non-Executive / Independent Directors play a key role in the decision-making process of the Board and in shaping various strategic initiatives of the Company. These Directors are committed to act in what they believe to be in the best interest of the Company and its stakeholders. These 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.

Your Company has several subsidiaries, both in India and overseas. In order to leverage the experience of Non-Executive / Independent Directors of the Company for the benefit of and for improved Corporate Governance and better reporting to the Board, Non-Executive / Independent Directors also serve on the Boards of subsidiary companies. Accordingly, Mr. N. Vaghul has been appointed on the Board of PHL Capital Private Limited and PHL Finance Private Limited, wholly owned subsidiaries of the Company. Likewise, Mr. Siddharth Mehta is also an Independent Director on the Board of DRI Holdco Inc.

- **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 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. Video / teleconferencing facilities are provided to facilitate the participation of Directors at Board Meetings.

Detailed presentations are made to the Board covering operations, business performance, finance, sales, marketing, 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	April 2, 2012	11	9
2	May 3, 2012	11	9
3	May 4, 2012	11	10
4	July 19, 2012	11	8
5	August 14, 2012	11	10
6	November 2 to 4, 2012	11	10
7	November 5, 2012	11	10
8	February 11, 2013	11	11
9	March 13, 2013	11	7
10	March 21, 2013	11	11

## II. Details of Directors attendance at Board Meetings and at the last Annual General Meeting held on July 19, 2012 (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	8	-
Ms. Nandini Piramal	10	9	Yes
Mr. Vijay Shah	10	9	Yes
Mr. Amit Chandra	10	8	-
Mr. Keki Dadiseth	10	9	Yes
Dr. R.A. Mashelkar	10	7	Yes
Prof. Goverdhan Mehta	10	8	-
Mr. S. Ramadorai	10	8	Yes
Mr. Deepak Satwalekar	10	10	Yes
Mr. N. Vaghul	10	9	Yes

## D. Shareholding of Non-Executive Independent Directors

The individual shareholding of Non-Executive Independent Directors (including shareholding as joint holder) as on March 31, 2013 are given below:

Name	No. of shares held
Dr. R.A. Mashelkar	3,125

## E. Details of the Directors seeking appointment / re-appointment at the forthcoming Annual General Meeting:

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

Dr. R.A. Mashelkar and Prof. Goverdhan Mehta who are eminent scientists, were appointed as Directors of the Company, liable to retire by rotation, with effect from December 21, 2011, in the casual vacancies caused by the resignation of Mr. R.A. Shah and Mr. Y.H. Malegam respectively. They hold office upto the date of this AGM and are eligible for appointment as Directors.

Mr. Siddharth Mehta and Mr. Gautam Banerjee who were appointed on the Board as Additional Directors with effect from April 1, 2013, also hold office upto the date of this AGM and are eligible for appointment as Directors.

The profiles of each of these Directors are given below.

#### **Mr. N. Vaghul**

Mr. N. Vaghul is a B. Com. (Hons.) from the University of Madras. He joined the State Bank of India in 1957 as a Probationary Officer. He became a Director in the National Institute of Bank Management, Mumbai in 1976, before assuming charge as Executive Director in Central Bank of India in 1978. He became Chairman of Bank of India in 1981 and had the distinction of being the youngest ever Chairman in a Public Sector Bank. He joined ICICI Bank Limited as Chairman & CEO in 1985 and continued to head the group till April 2009. During his tenure in ICICI, he created several new institutions laying the foundation for the development of Universal Banking model (which he pioneered).

He was also instrumental in setting up ICICI Securities, an Investment Banking company. He also pioneered the concept of Credit Rating in India by setting up CRISIL. He was the founder Chairman of CRISIL for close to ten years and helped in evolving the best practices of credit rating in the country.

He was the Chairman of “Pratham”, a leading NGO. He is associated with several foundations dedicated to the cause of primary education. He is also deeply committed to the cause of science and technology and was responsible for setting up the first Science and Technology Park in the country known as ICICI Knowledge Park. He is associated with the Institute of Technology in Jaipur. He has also been the Chairman of IFMR, a Business School with an array of research centers engaged in a variety of economic and social research.

Mr. Vaghul is the recipient of numerous awards and honours. He was chosen as the Business Man of the Year by ‘Business India’ in 1992. He received the Lifetime Achievement Award from Economic Times in 2006 and also the “Ernst & Young Entrepreneur of the Year Award Program” in 2009. He also received an award for his contribution to Corporate Governance from the Institute of Company Secretaries in 2007. He was awarded ‘Padma Bhushan’ by the Government of India in 2009. He was awarded Life Time Achievement Award by Bombay Management Association in March 2013.

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

<b>Sr. No.</b>	<b>Name of the Company</b>	<b>Designation &amp; Membership of Board Committees referred to in Clause 49 of the Listing Agreement</b>
1.	Mahindra & Mahindra Limited	● Director
2.	Mahindra World City Developers Limited	● Chairman
3.	Wipro Limited	● Director ● Chairman – Audit Committee
4.	Apollo Hospitals Enterprise Limited	● Director
5.	PHL Capital Private Limited	● Director ● Chairman – Audit Committee
6.	PHL Finance Private Limited	● Director ● Chairman – Audit Committee

#### **Mr. Deepak Satwalekar**

Mr. Deepak Satwalekar received a B.Tech. in Mechanical Engineering from IIT, Bombay, and a M.B.A. from The American University, Washington D.C.

He retired as the Managing Director and Chief Executive Officer (MD & CEO) of HDFC Standard Life Insurance Company Ltd. in November 2008. Before taking on the responsibility of setting up and running the new Insurance company in the year 2000, he was the Managing Director of HDFC, the country's largest mortgage lender.

He has consulted for the World Bank, the Asian Development Bank and other bilateral and multilateral agencies in several countries.

Besides being a recipient of the “Distinguished Alumnus Award” from IIT, Bombay, he is on the Advisory Council of the IIT, Bombay. He has been a member of/chaired several industry, Reserve Bank of India and government expert groups. Inter alia, he has been/is a member of the Technical Advisory Committee of the RBI, the Committee for Policyholder Protection/Intermediaries, etc. of the Insurance Regulatory and Development Authority, Committee for Restructuring the NPS set up by the PFRDA. He also serves as an independent director on the boards of some large companies in India.



He serves on the India Advisory Board of a large European Bank and is currently active on the Board of Trustees of Isha Vidhya Gyan Prakash Foundation and Teach to Lead, which are engaged in the field of primary education for the low income and socially disadvantaged members of society in rural and urban India respectively. In the field of higher education, he is on the board of the Indian Institute for Human Settlements. He is on the Board of Trustees of the Infosys Science Foundation. He is an advisor to Private Equity and Venture Capital firms as also on the Board of Society for Innovation and Entrepreneurship, an early funding vehicle set up at IIT, Bombay. He is also advising a company which is establishing a network of BPO centers in rural areas across the country.

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

Sr. No.	Name of the Company	Designation & Membership of Board Committees referred to in Clause 49 of the Listing Agreement
1.	Asian Paints Limited	● Director
2.	National Stock Exchange of India Limited	● Director
3.	Infosys Limited	● Director ● Chairman – Audit Committee ● Member – Investors' Grievances
4.	IL & FS Transportation Networks Limited	● Director
5.	The TATA Power Company Limited	● Director ● Member – Audit Committee

#### Dr. R.A. Mashelkar

Dr. R.A. Mashelkar is a B.E., Ph.D (Chemical Engineering) from the Institute of Chemical Technology, Mumbai. He is a National Research Professor & presently the President of Global Research Alliance, a network of publicly funded R&D institutes from Asia-Pacific, Europe and USA with over 60,000 scientists.

Dr. Mashelkar is only the third Indian engineer to have been elected (1998) as Fellow of Royal Society (FRS), London in the twentieth century. He was elected Foreign Associate of National Academy of Science (USA) in 2005, Associate Foreign Member, American Academy of Arts & Sciences (2011), Foreign Fellow of US National Academy of Engineering (2003), Fellow of Royal Academy of Engineering, U.K. (1996), Foreign Fellow of Australian Technological Science and Engineering Academy (2008) and Fellow of World Academy of Art & Science, USA (2000).

Thirty universities have honoured him with honorary doctorates, which include Universities of London, Salford, Pretoria, Wisconsin and Delhi.

The President of India honoured Dr. Mashelkar with Padmashree (1991) and with the Padmabhushan (2000), which are two of the highest civilian honours, in recognition of his contribution to nation building.

As Chairman of the Standing Committee on Information Technology of the World Intellectual Property Organization (WIPO), a member of the International Intellectual Property Rights Commission of the UK Government and as Vice Chairman of the Commission in Intellectual Property Rights, Innovation and Public Health (CIPRH) set up by World Health Organization (WHO), he brought new perspectives on the issue of IPR and the developing world concerns.

He was a member of the Scientific Advisory Council to the Prime Minister and also of the Scientific Advisory Committee to the Cabinet set up by successive governments. He has chaired twelve high powered committees set up to look into diverse issues of higher education, national auto fuel policy, overhauling the Indian drug regulatory system, dealing with the menace of spurious drugs and reforming Indian agriculture research system, amongst others.

Dr. Mashelkar has won over 50 awards and medals, which include S.S. Bhatnagar Prize (1982), Pandit Jawaharlal Nehru Technology Award (1991), G.D. Birla Scientific Research Award (1993), Material Scientist of Year Award (2000), IMC Juran Quality Medal (2002), HRD Excellence Award (2002), Lal Bahadur Shastri National Award for Excellence in Public Administration and Management Sciences (2002), World Federation of Engineering Organizations (WFEO) Medal of Engineering Excellence by WFEO, Paris (2003), Lifetime Achievement Award by Indian Science Congress (2004), the Science medal by the Academy of Science for the Developing World (2005) and Ashutosh Mookherjee Memorial Award by Indian Science Congress (2005).



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

Sr. No.	Name of the Company	Designation & Membership of Board Committees referred to in Clause 49 of the Listing Agreement
1.	Reliance Industries Limited	<ul style="list-style-type: none"> <li>Director</li> <li>Member - Audit Committee</li> </ul>
2.	Tata Motors Limited	<ul style="list-style-type: none"> <li>Director</li> <li>Member - Audit Committee</li> </ul>
3.	Thermax India Limited	<ul style="list-style-type: none"> <li>Director</li> </ul>
4.	Hindustan Unilever Limited	<ul style="list-style-type: none"> <li>Director</li> <li>Member - Audit Committee</li> </ul>
5.	Sakal Papers Limited	<ul style="list-style-type: none"> <li>Director</li> </ul>
6.	KPIT Cummins Infosystems Limited	<ul style="list-style-type: none"> <li>Director</li> </ul>

#### Prof. Goverdhan Mehta

Prof. Goverdhan Mehta is a FRS, Ph.D., (D.Sc. h.c), National Research Professor and Bhartia-Jubilant Chair at the University of Hyderabad. He is an internationally acclaimed researcher in organic chemistry with wide ranging research interests. He has held faculty position at the Indian Institute of Technology, Kanpur and is a former Vice Chancellor of the University of Hyderabad. He was the Director of the Indian Institute of Science, a premier institution of the country and was a CSIR Bhatnagar Fellow at I. I. Sc, Bangalore. He has made many notable contributions in the area of organic synthesis. He has been exceptionally prolific in his scientific contributions, publishing more than 450 original research papers in international Journals of high repute and presented over 200 lectures in different parts of the world. He is on the Editorial Boards of many leading international journals in Chemical Sciences/Organic Chemistry and mentored over a hundred doctoral and post-doctoral students/scientists. He has also contributed to science education, science policy and planning and R&D efforts in India and abroad in many ways.

Professor Mehta has over fifty awards and honors to his credit, notable among these being the Humboldt Research Prize of Germany, Medals from the Third World Academy of Sciences, Trieste and Science Academies in India. He has been conferred 'Chevalier de la Legion d'Honneur' and Officier dans l'ordre Palmes Academiques by the President of France and Padma Shri by the President of India. He is a Fellow of Royal Society (FRS), Third World Academy of Sciences and other Science Academies. He has been President of the Indian National Science Academy (INSA) and of the Paris based International Council for Science (ICSU) as well as co-Chair of the Inter Academy Council.

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

Sr. No.	Name of the Company	Designation & Membership of Board Committees referred to in Clause 49 of the Listing Agreement
1.	Sun Pharma Advanced Research Company Limited	<ul style="list-style-type: none"> <li>Director</li> </ul>

#### Mr. Siddharth Mehta

Mr. Siddharth Mehta has an undergraduate degree from the London School of Economics and MBA from the University of Chicago. He is a director and the former President and Chief Executive Officer of TransUnion. He was also the Chief Executive Officer of HSBC Finance Corporation and HSBC North America Holdings, Inc. Prior to HSBC, he served as a Senior Vice President at the Boston Consulting Group in Los Angeles and as co-leader of the Boston Consulting Group's Financial Services Practice where he developed retail, insurance and investment strategies for a variety of financial service clients. He also serves on the board of directors of TransUnion LLC, DataCard Group, The Chicago Public Education Fund, The Field Museum and the Myelin Repair Foundation. He has executive level experience and extensive knowledge of the banking industry and financial markets.

Mr. Mehta does not hold any directorship in any public limited companies or subsidiaries of public limited companies in India.

### Mr. Gautam Banerjee

Mr. Gautam Banerjee is a graduate from the University of Warwick, England and is a member of the Institute of Chartered Accountants in England and Wales and also a member of the Institute of Certified Public Accountants, Singapore. Mr. Banerjee is currently a Senior Advisor with Blackstone Group, Singapore. Mr. Banerjee has been associated with Pricewaterhouse Coopers ("PwC"), one of the Big 4 Auditing Firms worldwide, from 1982 to 2012, holding various positions in PwC during his long association. He was Chairman of PwC Singapore and the COO for PwC's Eastern Cluster and a member of PwC Global Firm's Strategy Council from October 2008 to December 2012. He was also the Interim Chairman of PwC India from December 2009 to December 2010.

Mr. Banerjee has been a member of various statutory boards / committees of the Government of Singapore and also a member of several Industry Associations in Singapore. Presently, he is a member of the Economic Development Board of Singapore and Vice Chairman of the Singapore Business Federation. He is also an Independent Director of Singapore Airlines Limited, The Government of Singapore Investment Company Ltd. and the Straits Trading Company Ltd. Mr. Banerjee has extensive knowledge and skills in the realm of finance, accounting and management. He was a nominated Member of Parliament in Singapore from 2007 to 2009.

Mr. Banerjee does not hold any directorship in any public limited companies or subsidiaries of public limited companies in India.

## 3. BOARD COMMITTEES

In addition to functional Committees, your Board has constituted the following Committees under the mandatory and non-mandatory requirements of the Clause 49 of the Listing Agreement.

### A. Audit & Risk Committee

#### I. Constitution of the Committee

The Audit & Risk Committee 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 this 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, is the Secretary to the Committee.

#### II. Terms of Reference

The Audit Committee assists the Board in its responsibility for overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company. The Committee's purpose is to oversee the accounting and financial reporting process of the Company, the audits of the Company's financial statements, the appointment, independence and performance of the statutory auditors, the performance of internal auditors and the Company's risk management policies.

Apart from the matters provided in Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956, the Committee reviews reports of the Internal Auditors and Statutory Auditors and discusses their findings, suggestions, internal control systems, scope of audit and observations of the statutory auditors.

#### III. Meetings Held & Attendance

The Committee met 7 times during the financial year 2012-13, on the following dates, including before finalisation of annual accounts and adoption of quarterly financial results by the Board:

May 2, 2012	August 13, 2012	September 6, 2012	November 5, 2012
December 6, 2012	February 11, 2013	March 7, 2013	

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 attend the meetings periodically and provide such information and clarifications as required by the Committee, which gives a deeper insight into the respective business and functional areas of operations. The Cost Auditors appointed by the Company under Section 233B of the Companies Act, 1956 attend the Audit Committee Meeting, where cost audit reports are discussed.

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

Name	Committee Meetings	
	Held during tenure	Attended
Mr. N. Vaghul	7	7
Mr. Keki Dadiseth	7	7
Dr. R.A. Mashelkar	7	4

Mr. N. Vaghul, Chairman of the Audit & Risk Committee was present at the last AGM.

## B. Nomination & Remuneration Committee

### I. Constitution of the Committee

The Nomination & Remuneration Committee 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 3 times during the financial year 2012-13, on the following dates:

May 2, 2012	November 5, 2012	March 21, 2013
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The attendance of each member of the Committee is given below:

Name	Committee Meetings	
	Held during tenure	Attended
Mr. N. Vaghul	3	3
Mr. Keki Dadiseth	3	3
Mr. S. Ramadorai	3	2
Mr. Ajay G. Piramal	3	3

### C. Investors Grievance Committee

#### I. Constitution of the Committee

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

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

#### 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 Share 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 2012-13, on the following dates:

May 3, 2012	August 14, 2012
November 5, 2012	February 11, 2013

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	4	4

#### IV. Investors' Grievance Redressal

The total number of complaints redressed to the satisfaction of shareholders during the year under review were 18. There was 1 outstanding complaint as on March 31, 2013 (which has since been redressed). No requests for transfer and for dematerialization were pending for approval as on March 31, 2013.

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.

#### V. Compliance Officer

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

1<sup>st</sup> Floor, Piramal Tower Annexe, Ganpatrao Kadam Marg,

Lower Parel, Mumbai 400 013.

Tel.: 91 22 3046 7839

Fax: 91 22 3046 7855

Email ID: complianceofficer.phl@piramal.com

## D. Corporate Governance & Ethics Committee

### I. Constitution of the Committee

The Corporate Governance & Ethics Committee 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

### II. Terms of Reference

The terms of reference of the Governance & Ethics Committee include reviewing matters relating to Corporate Governance as per the Listing Agreement and to recommend to the Board, best practices in the areas of Board Governance, Corporate Governance, Ethics & Disclosure Policies concerning the interest of the stakeholders.

### III. Meetings Held & Attendance

The Committee met 3 times during the financial year 2012-13, on the following dates:

May 3, 2012	September 6, 2012	December 6, 2012
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The attendance of each member of the Committee is given below:

Name	Committee Meetings	
	Held during tenure	Attended
Mr. Keki Dadiseth	3	3
Mr. Deepak Satwalekar	3	3
Ms. Nandini Piramal	3	2

## 4. REMUNERATION OF DIRECTORS

Details of remuneration to the directors for the year ended March 31, 2013 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 to the Executive Directors for the year ended March 31, 2013 are given below:

(in ₹)

Name of Director	Designation	Total fixed pay
Mr. Ajay G. Piramal	Chairman	5,73,47,714
Dr. (Mrs.) Swati A. Piramal	Vice - Chairperson	2,75,41,511
Ms. Nandini Piramal	Executive Director	1,93,72,936
Mr. Vijay Shah	Executive Director & Chief Operating Officer	3,18,79,612

Note: The Board considered and accepted the request of Mr. Ajay G. Piramal, Dr. (Mrs.) Swati A. Piramal, Ms. Nandini Piramal and Mr. Vijay Shah, who chose to not accept Performance Linked Incentive for the financial year ended March 31, 2013, in view of the losses incurred for the year.

### 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 remuneration to the Non - Executive Directors for the financial year 2012–13, are given below.

Name	Sitting fees		Total
	Board Meetings	Committee Meetings	
Mr. Amit Chandra	1,60,000	-	1,60,000
Mr. Keki Dadiseth	1,80,000	2,60,000	4,40,000
Mr. S. Ramadorai	1,60,000	40,000	2,00,000
Mr. Deepak Satwalekar	2,00,000	4,20,000	6,20,000
Dr. R.A. Mashelkar	1,40,000	80,000	2,20,000
Prof. Goverdhan Mehta	1,60,000	-	1,60,000
Mr. N. Vaghul	1,80,000	2,80,000	4,60,000

**Notes for Directors' Remuneration:**

- The terms of appointment of Executive Directors as approved by shareholders, are contained in their respective Agreements entered into with the Company.
- No loans and advances have been given to any Director of the Company.
- The remuneration paid to Executive Directors is subject to Central Government approval.
- At the request of the Non - Executive Directors, no Commission was considered by the Board for payment to the Non - Executive Directors for the financial year ended March 31, 2013, in view of the losses incurred for the year.
- As per prevailing policy, Stock Options are granted to non-promoter executive and non-executive directors. Accordingly, during the year ended March 31, 2013, 40,000 Stock Options were granted to Mr. Vijay Shah, Executive Director & Chief Operating Officer at an exercise price of ₹ 200 per Option. During the said year, Stock Options were also granted to Non - Executive Independent Directors, collectively aggregating to 40,000 Stock Options, at an exercise price of ₹ 200 per Option. In addition to the exercise price, applicable TDS would also be payable at the time of exercising the Stock Options.

Out of the Options so granted, the Nomination and Remuneration Committee / Board of Directors would determine the actual number of stock options that would vest, after considering performance and other factors.

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

## 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	Details of Special Resolutions passed
63 <sup>rd</sup> AGM	July 9, 2010	3.00 p.m.	Yashwantrao Chavan Pratishthan, 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 debenture holders
64 <sup>th</sup> AGM	August 9, 2011	3.00 p.m.		None

Annual General Meeting (AGM)	Date	Time	Venue	Details of Special Resolutions passed
65 <sup>th</sup> AGM	July 19, 2012	11.00 a.m.		(i) Change in Name of the Company (ii) Re-appointment of and payment of remuneration to Mr. Ajay G. Piramal as Chairman (iii) Re-appointment of and payment of remuneration to Ms. Nandini Piramal as Executive Director (iv) Appointment of and payment of remuneration to Mr. Vijay Shah as Executive Director & Chief Operating Officer

The special resolutions were passed on show of hands.

**B. Details of other Shareholders Meetings held during the year and Resolutions passed thereat are given below:**

Meeting	Date	Time	Venue	Details of Resolutions passed
Court Convened Meeting	March 13, 2013	11.00 a.m.	Yashwantrao Chavan Pratisthan, General Jagannath Bhosale Marg, Opposite Mantralaya, Nariman Point, Mumbai - 400 021.	Approval of the Scheme of Amalgamation & Arrangement between PHL Holdings Private Limited and Piramal Enterprises Limited and their respective shareholders and creditors. (Resolution by Special Majority)
Extraordinary General Meeting		11.45 a.m.		(i) Reduction of Share Capital and adjustment against Securities Premium Account under the aforesaid Scheme. (Special Resolution) (ii) Re - appointment of Dr. (Mrs.) Swati A. Piramal as Vice – Chairperson. (Special Resolution) (iii) Payment of fees by subsidiary companies to Independent Directors of the Company appointed on their Boards. (Special Resolution)

Notes:

- 1 The resolution at the Court Convened Meeting was passed with an overwhelming requisite majority of 99.99% by way of Poll.
- 2 The resolutions placed before the Extraordinary General Meeting were passed unanimously on show of hands.

**C. Postal Ballot**

No resolution was passed through Postal Ballot during the Financial Year 2012-13. None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing of 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. 37 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 2013-14 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 reporting 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.piramalenterprises.com](http://www.piramalenterprises.com) and are generally published in Hindu Business Line / Business Standard (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.piramalenterprises.com](http://www.piramalenterprises.com).

#### **C. Website:**

The Company's website [www.piramalenterprises.com](http://www.piramalenterprises.com) contains a separate dedicated section for Investors where shareholders information is available. Quarterly Results, Annual Reports, Code of Conduct and Ethics, Presentation to Investors, Shareholding Pattern and details of Unpaid/Unclaimed amount of Dividend 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 Email ID viz., [complianceofficer.phl@piramal.com](mailto:complianceofficer.phl@piramal.com) exclusively for investor servicing. This Email ID has been displayed on the Company's website '[www.piramalenterprises.com](http://www.piramalenterprises.com)'.

#### **F. Reminder to Investors:**

Reminders for unclaimed dividend are sent to the shareholders every year.

#### **G. SEBI Complaints Redress System (SCORES):**

SCORES is a system implemented by SEBI which enables investors to lodge their complaints electronically on the SEBI website. The investor complaints are processed in a centralized web based complaints redressal system. The salient features of this system are Centralised database of all complaints, online uploading of Action Taken Reports (ATRs) by the concerned companies and online viewing by investors of actions taken on the complaint and its current status.

All complaints received through SCORES are resolved in a timely manner by the Company, similar to other Complaints.



## 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, July 25, 2013 at 11.00 a.m.

**Venue:** Walchand Hirachand Hall, Indian Merchants' Chamber Building,  
IMC Marg, Churchgate, Mumbai – 400 020.

### C. Financial Calendar

Financial reporting for:

Quarter ending June 30, 2013	July 25, 2013*
Half year ending September 30, 2013	October 23, 2013*
Quarter ending December 31, 2013	January 30, 2014*
Year ending March 31, 2014	May 7, 2014*
Annual General Meeting for the year ending March 31, 2014	July / August, 2014*

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

### D. Book Closure Period

Wednesday, July 17, 2013 to Thursday, July 25, 2013 (both days inclusive).

### E. Dividend Payment Date

During the period from July 26, 2013 to July 31, 2013.

### 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: PEL]  
"Exchange Plaza", Bandra-Kurla Complex,  
Bandra (E), Mumbai - 400 051.

**ISIN :** INE140A01024

**Reuter's code :** PIRA.BO

**Bloomberg code:** PIEL:IN

#### Payment of Listing Fee

Annual listing fee payable to BSE and NSE for FY 2013-14 have been paid in full by the Company.

#### Payment of Depository Fees:

Annual Custody / Issuer fee for the year 2013-14 has been paid by the Company to NSDL and CDSL.

## 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:

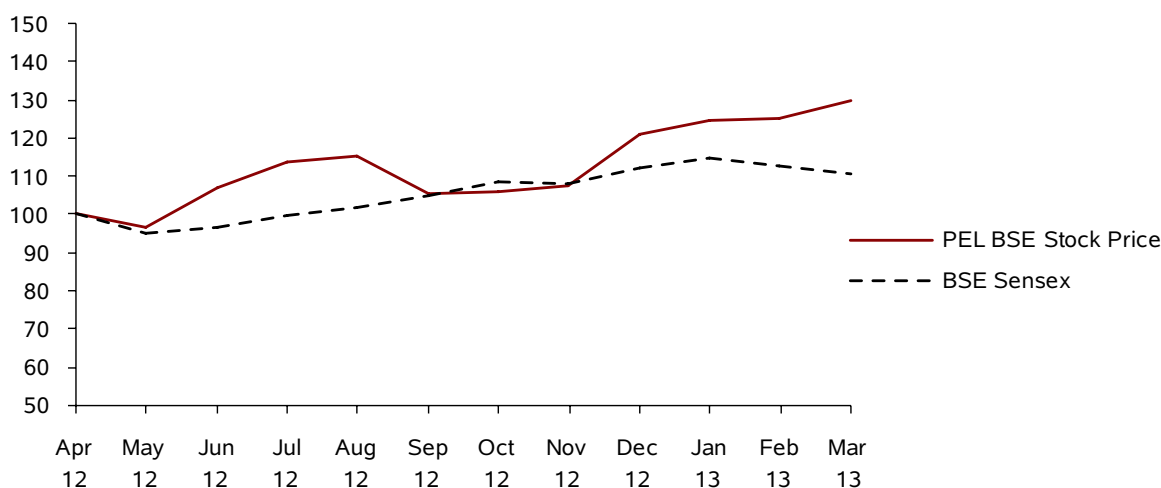
Month	BSE Limited ("BSE")				National Stock Exchange of India Limited ("NSE")			
	High	Low	Average Closing Price	Monthly Volume	High	Low	Average Closing Price	Monthly Volume
	(₹)	(₹)	(₹)		(₹)	(₹)	(₹)	
Apr-12	562.50	425.00	448.19	2,33,193	477.70	425.20	447.79	18,34,370
May-12	454.00	410.00	432.06	3,04,311	454.40	409.20	432.25	19,77,807
Jun-12	531.45	417.15	478.91	8,18,824	532.00	416.30	479.54	36,40,132
Jul-12	528.00	494.00	509.64	2,80,205	530.00	471.95	510.48	15,02,655
Aug-12	549.00	459.90	517.52	2,36,476	542.00	475.10	517.30	19,68,069
Sep-12	498.80	453.00	472.16	1,82,554	499.95	446.00	472.19	15,62,081
Oct-12	504.45	454.15	476.00	2,26,236	504.20	454.00	476.71	13,52,901
Nov-12	507.00	395.00	482.42	1,02,011	507.95	465.15	483.27	20,96,432
Dec-12	617.80	487.05	542.23	7,51,562	618.00	484.00	542.94	60,11,725
Jan-13	577.85	520.10	558.42	2,09,088	580.00	518.45	560.10	18,53,852
Feb-13	594.00	543.00	560.63	11,26,830	582.70	542.65	563.02	18,72,748
Mar-13	624.90	543.05	583.13	2,86,278	627.00	478.00	584.41	11,77,709

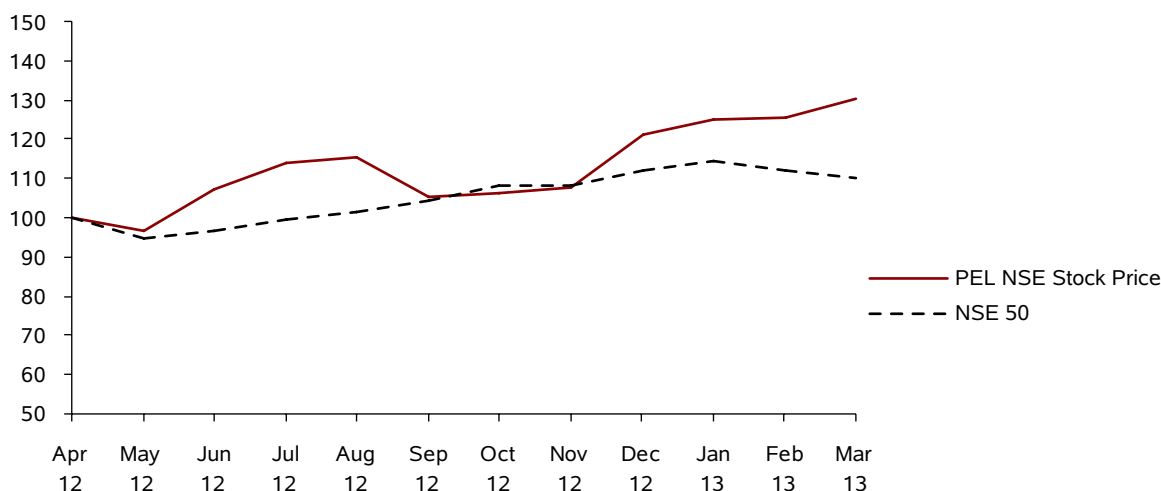
Source: BSE & NSE Websites

## 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 (S&P BSE Sensex) and 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) 2594 6970  
Fax: (022) 2594 6969  
Email ID: [piramal.irc@linkintime.co.in](mailto: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 15 days from the date of receipt of complete documents. As at March 31, 2013 there were no Equity Shares pending for transfer. Also, there were no demat requests pending as on March 31, 2013.

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 March 31, 2013**

No. of Shares held	No. of shareholders	% to no. of shareholders	No. of shares	% to no. of shares
1 to 100	63,352	64.00	17,21,713	1.00
101 to 200	10,053	10.16	14,23,116	0.82
201 to 500	16,343	16.51	50,93,453	2.95
501 to 1000	5,803	5.86	41,93,021	2.43
1001 to 5000	2,941	2.97	53,88,837	3.12
5001 to 10000	193	0.20	13,46,186	0.78
10001 to 20000	107	0.11	14,34,216	0.83
20001 to 30000	48	0.05	11,96,425	0.69
30001 to 40000	17	0.01	5,84,179	0.34
40001 to 50000	18	0.01	8,02,654	0.47
50001 to 100000	47	0.05	33,39,759	1.94
Above 100000	71	0.07	14,60,39,541	84.63
<b>Total</b>	<b>98,993</b>	<b>100.00</b>	<b>17,25,63,100</b>	<b>100.00</b>

**L. Statement showing shareholding pattern as on March 31, 2013**

Sr. No.	Category of Shareholder	Number of shareholders	Number of shares	%
(A)	<b>Shareholding of Promoter and Promoter Group</b>	<b>16</b>	<b>9,14,22,022</b>	<b>52.98</b>
(B)	<b>Public shareholding</b>			
1	<b>Institutions</b>			
(a)	Mutual Funds / UTI	30	9,37,276	0.54
(b)	Financial Institutions / Banks	28	54,45,144	3.16
(c)	Central Government / State Government(s)	1	213	0.00
(d)	Insurance Companies	3	16,80,731	0.97
(e)	Foreign Institutional Investors	235	4,31,54,468	25.01
2	<b>Non Institutions</b>			
(a)	Bodies Corporate	1,028	36,74,647	2.13
(b)	Individuals			
	(i) holding nominal share capital up to ₹ 1 lakh	95,841	1,94,83,755	11.29
	(ii) holding nominal share capital in excess of ₹ 1 lakh	10	17,44,845	1.01
(c)	Others			
	(i) Non Resident Indians - Repatriable	1,118	3,17,180	0.18
	(ii) Non Resident Indians - Non Repatriable	432	3,12,316	0.18
	(iii) Foreign Companies	2	43,16,911	2.50
	(iv) Overseas Bodies Corporate	1	3,946	0.00
	(v) Clearing Members	241	61,001	0.04
	(vi) Foreign Nationals	2	631	0.00
	(vii) Trusts	5	8,014	0.00
	<b>Total Public Shareholding</b>	<b>98,977</b>	<b>8,11,41,078</b>	<b>47.02</b>
	<b>TOTAL</b>	<b>98,993</b>	<b>17,25,63,100</b>	<b>100.00</b>

**M. Dematerialisation of shares**

As on March 31, 2013 16,34,76,059 equity shares (94.73% of the total number of shares) are in dematerialized form as compared to 16,30,49,825 equity shares (94.49% of the total number of shares) as on March 31, 2012.

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	16,11,84,431	93.40	48,893	49.39
CDSL	22,91,628	1.33	12,990	13.12
<b>Sub – Total</b>	<b>16,34,76,059</b>	<b>94.73</b>	<b>61,883</b>	<b>62.51</b>
Physical Form	90,87,041	5.27	37,110	37.49
<b>Total</b>	<b>17,25,63,100</b>	<b>100.00</b>	<b>98,993</b>	<b>100.00</b>

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

There are no outstanding convertible warrants / instruments

**O. Plant Locations of PEL and its Subsidiaries****India:**

- Plot No. K-1, Additional M.I.D.C, Mahad, District 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, District Dhar, 454 775, Madhya Pradesh
- Digwal Village, Kohir Mandal, 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.

Manufacturing Facility - 3950 Schelden Circle, Brodhead Road, Bethlehem, PA 18017, USA.

R & D Facility - 50 Cobham Drive, Orchard Park, New York – 14127, USA

**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 2012-13. 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 2012-13."

Vijay Shah

Executive Director & Chief Operating Officer

A copy of the Code has been put on the Company's website [www.piramalenterprises.com](http://www.piramalenterprises.com).

**11. CERTIFICATE ON CORPORATE GOVERNANCE**

Certificate from N.L. Bhatia & Associates, Practicing Company Secretaries, 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.

# SECRETARIAL AUDIT REPORT

April 30, 2013

The Board of Directors

**PIRAMAL ENTERPRISES LIMITED**

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

## SECRETARIAL AUDIT REPORT

We have examined the registers, records, books and papers of **PIRAMAL ENTERPRISES LIMITED** (formerly known as 'Piramal Healthcare Limited')(the Company) having its registered office at Piramal Tower, Ganpatrao Kadam Marg, Lower Parel, Mumbai - 400 013 and having its Corporate Identification Number (CIN) L24110MH1947PLC005719, as required to be maintained under the Companies Act, 1956, (the Act) and the Rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the period from April 1, 2012 to March 31, 2013. In our opinion and to the best of our information and according to the examinations carried out by us and the information and explanations given to us by the Company and its officers, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers and records as required under the provisions of the Act and the Rules made thereunder and the entries therein have been duly recorded.
2. The Company has duly filed the forms, returns and documents with the Registrar of Companies, Maharashtra/ Ministry Of Corporate Affairs and other authorities as required under the Act and Rules made thereunder.
3. All the requirements relating to the meetings of Board of Directors, Committee of Directors and Shareholders as well as relating to the minutes of the proceedings thereat have been complied with.
4. The Board of Directors of the Company is duly constituted.
5. The Directors of the Company have made all the disclosures under section 299, 305 and 274(1)(g) of the Act. Pursuant to the disclosures made by the Directors, the Company has complied with the prescribed requirements.
6. During the year under Report, the Company has not issued any shares through Public, Rights, Preferential or Bonus issue except ESOP entitlements. Further, the shareholders of the Company have approved the Scheme of Amalgamation and Arrangement between PHL Holdings Pvt. Limited (PHPL) and Piramal Enterprises Limited (PEL), whereby the shares held by PHPL in the Company shall be cancelled and equivalent number of equity shares would be issued by PEL to equity shareholders of PHPL. The Scheme is currently awaiting sanction of the Hon'ble Bombay High Court.
7. The Company has obtained all the necessary approvals from the Directors, Shareholders and other authorities as required under the Act. However, in view of inadequacy of profits as per the Audited accounts for the financial year ended March 31, 2013, which was approved at the Board Meeting on May 3, 2013, the Company will be seeking approval of Central Government for payment of managerial remuneration during the year under report.
8. The Company has complied with all the provisions of the listing agreements with BSE Limited and National Stock Exchange of India Limited.
9. The Company has transferred the dividend declared on July 19, 2012 to a separate dividend account on July 20, 2012.
10. During the year under review, the Company has transferred to the Investor Education and Protection Fund, unclaimed Equity dividend amounting to ₹ 30,40,302 (Thirty Lakhs Forty Thousand Three Hundred and Two) and unclaimed Preference dividend ₹ 1,79,584 (One Lakh Seventy Nine Thousand Five Hundred and Eighty Four) that has not been claimed by the shareholders for the financial year 2004-05, in accordance with the provisions of the Act.
11. The Company has framed an insider trading code called CODE FOR PREVENTION OF INSIDER TRADING IN SECURITIES OF PIRAMAL ENTERPRISES LIMITED ("PEL") strictly on the lines of model code prescribed under the SEBI (Prohibition of Insider Trading) Regulations, 1992 as amended and the same has been implemented during the year under the review. Mr. Rajesh Laddha, Chief Financial Officer acts as the Compliance Officer.
12. The Company has complied with the disclosure requirements of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and SEBI (Prohibition of Insider Trading) Regulations, 1992.

**For N.L. Bhatia & Associates**  
Practicing Company Secretaries

**N.L. Bhatia**  
**Partner**  
C. P. No. 422

Place: Mumbai

## NOTICE

**NOTICE** is hereby given that the 66<sup>th</sup> Annual General Meeting of the Members of Piramal Enterprises Limited will be held on Thursday, the 25<sup>th</sup> day of July, 2013 at 11.00 a.m. at Walchand Hirachand Hall, Indian Merchants' Chamber Building, IMC Marg, Churchgate, Mumbai – 400 020, 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 March 31, 2013 and the Reports of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. N. Vaghul, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. Deepak Satwalekar, who retires by rotation and is eligible for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

### SPECIAL BUSINESS

#### 6. Increase in number of Directors

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

“RESOLVED THAT pursuant to the provisions of Section 258 of the Companies Act, 1956, the number of Directors on the Board of the Company be and is hereby increased to thirteen.”

#### 7. Appointment of Prof. Goverdhan Mehta as Director

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

“RESOLVED THAT Prof. Goverdhan Mehta, who was appointed as Director in the casual vacancy caused by the resignation of Mr. Y.H. Malegam, with effect from December 21, 2011, under section 262 of the Companies Act, 1956, read with Article 116 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

#### 8. Appointment of Dr. R.A. Mashelkar as Director

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

“RESOLVED THAT Dr. R.A. Mashelkar, who was appointed as Director in the casual vacancy caused by the resignation of Mr. R.A. Shah, with effect from December 21, 2011, under section 262 of the Companies Act, 1956, read with Article 116 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

#### 9. Appointment of Mr. Siddharth Mehta as Director

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

“RESOLVED THAT Mr. Siddharth Mehta, who was appointed by the Board of Directors of the Company as an Additional Director on April 1, 2013, under section 260 of the Companies Act, 1956, read with Article 115 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

#### 10. Appointment of Mr. Gautam Banerjee as Director

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

“RESOLVED THAT Mr. Gautam Banerjee, who was appointed by the Board of Directors of the Company as an Additional Director on April 1, 2013, under section 260 of the Companies Act, 1956, read with Article 115 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

**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, July 17, 2013 to Thursday, July 25, 2013 (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 during the period from July 26, 2013 to July 31, 2013.
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. N. Vaghul and Mr. Deepak Satwalekar retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

Approval of shareholders is also being sought for the appointment of Prof. Goverdhan Mehta and Dr. R.A. Mashelkar as Directors, who were appointed in the casual vacancies caused by the resignation of Mr. Y.H. Malegam and Mr. R.A. Shah respectively.

Mr. Siddharth Mehta and Mr. Gautam Banerjee, who were appointed as Additional Directors by the Board, are also proposed for appointment as Directors of the Company.

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 the 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 being sent along with 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 July 16, 2013. 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.

<b>Financial Year ended</b>	<b>Due date of transfer</b>
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
31.03.2012	19.08.2019



11. Pursuant to Section 205C of the Companies Act, 1956 all unclaimed dividends for the financial years ended March 31, 1996 to March 31, 2005 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 March 31, 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.piramalenterprises.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. 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 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](mailto: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.

May 3, 2013

**By Order of the Board**

**Leonard D'Souza**  
**Company Secretary**

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

### Item No. 6

#### Increase in number of Directors

With the appointment of Mr. Siddharth Mehta and Mr. Gautam Banerjee on the Board as proposed at item nos. 9 and 10 of the accompanying notice, the total number of directors on the Board of the Company will increase to thirteen, which is within the maximum number fixed in the Articles of Association of the Company. Hence the resolution at item no. 6 seeking your approval to the increase in the number of directors in terms of Section 258 of the Companies Act, 1956. The Board recommends this resolution for your approval.

None of the Directors are concerned or interested in this resolution except Mr. Siddharth Mehta and Mr. Gautam Banerjee.

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

### Item Nos. 7 & 8

#### Appointment of Prof. Goverdhan Mehta and Dr. R.A. Mashelkar as Directors

Members will recall the demerger of the NCE Research Unit of Piramal Life Sciences Limited (PLSL) into the Company with effect from April 1, 2011 under the Scheme of Arrangement between PLSL and the Company. Recognising the need to have eminent scientists on the Board to facilitate adequate mentoring for the various existing and future research projects, Prof. Goverdhan Mehta and Dr. R.A. Mashelkar, who are globally renowned scientists, were appointed as Directors of the Company, liable to retire by rotation, with effect from December 21, 2011, in the casual vacancies caused by the resignation of Mr. Y.H. Malegam and Mr. R.A. Shah, respectively. They hold office upto the date of this Annual General Meeting and are eligible for appointment as Directors.

Prof. Mehta is 69 years of age. Among his scientific academic achievements, Prof. Mehta is a Ph.D., (D.Sc. h.c), National Research Professor and Bhartia-Jubilant Chair at the University of Hyderabad. He is an internationally acclaimed researcher in organic chemistry with wide ranging research interests. He has held faculty position at the Indian Institute of Technology, Kanpur and is a former Vice Chancellor of the University of Hyderabad. He was the Director of the Indian Institute of Science, a premier institution of the country and was a CSIR Bhatnagar Fellow at I. I. Sc, Bangalore.

Dr. R.A. Mashelkar is 70 years of age. He is a B.E. and Ph.D (Chemical Engineering) from the Institute of Chemical Technology, Mumbai. He is also a National Research Professor and presently the President of Global Research Alliance, a network of publicly funded R&D institutes from Asia-Pacific, Europe and USA with over 60,000 scientists.

Both Prof. Mehta and Dr. Mashelkar are the Fellows of The Royal Society, UK, which is the oldest and one of the most reputed Science Academies in the world. Your Company has the honour and distinction of having two members of The Royal Society, UK, on its Board.

Further details relating to Prof. Mehta and Dr. Mashelkar 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 separate joint notices alongwith requisite deposit, from some members proposing the candidatures of Prof. Mehta and Dr. Mashelkar as Directors of the Company.

Prof. Mehta and Dr. Mashelkar may be deemed to be interested in this resolution as it concerns their appointment. None of the other Directors of the Company are, in any way, concerned or interested in this resolution.

The Board recommends the resolutions as set out at Item Nos. 7 & 8 of the Notice for your approval.

### Item No. 9

#### Appointment of Mr. Siddharth Mehta as Director

Mr. Siddharth Mehta was appointed by the Board as an Additional Director with effect from April 1, 2013 under Section 260 of the Companies Act, 1956 ("the Act") read with Article 115 of the Articles of Association of the Company. He holds office upto the date of this Annual General Meeting and is eligible for appointment as Director of the Company, liable to retire by rotation.

Mr. Mehta is 55 years of age and has an undergraduate degree from the London School of Economics and MBA from the University of Chicago. He is a director and the former President and Chief Executive Officer of TransUnion. He was also the Chief Executive Officer of HSBC Finance Corporation and HSBC North America Holdings, Inc.

Mr. Mehta brings with him extensive global financial and corporate management expertise, thereby enhancing the value of the Board, keeping in mind the expanding overseas business of your Company.

Further details relating to Mr. Mehta are given in the Corporate Governance Section of this Annual Report.

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

Mr. Mehta may be deemed to be interested in this resolution as it concerns his appointment. 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.

#### **Item No. 10**

##### **Appointment of Mr. Gautam Banerjee as Director**

Mr. Gautam Banerjee was appointed by the Board as an Additional Director with effect from April 1, 2013 under Section 260 of the Companies Act, 1956 ("the Act") read with Article 115 of the Articles of Association of the Company. He holds office upto the date of this Annual General Meeting and is eligible for appointment as Director of the Company, liable to retire by rotation.

Mr. Banerjee is 58 years of age and is a graduate from the University of Warwick, England. He is a member of the Institute of Chartered Accountants in England and Wales and also a member of the Institute of Certified Public Accountants, Singapore. Mr. Banerjee is currently a Senior Advisor with Blackstone Group, Singapore. He has been associated with Pricewaterhouse Coopers ("PwC"), one of the Big 4 Auditing Firms worldwide, from 1982 to 2012, holding various positions in PwC during his long association.

Mr. Banerjee has extensive accounting and financial management expertise, thereby contributing to the quality of Board, keeping in mind the diversified business profile of your Company.

Further details relating to Mr. Banerjee are given in the Corporate Governance Section of this Annual Report.

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

Mr. Banerjee may be deemed to be interested in this resolution as it concerns his appointment. 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. 10 of the Notice for your approval.

#### **Registered Office:**

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

May 3, 2013

#### **By Order of the Board**

**Leonard D'Souza**  
**Company Secretary**

## DIRECTORS' REPORT

Dear Shareholders,

We take pleasure in presenting the 66<sup>th</sup> Annual Report and Audited Accounts for the Year ended March 31, 2013.

### PERFORMANCE HIGHLIGHTS: (Standalone)

(₹ in Crores)

Particulars	FY 2012 - 13	FY 2011 - 12
Operating income	1,403.2	1,153.5
Income from Investments	216.8	254.7
Total Operating Income	1,620.0	1,408.2
R&D Expenses	237.1	167.9
Other Expenses	1,292.2	1,122.5
EBIDTA excluding FOREX impact	90.7	117.8
Foreign Exchange Gain / (Loss)	159.2	279.7
EBIDTA	249.9	397.5
% margin	15.4%	28.3%
Less:		
Interest Expenses	420.0	199.9
Depreciation	77.8	76.4
Profit before tax	(247.9)	121.2
Less:		
Income Tax provision	(16.3)	(9.5)
— Current	84.2	22.5
— Deferred	(100.5)	8.2
— MAT Credit Entitlement	-	(40.2)
Profit / (Loss) after tax	(231.6)	130.7
% margin	(14.3%)	9.3%
Add:		
Profit brought forward from previous year	5,197.4	5,768.3
Profit available for appropriation	4,965.9	5,899.0
<b>Appropriation:</b>		
Proposed dividend		
— Equity Shares	302.0	302.0
— Dividend Distribution Tax thereon	51.3	49.0
Transfer to General Reserve	-	13.1
Transfer to Debenture Redemption Reserve	-	7.5
Balance carried to Balance Sheet	4,612.6	5,197.4
Earnings Per Share (Basic / Diluted) (₹)	(13.4)	7.7

**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'), during the period from July 26, 2013 to July 31, 2013.

The total cash outflow on account of dividend payments, including distribution tax, will be ₹ 353.3 crores (FY2012 ₹ 351 crores).

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

**SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR 2013:****Acquisition of Decision Resources Group (US) and Abacus International (UK)**

Decision Resources Group (DRG), a US based provider of high quality, web-enabled research, predictive analytics via proprietary databases and consulting services to the global healthcare industry, was acquired in June 2012 for a consideration of approximately US\$ 635 million (~₹ 3,400 Crores). It is one of the fastest growing companies with a CAGR of 20% for the last five years. It has 48 of the top 50 global pharmaceutical companies as its customers. The Company has retained 94% of its customers of 2012. DRG reported revenue of ₹ 650 Crores in FY2013 since its acquisition. Abacus International, UK was acquired in December 2012 to help expand in the European markets.

**Acquisition of Bayer's Molecular Imaging Development Portfolio**

Piramal Enterprises Limited ('PEL'), through its newly established subsidiary – Piramal Imaging SA, acquired the molecular imaging research and development portfolio, including rights to Florbetaben, of Bayer Pharma AG in April 2012. Florbetaben, a PET tracer for the detection of beta-Amyloid plaque deposition in the brain, is the pathological hallmark of disease in probable Alzheimer's disease patients. The molecule has been accepted for review by the European Medicines Agency (EMA) and the US Food and Drug Administration (USFDA) in March 2013.

**Expansion of Financial Services Business**

PEL has started lending to the education sector and has explored new geographies like Bhopal, Coimbatore and NCR this year. The loan book for the Real Estate and Education Sector has increased to ₹ 1,591 Crores as on March 31, 2013 from ₹ 351 Crores as on March 31, 2012. PEL invested ₹ 425 Crores in Optionally Convertible Debentures of Navayuga Road Projects Pvt. Ltd. in March 2013.

INDIAREIT, which manages funds for investments in real estate sector has ₹ 4,257 Crores under management as on March 31, 2013. INDIAREIT raised ₹ 400 Crores for Mumbai Redevelopment Fund during FY2013 and is currently raising a new domestic fund with targeted fund size of ₹ 750 Crores along with green shoe option of ₹ 250 Crores.

**Change of Name to Piramal Enterprises Limited**

With effect from July 31, 2012, the name of the Company stands changed from 'Piramal Healthcare Limited' to 'Piramal Enterprises Limited'. The change in the name was done in order to appropriately reflect the changing business profile.

**OPERATIONS REVIEW:**

Total Operating Income on a standalone basis for the year grew by 15% to ₹ 1,620.0 Crores against ₹ 1,408.2 Crores in FY2012. EBITDA on a standalone basis was lower at ₹ 249.9 Crores against ₹ 397.5 Crores in FY2012 due to increase in R&D expenses and lower foreign exchange gain. Loss for the year was at ₹ 231.6 Crores as against profit after tax of ₹ 130.7 Crores in FY2012. This is on account of an increase of 110.1% in interest cost due to increase in loans taken to fund the DRG acquisition and to fund the lending operations of the NBFC business. Earnings per share were ₹ (13.4) for the year.

A detailed discussion of operations for the year ended March 31, 2013 is given in the Management Discussion and Analysis.

**RESEARCH & DEVELOPMENT:**

The Discovery R&D unit in Mumbai has a strong pipeline of 13 drugs with 11 drugs in clinical trials phase and is focused on three therapeutic areas – Cancer, Diabetes and Inflammation. Phase II clinical trials were undertaken during the year for the oncology candidate, P276 RIM and the way forward for this product will be decided post review of trial results. PEL continues to develop its clinical and pre-clinical NCE and Imaging pipeline and to evaluate inorganic opportunities.

After acquisition of worldwide rights to molecular imaging research and development portfolio of Bayer Pharma, PEL entered into an agreement with IBA Molecular where IBA Molecular will manufacture and distribute Florbetaben in the European and US markets. PEL also filed for approval for Florbetaben with USFDA in December 2012 and with EMA in January 2013. The dossiers have been accepted for review in March 2013 by both the organisations. Efforts are focused on building an organization during the year that can start commercial operations post requisite regulatory approvals.

During the year, the European CE mark approval was received for BST-CarGel®. The product has been launched in key European countries in December 2012. Filing with insurance companies has also been initiated in these countries to make the purchase of this product reimbursable for the patient. PEL is also planning to file the dossier for regulatory approval to market BST – CarGel® in India.

#### **SUBSIDIARY COMPANIES:**

##### **Piramal Healthcare UK Ltd.**

Net sales for FY2013 were at ₹ 523.1 Crores. Operating profit for the year was at ₹ 53.6 Crores. Piramal Healthcare UK Ltd. reported a net profit of ₹ 28.9 Crores for the year.

##### **Piramal Healthcare (Canada) Ltd.**

Net sales for FY2013 were at ₹ 113.9 Crores. Operating loss for the year was at ₹ 23.5 Crores. Piramal Healthcare (Canada) Ltd. reported a net loss of ₹ 37.6 Crores for the year.

##### **Piramal Healthcare Inc.**

Piramal Healthcare Inc. includes financials of DRG, Piramal Critical Care Inc. and Piramal Pharma Inc. Net sales for FY2013 were at ₹ 1,143.2 Crores. Operating profit for the year was at ₹ 324.0 Crores. Piramal Healthcare Inc. reported a net profit of ₹ 20.5 Crores for the year.

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

Piramal Pharmaceutical Development Services Pvt. Ltd. includes financials of Oxygen Bio Research Pvt. Ltd. Net sales for FY2013 were at ₹ 64.6 Crores. Operating profit for the year was at ₹ 10.4 Crores. Piramal Pharmaceutical Development Services Pvt. Ltd. reported a net Loss of ₹ 7.2 Crores for the year.

##### **INDIAREIT Fund Advisors Pvt. Ltd.**

INDIAREIT Fund Advisors Pvt. Ltd.'s total fund size under management was ₹ 4,257 Crores as on March 31, 2013. Total income was at ₹ 71.6 Crores and profit after tax was ₹ 27.8 Crores for FY2013.

##### **PHL Finance Pvt. Ltd.**

As on March 31, 2013, PHL Finance Pvt. Ltd. had a loan book of ₹ 819.5 Crores. Total income was at ₹ 99.1 Crores and profit after tax was ₹ 44.0 Crores for FY2013.

The Ministry of Corporate Affairs has vide its circular dated 8<sup>th</sup> 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 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.

#### **JOINT VENTURE:**

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

AIL is a 51:49 Joint Venture between Allergan Inc., USA and Piramal Enterprises Limited. Total revenues of AIL were ₹ 205.4 Crores. Operating Profit for FY2013 was at ₹ 45.6 Crores while profit after tax was ₹ 29.2 Crores.

**SIGNIFICANT EVENTS POST BALANCE SHEET DATE:****Second Structured Investment of ₹ 500 Crores**

PEL made a structured investment of ₹ 500 Crores in April 2013 in Optionally Convertible Debentures in Green Infra Ltd., one of the largest wind IPPs in the country backed by IDFC Private Equity to seize opportunities offered by the environment in the Infrastructure Sector. PEL had invested ₹ 425 Crores in Navayuga Road Projects Pvt. Ltd. in March 2013.

**Merger of PHL Holdings Private Limited into PEL**

The Scheme of Amalgamation and Arrangement between PHL Holdings Private Limited and Piramal Enterprises Limited and their respective shareholders and creditors ("Scheme"), which was approved by the shareholders on March 13, 2013, is awaiting approval of the Hon'ble High Court of Judicature at Bombay. The Appointed Date of the Scheme is January 1, 2013. The Scheme inter alia provides for merger of PHL Holdings Private Limited into PEL and thereby cancellation of shares held by PHL Holdings Private Limited in PEL and consequent reissue of equivalent number of shares of PEL to the shareholders of PHL Holdings Private Limited.

**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 PEL. A favorable work environment has been created that encourages innovation and meritocracy. PEL had a staff strength of 2,976 employees (FY2012: 2,913 employees) as at March 31, 2013.

No.	Function	March 31, 2013	March 31, 2012	Change
a.	Field	508	509	(1)
b.	R&D	526	466	60
c.	Others	1,942	1,938	4
	<b>Total</b>	<b>2,976</b>	<b>2,913</b>	<b>63</b>

Any shareholder interested in obtaining a copy of the statement of particulars of employees referred to in section 217(2A) of the Companies Act, 1956, may write to the Company Secretary at the Registered Office of the Company. The statement is also available for inspection 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 March 31, 2014. They were also the cost auditors for the previous year ended March 31, 2013.

The Cost Audit Reports are required to be filed within 180 days from the end of the financial year. However, the Ministry of Company Affairs vide General Circular No. 2/ 2013 extended the deadline for filing the Cost Audit Reports till February 28, 2013. The Cost Audit Reports for the financial year ended March 31, 2012 were filed on February 26, 2013.

The Cost Audit Reports for the financial year ended March 31, 2013 will be filed within the prescribed period.

**SECRETARIAL AUDIT:**

As a measure of good corporate governance practice and as recommended by the MCA Corporate Governance Voluntary Guidelines, 2009, the Company has voluntarily subjected itself to a secretarial audit for FY2013, which was carried out by M/s. N.L. Bhatia & Associates, Practicing Company Secretaries. The secretarial audit report forms part of this annual report.

The said secretarial audit report confirms that the Company has complied with all the applicable provisions of the Companies Act, 1956, Equity and Debt Listing Agreements with the Stock Exchanges and all the regulations of Securities and Exchange Board India (SEBI) as applicable to the Company, including the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and the SEBI (Prohibition of Insider Trading) Regulations, 1992.

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

At PEL, EHS is embedded in our very philosophy of business. Every activity is being carried out at the manufacturing sites in accordance with the EHS best practices.

Corporate EHS policy of PEL outlines the focus areas for carrying out continual improvement in the field of EHS. The policy guides us to:

- Carry out business in a safe and environmentally responsible manner taking care of all the stake holders and the surrounding environment.
- Comply with the applicable statutory, regulatory & other requirements with respect to EHS.
- Make employees at all levels responsible and accountable individually as well as collectively for adherence to the Policy.

### **ENVIRONMENT**

All our manufacturing sites remained fully compliant with applicable environmental regulations. We have developed adequate infrastructure to treat waste water and reuse it.

In FY 2012-13 we embarked on a new journey towards Sustainability. We have started assessing our sustainability performance on various parameters like Environment, Labour practices, Human rights, Society and Product responsibility. Through this activity we are broadening the scope of our EHS activities to ensure that all our activities are aligned to the ultimate goal of being sustainable in the long term. Corporate Sustainability reporting structure follows the Global Reporting Initiative (GRI) Guidelines (GRI G3.1). G3.1 Guidelines are an update and completion of the third generation of GRI's Sustainability Reporting Guidelines. The G3.1 Guidelines include expanded guidance for reporting on human rights, local community impacts and gender and are the most widely accepted reporting framework across the globe. First Corporate Sustainability Report of the Company is currently under preparation and will be released later this year.

In 2012, we also initiated a carbon offsetting program of which the tree census program was a unique and challenging activity. The tree census program was an exercise aimed at assessing the carbon sequestering capability of the green belt existing on our plant sites in India. We have been carrying out the CO<sub>2</sub> emission calculation based on internationally recognised Greenhouse Gas protocol for the past three years. Tree census activity helped us in calculating the difference in CO<sub>2</sub> emission and CO<sub>2</sub> sequestration for PEL, which has encouraged us to take up tree plantation with increase vigour.

In 2012-13 we also took up the ETP (Effluent Treatment Plant) revamping activity for our Digwal site. New ETP is a state of the art facility and constructed at a total cost of about ₹ 22 Crores. In terms of design and construction it is one of the best effluent treatment facilities across the industry to recycle waste water generated in the process.

Today most of the sites are accredited for ISO 14001.

### **OCCUPATIONAL HEALTH AND SAFETY**

At PEL, Safety is accorded the highest priority for business. We have initiated several activities to ensure that all the employees of the Company are provided with a safe working environment. Regular plant inspections and audits are the ways through which we implement our safety management system. Most of the sites at PEL have implemented the Safety Management System and have been certified for OHSAS 18001.

The safety performance of all the sites is regularly monitored and guided by the senior management of the Company. Considering the good performance of our site at Digwal, the management is planning to achieve the British Safety Council, Five Star Award for safety systems and their performance. The audit is planned in the second half of 2013.

Work place monitoring is regularly carried out to assess any exposure risk to the employees who also undergo periodical medical check-up for identifying any adverse health impact.



**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 March 31, 2013 and its loss 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. N. Vaghul and Mr. Deepak Satwalekar retire by rotation at the ensuing Annual General Meeting ("AGM") and are eligible for re-appointment, which the Board recommends.

Prof. Goverdhan Mehta and Dr. R.A. Mashelkar who are eminent scientists, were appointed as Directors of the Company, liable to retire by rotation, with effect from December 21, 2011, in the casual vacancies caused by the resignation of Mr. Y.H. Malegam and Mr. R.A. Shah respectively. They hold office upto the date of the ensuing AGM and are eligible for appointment as Directors, which the Board recommends.

There were no changes in the Board of Directors during 2012-13. However, your Board was further strengthened on April 1, 2013 with the appointment of Mr. Siddharth Mehta as Independent Director and Mr. Gautam Banerjee as Non – Executive Director. They too hold office up to the date of the ensuing AGM and are eligible for appointment as Directors, 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 M/s. N.L. Bhatia & Associates, Practicing Company Secretaries, 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, business associates and our shareholders for their continued support to the Company.

**By Order of the Board**

Mumbai  
May 3, 2013

**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 March 31, 2013

#### Conservation of Energy

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

##### Pithampur

- Installation of timers in non-critical Air Handling Units (AHU) and pressure switches in air compressor and nitrogen plant to avoid idle running.
- Replacement of high wattage lamps with energy efficient lamps.
- Installation of new air compressor and optimizing cooling tower pump efficiency.
- Reduction in consumption of steam by optimising operation of Vapour Absorption Machine (VAM) chillers, boilers, dehumidifiers and continuous monitoring of steam traps.
- Power Factor of 0.99 has been achieved by efficient operation and monitoring of capacitors.

##### Ennore

- Reduction in consumption of fuel by replacement of steam traps to reduce loss of steam.
- Installation of variable frequency drives for cooling tower pumps and fans thereby reducing consumption of power.
- Reduction in running hours of Diesel Generator and diesel usage by taking third party power through Indian Energy Exchange.
- Entered into round the clock (RTC) power purchase agreement to reduce power cost during any power shortage.

##### Mahad

- Installation of automatic power factor controller with harmonic filter capacitor for reducing harmonic level in electric system and control of maximum demand.
- Replacements of 8 conventional pumps with energy efficient pumps.
- Installation of power saver equipments for lighting load to reduce electricity consumption.
- Replacement of conventional light fittings with Compact Fluorescent Lamps.
- Replacement of old cooling tower with new high performance cooling tower to increase the chilling capacity.

##### Pawne

- Regular and proper maintenance of electrical panels and line resulted in maintenance of optimum power factor.

##### Digwal

- Reduction in coal consumption for boiler by optimising combustion efficiency.
- Installation of variable frequency drive on utility equipment's to save energy.
- Installation of energy efficient pump for cooling tower.

FORM A			
		For the year ended March 31, 2013	For the year ended March 31, 2012
<b>A</b>	<b>Power and Fuel Consumption</b>		
	<b>1. Electricity</b>		
	<b>(a) Purchased</b>		
	Unit (000)	31,783.82	34,391.25
	Total Amount (₹ In Crores)	23.05	18.10
	Rate/Unit (₹)	7.25	5.26
	<b>(b) Own Generation</b>		
	Diesel Generator		
	Unit (000)	9,491.40	6,231.15
	Total Amount (₹ In Crores)	12.68	8.23
	Rate/Unit (₹)	13.36	13.21
	<b>2. Coal</b>		
	Qty. (Tonnes)	12,425.22	13,582.79
	Total Cost (₹ In Crores)	6.97	7.13
	Cost / Unit (₹)	5.61	5.25
	<b>3. Furnace Oil</b>		
	Qty. (K.Ltrs )	253.42	501.04
	Total Cost (₹ In Crores)	1.32	2.23
	Average / K ltrs. (₹)	51,908.96	44,573.04
	<b>4. Other</b>		
	<b>(I) Hydel Power</b>		
	Qty. (000M3)	4,400.00	4,400.00
	Total Cost (₹ In Crores)	1.96	1.87
	Average Rate	4.45	4.24
	<b>(II) Biomass</b>		
	Qty. (Tonne)	12,817.24	8,498.79
	Total Cost (₹ In Crores)	6.19	4.00
	Average Rate	4.83	4.71

**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 various dosage forms such as tablets, capsules, powder for suspension and oral liquids.
- Development of paediatric formulations like Lozenges and oro-dispersible tablets.
- Development of complex formulations for life-cycle management.
- Use of processes like roller compaction and fluid bed processing for developing modified release formulation.
- Formulation developed based on scientific principles using QbD (Quality by Design) and PAT (Process Analytical Technology).

#### Process Development

- Successfully modified processes resulting in improved operational and performance efficiencies.
- Process development, optimization, scale up and pilot or clinical batches for clients as per defined scope.
- Successful client audits which, among other things, confirm the quality of processes being followed.

#### Drug Discovery and Development

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

- **Oncology**  
Cyclin Dependent Kinase inhibitors and PI3 Kinase inhibitors
- **Inflammation**  
TNF-Production / Release inhibitors
- **Diabetes / Metabolic Disorders**  
Insulin Sensitizers (non-PPAR $\gamma$ ), DGAT-1 Inhibitors and GPR 40 Modulators
- **Anti-Infectives**  
Anti-TB

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

#### Pharmaceutical R&D

- Development and manufacture of formulations as per international quality standards, approved by global pharmaceutical companies.
- R&D and GMP areas audited and approved for GMP manufacturing and Clinical packaging by Swedish MPA authorities, compliant to regulatory standards of EU-GMP norms.
- Technical expertise and benefits to clients through reduced development costs.
- Providing end-to-end solutions to clients from NCE stage to R&D-formulations developments to Regulatory filings to Commercial manufacturing.

### 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

- Further strengthening of document management system for ease of document exchange while at the same time maintaining confidentiality.
- Enhancing formulation R&D capabilities and infrastructure in the area of liquid oral formulations, instrumented bilayer compression technology and QbD.

### Drug Discovery and Development

The NCE research projects are at various stages of development. During the year, many of these are expected to progress and advance to the next developmental stage.

### 4. Expenditure on R&D

(₹ in crores)

Capital	20.55
Recurring	237.12
<b>Total</b>	<b>257.67</b>
Total R&D Expenditure as a percentage to sales	18.36%

### 5. Technology Absorption, Adaptation & Innovation:

#### Pithampur

- Upgradation of old utilities by renovation of compressor area, water system and workshop and overall improvement in visual management in peripheral & utility area.
- Upgraded dust extraction systems of N Block compression cubicles and raw material dispensing area.
- Lean Six Sigma Black Belt project to improve the speed of compression M/C by 20% in N block.

#### Mahad

- Installed and commissioned new Briquette boiler.
- Capacity restructuring to provide for storage of higher quantum of materials and facilitate storage in cool & ambient temperature.

#### Pawne

- Added a new strip cutting machine in production, resulting in improvement in production capacity.

#### Digwal

- Use of alternate chemistry technologies for transition from laboratory to commercial scale and improved efficiencies.
- Telescoping of process for improving efficiencies and also improving the E-factor.

### 6. Foreign Exchange Earnings and Outgo

During the year, foreign exchange earnings were ₹ 889.07 Crores as against outgo of ₹ 433.85 Crores.

## ANNEXURE II TO THE DIRECTORS' REPORT

### Certificate on Corporate Governance

The Members of  
Piramal Enterprises Limited

We have examined the compliance of conditions of Corporate Governance by Piramal Enterprises Limited for the year ended March 31, 2013 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: May 3, 2013

## 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 (as defined in the Scheme and the SEBI Guidelines) for the financial year ended March 31, 2013.

Sr. No.	Details	Disclosures	
(i)	Options Granted for FY2013	2,28,900 Options	
(ii)	Pricing Formula	The option price is determined by the Trustees of the 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 March 31, 2013, 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 FY2013	1,05,000 (relating to Options granted for FY2012)	
(iv)	Options Exercised during FY2013	<b>Options</b> 420 1,430 600 19,650 37,100 Nil 85,000	<b>Relating to Fin Yr</b> FY-06 FY-07 FY-08 FY-09 FY-10 FY-11 FY-12
(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	<b>Options</b> 400 Nil Nil 300 2,300 Nil Nil	<b>Relating to Fin Yr</b> FY-06 FY-07 FY-08 FY-09 FY-10 FY-11 FY-12
(vii)	Variation of terms of Options	None	

Sr. No.	Details	Disclosures	
(viii)	Total number of Options in force	<b>Options</b> 400 1,800 2,950 11,475 25,050 Nil 20,000	<b>Relating to Fin Yr</b> FY-06 FY-07 FY-08 FY-09 FY-10 FY-11 FY-12
(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 and non-executive independent directors.	
	– employees who receives a grant in any one year of option amounting to 5% or more of options granted during that year	The following have received a grant amounting to 5% or more of Options granted during FY2013: - Mr. Vijay Shah - Mr. Rajesh Laddha - Mr. H. Sikka	
	– identified employees who were granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	None	

**Note:**

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



# INDEPENDENT AUDITORS' REPORT

## To the Members of Piramal Enterprises Limited

### Report on the Financial Statements

1. We have audited the accompanying financial statements of Piramal Enterprises Limited (formerly known as Piramal Healthcare Limited) (the "Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

### Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of 'the Companies Act, 1956' of India (the "Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

6. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
  - (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
  - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

7. As required by 'the Companies (Auditor's Report) Order, 2003', as amended by 'the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order"), 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.
8. As required by section 227(3) of the Act, 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 purpose 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, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For Price Waterhouse  
Firm Registration Number: 301112E  
Chartered Accountants

Vilas Rane  
Partner  
Membership Number: 33220

Mumbai  
May 03, 2013

## ANNEXURE TO AUDITORS' REPORT

**Referred to in paragraph 7 of the Auditors' Report of even date to the members of Piramal Enterprises Limited on the financial statements as of and for the year ended March 31, 2013**

- i. (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 have been noticed on such verification.
- (c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
- ii. (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.
- iii. (a) The Company has granted unsecured loans, to two 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 ₹ 126,088 lakhs and ₹ 16,596 lakhs, respectively. The Company has not granted any secured/ unsecured loans to firms or other parties covered in the register maintained under Section 301 of the Act.
- (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. Therefore, the provisions of Clause 4(iii) (f) and (g) of the said Order are not applicable to the Company.
- iv. 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.
- v. (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- (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.
- vi. 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.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- viii. 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.
- ix. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of employees' state insurance, income tax, service tax, sales tax and excise duty, and is regular in depositing undisputed statutory dues, including provident fund, investor education and protection fund, wealth tax, customs 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. The particulars of dues of income tax, sales tax, and excise duty as at March 31, 2013 which have not been deposited on account of a dispute, are as follows:

## ANNEXURE TO AUDITORS' REPORT (Contd.)

Referred to in paragraph 7 of the Auditors' Report of even date to the members of Piramal Enterprises Limited on the financial statements as of and for the year ended March 31, 2013

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	269	1989-2012	Appellate Authority – upto Commissioner's Level
		724	1989-2011	CESTAT
		1	1993-1994	The High Court of Judicature at Indore
Central Sales Tax Act and Local Sales Tax Act	Sales Tax including interest and penalty, as applicable	577	1998-2010	Appellate Authority – upto Joint Commissioner Level
		282	1990-2009	Tribunal
Income-Tax Act, 1961	Income tax including interest and penalty, as applicable	16,381	2004-05, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10, 2010-11 and 2011-12	Appellate Authority – upto Commissioner's level
		20	1999-00, 2001-02, 2002-03, 2004-05 and 2005-06	Income Tax Appellate Tribunal

\*Net of amounts paid under protest or otherwise

- x. The Company has no accumulated losses as at the end of the financial year and it has incurred cash losses in the financial year ended on that date and has not incurred cash losses in the immediately preceding financial year.
- xi. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
- xii. In our opinion, the Company has maintained adequate documents and records in the cases where it has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. As the provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.
- xv. 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.
- xvi. In our opinion, and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the Company has used funds raised on short-term basis for long-term investment. The Company has obtained commercial papers amounting to ₹98,112 lakhs on a short term basis, which has been used for investment in wholly owned subsidiaries.
- xviii. 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. Accordingly, the provisions of Clause 4(xviii) of the Order are not applicable to the Company.
- xix. The Company has created security in respect of debentures issued and outstanding at the year-end. The Company issued unsecured redeemable non convertible debentures, aggregating ₹ 35,000 lakhs which are outstanding at the year-end, in respect of which it is not required to create security or charge.
- xx. The Company has not raised any money by public issues during the year. Accordingly, the provisions of Clause 4(xx) of the Order are not applicable to the Company.
- xxi. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For Price Waterhouse  
Firm Registration Number: 301112E  
Chartered Accountants

Vilas Rane  
Partner  
Membership Number: 33220

Mumbai  
May 03, 2013

**BALANCE SHEET****as at March 31, 2013**

	Note No.	As at March 31, 2013 ₹ in Crores	As at March 31, 2012 ₹ in Crores
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share capital	3	34.51	34.51
Reserves and surplus	4	10,521.40	11,106.27
		<b>10,555.91</b>	11,140.78
<b>Non-current Liabilities</b>			
Long-term borrowings	5	733.33	216.67
Deferred tax liabilities (Net)	6	-	100.53
Other long-term liabilities	7	76.31	132.84
Long-term provisions	8	19.85	19.97
		<b>829.49</b>	470.01
<b>Current Liabilities</b>			
Short-term borrowings	9	3,729.26	975.45
Trade payables (Refer Note 41)		331.63	312.61
Other current liabilities	10	532.63	485.60
Short-term provisions	11	363.48	359.95
		<b>4,957.00</b>	2,133.61
<b>TOTAL</b>		<b>16,342.40</b>	<b>13,744.40</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	12	654.17	631.90
Intangible assets	12	119.13	128.52
Capital Work in progress		45.44	23.03
Intangible assets under development (Refer Note 54)		120.49	143.48
		<b>939.23</b>	926.93
Non-current investments	13	8,821.28	6,763.60
Long-term loans and advances	14	432.30	117.03
Other non-current assets	15	2,173.71	4,125.58
		<b>12,366.52</b>	11,933.14
<b>Current Assets</b>			
Current investments	16	801.82	346.69
Inventories	17	261.71	266.71
Trade receivables	18	243.03	242.48
Cash and bank balances	19	24.24	13.24
Short-term loans and advances	20	1,410.67	857.96
Other current assets	21	1,234.41	84.18
		<b>3,975.88</b>	1,811.26
<b>TOTAL</b>		<b>16,342.40</b>	<b>13,744.40</b>
Contingent liabilities and commitments	22		
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 Waterhouse**Firm Registration Number: 301112E  
Chartered Accountants**Vilas Rane**Partner  
Membership No. 33220  
Mumbai, May 03, 2013**Ajay G. Piramal****Vijay Shah****Nandini Piramal****Rajesh Laddha****Leonard D'Souza**

Chairman

Executive Director &amp; Chief Operating Officer

Executive Director

Chief Financial Officer

Company Secretary

Mumbai, May 03, 2013

**STATEMENT OF PROFIT AND LOSS****for the Year Ended March 31, 2013**

	<b>Note No.</b>	<b>Year Ended March 31, 2013 ₹ in Crores</b>	<b>Year Ended March 31, 2012 ₹ in Crores</b>
Revenue from operations (Gross)	24	<b>1,431.82</b>	1,174.00
Less : Excise Duty		<b>28.63</b>	20.52
Revenue from operations (Net)		<b>1,403.19</b>	1,153.48
Other Income	25	<b>376.01</b>	534.43
<b>Total Revenue</b>		<b>1,779.20</b>	1,687.91
<b>Expenses</b>			
Cost of raw and packing materials consumed	26	<b>633.33</b>	538.95
Purchases of stock-in-trade	27	<b>79.26</b>	80.96
Changes in inventories of finished goods, work-in-progress and stock-in-trade	28	<b>(2.04)</b>	(12.51)
Employee benefits expense	29	<b>159.49</b>	151.75
Finance costs	30	<b>419.97</b>	199.90
Depreciation and amortization expense	12	<b>77.82</b>	76.39
Other expenses	31	<b>659.25</b>	531.25
<b>Total Expenses</b>		<b>2,027.08</b>	1,566.69
<b>Profit /(Loss) before Tax</b>		<b>(247.88)</b>	121.22
<b>Less: Tax Expenses</b>			
Current Tax			
Provision for Taxation - Current [includes prior period tax ₹ 84.21 Crore (Previous year ₹ Nil)]	32	<b>84.21</b>	22.50
MAT Credit Entitlement [includes prior period MAT credit ₹ Nil (Previous year ₹ 17.70 Crores)]		<b>-</b>	(40.20)
Net Current Tax		<b>84.21</b>	(17.70)
Deferred Tax		<b>(100.53)</b>	8.20
		<b>(16.32)</b>	(9.50)
<b>Profit/(Loss) for the Year</b>		<b>(231.56)</b>	130.72
<b>Earnings/(Loss) Per Share (Basic/Diluted) (₹) (Face value of ₹ 2/- each)(Refer Note 45)</b>		<b>(13.4)</b>	7.7
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**Vilas Rane**Partner  
Membership No. 33220  
Mumbai, May 03, 2013**Ajay G. Piramal****Vijay Shah**  
**Nandini Piramal**  
**Rajesh Laddha**  
**Leonard D'Souza**Chairman  
Executive Director & Chief Operating Officer  
Executive Director  
Chief Financial Officer  
Company Secretary

Mumbai, May 03, 2013

## CASH FLOW STATEMENT

for the Year Ended March 31, 2013

	Year Ended March 31, 2013 ₹ In Crores	Year Ended March 31, 2012 ₹ In Crores
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before tax	(247.88)	121.22
Adjustments for:		
Depreciation and amortisation expense	77.82	76.39
Finance Costs	419.97	199.90
Interest Income on Non Current Investments	(12.49)	(27.04)
Interest Income on Current Investments	-	(12.19)
Interest Income on Current Assets	(196.19)	(135.34)
Dividend on Non Current Investments	(3.92)	(3.92)
Dividend on Current Investments	(4.17)	(16.45)
Loss on Sale of Assets (Net)	0.12	0.97
Provision for slow moving Inventories	3.98	3.00
(Profit) on Sale on Current Investment (Net)	-	(59.76)
Provision for Doubtful Debts	4.50	2.00
Exchange Gain on proceeds from Sale of Domestic Formulation Business	(178.14)	(201.29)
Unrealised foreign exchange gain	(53.43)	(124.67)
<b>Operating (Loss) Before Working Capital Changes</b>	<b>(189.83)</b>	<b>(177.18)</b>
<b>Adjustments For Changes In Working Capital:</b>		
- (INCREASE) in Trade receivables	(13.06)	(31.03)
- (INCREASE)/DECREASE in Other Current Assets	(9.98)	86.39
- (INCREASE) in Other Non Current Assets	(1.31)	-
- (INCREASE) in Long Term Loans and Advances	(304.58)	(9.70)
- (INCREASE)/DECREASE in Inventories	1.02	(32.96)
- (INCREASE) in Short Term Loans and Advances	(495.12)	(207.81)
- INCREASE in Trade Payables	17.90	20.89
- INCREASE/(DECREASE) in Other long-term liabilities	(0.31)	0.22
- INCREASE/(DECREASE) in Long-term provisions	(0.12)	2.38
- (DECREASE) in Other current liabilities	(1.42)	(102.28)
- INCREASE in Short-term provisions	1.20	1.63
- (INCREASE) in amounts invested in Debentures (Net)	(679.65)	(243.04)
<b>Cash (Used in) Operations</b>	<b>(1,675.26)</b>	<b>(692.49)</b>
- Taxes Paid (Net of Refunds)	(71.56)	(62.15)
<b>Net Cash (Used in) Operating Activities</b>	<b>(A) (1,746.82)</b>	<b>(754.64)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
<b>Adjustments for changes in :</b>		
Purchase of Tangible / Intangible Fixed Assets	(84.35)	(80.83)
Capital Work in Progress	(22.41)	8.81
Intangible assets under development	22.99	(26.12)
Proceeds from Sale of Tangible / Intangible Fixed Assets	0.05	5.80
Purchase of Current Investment:		
- in Mutual Funds	(7,641.49)	(12,395.96)
- in Certificate of Deposits	-	(465.51)
- in Commercial Paper	-	(448.04)
Proceeds from Sale of Non Current Investment:		
- in Debentures	-	165.00
Proceeds from Sale of Current Investment:		
- in Mutual Funds	7,494.45	12,886.04

**CASH FLOW STATEMENT (Contd.)****for the Year Ended March 31, 2013**

	<b>Year Ended March 31, 2013 ₹ In Crores</b>	<b>Year Ended March 31, 2012 ₹ In Crores</b>
- in Certificate of Deposits	-	795.00
- in Commercial Paper	-	455.00
Interest Received	<b>139.81</b>	176.11
Dividend on Current Investments	<b>4.17</b>	16.45
Investment in Wholly owned Subsidiaries	<b>(1,687.51)</b>	(340.52)
Investment in Equity Shares of Vodafone	-	(5,864.37)
Dividend on Non Current Investments	<b>3.92</b>	3.92
Proceeds from Sale of Domestic Formulation Business (Refer Note 49)	<b>973.94</b>	3,796.49
<b>Net Cash (Used In) Investing Activities (B)</b>	<b>(796.43)</b>	(1,312.73)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Long Term Borrowings		
Receipts [Excludes Exchange Fluctuation Loss of ₹ Nil (Previous Year Loss ₹ 22.13 Crores) on reinstatement of Foreign Currency Loan]	<b>700.00</b>	-
Payments	<b>(141.63)</b>	(37.50)
Proceeds from Short Term Borrowings		
Receipts [Excludes Exchange Fluctuation Loss of ₹ 2.60 Crores (Previous Year Gain ₹ 1.46 Crores) on reinstatement of Foreign Currency Loan]	<b>25,248.84</b>	6,491.15
Payments	<b>(22,496.17)</b>	(5,565.48)
Finance Costs Paid	<b>(407.86)</b>	(199.80)
Dividend Paid	<b>(301.99)</b>	(200.65)
Dividend Tax Paid	<b>(48.99)</b>	(32.55)
Buy Back of Equity Shares	-	(42.33)
<b>Net Cash From Financing Activities (C)</b>	<b>2,552.20</b>	412.84
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents (A)+(B)+(C)</b>	<b>8.95</b>	(1,654.53)
<b>Cash and Cash Equivalents As At 31.03.2012</b>	<b>8.40</b>	1,662.65
<b>Add: Cash balance acquired on demerger</b>	<b>-</b>	0.28
<b>Cash and Cash Equivalents As At 31.03.2013</b>	<b>17.35</b>	8.40
<b>Cash and Cash Equivalents Comprise of :</b>		
Cash on Hand	<b>0.11</b>	0.11
Balance with Scheduled Banks	<b>17.24</b>	8.29
	<b>17.35</b>	8.40

**Notes :**

- The above Cash Flow Statement has been prepared under the 'Indirect Method' set out in Accounting Standard - 3.
- 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.
- Figures in bracket indicate cash outflow.

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

**For Price Waterhouse**

Firm Registration Number: 301112E

Chartered Accountants

**Vilas Rane**

Partner

Membership No. 33220

Mumbai, May 03, 2013

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

Chairman

Executive Director &amp; Chief Operating Officer

Executive Director

Chief Financial Officer

Company Secretary

Mumbai, May 03, 2013



## NOTES TO FINANCIAL STATEMENTS

### for the Year Ended March 31, 2013

#### 1. GENERAL INFORMATION

Piramal Enterprises Limited (the 'Company') is engaged in pharmaceutical business including its research and development. The Company has diversified into Financial Services and Information Management business through its subsidiaries. The Company has manufacturing plants in India and sells in Domestic as well as International markets through various distribution channels. 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 or non-current classification of assets and liabilities.

##### ii) Fixed Assets and Depreciation

###### a. Fixed Assets

###### Intangibles

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

###### Tangibles

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

###### b. Depreciation

###### Intangibles

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

Computer Software is being amortised over a period of six years.

###### Tangibles

Depreciation on tangible assets has been provided on straight line method ('SLM') at the rates specified in Schedule XIV of the Companies Act, 1956. Diagnostic equipments placed with customers are amortised over a period of 5 years.

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



## NOTES TO FINANCIAL STATEMENTS (contd.)

### for the Year Ended March 31, 2013

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.

#### iii) Investments

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

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

#### iv) Inventories

##### a. Raw Materials

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

##### b. Packing Materials

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

##### c. Work in Process

Inventories are valued at lower of cost or net realizable value. 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 moving average price basis.

Net realizable 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.

##### 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 moving average price basis.

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

#### v) Employee Benefits

Contribution towards Pension is made to the appropriate authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis.

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

## NOTES TO FINANCIAL STATEMENTS (contd.)

### for the Year Ended March 31, 2013

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.

#### vi) Provisions and Contingent Liabilities

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

#### vii) Revenue recognition

**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.

#### viii) Foreign Currency Transaction

Foreign currency transactions are accounted at the exchange rate prevailing on the date of transactions. Gains or losses resulting from the settlement of such transaction and from the translation of monetary assets and liabilities denominated in foreign currency are 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.

## NOTES TO FINANCIAL STATEMENTS (contd.)

### for the Year Ended March 31, 2013

#### Forward Exchange Contracts:

The premium or discount arising at the inception of forward exchange contracts entered into to hedge an existing asset/liability, is amortised as expense or income over the life of the contract. Exchange differences on such a contract are recognised in the Statement of Profit and Loss in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense for the year.

Forward Exchange Contracts outstanding as at the year end on account of firm commitment/highly probable forecast transactions are marked to market and the losses, if any, are recognised in the Statement of Profit and Loss and gains are ignored in accordance with the Announcement of the Institute of Chartered Accountants of India on 'Accounting for Derivatives' issued in March 2008.

#### ix) **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 new or improved materials, products or processes are recognized as 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.

#### x) **Excise Duty**

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

#### xi) **Taxes on Income**

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets on unabsorbed depreciation / carried forward losses is recognised to the extent of deferred tax liability. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company re-assesses unrecognised deferred tax assets, if any.

#### xii) **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.

## NOTES TO FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2013

	As at March 31, 2013 ₹ in Crores	As at March 31, 2012 ₹ in Crores
<b>3. SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
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
	<b>125.00</b>	<b>125.00</b>
<b>ISSUED, SUBSCRIBED AND PAID UP</b>		
17,25,63,100 (17,25,63,100) Equity Shares of ₹ 2/- each (fully paid up)	34.51	34.51
<b>TOTAL</b>	<b>34.51</b>	<b>34.51</b>

### 3.1 Reconciliation of number of shares

#### Equity Shares

Particulars	No. of shares	₹ in Crores	No. of shares	₹ in Crores
At the beginning of the year	172,563,100	34.51	167,916,044	33.58
Less: Shares bought back during the year	-	-	705,529	0.14
Add: Issued during the year	-	-	5,352,585	1.07
<b>At the end of the year</b>	<b>172,563,100</b>	<b>34.51</b>	<b>172,563,100</b>	<b>34.51</b>

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

Particulars	No. of shares	% Holding	No. of shares	% Holding
PHL Holdings Private Limited (formerly known as Piramal International Private Limited) (Refer Note 34)	84,092,879	48.73%	-	-
Aberdeen Global Indian Equity Fund Mauritius Limited	12,401,000	7.19%	12,401,000	7.19%
Paramount Pharma Private Limited	-	-	33,058,878	19.16%
BMK Laboratories Private Limited	-	-	29,927,906	17.34%
Cavaal Fininvest Private Limited	-	-	14,775,684	8.56%

### 3.3 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 Piramal Life Sciences Limited (PLSL) into the Company	2011-12	5,352,585	2011-12	5,352,585
ii. Equity shares bought back by the Company	2011-12	705,529	2011-12	705,529
iii. Equity shares bought back by the Company	2010-11	41,097,100	2010-11	41,097,100

## NOTES TO FINANCIAL STATEMENTS (contd.)

### for the Year Ended March 31, 2013

#### 3.4 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.

	As at March 31, 2013 ₹ in Crores	As at March 31, 2012 ₹ in Crores
<b>4. RESERVES AND SURPLUS</b>		
<b>CAPITAL RESERVE</b>		
As per last Balance Sheet	35.39	1.62
Add: Transferred on demerger	-	11.89
Add: Created on demerger	-	21.88
	<b>35.39</b>	35.39
<b>CAPITAL SUBSIDY</b>		
As per last Balance Sheet	0.40	0.40
<b>CAPITAL REDEMPTION RESERVE</b>		
As per last Balance Sheet	61.73	61.59
Add: Transferred from General Reserve	-	0.14
	<b>61.73</b>	61.73
<b>DEBENTURE REDEMPTION RESERVE</b>		
As per last Balance Sheet	30.00	22.50
Add: Transferred from Surplus in Statement of Profit and Loss (Refer Note 4.1)	-	7.50
	<b>30.00</b>	30.00
<b>GENERAL RESERVE</b>		
As per last Balance Sheet	5,781.31	5,810.57
Add: Transferred from Surplus in Statement of Profit and Loss	-	13.07
Less: Premium paid on buy back of shares	-	42.19
Less: Transfer to Capital Redemption Reserve	-	0.14
	<b>5,781.31</b>	5,781.31
<b>SURPLUS IN STATEMENT OF PROFIT AND LOSS</b>		
As per Last Balance Sheet	5,197.44	5,768.25
Profit/(Loss) for the year	(231.56)	130.72
<b>Appropriations</b>		
Less: P&L Debit balance of Demerged R&D NCE Unit	-	329.98
Less: Proposed Dividend on Equity Shares	301.99	301.99
Less: Distribution Tax Thereon	51.32	48.99
Less: Transfer to General Reserve	-	13.07
Less: Transfer to Debenture Redemption Reserve	-	7.50
	<b>4,612.57</b>	5,197.44
<b>TOTAL</b>	<b>10,521.40</b>	11,106.27

4.1 As per Section 117C of the Companies Act, 1956, the Company has not created Debenture Redemption Reserve during the year for Redeemable Non Convertible Debentures in the absence of profit.

## NOTES TO FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2013

	As at March 31, 2013 ₹ in Crores	As at March 31, 2012 ₹ in Crores
<b>5. LONG TERM BORROWINGS</b>		
<b>Secured</b>		
12.10% - Secured Redeemable Non Convertible Debentures (Redeemable at par at the end of 5 <sup>th</sup> year from the date of allotment - December 15, 2008)	-	150.00
Term Loan From Banks	<u>350.00</u>	-
	<b>350.00</b>	150.00
<b>Unsecured</b>		
9.66% - Unsecured Redeemable Non Convertible Debentures (Redeemable at par at the end of 5 <sup>th</sup> year from the date of allotment - February 26, 2013)	350.00	-
Term Loan From Banks	<u>33.33</u>	66.67
	<b>383.33</b>	66.67
<b>TOTAL</b>	<b><u>733.33</u></b>	<b><u>216.67</u></b>

**(a) Notes on Secured Loans**

- The Non-Convertible Debentures are secured on the movable properties of the Company (excluding current assets and intangible assets) and on the immovable properties of the Company situated at Mehsana, Mahad, Pithampur, Digwal and Bangalore.
- The Term Loan of Axis Bank and Bank of Maharashtra is to be secured by mortgage and charge on the movable properties of the Company (excluding current assets and intangible assets) and on all the immovable properties, both present and future, of the Company. Of these, charge on the said movable properties and on the Mehsana immovable property has been created and charges on the remaining properties are in the process of being created.
- Satisfaction of charges in respect of certain repaid loans are still awaited.

**(b) Terms of repayment and rate of interest for secured borrowings (other than debentures)**

	As at March 31, 2013		As at March 31, 2012	
	Terms of Repayment	Rate of Interest	Terms of Repayment	Rate of Interest
1. Loan from Axis Bank	Repayable in 10 semi annual installments from July 2014	Interest to be paid monthly @ Bank Rate plus 0.6% p.a.	-	-
2. Loan from Bank of Maharashtra	Repayable in 10 semi annual installments from July 2014	Interest to be paid monthly @ Bank Rate plus 0.6% p.a.	-	-

**(c) Terms of repayment and rate of interest for unsecured borrowings (other than debentures)**

	As at March 31, 2013		As at March 31, 2012	
	Terms of Repayment	Rate of Interest	Terms of Repayment	Rate of Interest
1. Loan from Central Bank of India	Repayable in 12 equal Quarterly installments from June 2012	Interest to be paid monthly @ Bank Prime Lending Rate minus 2% p.a upto February 8, 2013. Interest to be paid monthly @ Bank Rate (floating) plus 1% p.a from February 9, 2013.	Repayable in 12 equal Quarterly installments from June 2012	Interest to be paid monthly @ Bank Prime Lending Rate minus 2% p.a.

**NOTES TO FINANCIAL STATEMENTS (contd.)****for the Year Ended March 31, 2013**

	As at March 31, 2013 ₹ in Crores	As at March 31, 2012 ₹ in Crores
<b>6. DEFERRED TAX LIABILITIES (NET)</b>		
(a) Deferred Tax Liabilities on account of timing differences		
- Depreciation	147.70	123.67
	<b>147.70</b>	123.67
(b) Deferred Tax Asset on account of timing differences		
- VRS	3.56	4.87
- Provision for Doubtful Debts	3.34	7.22
- Unabsorbed Depreciation	123.45	-
- Others	17.35	11.05
	<b>147.70</b>	23.14
<b>TOTAL</b>	<b>-</b>	<b>100.53</b>
Deferred Tax Assets and Deferred Tax Liabilities have been offset as they relate to the same governing taxation laws.		
<b>7. OTHER LONG-TERM LIABILITIES</b>		
Unamortised Premium on Forward Contracts	30.84	130.97
Forward Exchange Contract Payable	43.91	-
Deposits Received	1.56	1.87
<b>TOTAL</b>	<b>76.31</b>	<b>132.84</b>
<b>8. LONG-TERM PROVISIONS</b>		
Provision for employee benefits (Refer Note 35)	9.96	10.08
Others	9.89	9.89
<b>TOTAL</b>	<b>19.85</b>	<b>19.97</b>
<b>9. SHORT-TERM BORROWINGS</b>		
Secured		
Loans repayable on demand - from banks	154.26	75.45
	<b>154.26</b>	75.45
Unsecured		
Commercial Papers	3,350.00	900.00
Loans repayable on demand - from banks	225.00	-
	<b>3,575.00</b>	900.00
<b>TOTAL</b>	<b>3,729.26</b>	<b>975.45</b>
Note: Loans are secured by hypothecation of stocks and book debts.		
<b>10. OTHER CURRENT LIABILITIES</b>		
Current maturities of long-term debt (Refer Note 5)	183.33	135.09
Interest accrued but not due on borrowings	18.65	6.54
Advance From Customers	9.78	8.81
Unpaid dividends	6.84	4.68
Right Issue money refundable to shareholders	-	0.11
Unamortised Premium on Forward Contracts	100.54	175.04
Forward Exchange Contract Payable	175.17	124.79
Restatement of Receivables - Discounted	12.22	-

**NOTES TO FINANCIAL STATEMENTS (contd.)****for the Year Ended March 31, 2013**

	<b>As at March 31, 2013 ₹ in Crores</b>	<b>As at March 31, 2012 ₹ in Crores</b>
Other payables		
- Employee Related Liabilities	<b>22.12</b>	27.10
- TDS Payable	<b>3.52</b>	3.41
- Deposits received	<b>0.46</b>	0.03
	<b>26.10</b>	30.54
<b>TOTAL</b>	<b>532.63</b>	485.60
There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.		
<b>11. SHORT-TERM PROVISIONS</b>		
Provision for employee benefits (Refer Note 35)	<b>9.96</b>	8.76
Proposed Dividend on Equity Shares	<b>301.99</b>	301.99
Tax Payable on Proposed Dividend	<b>51.32</b>	48.99
Provision for Wealth Tax	<b>0.21</b>	0.21
<b>TOTAL</b>	<b>363.48</b>	359.95



## NOTES TO FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2013

### 12. FIXED ASSETS

₹ in Crores

Particulars	COST			DEPRECIATION / AMORTISATION				NET BLOCK		
	Opening As at 1-Apr-12	Additions \$	Deductions/ Adjustment	As at 31-Mar-13 (A)	Opening As at 1-Apr-12	For the Year #	Deductions/ Adjustment	As at 31-Mar-13 (B)	As at 31-Mar-13 (A-B)	As at 31-Mar-12
Tangible Assets										
Land Leasehold	11.50	-	-	11.50	2.72	0.23	-	2.95	8.55	8.78
Land Freehold	38.01	-	-	38.01	-	-	-	-	38.01	38.01
Building	191.75	8.61	-	200.36	75.91	9.77	-	85.68	114.68	115.84
Plant and Equipment @	713.56	50.00	0.26	763.30	263.47	47.14	0.25	310.36	452.94	450.09
Furniture and Fixtures	25.32	10.48	-	35.80	8.61	2.43	-	11.04	24.76	16.71
Vehicles/Ships/Helicopter **	2.82	13.41	0.46	15.77	1.10	0.65	0.30	1.45	14.32	1.72
Office Equipment	1.41	0.30	0.06	1.65	0.66	0.13	0.05	0.74	0.91	0.75
Total	984.37	82.80	0.78	1,066.39	352.47	60.35	0.60	412.22	654.17	631.90
Intangible Assets (Acquired)										
Brands and Trademarks* @@	91.52	-	-	91.52	17.77	5.84	-	23.61	67.91	73.75
Copyrights, Know-how and Intellectual Property Rights @@	99.35	-	-	99.35	54.83	8.48	-	63.31	36.04	44.52
Computer Software	22.25	5.24	-	27.49	12.00	3.01	-	15.01	12.48	10.25
Intangible Assets (Internally Generated)										
Product Know-how @@	-	2.84	-	2.84	-	0.14	-	0.14	2.70	-
Total	213.12	8.08	-	221.20	84.60	17.47	-	102.07	119.13	128.52
Grand Total	1,197.49	90.88	0.78	1,287.59	437.07	77.82	0.60	514.29	773.30	760.42
Previous Year	976.87	237.24##	16.62	1,197.49	310.58	136.34\$	9.85	437.07	760.42	

Refer Note 2(ii)

Refer Note 2(ix)

# Depreciation for the year includes depreciation amounting to ₹ 15.08 Crores (Previous Year ₹ 16.42 Crores) on assets used for Research and Development.

\$ During the year Company incurred ₹ 23.40 Crores (Previous year ₹ 21.56 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 ₹ 6.53 Crores on repayment of long term loans used for acquiring the fixed assets.

\* Certain 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.

\*\* During the year the Company bought the share in joint ownership for Helicopter. Necessary registration formalities are in progress.

@@ Refer Note 46

## Includes Assets amounting to ₹ 143.85 Crores acquired on demerger of R&D NCE Unit of PLSL into the Company.

\$\$ Includes Depreciation amounting to ₹ 59.95 Crores on assets acquired on demerger of R&D NCE Unit of PLSL into the Company.

## NOTES TO FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2013

### 13. NON-CURRENT INVESTMENTS (Long Term) (Refer Note 2(iii))

	Nos. as at March 31, 2013	Nos. as at March 31, 2012	Face Value ₹	As at March 31, 2013 ₹ in Crores	As at March 31, 2012 ₹ in Crores
<b>Trade Investments</b>					
<b>1. Investments in Equity Instruments (at cost)</b>					
<b>a) Subsidiary Companies (Unquoted)</b>					
i. Piramal International, Mauritius	1,025,000	1,025,000	1 USD	3.59	3.59
ii. PHL Fininvest Private Limited	6,726,052	2,226,052	10.0	7.17	2.67
iii. Piramal Holdings (Suisse) SA	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.	100	100	0.01 USD	55.67	55.67
vi. PHL Capital Private Limited	622,945,000	340,530,000	10.0	622.95	340.53
vii. Piramal Systems and Technologies Private Limited	4,500,000	10,000	10.0	4.50	0.01
viii. Piramal Resources Inc.	100	-	0.01 USD	5.56	-
ix. Piramal Dutch Holdings N.V.	203,189,531	-	1 EURO	1,390.54	-
<b>b) Joint Venture (Unquoted)</b>					
Allergan India Private Limited	3,920,000	3,920,000	10.0	3.92	3.92
<b>c) Others (Quoted)</b>					
Piramal Life Sciences Limited	4,550,000	4,550,000	10.0	4.55	4.55
<b>d) Others (Unquoted)</b>					
Biosyntech, Inc., Canada	7,500,000	7,500,000	0.001 CAD	22.32	22.32
<b>2. Investments in Debentures (Unquoted) (at cost)</b>					
17.50% Redeemable Non-Convertible Secured Debentures Antevorta Developers Private Limited	13,200	13,200	100,000.0	103.84	132.00
17.00% Redeemable Non-Convertible Secured Debentures Bagmane Estates Private Limited	13,200	4,000	100,000.0	88.00	40.00
21.00% Redeemable Non-Convertible Secured Debentures Omkar Realtors & Developers Private Limited	11,200	-	100,000.0	112.00	-
19.50% Redeemable Non-Convertible Secured Debentures Logix Infrastructure Private Limited	10,700	-	100,000.0	40.12	-
20.00% Redeemable Non-Convertible Secured Debentures Vijay Citispace Private Limited	1,500	-	100,000.0	12.00	-
20.75% Optionally Convertible Secured Debentures Navayuga Road Projects Private Limited SR-I	4,250	-	1,000,000.0	425.00	-

## NOTES TO FINANCIAL STATEMENTS (contd.)

**for the Year Ended March 31, 2013**

	Nos. as at March 31, 2013	Nos. as at March 31, 2012	Face Value ₹	As at March 31, 2013 ₹ in Crores	As at March 31, 2012 ₹ in Crores
6.00% Optionally Fully Convertible Debentures					
Piramal Systems & Technologies Private Limited	360	-	1,000,000.0	36.00	
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
17.25% Redeemable Non-Convertible Secured Debentures					
Mind Space Realty Private Limited	-	200	100,000.0	-	1.50
<b>Other Investments</b>					
<b>1. Investments in Equity Instruments (Unquoted) (at cost)</b>					
Vodafone India Limited	45,425,328	45,425,328	10.0	5,864.37	5,864.37
Navayuga Road Projects Private Limited	4,114	-	10.0	-	-
(Total Investment is ₹ 41,140/- (Previous Year - Nil))					
<b>2. Investments in Bonds (Unquoted) (at cost)</b>					
6.85% Tax Free Bonds 22/01/2014					
India Infrastructure Finance Company Limited	-	20,174	100,000.0	-	204.25
<b>Total (A)</b>				<b>8,847.19</b>	<b>6,789.51</b>
Less : Provision for diminution in value of Investment					
- Piramal International, Mauritius				3.59	3.59
- Biosyntech Inc., Canada				22.32	22.32
<b>Total (B)</b>				<b>25.91</b>	<b>25.91</b>
<b>Total (A - B)</b>				<b>8,821.28</b>	<b>6,763.60</b>

	Cost ₹ in Crores	As at March 31, 2013 Market Value ₹ in Crores	Cost ₹ in Crores	As at March 31, 2012 Market Value ₹ in Crores
1. Aggregate value of quoted investments	4.55	11.72	4.55	3.9
2. Aggregate value of unquoted investments	8,816.73		6,759.05	
<b>TOTAL</b>	<b>8,821.28</b>		<b>6,763.60</b>	

Note: To the extent of debentures redeemable within 12 months of the reporting date, the amount has been presented as part of current investments as per the requirements of revised Schedule VI. The balance amount has been presented as non-current.

**NOTES TO FINANCIAL STATEMENTS (contd.)****for the Year Ended March 31, 2013**

	As at March 31, 2013 ₹ in Crores	As at March 31, 2012 ₹ in Crores
<b>14. LONG-TERM LOANS AND ADVANCES</b>		
Secured and Considered Good:		
Term Loan	38.57	3.00
Inter Corporate Deposits*	265.00	-
Unsecured and Considered Good (Unless otherwise stated):		
Capital Advances	4.56	8.77
Security Deposits	29.37	21.41
Others		
MAT Credit Entitlement	22.50	-
Advances recoverable in cash or in kind	0.43	0.17
Advance Tax [Net of Provision of ₹ 313.63 Crores (Previous year ₹ 287.78 Crores)]	71.87	83.68
<b>TOTAL</b>	<b>432.30</b>	<b>117.03</b>

\* Creation of charge in respect of security for certain Inter Corporate Deposit is in process.

<b>15. OTHER NON - CURRENT ASSETS</b>		
Secured and Considered Good:		
Interest accrued on Investment	1.20	-
Unsecured and Considered Good:		
Receivable on Sale of Domestic Formulation Business	2,172.40	4,070.40
Forward Exchange Contract Receivable	-	55.18
Interest accrued on Investment	0.11	-
<b>TOTAL</b>	<b>2,173.71</b>	<b>4,125.58</b>

**16. CURRENT INVESTMENTS (Refer Note 2(iii))**

	Nos. as at March 31, 2013	Nos. as at March 31, 2012	Face Value ₹	As at March 31, 2013 ₹ in Crores	As at March 31, 2012 ₹ in Crores
<b>1) Current portion of long term Investments (at cost) (Unquoted)</b>					
<b>a) Investments in Debentures</b>					
17.50% Redeemable Non-Convertible Secured Debentures Antevorta Developers Private Limited	13,200	-	100,000	28.16	-
17.25% Redeemable Non-Convertible Secured Debentures Mind Space Realty Private Limited	-	200	100,000	-	0.50
17.00% Redeemable Non-Convertible Secured Debentures Bagmane Estates Private Limited	13,200	-	100,000	22.00	-
19.50% Redeemable Non-Convertible Secured Debentures Logix Infrastructure Private Limited	10,700	-	100,000	53.50	-
20.00% Redeemable Non-Convertible Secured Debentures Vijay Citispace Private Limited	1,500	-	100,000	2.07	-

**NOTES TO FINANCIAL STATEMENTS (contd.)****for the Year Ended March 31, 2013**

	Nos. as at March 31, 2013	Nos. as at March 31, 2012	Face Value ₹	As at March 31, 2013 ₹ in Crores	As at March 31, 2012 ₹ in Crores
<b>b) Investments in Bonds</b>					
6.85% Tax Free Bonds 22/01/2014 India Infrastructure Finance Company Limited	20,174	-	100,000	202.86	-
<b>2) Investments in Mutual Funds (at lower of cost or market value) (Unquoted)</b>					
Axis Liquid Fund - Institutional Daily Dividend - Reinvest	-	500,400	1,000	-	50.04
ICICI Prudential Liquid Super Institutional Plan - Dividend - Daily - Reinvest	-	6,301,371	100	-	63.03
Reliance Liquidity Fund - Daily Dividend Reinvestment Option - Reinvest	-	56,008,210	10	-	56.04
Religare Liquid Fund - Super Institutional Daily Dividend - Reinvest	-	500,056	1,000	-	50.04
SBI Premium Liquid Fund - Super Institutional - Daily Dividend - Reinvest	-	498,937	1,000	-	50.06
UTI Liquid Cash Plan Institutional - Daily Income Option - Reinvest	-	755,100	1,000	-	76.98
Birla Sun Life Cash Plus - Daily Dividend-Regular Plan - Reinvest	9,982,688	-	100	100.02	-
ICICI Prudential Liquid - Regular Plan - Daily Dividend - Reinvest	14,999,734	-	100	150.03	-
Reliance Liquidity Fund - Daily Dividend Reinvestment Option - Reinvest	499,869	-	1,000	50.01	-
SBI Premier Liquid Fund - Regular Plan - Daily Dividend - Reinvest	927,694	-	1,000	93.07	-
Tata Liquid Fund Plan A - Daily Dividend - Reinvest	898,163	-	1,000	100.10	-
<b>Total</b>				<b>801.82</b>	<b>346.69</b>

Note: To the extent of debentures redeemable within 12 months of the reporting date, the amount has been presented as part of current investments as per the requirements of revised Schedule VI. The balance amount has been presented as non-current.

	As at March 31, 2013 ₹ in Crores	As at March 31, 2012 ₹ in Crores
<b>17. INVENTORIES (Refer Note 2 (iv))</b>		
Raw and Packing Materials [includes in Transit ₹ 0.23 Crores (Previous year ₹ 0.10 Crores)]	129.41	136.30
Work-in-Progress	66.16	66.25
Finished Goods	45.15	35.36
Stock-in-trade	13.82	21.15
Stores and Spares	7.17	7.65
<b>TOTAL</b>	<b>261.71</b>	<b>266.71</b>

**NOTES TO FINANCIAL STATEMENTS (contd.)****for the Year Ended March 31, 2013**

	As at March 31, 2013 ₹ in Crores	As at March 31, 2012 ₹ in Crores
<b>18. TRADE RECEIVABLES</b>		
i. Outstanding for a period exceeding 6 months from the date they are due for payment		
Secured - considered good	0.49	0.75
Unsecured - considered good	9.15	7.87
- considered doubtful	15.92	28.34
	25.56	36.96
Less : Provision for doubtful debts	15.92	28.34
	9.64	8.62
ii. Others - Considered good		
Secured	0.63	0.69
Unsecured	232.76	233.17
	233.39	233.86
<b>TOTAL</b>	<b>243.03</b>	<b>242.48</b>
<b>19. CASH AND BANK BALANCES</b>		
- <b>Cash and Cash equivalents</b>		
i. Cash on Hand	0.11	0.11
ii. Balance with Banks		
- Current Account	17.24	8.29
	17.35	8.40
- <b>Other bank balances</b>		
i. Earmarked balances with banks		
- Unclaimed Dividend Account	6.84	4.68
- Right Issue Unpaid Warrants	-	0.11
	6.84	4.79
ii. Margin Money	0.05	0.05
	6.89	4.84
<b>TOTAL</b>	<b>24.24</b>	<b>13.24</b>
<b>20. SHORT - TERM LOANS AND ADVANCES</b>		
Secured and Considered Good:		
Term Loans	6.43	-
Unsecured and Considered Good (Unless otherwise stated):		
Loans to related parties	1,122.62	661.14
Advances to related parties	107.60	38.63
Others		
Advances recoverable in cash or in kind or for value to be received		
Unsecured and Considered Good (Refer Note 50)	105.64	51.90
Considered Doubtful	0.08	0.08
	105.72	51.98
Less: Provision for Doubtful Advances	0.08	0.08
	105.64	51.90

**NOTES TO FINANCIAL STATEMENTS (contd.)****for the Year Ended March 31, 2013**

	As at March 31, 2013 ₹ in Crores	As at March 31, 2012 ₹ in Crores
Advance Tax [Net of Provision of ₹ 3,612.75 Crores (Previous year ₹ 3,556.75 Crores)]	34.81	35.64
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	2.74	6.66
Balance with Government Authorities	30.83	41.49
<b>TOTAL</b>	<b>1,410.67</b>	<b>857.96</b>
<b>21. OTHER CURRENT ASSETS</b>		
Receivable on Sale of Domestic Formulation Business	1,210.68	-
Restatement of Receivables - Discounted	-	69.02
Interest & Claims Receivable	23.73	15.16
<b>TOTAL</b>	<b>1,234.41</b>	<b>84.18</b>
<b>22. CONTINGENT LIABILITIES AND COMMITMENTS</b>		
<b>A Contingent liabilities</b>		
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.	3,644.14	1,089.36
3 Others		
i. Appeals filed in respect of disputed demands:		
Income Tax		
- where the Company is in appeal	359.77	420.71
- where the Department is in appeal	138.43	171.08
Sales Tax	12.36	14.37
Central / State Excise	11.69	11.05
Labour Matters	0.33	0.29
Stamp Duty	4.05	4.05
Legal Cases	7.07	7.07
ii. Bills Discounted	53.94	24.00
iii. Unexpired Letters of Credit	7.75	13.21

**NOTES TO FINANCIAL STATEMENTS (contd.)****for the Year Ended March 31, 2013**

	<b>As at March 31, 2013 ₹ in Crores</b>	<b>As at March 31, 2012 ₹ in Crores</b>
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>B Commitments</b>		
a. Estimated amount of contracts remaining to be executed on capital account and not provided for;	<b>9.17</b>	11.57
b. Other Commitments		
Commitment to invest in non-convertible debentures	<b>77.00</b>	157.00
Loan Commitments	<b>-</b>	19.00
Commitment to invest in Inter Company Deposits	<b>30.00</b>	-
The Company has imported raw materials at concessional rates, under the Advance Licence Scheme of the Government of India, undertaking to fulfil quantified exports in stipulated period.	<b>45.55</b>	37.38

- 23.** 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.



**NOTES TO FINANCIAL STATEMENTS (contd.)****for the Year Ended March 31, 2013**

	Year Ended March 31, 2013 ₹ in Crores	Year Ended March 31, 2012 ₹ in Crores
<b>24. REVENUE FROM OPERATIONS</b>		
Sale of products	1,289.73	1,088.54
Sale of Services	22.58	28.23
Income from Financing Activities	96.69	-
Total	1,409.00	1,116.77
Other operating revenues		
- Income from Financing Activities	-	10.69
- Processing Charges Recieved	6.82	7.09
- Miscellaneous Income	16.00	39.45
	22.82	57.23
	1,431.82	1,174.00
Less: Excise duty	28.63	20.52
<b>TOTAL</b>	<b>1,403.19</b>	<b>1,153.48</b>
<b>25. OTHER INCOME</b>		
Interest Income		
- On Non-current Investments	12.49	27.04
- On Current Investments	-	12.19
- On Current Assets		
- On Term Deposits with Companies and Bank Deposits	195.04	134.97
- On Income Tax Refund	1.15	0.37
	208.68	174.57
Dividend Income		
- On Non-current Investments	3.92	3.92
- On Current Investments	4.17	16.45
	8.09	20.37
Profit on Sale of Current Investment (Net)	-	59.76
Exchange Gain (Net) (Refer Note 44)	159.21	279.70
Rent Received	0.03	0.03
<b>TOTAL</b>	<b>376.01</b>	<b>534.43</b>
<b>26. COST OF RAW AND PACKING MATERIALS CONSUMED</b>		
Opening Stock	136.30	114.58
Add: Purchases (Net)	626.44	560.67
Less: Closing Stock	129.41	136.30
<b>TOTAL</b>	<b>633.33</b>	<b>538.95</b>
<b>27. PURCHASES OF STOCK-IN-TRADE</b>		
Traded Goods	79.26	80.96
<b>TOTAL</b>	<b>79.26</b>	<b>80.96</b>
<b>28. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>		
<b>OPENING STOCKS :</b>		
Work-in-Progress	66.25	54.34
Finished Goods	35.36	37.78

**NOTES TO FINANCIAL STATEMENTS (contd.)****for the Year Ended March 31, 2013**

	Year Ended March 31, 2013 ₹ in Crores	Year Ended March 31, 2012 ₹ in Crores
Stock-in-trade	21.15	17.36
Less : Excise Duty	<u>2.00</u>	<u>1.23</u>
	120.76	108.25
<b>CLOSING STOCKS :</b>		
Work-in-Progress	66.16	66.25
Finished Goods	45.15	35.36
Stock-in-trade	13.82	21.15
Less : Excise Duty	<u>2.33</u>	<u>2.00</u>
	122.80	120.76
<b>TOTAL</b>	<u>(2.04)</u>	<u>(12.51)</u>
<b>29. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and Wages	134.78	130.39
Contribution to Provident and Other Funds (Refer Note 35)	7.30	7.26
Contribution to Gratuity Fund (Refer Note 35)	5.89	3.05
Staff Welfare	<u>11.52</u>	<u>11.05</u>
<b>TOTAL</b>	<u>159.49</u>	<u>151.75</u>
<b>30. FINANCE COSTS</b>		
Interest Expense	359.06	84.99
Discount on Receivables (Refer Note 49)	48.94	111.74
Interest on Income Tax	5.65	2.37
Other borrowing costs	<u>6.32</u>	<u>0.80</u>
<b>TOTAL</b>	<u>419.97</u>	<u>199.90</u>
<b>31. OTHER EXPENSES</b>		
Processing Charges	7.21	6.87
Consumption of Stores and Spares Parts	17.75	12.37
Power, Fuel and Water Charges	50.94	40.97
Repairs and Maintenance		
Buildings	7.43	6.56
Plant and Machinery	15.03	12.17
Others	<u>0.13</u>	<u>0.15</u>
	22.59	18.88
Rent		
Premises	17.41	16.37
Other Assets	<u>4.95</u>	<u>6.25</u>
	22.36	22.62

**NOTES TO FINANCIAL STATEMENTS (contd.)****for the Year Ended March 31, 2013**

	<b>Year Ended March 31, 2013 ₹ in Crores</b>	<b>Year Ended March 31, 2012 ₹ in Crores</b>
Rates & Taxes (includes Excise Duty)	<b>21.81</b>	18.95
Insurance	<b>5.27</b>	4.00
Travelling Expenses	<b>27.40</b>	24.26
Directors' Commission	<b>-</b>	4.61
Directors' Fees	<b>0.21</b>	0.19
Bad Debts written off during the year	<b>16.92</b>	-
Less: Bad Debts written off out of Provision for Doubtful Debts	<b>(16.92)</b>	-
	<b>-</b>	-
Provision for Doubtful Debts	<b>4.50</b>	2.00
Loss on Sale of Assets (net)	<b>0.12</b>	0.97
Advertisement and Business Promotion Expenses	<b>72.16</b>	62.73
Freight	<b>22.38</b>	18.21
Clearing and Forwarding Expenses	<b>18.74</b>	15.87
Claims	<b>2.49</b>	1.07
Legal and Professional Charges	<b>37.14</b>	31.12
Service Charges	<b>26.61</b>	19.64
R & D Expenses	<b>237.12</b>	167.87
Donation	<b>22.79</b>	25.74
Miscellaneous Expenses (Refer Note 40)	<b>39.66</b>	32.31
<b>TOTAL</b>	<b>659.25</b>	531.25

**32. Income Tax**

In view of the tax / book losses under Income Tax, the Company has not provided for Income Tax/MAT. However, Current Tax includes Prior Period Tax on account of additional provision made on long term capital gain on sale of Domestic formulation business and for certain matters in disputes with Income Tax Department pertaining to earlier years.

**33. Proposed Dividend**

The final dividend proposed for the year is as follows;

	<b>(₹ in Crores)</b>	
<b>Particulars</b>	<b>As at March 31, 2013</b>	<b>As at March 31, 2012</b>
On Equity Shares of ₹ 2/- each		
- Amount of dividend proposed	<b>301.99</b>	301.99
- Dividend Per Equity Share		
Normal dividend	<b>₹ 17.50 per share</b>	₹ 17.50 per share

**34. The Board of Directors of the Company approved the Scheme of Amalgamation and Arrangement between PHL Holdings Private Limited ('PHPL') and Piramal Enterprises Limited and their respective shareholders and creditors with effect from Appointed Date - January 01, 2013.**

The said scheme has been approved by shareholders of both the Companies. Pursuant to the scheme, existing equity shares held by PHPL in the Company will stand cancelled and equivalent number of equity shares will be issued by the Company to the shareholders of PHPL as consideration. All costs arising out of or incurred in connection with and implementing this Scheme shall be borne by PHPL and / or its shareholders and no costs shall be borne by the Company. Further, there would not be any impact of the above scheme on the financial position of the Company.

The Scheme is currently pending for sanction with the Hon'ble Bombay High Court.

## NOTES TO FINANCIAL STATEMENTS (contd.)

### for the Year Ended March 31, 2013

#### 35. 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:

(₹ in Crores)

Particulars	Year Ended March 31, 2013	Year Ended March 31, 2012
Employer's contribution to Superannuation Fund	1.08	1.19
Employer's contribution to Employees' State Insurance	0.59	0.72
Employer's contribution to Employees' Pension Scheme 1995	1.79	1.74

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

##### II. Disclosures for defined benefit plans based on actuarial reports.

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

(₹ in Crores)

	(Funded)						(Non-Funded)	
	Gratuity		Pension		Provident Fund		Long Term Service Award	
	As at March 31, 2013	2012	As at March 31, 2013	2012	As at March 31, 2013	2012	As at March 31, 2013	2012
Present Value of Defined Benefit Obligation as at beginning of the year	18.35	13.80	-	0.01	96.18	162.49	0.31	0.46
Interest Cost	1.61	1.13	-	-	6.91	7.58	0.03	0.04
Current Service Cost	1.64	1.39	-	-	7.19	6.23	0.04	0.05
Contributions by the employees	-	-	-	-	9.99	8.82	-	-
Liability Transferred In on Demerger of NCE unit	-	2.05	-	-	-	0.46	-	-
Liability Transferred In for employees joined	-	-	-	-	0.79	-	-	-
Liability Transferred Out on sale of Formulation Business	-	-	-	-	-	(80.08)	-	-
Liability Transferred Out for employees left	-	-	-	-	(2.71)	-	-	-
Benefits Paid	(2.98)	(2.87)	-	(0.01)	(13.40)	(9.32)	(0.01)	(0.01)
Actuarial (gain) / loss	5.55	2.85	-	-	-	-	0.02	(0.23)
<b>Present Value of Defined Benefit Obligation as at the end of the year</b>	<b>24.17</b>	<b>18.35</b>	<b>-</b>	<b>-</b>	<b>104.95</b>	<b>96.18</b>	<b>0.39</b>	<b>0.31</b>

## NOTES TO FINANCIAL STATEMENTS (contd.)

### for the Year Ended March 31, 2013

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

(₹ in Crores)

	(Funded)						(Non-Funded)	
	Gratuity		Pension		Provident Fund		Long Term Service Award	
	As at March 31,		As at March 31,		As at March 31,		As at March 31,	
	2013	2012	2013	2012	2013	2012	2013	2012
Fair Value of Plan Asset as at beginning of the year	15.35	12.50	0.60	0.61	96.18	162.49	-	-
Expected Return on Plan Assets	1.32	1.04	-	-	6.91	7.58	-	-
Net Loss on Settlement	-	-	-	-	-	(3.55)	-	-
Net Loss on Settlement borne by Company	-	-	-	-	-	3.55	-	-
Contributions	10.00	2.00	-	-	17.18	15.05	-	-
Liability Transferred In on Demerger of NCE unit	-	2.05	-	-	-	0.46	-	-
Liability Transferred In for employees joined	-	-	-	-	0.79	-	-	-
Assets Transferred Out on sale of Formulation Business	-	-	-	-	-	(80.08)	-	-
Liability Transferred Out for employees left	-	-	-	-	(2.71)	-	-	-
Benefits Paid	(2.98)	(2.87)	-	(0.01)	(13.40)	(9.32)	-	-
Actuarial gain / (loss)	(0.10)	0.63	-	-	-	-	-	-
<b>Fair Value of Plan Asset as at the end of the year</b>	<b>23.59</b>	<b>15.35</b>	<b>0.60</b>	<b>0.60</b>	<b>104.95</b>	<b>96.18</b>	<b>-</b>	<b>-</b>

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

(₹ in Crores)

	(Funded)						(Non-Funded)	
	Gratuity		Pension		Provident Fund		Long Term Service Award	
	As at March 31,		As at March 31,		As at March 31,		As at March 31,	
	2013	2012	2013	2012	2013	2012	2013	2012
Present Value of Funded Obligation as at end of the year.	24.17	18.35	-	-	104.95	96.18	-	-
Fair Value of Plan Assets as at end of the year.	23.59	15.35	0.60	0.60	104.95	96.18	-	-
<b>Funded Liability/(Asset) recognised in the Balance Sheet</b>	<b>0.58</b>	<b>3.00</b>	<b>(0.60)</b>	<b>(0.60)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Present Value of Unfunded Obligation as at end of the year.	-	-	-	-	-	-	0.39	0.31
Unrecognised Actuarial gain / (loss)	-	-	-	-	-	-	-	-
<b>Unfunded Liability recognised in the Balance Sheet (Refer Note 8 and 11)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.39</b>	<b>0.31</b>

## NOTES TO FINANCIAL STATEMENTS (contd.)

### for the Year Ended March 31, 2013

#### D. Amount recognised in the Balance Sheet

(₹ in Crores)

	(Funded)						(Non-Funded)	
	Gratuity		Pension		Provident Fund		Long Term Service Award	
	As at March 31,		As at March 31,		As at March 31,		As at March 31,	
	2013	2012	2013	2012	2013	2012	2013	2012
Present Value of Defined Benefit Obligation as at end of the year	24.17	18.35	-	-	104.95	96.18	0.39	0.31
Fair Value of Plan Assets as at end of the year	23.59	15.35	0.60	0.60	104.95	96.18	-	-
<b>Net Liability/(Asset) recognised in the Balance Sheet (Refer Note 8 and 11)</b>	<b>0.58</b>	<b>3.00</b>	<b>(0.60)</b>	<b>(0.60)</b>	<b>-</b>	<b>-</b>	<b>0.39</b>	<b>0.31</b>

#### E. Expenses recognised in Statement of Profit and Loss

(₹ in Crores)

	(Funded)						(Non-Funded)	
	Gratuity		Pension		Provident Fund		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,	
	2013	2012	2013	2012	2013	2012	2013	2012
Current Service Cost	1.64	1.39	-	-	7.19	6.23	0.04	0.05
Past Service Cost	-	-	-	-	-	-	-	-
Interest Cost	1.61	1.13	-	-	6.91	7.58	0.03	0.04
Expected Return on Plan Assets	(1.32)	(1.04)	-	-	(6.91)	(7.58)	-	-
Curtailments Cost / (Credit)	-	-	-	-	-	-	-	-
Settlements Cost / (Credit)	-	-	-	-	-	-	-	-
Net Actuarial (gain) / loss	5.65	2.22	-	-	-	-	0.02	(0.23)
<b>Total Expenses / (Income) recognised in the Statement of Profit And Loss*</b>	<b>7.58</b>	<b>3.70</b>	<b>-</b>	<b>-</b>	<b>7.19</b>	<b>6.23</b>	<b>0.09</b>	<b>(0.14)</b>

\*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		Provident Fund		Long Term Service Award	
	As at March 31,		As at March 31,		As at March 31,		As at March 31,	
	2013	2012	2013	2012	2013	2012	2013	2012
Expected Return on Plan Assets	1.32	1.04	-	-	6.91	7.58	-	-
Actuarial gain / (loss) on Plan Assets	(0.10)	0.63	-	-	-	-	-	-
<b>Actual Return on Plan Assets</b>	<b>1.22</b>	<b>1.67</b>	<b>-</b>	<b>-</b>	<b>6.91</b>	<b>7.58</b>	<b>-</b>	<b>-</b>

## NOTES TO FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2013

### G. Asset Information

(%)

	(Funded)						(Non-Funded)	
	Gratuity		Pension		Provident Fund		Long Term Service Award	
	As at March 31,		As at March 31,		As at March 31,		As at March 31,	
	2013	2012	2013	2012	2013	2012	2013	2012
Government Securities (Central and State)	47.67	44.87	100.00	100.00	25.97	23.64	-	-
Corporate Bonds	43.01	47.89	-	-	1.53	-	-	-
Equity Shares of Listed Companies	9.32	7.24	-	-	-	-	-	-
Fixed Deposits under Special Deposit Schemes of Central Government	-	-	-	-	28.57	33.63	-	-
Public Sector Unit Bonds	-	-	-	-	43.93	42.73	-	-

### H. Principal actuarial assumptions used

(%)

	(Funded)						(Non-Funded)	
	Gratuity		Pension		Provident Fund		Long Term Service Award	
	As at March 31,		As at March 31,		As at March 31,		As at March 31,	
	2013	2012	2013	2012	2013	2012	2013	2012
Discount Rate (per annum)	8.25	8.75	-	-	8.25	8.75	8.25	8.75
Expected Rate of return on Plan Assets (per annum)	8.70	8.60	-	-	8.50	8.25	-	-

### I. Experience Adjustments

(₹ in Crores)

	Gratuity (Funded)				
	As at March 31,				
	2013	2012	2011	2010	2009
Defined Benefit Obligation	24.17	18.35	13.80	32.90	28.95
Plan Assets	23.59	15.35	12.50	29.66	30.23
Deficit / (Surplus)	0.58	3.00	1.30	3.24	(1.28)
Experience adjustment on plan liabilities loss	4.73	2.47	3.16	3.21	(2.03)
Experience adjustment on plan assets gain/ (loss)	(0.10)	0.63	(1.75)	0.30	(1.15)

(₹ in Crores)

	Pension (Funded)				
	As at March 31,				
	2013	2012	2011	2010	2009
Defined Benefit Obligation	-	-	0.01	0.07	0.10
Plan Assets	0.60	0.60	0.61	0.63	0.59
Deficit / (Surplus)	(0.60)	(0.60)	(0.60)	(0.56)	(0.49)
Experience adjustment on plan liabilities loss	-	-	-	-	-
Experience adjustment on plan assets gain/ (loss)	-	-	-	(0.01)	(0.01)

**NOTES TO FINANCIAL STATEMENTS (contd.)****for the Year Ended March 31, 2013****(₹ in Crores)**

	<b>Pension (Non-Funded)</b>				
	<b>As at March 31,</b>				
	<b>2013</b>	2012	2011	2010	2009
Defined Benefit Obligation	-	-	-	0.01	0.01
Plan Assets	-	-	-	-	-
Deficit / (Surplus)	-	-	-	0.01	0.01
Experience adjustment on plan liabilities loss	-	-	-	-	-
Experience adjustment on plan assets gain/ (loss)	-	-	-	-	-

**(₹ in Crores)**

	<b>Provident Fund (Funded)</b>				
	<b>As at March 31,</b>				
	<b>2013</b>	2012	2011	2010	2009
Defined Benefit Obligation	104.95	96.18	162.49	185.35	165.60
Plan Assets	104.95	96.18	162.49	185.35	165.60
Deficit / (Surplus)	-	-	-	-	-
Experience adjustment on plan liabilities loss	-	-	-	-	-
Experience adjustment on plan assets gain/ (loss)	-	-	-	-	-

**(₹ in Crores)**

	<b>Long Term Service Award (Non-Funded)</b>				
	<b>As at March 31,</b>				
	<b>2013</b>	2012	2011	2010	2009
Defined Benefit Obligation	0.39	0.31	0.46	0.83	0.88
Plan Assets	-	-	-	-	-
Deficit / (Surplus)	0.39	0.31	0.46	0.83	0.88
Experience adjustment on plan liabilities loss	0.01	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 ₹ 2.83 Crores (Previous Year ₹ 1.77 Crores) for Gratuity and Pension

K. The liability for Leave Encashment (Non – Funded) as at year end is ₹ 19.48 Crores. (Previous year ₹ 16.00 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.

36. In accordance with Accounting Standard-17 'Segment Reporting', segment information has been given in the consolidated financial statements of Piramal Enterprises Limited, and therefore, no separate disclosure on segment information is given in these financial statements.

37. Information in accordance with the requirements of Accounting Standard 18 on Related Party Disclosures prescribed by the Companies (Accounting Standards) Rules, 2006 (as amended).

**1. List of related parties**

**A. Controlling Companies**

The Swastik Safe Deposits and Investments Limited \*

The Ajay G. Piramal Foundation\*

Paramount Pharma Private Limited\* (upto October 30, 2012)



## NOTES TO FINANCIAL STATEMENTS (contd.)

### for the Year Ended March 31, 2013

BMK Laboratories Private Limited (upto October 30, 2012)  
 Cavaal Fininvest Private Limited\* (upto October 30, 2012)  
 PHL Holdings Private Limited (formerly Known as Piramal International Private Limited)  
 Piramal Healthcare Limited – Senior Employee Option Scheme\*  
 Piramal Enterprises Limited - Trustees of Piramal Enterprises Executive Trust\*  
 Piramal Life Sciences Limited - Senior Employees Stock Option Trust \*

\*There are no transactions during the year.

#### B. Subsidiary Companies/ Step down subsidiaries

##### - Located in India

PHL Fininvest Private Limited (PHL Fininvest)  
 Piramal Pharmaceutical Development Services Private Limited (PPDSPL)  
 Oxygen Bioresearch Private Limited #  
 PHL Capital Private Limited (PHL Capital)  
 PHL Finance Private Limited (PHL Finance) \$  
 PHL Infrastructure Finance Company Private Limited (PHL Infra) \$  
 Indiareit Fund Advisors Private Limited \$ @  
 Piramal Systems & Technologies Private Limited (Piramal Systems)

##### - Located Outside India

Piramal International @  
 Piramal Holdings (Suisse) SA (Piramal Holdings)  
 Piramal Pharma Inc (Formerly known as 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 \* @ (upto August 7, 2012)  
 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 \*\*@  
 Indiareit Investment Management Company, Mauritius \$ @  
 Piramal Technologies SA ## @  
 Piramal Imaging SA \* @  
 Piramal Imaging GmbH \* @ (formerly known as "Piramal Molecular Imaging Development GmbH")  
 Piramal Dutch Holdings N.V. (w.e.f October 17, 2012) @  
 Piramal Critical Care Deutschland GmbH (w.e.f April 16, 2012) \*  
 Piramal Resources Inc. (w.e.f. May 22, 2012) \*\*@  
 DRI Holdco Inc (w.e.f. June 7, 2012) \*\*@  
 AMR/Arlington Medical Resources LLC (w.e.f. June 7, 2012) \*\*@  
 Arlington Medical International Inc (w.e.f. June 7, 2012) \*\*@  
 Biotrends Research Group LLC (w.e.f. June 7, 2012) \*\*@

## NOTES TO FINANCIAL STATEMENTS (contd.)

### for the Year Ended March 31, 2013

Decision Resources Inc (w.e.f. June 7, 2012) \*\* @

Decision Resources LLC (w.e.f. June 7, 2012) (DRL) \*\*

Decision Resources International Inc. (w.e.f. June 7, 2012) \*\*@

Decision Resources Group UK Limited (w.e.f. November 21, 2012) \*\*@

DR/ Decision Resources LLC (w.e.f. June 7, 2012) \*\*@

DR/MRG Holdings LLC (w.e.f. June 7, 2012) \*\*@

DRG UK Holdco Limited (w.e.f. November 21, 2012) \*\*@

Fingertip Formulary LLC (w.e.f. June 7, 2012) \*\*@

Healthleaders LLC (w.e.f. June 7, 2012) \*\*@

Manhattan Research LLC (w.e.f. June 7, 2012) \*\*@

Pharmastrat LLC (w.e.f. June 7, 2012) \*\*@

Millenium Research Group (w.e.f. June 7, 2012) \*\*@

Sigmatic Limited (w.e.f. December 03, 2012) \*\*@

\* Held through Piramal Holdings (Suisse) SA

\*\* 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 Corporate Services Private Limited (formerly known as "Piramal Enterprises Limited") (PCSPL)

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

India Venture Advisors Private Limited\* (India Venture)

Allergan India Private Limited (Allergan)

Piramal Foundation for Educational Leadership (PFEL)

Health Management and Research Institute (HMRI)

\* There are no transactions during the year.

#### D. Investing parties with whom the Company is a JV Partner

Allergan Inc.\*

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

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

Mr. Ajay G. Piramal

Dr. (Mrs.) Swati A. Piramal

Ms. Nandini Piramal

Mr. Vijay Shah

Mr. Peter De Young [husband of Ms. Nandini Piramal]

## NOTES TO FINANCIAL STATEMENTS (contd.)

### for the Year Ended March 31, 2013

2. Details of transactions with related parties the amount of which is in excess of 10% of the total related party transactions of the similar nature.

(₹ in Crores)

Details of Transactions	Subsidiaries		Controlling Companies/ Other Related Parties		Key Management Personnel		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
<b>Purchase of Goods</b>								
- Piramal Healthcare UK	-	1.26	-	-	-	-	-	1.26
- PGL	-	-	6.96	6.46	-	-	6.96	6.46
- Allergan	-	-	-	0.15	-	-	-	0.15
- PCCI	11.50	4.27	-	-	-	-	11.50	4.27
<b>TOTAL</b>	<b>11.50</b>	<b>5.53</b>	<b>6.96</b>	<b>6.61</b>	<b>-</b>	<b>-</b>	<b>18.46</b>	<b>12.14</b>
<b>Sale of Goods</b>								
- Allergan	-	-	36.78	34.41	-	-	36.78	34.41
- Piramal Healthcare UK	26.69	24.69	-	-	-	-	26.69	24.69
- Piramal Healthcare, Canada	6.37	0.58	-	-	-	-	6.37	0.58
- PCCI	28.76	24.57	-	-	-	-	28.76	24.57
- Others	0.25	0.89	-	-	-	-	0.25	0.89
<b>TOTAL</b>	<b>62.07</b>	<b>50.73</b>	<b>36.78</b>	<b>34.41</b>	<b>-</b>	<b>-</b>	<b>98.85</b>	<b>85.14</b>
<b>Rendering of Services</b>								
- Piramal Healthcare Canada	0.19	-	-	-	-	-	0.19	-
- PPDSPL	0.07	-	-	-	-	-	0.07	-
- Allergan	-	-	0.40	0.44	-	-	0.40	0.44
- Oxygen Bio	-	0.57	-	-	-	-	-	0.57
<b>TOTAL</b>	<b>0.26</b>	<b>0.57</b>	<b>0.40</b>	<b>0.44</b>	<b>-</b>	<b>-</b>	<b>0.66</b>	<b>1.01</b>
<b>Receiving of Services</b>								
- Piramal Pharma Inc	13.19	14.39	-	-	-	-	13.19	14.39
- PCSPL	-	-	11.50	5.00	-	-	11.50	5.00
- Piramal Healthcare UK	1.92	-	-	-	-	-	1.92	-
- DRL	1.40	-	-	-	-	-	1.40	-
- Others	0.26	0.09	0.08	0.11	-	-	0.34	0.20
<b>TOTAL</b>	<b>16.77</b>	<b>14.48</b>	<b>11.58</b>	<b>5.11</b>	<b>-</b>	<b>-</b>	<b>28.35</b>	<b>19.59</b>
<b>Rent Paid</b>								
- Piramal Estates	-	-	8.27	7.98	-	-	8.27	7.98
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>8.27</b>	<b>7.98</b>	<b>-</b>	<b>-</b>	<b>8.27</b>	<b>7.98</b>
<b>Donation Paid</b>								
- PFEL	-	-	13.39	-	-	-	13.39	-
- HMRI	-	-	5.70	-	-	-	5.70	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>19.09</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19.09</b>	<b>-</b>
<b>Transfer of Security deposit</b>								
- PGL	-	-	2.90	-	-	-	2.90	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>2.90</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2.90</b>	<b>-</b>
<b>Sale of Securities</b>								
- PHL Fininvest	-	189.75	-	-	-	-	-	189.75
- PHL Finance	165.04	-	-	-	-	-	165.04	-
<b>TOTAL</b>	<b>165.04</b>	<b>189.75</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>165.04</b>	<b>189.75</b>
<b>Dividend Income</b>								
- Allergan	-	-	3.92	3.92	-	-	3.92	3.92
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>3.92</b>	<b>3.92</b>	<b>-</b>	<b>-</b>	<b>3.92</b>	<b>3.92</b>

**NOTES TO FINANCIAL STATEMENTS (contd.)****for the Year Ended March 31, 2013****(₹ in Crores)**

Details of Transactions	Subsidiaries		Controlling Companies/ Other Related Parties		Key Management Personnel		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
<b>Finance granted (including loans and Equity contribution in cash or in kind)</b>								
- PHL Fininvest	1,149.38	974.52	-	-	-	-	1,149.38	974.52
- PLSL	-	-	0.50	-	-	-	0.50	-
- Piramal Healthcare Inc.	569.58	195.96	-	-	-	-	569.58	195.96
- Piramal Holdings	554.32	215.03	-	-	-	-	554.32	215.03
- PPDSPL	111.50	91.10	-	-	-	-	111.50	91.10
- PHL Capital	7.50	340.53	-	-	-	-	7.50	340.53
- Others	3.86	0.70	-	-	-	-	3.86	0.70
<b>TOTAL</b>	<b>2,396.14</b>	<b>1,817.84</b>	<b>0.50</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,396.64</b>	<b>1,817.84</b>
<b>Interest Received on ICD</b>								
- PHL Fininvest	103.83	27.54	-	-	-	-	103.83	27.54
- Piramal Healthcare Inc.	48.78	18.42	-	-	-	-	48.78	18.42
- Piramal Holdings	28.43	15.01	-	-	-	-	28.43	15.01
- PPDSPL	12.40	-	-	-	-	-	12.40	-
- PLSL	-	-	0.04	-	-	-	0.04	-
- Others	0.61	0.01	-	-	-	-	0.61	0.01
<b>TOTAL</b>	<b>194.05</b>	<b>60.98</b>	<b>0.04</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>194.09</b>	<b>60.98</b>
<b>Interest Received on debentures</b>								
- Piramal Systems	0.11	-	-	-	-	-	0.11	-
<b>TOTAL</b>	<b>0.11</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.11</b>	<b>-</b>
<b>Remuneration</b>								
- Mr. Ajay G. Piramal	-	-	-	-	0.48	7.89	0.48	7.89
- Dr. (Mrs.) Swati A. Piramal	-	-	-	-	0.48	3.89	0.48	3.89
- Ms. Nandini Piramal	-	-	-	-	0.48	1.47	0.48	1.47
- Mr. N. Santhanam	-	-	-	-	-	2.90	-	2.90
- Mr. Vijay Shah	-	-	-	-	0.48	1.08	0.48	1.08
- Mr. Peter De Young	-	-	-	-	1.61	-	1.61	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3.53</b>	<b>17.23</b>	<b>3.53</b>	<b>17.23</b>
<b>Advances to Directors (Refer Note 50)</b>								
- Mr. Ajay G. Piramal	-	-	-	-	5.25	-	5.25	-
- Dr. (Mrs.) Swati A. Piramal	-	-	-	-	2.27	-	2.27	-
- Ms. Nandini Piramal	-	-	-	-	1.46	-	1.46	-
- Mr. Vijay Shah	-	-	-	-	2.71	-	2.71	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11.69</b>	<b>-</b>	<b>11.69</b>	<b>-</b>
<b>Purchase of Fixed Assets</b>								
- Piramal Healthcare UK	-	4.94	-	-	-	-	-	4.94
<b>TOTAL</b>	<b>-</b>	<b>4.94</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4.94</b>
<b>Sale of Fixed Assets</b>								
- PPDSPL	-	1.06	-	-	-	-	-	1.06
<b>TOTAL</b>	<b>-</b>	<b>1.06</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.06</b>

**NOTES TO FINANCIAL STATEMENTS (contd.)****for the Year Ended March 31, 2013**

Details of Transactions	Subsidiaries		Controlling Companies/ Other Related Parties		Key Management Personnel		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
<b>Purchase of Debentures</b>								
- PHL Finance	-	2.00	-	-	-	-	-	2.00
<b>TOTAL</b>	-	2.00	-	-	-	-	-	2.00
<b>Receivable</b>								
- PHL Fininvest	57.96	216.36	-	-	-	-	57.96	216.36
- Piramal Holdings	522.83	174.36	-	-	-	-	522.83	174.36
- Piramal Healthcare UK	-	17.70	-	-	-	-	-	17.70
- PPDSPL	119.09	86.03	-	-	-	-	119.09	86.03
- Piramal Healthcare Inc.	508.64	213.55	-	-	-	-	508.64	213.55
- Allergan	-	-	-	0.45	-	-	-	0.45
- Piramal Estate	-	-	6.05	6.05	-	-	6.05	6.05
- PGL	-	-	1.07	-	-	-	1.07	-
- Others	52.83	30.22	0.44	0.50	-	-	53.27	30.72
<b>TOTAL</b>	1,261.35	738.22	7.56	7.00	-	-	1,268.91	745.22
<b>Payable</b>								
- Piramal Pharma Inc	18.85	22.66	-	-	-	-	18.85	22.66
- Allergan	-	-	0.17	-	-	-	0.17	-
<b>TOTAL</b>	18.85	22.66	0.17	-	-	-	19.02	22.66

(₹ in Crores)

	For the Year Ended March 31, 2013	For the Year Ended March 31, 2012
<b>38. a. Value of imports calculated on CIF basis:</b>		
i. Raw Materials	311.64	228.50
ii. Capital Goods	27.79	28.74
iii. Traded Goods	27.14	27.89
<b>b. Expenditure in Foreign Currency</b>		
i. Professional Fees	13.70	8.52
ii. Interest	6.91	7.49
iii. Service Charges	15.11	14.39
iv. Others	23.98	21.27
<b>c. Dividend remitted in Foreign Currency</b>		
Dividend paid during the year (₹ In Crores)	7.58	5.03
Number of non-resident shareholders	1,975	1,538
Number of equity shares held by such non-resident shareholders	43,465,771	41,742,020
Year to which the dividends relate to	2011-12	2010-11
<b>39. Earnings in Foreign Currency</b>		
i. Exports of Goods calculated on FOB basis	798.71	651.53
ii. Interest	77.21	33.43
iii. Others	13.15	19.61

## NOTES TO FINANCIAL STATEMENTS (contd.)

### for the Year Ended March 31, 2013

(₹ in Crores)

40. Miscellaneous Expenditure includes Auditors' Remuneration in respect of:	For the Year Ended March 31, 2013	For the Year Ended March 31, 2012
Statutory Auditors:		
a) Audit Fees	0.70	0.70
b) Other Services	0.14	0.04
c) Reimbursement of Out of pocket Expenses	0.02	0.02

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

(₹ in Crores)

	As at March 31, 2013	As at March 31, 2012
(a) The principal amount and the interest due thereon remaining unpaid to suppliers		
(i) Principal	0.18	- *
(ii) Interest due thereon	-	-
(b) (i) The delayed payments of principal amount paid beyond the appointed date during the entire accounting year	5.04	-
(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	0.07	-
(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	0.07	-
(ii) Total Interest accrued during the year and remaining unpaid	0.07	-
(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.

### 42. 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, 2013	As at March 31, 2012
Piramal Holdings (Suisse) SA	491.02	162.93
PHL Fininvest Private Limited	57.96	215.56
Piramal Healthcare Inc.	454.03	195.96
Piramal Systems & Technologies Private Limited	3.86	0.69
Piramal Pharmaceutical Development Services Private Limited*	108.00	86.00
PHL Capital Private Limited	7.50	-

The maximum amounts due during the year were:

(₹ in Crores)

Subsidiary Companies	As at March 31, 2013	As at March 31, 2012
Piramal Holdings (Suisse) SA	554.32	215.03
PHL Fininvest Private Limited	1,149.38	974.52
Piramal Healthcare Inc.	569.58	195.96
Piramal Systems & Technologies Private Limited	3.86	0.69
Piramal Pharmaceutical Development Services Private Limited*	111.50	91.10
PHL Capital Private Limited	7.50	-

\* Advance to Piramal Pharmaceuticals Development Services Private Limited in previous year was interest free.

## NOTES TO FINANCIAL STATEMENTS (contd.)

### for the Year Ended March 31, 2013

43. 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 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 Company has placed a refundable deposit of ₹ 19.43 Crores (Previous Year ₹ 13.36 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, 2013	As at March 31, 2012
Not Later than one year	9.80	10.69
Later than one year but not later than five years	7.38	10.93
Later than five years	-	-

#### 44. Derivatives Instruments and unhedged Foreign Currency (FC) exposure

##### a) Derivatives outstanding as at the reporting date

i. Hedge of firm commitment and highly probable forecast transaction	As at March 31, 2013		As at March 31, 2012	
	FC in Crores	₹ in Crores	FC in Crores	₹ in Crores
Forward contracts to sell USD	3.50	197.26	9.60	504.63
Forward contracts to sell EUR / USD	0.51	35.13	0.25	16.98
Forward contracts to sell GBP / USD	0.37	29.96	-	-

ii. Hedge of Receivable on sale of Domestic Formulation Business	As at March 31, 2013		As at March 31, 2012	
	FC in Crores	₹ in Crores	FC in Crores	₹ in Crores
Forward contracts to sell USD	80.00	4,125.58	120.00	6,054.67

iii. Hedge of Receivable of Loan to related parties	As at March 31, 2013		As at March 31, 2012	
	FC in Crores	₹ in Crores	FC in Crores	₹ in Crores
Forward contracts to sell GBP	-	-	0.10	8.15
Forward contracts to sell USD	1.55	84.69	-	-

##### b) Mark-to-market losses on the above

(₹ in Crores)

Particulars	For the Year Ended March 31, 2013	For the Year Ended March 31, 2012
Mark-to-market losses provided for	0.34	36.16

##### c) Particulars of unhedged foreign currency exposures as at the reporting date

Currencies	March 31, 2013				March 31, 2012			
	Advances from customers		Trade receivables		Advances from customers		Trade receivables	
	FC in Crores	₹ in Crores	FC in Crores	₹ in Crores	FC in Crores	₹ in Crores	FC in Crores	₹ in Crores
EUR	-	-	0.31	21.56	-	-	0.23	15.69
USD	0.28	15.30	2.70	146.38	0.35	17.81	2.69	136.74
GBP	0.01	0.73	0.54	44.15	*	0.35	0.63	51.07
AUD	-	-	-	-	*	0.11	0.02	1.00

## NOTES TO FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2013

Currencies	March 31, 2013				March 31, 2012			
	Advances to vendors		Trade payables		Advances to vendors		Trade payables	
	FC in Crores	₹ in Crores	FC in Crores	₹ in Crores	FC in Crores	₹ in Crores	FC in Crores	₹ in Crores
CHF	*	0.15	0.01	0.62	0.01	0.33	-	-
EUR	0.11	7.77	0.10	6.99	0.21	14.35	0.09	5.90
GBP	0.02	1.95	0.09	7.16	0.01	0.43	0.04	3.63
JPY	*	0.23	-	-	-	-	-	-
SEK	-	-	0.34	2.79	0.01	0.05	0.27	2.04
USD	0.17	9.09	0.97	52.66	0.20	10.08	0.74	37.90
AUD	-	-	-	-	*	0.02	-	-
CAD	-	-	-	-	0.02	0.83	0.01	0.40

Currencies	March 31, 2013		March 31, 2012	
	Inter Corporate Deposits		Inter Corporate Deposits	
	FC in Crores	₹ in Crores	FC in Crores	₹ in Crores
USD	11.12	604.19	5.67	288.69
GBP	0.75	61.20	0.35	28.40
EUR	2.20	152.84	0.45	30.23
CHF	0.75	42.64	0.06	3.42

\* Amounts are below the rounding off norm adopted by the Company.

45. 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:

Particulars	For the Year Ended March 31, 2013	For the Year Ended March 31, 2012
1. Profit / (Loss) after tax (₹ in Crores)	(231.56)	130.72
2. Weighted Number of Shares (nos.)	172,563,100	168,794,463
3. Earnings / (Loss) Per Share (₹)	(13.4)	7.7
4. Face value per share (₹)	2.0	2.0

46. a) 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.

(₹ in Crores)

Nature of Assets	Technical Knowhow and IPR	Trademarks and Copyrights	Brands and Trademarks	Technical Knowhow and IPR	US FDA / TGA Approvals
Useful Life	15 Years	15 Years	10 Years	10 Years	10 Years
Amortisation Method	SLM	SLM	SLM	SLM	SLM
Gross Block as on April 01, 2012	16.20	101.04	9.19	45.02	19.42
Accumulated Amortisation as on April 01, 2012	1.76	13.66	7.84	32.48	16.86
WDV as on April 01, 2012	14.44	87.38	1.35	12.54	2.56
Additions during the year	-	-	-	-	-
Retirement and Disposals (net of Accumulated Amortisation)	-	-	-	-	-



**NOTES TO FINANCIAL STATEMENTS (contd.)****for the Year Ended March 31, 2013****(₹ in Crores)**

<b>Nature of Assets</b>	<b>Technical Knowhow and IPR</b>	<b>Trademarks and Copyrights</b>	<b>Brands and Trademarks</b>	<b>Technical Knowhow and IPR</b>	<b>US FDA / TGA Approvals</b>
Amortisation for the year	1.08	6.73	0.42	4.50	1.59
WDV as on March 31, 2013	13.36	80.65	0.93	8.04	0.97
Capital Commitment as on March 31, 2013	-	-	-	-	-

b) Details of assets recognised as an internally generated intangible asset are as follows;

**(₹ in Crores)**

<b>Nature of Assets</b>	<b>Product Know-how</b>
Useful Life	15 Years
Amortisation Method	SLM
Gross Block as on April 01, 2012	-
Accumulated Amortisation as on April 01, 2012	-
WDV as on April 01, 2012	-
Additions during the year	2.84
Retirement and Disposals (net of Accumulated Amortisation)	-
Amortisation for the year	0.14
WDV as on March 31, 2013	2.70
Capital Commitment as on March 31, 2013	-

47. 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, 2013 are as follows;

**(₹ in Crores)**

<b>Description</b>	<b>For the Year Ended March 31, 2013</b>	<b>For the Year Ended March 31, 2012</b>
<b>Revenue Expenditure</b>	<b>136.40</b>	115.55
<b>Capital Expenditure</b>		
Additions to fixed assets	20.55	21.56
Less: Sale proceeds of the assets and Transfer of the Assets	0.03	1.70
<b>Net addition to fixed assets</b>	<b>20.52</b>	19.86

**48. Joint Venture**

The Company has the following investment in a jointly controlled entity.

<b>Particulars</b>	<b>Proportion of ownership in the Company</b>	
	<b>March 31, 2013</b>	<b>March 31, 2012</b>
Allergan India Private Limited	49%	49%

## NOTES TO FINANCIAL STATEMENTS (contd.)

### for the Year Ended March 31, 2013

The Company's share of each of the assets, liabilities, income and expenses in joint venture based on financial statements are as follows-

	(₹ in Crores)	
Particulars	March 31, 2013	March 31, 2012
<b>Assets</b>		
Tangible Assets	1.46	1.63
Intangible Assets	0.45	0.27
Intangible Assets under Development	0.60	0.60
Deferred Tax Asset (net)	1.21	1.03
Long-Term Loans and Advances	5.21	4.16
Inventories	11.70	10.07
Trade Receivables	9.05	6.99
Cash and Cash Equivalents	4.47	3.52
Other Non-Current Assets	0.01	-
Other Current Assets	8.99	-
Short-Term Loans and Advances	2.97	5.58
<b>Liabilities</b>		
Share Capital	3.92	-
Reserves & Surplus	32.70	-
Long-Term Provisions	-	0.19
Trade Payables	5.12	4.47
Other Current Liabilities	2.02	1.72
Short-Term Provisions	2.36	0.53
<b>Income</b>		
Revenue from operations (Net)	100.68	82.31
Other Income	0.72	0.31
<b>Expenses</b>		
Purchases of stock-in-trade	40.25	35.01
Changes in inventories of finished goods, work-in-progress and stock-in-trade	(1.63)	(3.92)
Employee benefits expense	15.30	12.17
Depreciation and amortization expense	0.85	0.70
Other Expenses	25.87	19.50
Provision for Taxation (including Deferred Tax)	7.16	6.53

49. During the year, the Company has received ₹ 925.00 Crores (Previous Year ₹ 1,854.44 Crores) through discounting of receivables. Finance charges on the same amounting to ₹ 48.94 Crores (Previous Year ₹ 111.74 Crores) has been disclosed under "Finance Cost".
50. In view of inadequacy of profits for the year ended March 31, 2013, managerial remuneration paid to Directors amounting to ₹ 11.69 Crores requires approval from Central Government which is being sought. Pending above, the amount paid is considered as an advance to Directors (held in trust).

## NOTES TO FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2013

### 51. Purchases, Sales and Stocks

(₹ in Crores)

Category	Opening Stock as on April 1, 2012	Purchases	Sales	Closing Stock as on March 31, 2013
	(2 & 3)	(1 & 3)	-	(2 & 3)
<b>Traded</b>				
Vials	-	3.75	8.93	0.06
	(0.22)	(3.21)	(9.27)	-
Tablets & Capsules	1.87	4.37	41.26	0.44
	(4.58)	(8.46)	(37.93)	(1.87)
Liquids, Drops & Solutions	3.62	16.28	35.56	1.96
	(1.99)	(16.51)	(26.69)	(3.62)
Others	15.66	54.86	92.82	11.36
	(10.57)	(52.78)	(75.77)	(15.66)
<b>Manufactured</b>				
Tablets	7.35	-	279.85	2.05
	(10.06)	-	(236.10)	(7.35)
Liquids	7.03	-	138.15	10.24
	(5.76)	-	(133.93)	(7.03)
Bulk Drug & Intermediates	12.77	-	575.12	29.17
	(20.54)	-	(451.12)	(12.77)
Vitamin A in various Forms & Combinations	5.62	-	74.64	2.77
	(0.65)	-	(56.09)	(5.62)
Others	2.59	-	14.77	0.92
	(0.77)	-	(41.12)	(2.59)
<b>Grand Total</b>	<b>56.51</b>	<b>79.26</b>	<b>1,261.10</b>	<b>58.97</b>
	(55.14)	(80.96)	(1,068.02)	(56.51)

**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.

### 52. Work In Progress - Stocks

(₹ in Crores)

<b>Work-in-Progress</b>	<b>31.03.13</b>	31.03.12
Bulk Drugs	<b>54.61</b>	52.00
Formulations - Liquids	<b>0.60</b>	2.95
Tablets & Capsules	<b>10.95</b>	11.30
<b>Total</b>	<b>66.16</b>	66.25

## NOTES TO FINANCIAL STATEMENTS (contd.)

### for the Year Ended March 31, 2013

#### 53. a) Materials Consumed

(₹ in Crores)

	Year ended March 31, 2013	Year ended March 31, 2012
Carvedilol USP	62.22	12.15
Lithium Aluminium Hydride	30.39	3.38
Vitamin A Acetate 2.8 Mio	29.64	28.09
FADCP	20.44	12.53
Others	490.64	482.80
<b>Total</b>	<b>633.33</b>	<b>538.95</b>
<b>Whereof:</b>	<b>31.03.13</b> %	<b>31.03.12</b> %
	₹ in Crores	₹ in Crores
Imported at Landed Cost	198.30 31%	177.96 33%
Indigenous	435.03 69%	360.99 67%
<b>Total</b>	<b>633.33</b>	<b>538.95</b>

#### b) Stores and Spares Parts Consumed

<b>Whereof:</b>	<b>31.03.13</b> %	<b>31.03.12</b> %
	₹ in Crores	₹ in Crores
Imported at Landed Cost	- 0%	- 0%
Indigenous	17.75 100%	12.37 100%
<b>Total</b>	<b>17.75</b>	<b>12.37</b>

54. As a globally integrated healthcare Company, Piramal Enterprises 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 Enterprises had 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 Enterprises has made significant progress, with an R&D pipeline having several molecules in different phases of development. After successful pre-clinical studies, the Company makes application to requisite regulatory authorities for conducting phase I/II/III studies. 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 and P2202 are in Phase II study.

55. The figures for the year ended March 31, 2012 have been regrouped, wherever necessary.

Signature to note 1 to 55 of Financial Statements.

#### For Price Waterhouse

Firm Registration Number: 301112E  
Chartered Accountants

#### Vilas Rane

Partner  
Membership No. 33220  
Mumbai, May 03, 2013

#### Ajay G. Piramal

Vijay Shah

Nandini Piramal

Rajesh Laddha

Leonard D'Souza

Chairman

Executive Director & Chief Operating Officer

Executive Director

Chief Financial Officer

Company Secretary

Mumbai, May 03, 2013

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

Name of the Subsidiary Company	PHL Fininvest Private Limited	Piramal International	Piramal Pharmaceutical Development Services Private Limited	Oxygen Bioresearch Private Limited	Piramal Resources Inc.*	Piramal Holdings (Suisse) SA*	Piramal Imaging SA*	Piramal Imaging GmbH*	Piramal Critical Care Deutschland GmbH*	Piramal Critical Care Italia, S.P.A.*	Piramal Life Sciences (UK) Limited*	Oxygen Healthcare Limited*	Piramal Pharma Inc.	Piramal Investment Holdings (Canada) Inc.*	Piramal Healthcare (Canada) Limited*
Capital	6.73	3.68	6.75	0.93	5.56	38.34	5.29	0.21	0.19	13.53	65.21	0.01	0.48	71.83	135.39
Reserves	1.04	(3.68)	(8.48)	38.45	(0.01)	(2.25)	(34.66)	0.77	(1.54)	(14.82)	8.23	4.33	(17.45)	(23.89)	(45.06)
Total Assets	65.73	-	121.17	57.70	5.55	663.21	162.46	4.42	0.63	48.22	109.18	5.83	53.83	145.22	215.44
Total Liabilities	57.96	-	122.90	18.32	-	627.12	191.83	3.44	1.98	49.51	35.74	1.49	70.80	97.28	125.11
Details of Investment															
- Investment in Shares	5.17	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Investment in Mutual Funds	2.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Investment in Fund Scheme	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Investment in Debentures	40.86	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Turnover	103.38	-	18.82	45.80	-	0.24	-	18.71	0.10	26.42	-	2.82	19.49	-	115.09
Profit / (Loss) before taxation	0.33	-	(9.15)	3.36	0.13	(19.49)	(35.19)	1.04	(1.54)	(6.27)	(2.20)	0.93	(0.37)	(0.33)	(37.58)
Provision for taxation	(0.27)	-	(0.23)	0.97	0.01	-	-	-	-	-	-	(0.09)	0.15	-	0.06
Profit / (Loss) after taxation	0.60	-	(8.92)	2.39	0.12	(19.49)	(35.19)	1.04	(1.54)	(6.27)	(2.20)	1.02	(0.52)	(0.33)	(37.64)
Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance Sheet Exchange Rate	-	54.31	-	-	54.31	57.03	57.03	69.59	69.59	69.59	82.12	82.12	54.31	53.40	53.40
Profit and Loss Exchange Rate	-	54.40	-	-	54.40	57.85	57.85	70.05	70.05	70.05	85.93	85.93	54.40	54.32	54.32
Local Currency	INR	USD	INR	INR	USD	CHF	CHF	EUR	EUR	EUR	GBP	GBP	USD	CAD	CAD

\* Based on unaudited financial statements.

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

(₹ in Crores)

Name of the Subsidiary Company	Piramal Healthcare (UK) Limited	Piramal Healthcare Pension Trustees Limited*	Piramal Dutch Holdings NV*	Piramal Healthcare Inc.	Piramal Critical Care, Inc.	Minrad EU.	DRI Holdco Inc. Consolidated	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	Piramal Technologies SA*
Capital	120.07	GBP 1	1,390.54	1,390.48	2.68	0.22	1,456.19	622.95	1.34	0.22	400.42	0.01	4.50	0.54
Reserves	144.62	-	0.13	8.90	(311.98)	(6.95)	(2,055.78)	(3.54)	142.95	22.00	49.42	(0.03)	(3.09)	(5.77)
Total Assets	495.81	GBP 1	1,390.67	4,359.86	545.68	0.04	1,950.32	627.28	155.25	27.19	857.54	0.01	42.23	46.68
Total Liabilities	231.12	-	-	2,960.48	854.98	6.77	2,549.91	7.87	10.96	4.97	407.70	0.03	40.82	51.91
Details of Investment														
- Investment in Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	34.25
- Investment in Mutual Funds	-	-	-	-	-	-	-	7.50	0.05	0.05	-	-	-	-
- Investment in Fund Scheme	-	-	-	-	-	-	-	-	22.53	-	-	-	-	-
- Investment in Debentures	-	-	-	-	-	-	-	-	-	-	312.65	-	-	-
Turnover	523.09	-	-	-	484.67	-	651.00	-	44.93	34.03	98.25	-	-	-
Profit / (Loss) before taxation	28.86	-	(0.26)	(71.03)	29.61	(0.31)	62.84	(0.69)	13.61	22.44	67.53	(0.03)	(2.96)	(2.66)
Provision for taxation	-	-	-	0.30	-	-	4.51	-	4.25	0.72	23.54	-	-	-
Profit / (Loss) after taxation	28.86	-	(0.26)	(71.33)	29.61	(0.31)	58.33	(0.69)	9.36	21.72	43.99	(0.03)	(2.96)	(2.66)
Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance Sheet Exchange Rate	82.12	82.12	54.31	54.31	54.31	69.59	54.31	-	-	54.31	-	-	-	57.03
Profit and Loss Exchange Rate	85.93	85.93	54.40	54.40	54.40	70.05	54.40	-	-	54.40	-	-	-	57.85
Local Currency	GBP	GBP	USD	USD	USD	EUR	USD	INR	INR	USD	INR	INR	INR	CHF

\* Based on unaudited financial statements.

# INDEPENDENT AUDITORS' REPORT

## To the Board of Directors of Piramal Enterprises Limited

1. We have audited the accompanying consolidated financial statements (the "Consolidated Financial Statements") of Piramal Enterprises Limited (formerly known as Piramal Healthcare Limited) ("the Company") and its subsidiaries, its jointly controlled entity and associate company; hereinafter referred to as the "Group" (refer Note 2 (ii)(b) to the attached consolidated financial statements) which comprise the consolidated Balance Sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information which we have signed under reference to this report.

### Management's Responsibility for the Consolidated Financial Statements

2. The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

6. 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, Accounting Standard (AS) 23 – Accounting for Investments in Associates in Consolidated Financial Statements, and Accounting Standard (AS) 27 – Financial Reporting of Interests in Joint Ventures notified under Section 211(3C) of the Companies Act, 1956.
7. 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 and to the best of our information and according to the explanations given to us, in our opinion, the accompanying 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, 2013;
  - (b) in the case of the consolidated Statement of Profit and Loss, of the loss for the year ended on that date; and
  - (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

### Other Matter

8. We did not audit the financial statements of 31 subsidiaries and 1 jointly controlled entity included in the consolidated financial statements, which constitute total assets of ₹ 6,946.17 Crores and net assets of ₹ 3,315.10 Crores as at March 31, 2013, total revenue of ₹ 2,054.60 Crores, net profit of ₹ 125.84 Crores and net cash inflows amounting to ₹ 187.99 Crores for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports 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.
9. We did not audit the financial statements of 14 subsidiaries which constitute total assets of ₹ 1,789.91 Crores and net assets of ₹ 1,637.93 Crores as at March 31, 2013, total revenue of ₹ 146.15 Crores, net loss of ₹ 109.62 Crores and net cash inflows amounting to ₹ 25.58 Crores for the year then ended; and 1 associate company included in the consolidated financial statements, which constitute net loss of ₹ 4.23 Crores for the period from June 22, 2012 to March 31, 2013. The unaudited financial information has been provided to us by the management, and our opinion on the consolidated financial statements to the extent they relate to these subsidiaries and associate company is based solely on such unaudited financial information furnished to us.

For Price Waterhouse  
Firm Registration Number: 301112E  
Chartered Accountants

Vilas Rane  
Partner  
Membership Number: 33220

Mumbai  
May 03, 2013

# CONSOLIDATED BALANCE SHEET

as at March 31, 2013

	Note No.	As at March 31, 2013 ₹ in Crores	As at March 31, 2012 ₹ in Crores
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share capital	3	34.51	34.51
Reserves and surplus	4	10,689.05	11,207.52
		10,723.56	11,242.03
<b>Minority Interest</b>		14.91	10.34
<b>Non-current Liabilities</b>			
Long-term borrowings	5	1,215.35	648.22
Deferred tax liabilities (Net)	6	8.56	102.78
Other long-term liabilities	7	138.21	135.16
Long-term provisions	8	56.14	59.03
		1,418.26	945.19
<b>Current Liabilities</b>			
Short-term borrowings	9	5,964.46	1,014.45
Trade payables		548.66	412.97
Other current liabilities	10	1,215.47	764.05
Short-term provisions	11	367.85	360.55
		8,096.44	2,552.02
<b>TOTAL ASSETS</b>		20,253.17	14,749.58
<b>Non-current Assets</b>			
Fixed assets			
Tangible assets	12	1,126.19	1,046.77
Intangible assets	12	578.68	193.77
Capital Work in progress		124.47	116.69
Intangible assets under development (Refer Note 46)		247.49	144.08
		2,076.83	1,501.31
Goodwill on Consolidation		4,004.54	587.24
Non-current investments	13	6,969.82	6,577.86
Deferred tax assets (Net)	14	54.60	52.60
Long-term loans and advances	15	821.07	153.86
Other non-current assets	16	2,238.95	4,199.33
		16,165.81	13,072.20
<b>Current Assets</b>			
Current investments	17	906.94	386.22
Inventories	18	541.82	465.60
Trade receivables	19	597.57	436.65
Cash and bank balances	20	287.52	57.82
Short-term loans and advances	21	434.88	225.77
Other current assets	22	1,318.63	105.32
		4,087.36	1,677.38
<b>TOTAL</b>		20,253.17	14,749.58
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

**Vilas Rane**

Partner  
Membership No. 33220  
Mumbai, May 03, 2013

**Ajay G. Piramal**

**Vijay Shah**

**Nandini Piramal**

**Rajesh Laddha**

**Leonard D'Souza**

Chairman

Executive Director & Chief Operating Officer

Executive Director

Chief Financial Officer

Company Secretary

Mumbai, May 03, 2013



## CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the Year Ended March 31, 2013

	Note No.	Year Ended March 31, 2013 ₹ in Crores	Year Ended March 31, 2012 ₹ in Crores
Revenue from operations (Gross)	25	3,548.82	2,178.19
Less : Excise Duty		28.63	19.32
Revenue from operations (Net)		3,520.19	2,158.87
Other Income	26	179.25	472.23
<b>Total Revenue</b>		<b>3,699.44</b>	<b>2,631.10</b>
<b>Expenses</b>			
Cost of raw and packing materials consumed	27	1,038.86	810.72
Purchases of stock-in-trade	28	176.05	153.17
Changes in inventories of finished goods, work-in-progress and stock-in-trade	29	(101.34)	(36.65)
Employee benefits expense	30	796.46	436.42
Finance costs	31	575.01	215.46
Depreciation and amortisation expense	12	209.56	129.29
Other expenses	32	1,178.43	796.14
<b>Total Expenses</b>		<b>3,873.03</b>	<b>2,504.55</b>
<b>Profit / (Loss) Before Exceptional Items And Tax</b>		<b>(173.59)</b>	<b>126.55</b>
Exceptional Items	33	19.13	5.66
Profit /(Loss) before Tax		(192.72)	120.89
<b>Less: Tax Expenses</b>	36		
Current Tax			
Provision for Taxation - Current [includes prior period tax ₹ 84.56 Crores (Previous year ₹Nil)]		129.25	40.04
MAT Credit Entitlement [includes prior period MAT credit ₹0.14 Crores] (Previous year ₹17.70 Crores)]		(0.62)	(42.98)
Net Current Tax		128.63	(2.94)
Deferred Tax		(103.87)	8.57
		24.76	5.63
<b>Profit / (Loss) For The Year Before Share of Results of Associate And Minority Interest</b>		<b>(217.48)</b>	<b>115.26</b>
Share of net (loss) of Associate		(4.23)	-
Minority Interest		5.58	3.76
<b>Consolidated Profit / (Loss) For The Year</b>		<b>(227.29)</b>	<b>111.50</b>
<b>Earnings / (Loss) Per Share (Basic/Diluted) (₹)</b>			
<b>(Face value of ₹ 2/- each) (Refer Note 44)</b>		<b>(13.2)</b>	<b>6.6</b>
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

### Vilas Rane

Partner  
Membership No. 33220  
Mumbai, May 03, 2013

### Ajay G. Piramal

Vijay Shah  
Nandini Piramal  
Rajesh Laddha  
Leonard D'Souza

### Chairman

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

Mumbai, May 03, 2013

## CONSOLIDATED CASH FLOW STATEMENT

for the Year Ended March 31, 2013

	Year Ended March 31, 2013 ₹ In Crores	Year Ended March 31, 2012 ₹ In Crores
<b>A. Cash Flow From Operating Activities</b>		
Profit / (Loss) before tax	(192.72)	120.89
Adjustments for :		
Depreciation and amortisation expense	209.56	129.29
Finance Costs	575.01	215.46
Interest Income on Non-current Investments	(13.88)	(27.04)
Interest Income on Current Investments	-	(12.19)
Interest Income on Current Assets	(5.74)	(76.57)
Dividend Income on Non-current Investments	(0.82)	(1.02)
Dividend Income on Current Investments	(5.09)	(16.69)
Capital Work in Progress written off	-	6.95
(Profit ) / Loss on Sale of Assets (Net)	2.27	(1.75)
Advances Written Off	1.25	-
Fixed Assets written off	0.01	-
Profit on Sale of Current Investments (Net)	-	(59.95)
Provision on Standard Assets	1.79	0.26
Provision for Slow Moving Inventories	8.99	3.00
Bad Debts Written off	1.07	-
Provision for Doubtful Debts	4.62	5.84
Provision for doubtful debts written back	(0.28)	-
Exchange Gain on proceeds from Sale of Domestic Formulation Business	(178.14)	(201.29)
Unrealised Foreign Exchange Loss / (Gain)	44.94	(110.28)
Exceptional Items		
- Voluntary Retirement Cost	19.13	5.66
<b>Operating Profit / (Loss) Before Working Capital Changes</b>	<b>471.97</b>	<b>(19.43)</b>
<b>Adjustments For Changes In Working Capital :</b>		
- (INCREASE) in Trade receivables	(44.55)	(63.55)
- (INCREASE)/DECREASE in Other Non Current Assets	12.76	(55.62)
- (INCREASE) / DECREASE in Other Current Assets	(81.21)	86.55
- (INCREASE) in Long Term Loans and Advances	(655.07)	(34.34)
- (INCREASE) in Inventories	(85.21)	(79.49)
- (INCREASE) in Short Term Loans and Advances	(159.80)	(53.14)
- INCREASE/(DECREASE) in Trade Payables	(20.15)	53.80
- INCREASE in Other Long Term Liabilities	4.48	0.04
- INCREASE/(DECREASE) in Long Term Provisions	(4.11)	2.55
- INCREASE / (DECREASE) in Other Current Liabilities	28.01	(110.35)
- INCREASE in Short Term Provisions	3.42	0.11
- (INCREASE) in amounts invested in Debentures	(867.53)	(331.80)
<b>Cash (Used in) Operations</b>	<b>(1,396.99)</b>	<b>(604.67)</b>
- Taxes Paid (Net of Refunds)	(130.00)	(74.45)
<b>Net Cash (Used in) Operations Before Exceptional Items</b>	<b>(1,526.99)</b>	<b>(679.12)</b>
Exceptional Items		
- Voluntary Retirement Cost	(19.13)	(5.66)
<b>Net Cash (Used in) Operating Activities (A)</b>	<b>(1,546.12)</b>	<b>(684.78)</b>
<b>B. Cash Flow From Investing Activities</b>		
<b>Adjustments For Changes In :</b>		
Purchase of Tangible / Intangible Assets	(204.16)	(225.02)
Capital Work in Progress	(6.70)	(9.91)
Intangibles under development	(103.41)	-
Proceeds from Sale of Tangible / Intangible Assets	6.66	10.10
Purchase of Current Investments		
- in Mutual Funds	(7,912.19)	(12,421.60)
- in Certificate of Deposits	-	(465.51)
- in Commercial Paper	-	(448.04)
Proceeds from Sale of Current Investments		
- in Mutual Funds	7,790.31	12,886.04
- in Certificate of Deposits	-	795.00

**CONSOLIDATED CASH FLOW STATEMENT (Contd.)****for the Year Ended March 31, 2013**

	<b>Year Ended March 31, 2013 ₹ In Crores</b>	<b>Year Ended March 31, 2012 ₹ In Crores</b>
- in Commercial Paper	-	455.00
Purchase of Non Current Investments		
- in Other non current investments	(14.55)	-
Proceeds from redemption of Non current investments		
- in Debentures	124.13	0.51
Investment in Equity Shares of Vodafone	-	(5,864.37)
Interest Received on Current Assets	5.74	76.57
Interest Received on Non Current Investments	22.49	27.47
Dividend on Investments	5.91	17.71
Investment in Associate	(38.47)	-
Amount paid on acquisition	(2,322.34)	(212.24)
Proceeds from Sale of Domestic Formulation Business (Refer Note 45)	973.94	3,796.49
<b>Net Cash (Used in) Investing Activities (B)</b>	<b>(1,672.64)</b>	<b>(1,581.80)</b>
<b>C. Cash Flow From Financing Activities</b>		
Proceeds from Long Term Borrowings		
Receipts [Excludes Exchange Fluctuation Loss of ₹ Nil (Previous Year Loss ₹22.13 Crores) on reinstatement of Foreign Currency Loan]	1,198.55	263.09
Payments	(506.93)	(68.49)
Proceeds from Short Term Borrowings		
Receipts [Excludes Exchange Fluctuation Loss of ₹ 2.60 Crores (Previous Year Loss ₹1.46 Crores) on reinstatement of Foreign Currency Loan]	28,841.65	6,506.05
Payments	(25,342.60)	(5,570.95)
Finance Costs Paid	(559.01)	(214.00)
Dividend Paid	(301.99)	(200.65)
Dividend Tax Paid	(48.99)	(32.55)
Buy Back of Equity Shares	-	(42.33)
<b>Net Cash from Financing Activities (C)</b>	<b>3,280.68</b>	<b>640.17</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents (A)+(B)+(C)</b>	<b>61.92</b>	<b>(1,626.41)</b>
<b>Cash and Cash Equivalents As At 31.03.2012</b>	<b>52.98</b>	<b>1,678.88</b>
Cash and Cash Equivalents acquired pursuant to acquisition (Refer Note 34 (a) and (b))	153.75	0.51
<b>Cash and Cash Equivalents As At 31.03.2013</b>	<b>268.65</b>	<b>52.98</b>
<b>Cash and Cash Equivalents Comprise of :</b>		
Cash and Cheques on hand	0.23	0.15
Balance with Scheduled Banks	268.42	52.83
	<b>268.65</b>	<b>52.98</b>

**Notes :**

- 1 The above Consolidated Cash Flow Statement has been prepared under the 'Indirect Method' set out in Accounting Standard - 3.
- 2 The above Consolidated Cash Flow does not include assets (other than cash and cash equivalents) / liabilities acquired on acquisition of DRI (Refer Note 34 (a)) and Sigmatic Limited (Refer Note 34 (b)).
- 3 Figures in bracket indicate cash outflow.
- 4 Previous year figures have been regrouped and recasted wherever necessary to conform 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

**Vilas Rane**

Partner  
Membership No. 33220  
Mumbai, May 03, 2013

**Ajay G. Piramal**

**Vijay Shah**  
**Nandini Piramal**  
**Rajesh Laddha**  
**Leonard D'Souza**

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

Mumbai, May 03, 2013

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### for the Year Ended March 31, 2013

#### 1. GENERAL INFORMATION

Piramal Enterprises Limited (the 'Company'), its subsidiaries, associate and joint venture (hereinafter collectively referred to as the Group) are engaged mainly in pharmaceutical business including its research and development. The Company has diversified into financial services and information management business by investing through its subsidiaries. The Group has manufacturing plants in India and across globe and sells in Domestic as well as International markets through various distribution channels. 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] of the Companies Act, 1956, of India ("the Act") and the other relevant provisions of the Act to the extent possible in the same format as that adopted by the Company for its separate financial statements.

All assets and liabilities have been classified as current or non-current as per the Group'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 Group has ascertained its operating cycle as 12 months for the purpose of current and non current classification of assets and liabilities.

##### ii) Principles of consolidation

a. The consolidated financial statements relate to the Company, its Subsidiary companies, Associate company and Joint Venture company (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 company, the financial statements have been consolidated as per Accounting Standard - AS 27 "Financial Reporting of Interests in Joint Ventures".
3. Investment in Associate company has been accounted under the equity method as per Accounting Standard (AS) 23 "Accounting for Investments in Associates in Consolidated Financial Statements", whereby the investment is initially recorded at cost, identifying any goodwill / capital reserve arising at the time of acquisition. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the Company's share of net assets of the Associate company.
4. In case of foreign subsidiaries, being Non-Integral Foreign Operations, revenue items are consolidated at the average rate prevailing during the year. All assets 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.
5. The excess of cost to the Company of its investment in the Subsidiary companies 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 companies 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.
6. 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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

### for the Year Ended March 31, 2013

the same manner as the Company's separate financial statements. However, in case of depreciation and amortisation it was not practicable to use uniform accounting policies in case of subsidiaries as mentioned in note 39.

- b. The Subsidiary companies including step down subsidiaries, Associate and Joint Venture company considered in the consolidated financial statements are:

Sr. No.	Name of the Company	Country of incorporation	% voting power held as at March 31, 2013
1	PHL Fininvest Private Limited	India	100%
2	Piramal Pharmaceutical Development Services Private Limited	India	100%
3	Oxygen Bioresearch Private Limited # (Refer Note 35 (c))	India	90%
4	Piramal International	Mauritius	100%
5	Allergan India Private Limited (Allergan)	India	49%
6	Piramal Holdings (Suisse) SA	Switzerland	100%
7	Piramal Imaging SA*	Switzerland	100%
8	Piramal Imaging GmbH *	Germany	100%
9	Piramal Critical Care Italia, S.P.A*	Italy	100%
10	Piramal Critical Care Deutschland GmbH* (from April 16, 2012)	Germany	100%
11	Piramal Life Sciences (UK) Limited *	U.K.	100%
12	Oxygen Healthcare Limited *	U.K.	100%
13	Piramal Investment Holdings (Canada) Inc.*	Canada	100%
14	Piramal Healthcare (Canada) Limited *	Canada	100%
15	Piramal Healthcare (UK) Limited *	U.K.	100%
16	Piramal Healthcare France Limited * (upto August 7, 2012)	U.K.	100%
17	Piramal Healthcare Pension Trustees Limited*	U.K.	100%
18	Piramal Resources Inc. (w.e.f. May 22,2012)	U.S.A	100%
19	Piramal Dutch Holdings N.V. (w.e.f. October 17,2012)	Netherlands	100%
20	Piramal Healthcare Inc. **	U.S.A	100%
21	Piramal Critical Care, Inc. **	U.S.A	100%
22	Piramal Pharma Inc. (formerly known as NPIL Pharma Inc.)** (upto December 31, 2012, held by Piramal Holdings (Suisse) SA)	U.S.A	100%
23	Minrad EU.**	France	100%
24	DRI Holdco Inc.(DRI) ** (w.e.f. June 7, 2012) (Refer Note 34(a))	U.S.A	99.11%
25	Decision Resources Inc. ## (w.e.f. June 7, 2012) (Refer Note 34(a))	U.S.A	99.11%
26	Decision Resources, LLC ## (w.e.f. June 7, 2012) (Refer Note 34(a))	U.S.A	99.11%
27	Manhattan Research, LLC ## (w.e.f. June 7, 2012) (Refer Note 34(a))	U.S.A	99.11%
28	Biotrends Research Group, LLC ## (w.e.f. June 7, 2012) (Refer Note 34(a))	U.S.A	99.11%
29	Decision Resources International, Inc. ## (w.e.f. June 7, 2012) (Refer Note 34(a))	U.S.A	99.11%
30	PharmaStrat LLC ## (w.e.f. June 7, 2012) (Refer Note 34(a))	U.S.A	99.11%
31	DR/Decision Resources, LLC ## (w.e.f. June 7, 2012) (Refer Note 34(a))	U.S.A	99.11%
32	DR/MRG Holdings, LLC ## (w.e.f. June 7, 2012) (Refer Note 34(a))	U.S.A	99.11%

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2013

Sr. No.	Name of the Company	Country of incorporation	% voting power held as at March 31, 2013
33	Millennium Research Group Inc. ## (w.e.f. June 7, 2012) (Refer Note 34(a))	Canada	99.11%
34	Healthleaders LLC ## (w.e.f. June 7, 2012) (Refer Note 34(a))	U.S.A	99.11%
35	AMR/Arlington Medical Resources, LLC ## (w.e.f. June 7, 2012) (Refer Note 34(a))	U.S.A	99.11%
36	Arlington Medical International, Inc. ## (w.e.f. June 7, 2012) (Refer Note 34(a))	U.S.A	99.11%
37	Fingertip Formulary, LLC ## (w.e.f. June 7, 2012) (Refer Note 34(a))	U.S.A	99.11%
38	DRG UK Holdco Limited ## (w.e.f. November 21, 2012) (Refer Note 34(a))	U.K.	99.11%
39	Decision Resources Group UK Limited ## (w.e.f. November 21, 2012) (Refer Note 34(a))	U.K.	99.11%
40	Sigmatic Limited ## (w.e.f. December 3, 2012) (Refer Note 34(b))	U.K.	94.15%
41	PHL Capital Private Limited	India	100%
42	Indiareit Fund Advisors Private Limited \$ (Refer Note 35 (a))	India	97%
43	INDIAREIT Investment Management Co. \$ (Refer Note 35 (b))	Mauritius	100%
44	PHL Finance Private Limited \$	India	100%
45	PHL Infrastructure Finance Company Private Limited \$	India	100%
46	Piramal Systems & Technologies Private Limited	India	100%
47	Piramal Technologies SA @	Switzerland	100%
48	Bluebird Aero Systems Limited@ (w.e.f. June 29, 2012)	Israel	27.83%

# held through Piramal Pharmaceutical Development Services Private Limited

\* held through Piramal Holdings (Suisse) SA

\*\* held through Piramal Dutch Holdings N.V.

\$ held through PHL Capital Private Limited

@ held through Piramal Systems & Technologies Private Limited

## held through DRI

### 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.

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.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

### for the Year Ended March 31, 2013

#### **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 / Tradenames are amortised from the month of product launch / commercial production, over their estimated economic life not exceeding ten / fifteen years.

Computer Software is being amortised over a period of six years.

Goodwill on Acquisition is amortised over a period of ten years.

##### **Tangibles**

Depreciation on tangible assets has been provided on straight line method ('SLM') at the rates specified in Schedule XIV (revised) of the Companies Act, 1956. Diagnostic equipments placed with customers are amortised over a period of five years.

Depreciation on additions / deletions of assets during the year is provided on a pro-rata basis.

#### **c. Impairment of Assets**

Assessment is done 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 lower of cost or net realizable value. Cost is determined on Moving Average price basis.

##### **b. Packing Materials**

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

##### **c. Work in Process**

Inventories are valued at lower of cost or net realizable value. 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 moving average price 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.

##### **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 moving average price basis.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

### for the Year Ended March 31, 2013

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

#### vi) 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. In case where the contribution is made to government trust, it is charged to Statement of Profit and Loss.

**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.

**Pension :** Contribution towards Pension is made to the appropriate authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis. In case of Defined Benefit Scheme, assets are measured using market values and liabilities are measured using a project unit method and discounted at current rate of return. Shortfall, if any, is provided for in the financial statements. In case of 401(k) contribution plan (in case of US subsidiaries), contribution by the company is discretionary. Any contribution made is charged to the Statement of Profit and Loss.

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.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

### for the Year Ended March 31, 2013

#### 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 / Development contracts, revenue is measured using the proportionate completion method and are recognised net of service tax.

Information management: Revenue is recognized at the point in time when (a) persuasive evidence of an arrangement exists, (b) the price is fixed or determinable, (c) delivery of product or services has occurred and (d) there is reasonable assurance of collectability.

Financial services : Advisory fees are accounted on an accrual basis in accordance with the Investment Management Agreement and Advisory Services Agreement. Interest income is recognised 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.

#### 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 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:

The premium or discount arising at the inception of forward exchange contracts entered into to hedge an existing asset/liability, is amortised as expense or income over the life of the contract. Exchange differences on such a contract are recognised in the Statement of Profit and Loss in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense for the year.

Forward Exchange Contracts outstanding as at the year end on account of firm commitment / highly probable forecast transactions are marked to market and the losses, if any, are recognised in the Statement of Profit and Loss and gains are ignored in accordance with the Announcement of Institute of Chartered Accountants of India on 'Accounting for Derivatives' issued in March 2008.

#### 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 new or improved materials, products or processes are recognized as 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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

### for the Year Ended March 31, 2013

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) Voluntary Retirement Scheme (VRS)**

Compensation paid on voluntary retirement scheme or its equivalent scheme, is expensed in the year in which it is incurred. In cases where VRS is a part of an overall restructuring exercise, the same is recognized when the management approves the restructuring plan and there is sufficient evidence to prove outflow of resources in future.

#### **xiii) Government Grants**

Government grants received on qualified expenditure in the form of income tax research and development tax credits, 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.

Government grants received on capital expenditure are credited to a deferred account and are released to the Statement of Profit and Loss over the expected useful lives of the relevant assets once put to use.

Grants of a revenue nature are credited to the Statement of Profit and Loss in the period to which they relate.

#### **xiv) 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.

Rentals applicable to operating leases are charged against profits as per the terms of the lease agreement over the lease period.

#### **xv) Taxes on Income**

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets on unabsorbed depreciation / carried forward losses is recognised to the extent of deferred tax liability. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company re-assesses unrecognised deferred tax assets, if any.

#### **xvi) 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.

#### **xvii) Loans**

Loans are classified into 'performing' and 'non-performing' and are stated after deduction of specific provisions and interest in suspense, if any, in accordance with the prescribed Reserve Bank of India guidelines.

Non-performing loans are identified by periodic appraisals of the portfolio by management and appropriate provisions are made based on management's assessment of the degree of impairment of the loans, subject to minimum provisioning level prescribed by the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, issued by Reserve Bank of India.

#### **xviii) Provision for standard assets**

Provision on standard assets is made in line with the prudential norms prescribed by the Reserve Bank of India.

#### **xix) Deferred Revenue**

Deferred Revenue primarily consists of billings received in advance of revenue recognition. The Company primarily bills and collects payments from customers for products and subscription services in advance on an annual basis.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2013

	As at March 31, 2013 ₹ in Crores	As at March 31, 2012 ₹ in Crores
<b>3. SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
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
	<b>125.00</b>	<b>125.00</b>
<b>ISSUED, SUBSCRIBED AND PAID UP</b>		
17,25,63,100 (17,25,63,100) Equity Shares of ₹2/- each (fully paid up)	34.51	34.51
<b>TOTAL</b>	<b>34.51</b>	<b>34.51</b>

### 3.1 Reconciliation of number of shares

#### Equity Shares

Particulars	No. of shares	₹ in Crores	No. of shares	₹ in Crores
At the beginning of the year	172,563,100	34.51	167,916,044	33.58
Less: Shares bought back during the year	-	-	705,529	0.14
Add: Issued during the year	-	-	5,352,585	1.07
<b>At the end of the year</b>	<b>172,563,100</b>	<b>34.51</b>	<b>172,563,100</b>	<b>34.51</b>

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

Particulars	No. of shares	% Holding	No. of shares	% Holding
PHL Holdings Private Limited (formerly known as Piramal International Private Limited) (Refer Note 38)	84,092,879	48.73%	-	-
Aberdeen Global Indian Equity Fund Mauritius Limited	12,401,000	7.19%	12,401,000	7.19%
Paramount Pharma Private Limited	-	-	33,058,878	19.16%
BMK Laboratories Private Limited	-	-	29,927,906	17.34%
Cavaal Fininvest Private Limited	-	-	14,775,684	8.56%

### 3.3 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 Piramal Life Sciences Limited into the Company	2011-12	5,352,585	2011-12	5,352,585
ii. Equity shares bought back by the Company	2011-12	705,529	2011-12	705,529
iii. Equity shares bought back by the Company	2010-11	41,097,100	2010-11	41,097,100

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

### for the Year Ended March 31, 2013

#### 3.4 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.

	As at March 31, 2013 ₹ in Crores	As at March 31, 2012 ₹ in Crores
<b>4. RESERVES AND SURPLUS</b>		
<b>CAPITAL RESERVE</b>		
As per last Balance Sheet	72.80	39.03
Add: Transferred on demerger	-	11.89
Add: Created on demerger	-	21.88
	<b>72.80</b>	72.80
<b>CAPITAL SUBSIDY</b>		
As per last Balance Sheet	0.40	0.40
<b>CAPITAL REDEMPTION RESERVE</b>		
As per last Balance Sheet	61.73	61.59
Add: Transferred from General Reserve	-	0.14
	<b>61.73</b>	61.73
<b>DEBENTURE REDEMPTION RESERVE</b>		
As per last Balance Sheet	30.00	22.50
Add: Transferred from Surplus in Statement of Profit and Loss (Refer Note 4.1)	-	7.50
	<b>30.00</b>	30.00
<b>GENERAL RESERVE</b>		
As per last Balance Sheet	5,765.05	5,795.63
Add: Transferred from Surplus in Statement of Profit and Loss	-	13.07
Less : Transferred to Reserve Fund u/s 45-IC(1) of the Reserve Bank of India Act, 1934 (Refer Note 4.2)	8.92	1.32
Less: Premium paid on buy back of shares	-	42.19
Less: Transfer to Capital Redemption Reserve	-	0.14
	<b>5,756.13</b>	5,765.05
<b>RESERVE FUND U/S 45-IC(1) OF THE RESERVE BANK OF INDIA ACT, 1934</b>		
As per last Balance Sheet	1.61	0.29
Add: Amount transferred from General Reserve (Refer Note 4.2)	8.92	1.32
	<b>10.53</b>	1.61
<b>FOREIGN CURRENCY TRANSLATION RESERVE</b>	<b>66.22</b>	4.09
<b>SURPLUS IN STATEMENT OF PROFIT AND LOSS</b>		
As per Last Balance Sheet	5,271.84	5,861.87
Profit / (Loss) for the year	(227.29)	111.50
<b>Appropriations</b>		
Less: P&L Debit balance of Demerged R&D NCE Unit	-	329.98
Less: Proposed Dividend on Equity Shares	301.99	301.99
Less: Distribution Tax Thereon	51.32	48.99
Less: Transfer to General Reserve	-	13.07
Less: Transfer to Debenture Redemption Reserve	-	7.50
	<b>4,691.24</b>	5,271.84
<b>TOTAL</b>	<b>10,689.05</b>	<b>11,207.52</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

### for the Year Ended March 31, 2013

- 4.1 As per Section 117C of the Companies Act, 1956, the Company has not created Debenture Redemption Reserve during the year for Redeemable Non Convertible Debentures in the absence of profit.
- 4.2 During the current year ended March 31, 2013, PHL Fininvest Private Limited and PHL Finance Private Limited have transferred an amount of ₹0.12 Crores (Previous Year ₹0.26 Crores) and ₹8.80 Crores (Previous Year ₹ 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, 2013 ₹ in Crores	As at March 31, 2012 ₹ in Crores
<b>5. LONG TERM BORROWINGS</b>		
<b>Secured</b>		
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
Term Loan from Banks	609.44	58.81
<b>Unsecured</b>		
9.66% - Unsecured Redeemable Non Convertible Debentures (Redeemable at par at the end of 5th year from the date of allotment - February 26, 2013)	350.00	-
10.65% Unsecured Non Convertible Debentures (500 debentures are redeemable on March 12, 2015 and remaining 500 debentures on March 12, 2016).	100.00	-
Term Loan from Banks	155.91	439.41
<b>TOTAL</b>	<b>1,215.35</b>	<b>648.22</b>

#### (a) Notes on Secured Loans

- The Non-Convertible Debentures are secured on the movable properties of the Company (excluding current assets and intangible assets) and on the immovable properties of the Company situated at Mehsana, Mahad, Pithampur, Digwal and Bangalore.
- The Term Loan from Axis Bank and Bank of Maharashtra is to be secured by mortgage and charge on the movable properties of the Company (excluding current assets and intangible assets) and on all the immovable properties, both present and future, of the Company. Of these, charge on the said movable properties and on the Mehsana immovable property has been created and charges on the remaining properties are in the process of being created. (Refer Note 5(b)(1) and (2))
- Term Loan from Axis Bank, HDFC Bank and Kotak Bank are secured against first pari-passu charge on the present and future receivables of PHL Finance Private Limited. (Refer Note 5(b)(4), (5) and (6))
- Term Loan 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. (Refer Note 5(b)(3))
- Satisfaction of charges in respect of certain repaid loans are still awaited.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

### for the Year Ended March 31, 2013

#### (b) Terms of repayment and rate of interest for secured borrowings (other than debentures)

		As at March 31, 2013		As at March 31, 2012	
		Terms of Repayment	Rate of Interest	Terms of Repayment	Rate of Interest
1	Term Loan from Axis Bank (₹ 175.00 Crores [Previous Year NIL])	Repayable in 10 semi annual installments from July 2014	Interest to be paid monthly @ Bank Rate plus 0.6% p.a.	-	-
2	Term Loan from Bank of Maharashtra (₹ 175.00 Crores [Previous Year NIL])	Repayable in 10 semi annual installments from July 2014	Interest to be paid monthly @ Bank Rate plus 0.6% p.a.	-	-
3	Term Loan from HSBC Bank (NIL [Previous Year ₹ 58.81 Crores])	-	-	Repayable quarterly ₹8.9 Crores	3 month LIBOR+160 basis points
4	Term Loan from Axis Bank (₹ 84.44 Crores [Previous Year NIL])	Repayable in 8 equal quarterly installments commencing March 26, 2014.	Base rate plus 1.73% p.a.	-	-
5	Term Loan from HDFC Bank (₹ 87.50 Crores [Previous Year NIL])	Repayable in 8 equal quarterly installments commencing January 30, 2014.	Base rate plus 2.20% p.a.	-	-
6	Term Loan from Kotak Bank (₹ 87.50 Crores [Previous Year NIL])	Repayable in 8 equal quarterly installments commencing March 13, 2014.	11.35% p.a.	-	-

#### (c) Terms of repayment and rate of interest for unsecured borrowings (other than debentures)

		As at March 31, 2013		As at March 31, 2012	
		Terms of Repayment	Rate of Interest	Terms of Repayment	Rate of Interest
1	Term Loan from Central Bank of India (₹ 33.33 Crores [Previous Year ₹ 66.67 Crores])	Repayable in 12 equal Quarterly installments from June 2012	Interest to be paid monthly @ Bank Prime Lending Rate minus 2% p.a. upto February 8, 2013. Interest to be paid monthly @ Bank Rate (floating) plus 1% p.a. from February 9, 2013.	Repayable in 12 equal Quarterly installments from June 2012	Interest to be paid monthly @ Bank Prime Lending Rate minus 2% p.a.
2	Loan from HSBC Bank (NIL [Previous Year ₹ 50.87 Crores])	Repayable in 4 quarterly installments from September 30, 2013.	6 months LIBOR+170 basis points	Repayable in 4 quarterly installments from September 30, 2013.	6 months LIBOR+170 basis points

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2013

		As at March 31, 2013		As at March 31, 2012	
		Terms of Repayment	Rate of Interest	Terms of Repayment	Rate of Interest
3	Loan from HSBC Bank (₹ 86.03 Crores [Previous Year ₹ 101.74 Crores])	Repayable in 6 annual installments from May 30, 2013.	6 months LIBOR+160 basis points	Repayable in 6 annual installments from May 30, 2013.	6 months LIBOR+160 basis points
4	Loan from ANZ Bank (₹ 36.55 Crores [Previous Year ₹ 67.81 Crores])	Repayable in 3 annual installments from June 29, 2012.	6 months LIBOR+145 basis points	Repayable in 3 annual installments from June 29, 2012.	6 months LIBOR+145 basis points
5	Loan from Caylon Bank (NIL [Previous Year ₹ 50.87 Crores])	-	-	Installment of ₹ 25.44 Crores each payable in April 2012, April 2013 and October 2013	6 months LIBOR+200 basis points
6	Loan from ANZ Bank (NIL [Previous Year ₹ 101.45 Crores])	-	-	Repayable in June 2013	6 months LIBOR+120 basis points

### 6. DEFERRED TAX LIABILITIES (NET)

	As at March 31, 2013 ₹ in Crores	As at March 31, 2012 ₹ in Crores
<b>(a) Deferred Tax Liabilities on account of timing differences</b>		
- Depreciation	154.22	128.72
- Others	5.82	-
	<b>160.04</b>	128.72
<b>(b) Deferred Tax Asset on account of timing differences</b>		
- VRS	3.56	4.87
- Provision for Doubtful Debts	3.34	7.22
- Carry forward losses / Unabsorbed Depreciation	127.08	2.69
- Others	17.50	11.16
	<b>151.48</b>	25.94
<b>TOTAL</b>	<b>8.56</b>	<b>102.78</b>

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2013

### 7. OTHER LONG TERM LIABILITIES

	As at March 31, 2013 ₹ in Crores	As at March 31, 2012 ₹ in Crores
Trade Payables	-	2.32
Government Grant received (Refer Note 2(xiii))	2.87	-
Unamortised Premium on Forward Contracts	30.84	130.97
Forward Exchange Contract Payable	43.91	-
Deferred Consideration Payable (Refer Note 34(b))	53.42	-
Deposits Received	5.16	1.87
Others	2.01	-
<b>TOTAL</b>	<b>138.21</b>	<b>135.16</b>

### 8. LONG TERM PROVISIONS

Provision for employee benefits (Refer Note 40)	11.86	11.00
Provision on standard assets (Refer Note 2(xviii))	1.44	0.22
Others	42.84	47.81
<b>TOTAL</b>	<b>56.14</b>	<b>59.03</b>

### 9. SHORT-TERM BORROWINGS

Secured		
Loans repayable on demand - from banks	227.92	95.12
Unsecured		
Commercial Papers	3,350.00	900.00
Loans repayable on demand - from banks	2,386.54	19.33
	<b>5,736.54</b>	<b>919.33</b>
<b>TOTAL</b>	<b>5,964.46</b>	<b>1,014.45</b>

#### Notes on Secured Loans

1. Loan of ₹ 154.26 Crores (Previous Year ₹ 75.45 Crores) of Piramal Enterprises Limited and Loan of Nil (Previous year ₹ 6.06 Crores) of Piramal Healthcare (Canada) Limited are secured by hypothecation of its stocks and book debts.
2. Loan of ₹ 4.63 Crores (Previous Year ₹ 6.96 Crores) of Indiareit Fund Advisors Private Limited is secured by hypothecation by way of first sole charge on all its outstanding money receivables.
3. Loan of ₹ 69.03 Crores (Previous Year NIL) of Piramal Healthcare (UK) Limited is secured by fixed and floating charges over its freehold and leasehold property and all other assets.
4. Loan of NIL (Previous Year ₹ 6.65 Crores) of Piramal Healthcare (UK) Limited is secured by first equitable charge over all its 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.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2013

### 10. OTHER CURRENT LIABILITIES

	As at March 31, 2013 ₹ in Crores	As at March 31, 2012 ₹ in Crores
Current maturities of long-term debt (Refer Note 5)	508.32	384.01
Interest accrued but not due on borrowings	26.62	10.61
Advance from Customers	281.26	9.97
Income Received in Advance	3.13	-
Unpaid dividends	6.84	4.68
Right Issue money refundable to shareholders	-	0.11
Unamortised Premium on Forward Contracts	100.54	175.04
Forward Exchange Contract Payable	175.17	124.79
Restatement of Receivables - Discounted	12.22	-
Other payables		
- Employee Related Liabilities	66.39	38.12
- TDS Payable	18.27	4.65
- Deposits received	0.46	0.03
- Others	16.25	12.04
	101.37	54.84
<b>TOTAL</b>	<b>1,215.47</b>	<b>764.05</b>

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

### 11. SHORT-TERM PROVISIONS

Provision for employee benefits (Refer Note 40)	11.60	9.32
Proposed Dividend on Equity Shares	301.99	301.99
Tax Payable on Proposed Dividend	51.32	48.99
Provision for Wealth Tax	0.21	0.21
Provision for Taxation	0.98	-
Provision on standard assets (Refer Note 2(xviii))	0.61	0.04
Others	1.14	-
<b>TOTAL</b>	<b>367.85</b>	<b>360.55</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2013

₹ in Crores

Particulars	COST					DEPRECIATION / AMORTISATION					NET BLOCK		
	Opening As at 1-Apr-12	Acquisition #	Additions \$	Deductions/ Adjustment	Exchange Fluctuation	As at 31-Mar-13 (A)	Opening As at 1-Apr-12	Acquisition #	For the Year ^^	Deductions/ Adjustment	Exchange Fluctuation	As at 31-Mar-13 (B)	As at 31-Mar-13 (A-B)
<b>Tangible Assets</b>													
Land Leasehold	17.24	-	-	-	-	17.24	2.95	-	0.28	-	-	3.23	14.01
Land Freehold	107.36	-	0.32	-	0.38	108.06	0.68	-	0.10	-	0.12	0.90	107.16
Building	248.68	4.57	29.60	0.84	1.35	283.36	90.20	1.31	14.44	0.06	0.22	106.11	177.25
Plant and Equipment @	1,161.12	28.27	125.06	12.90	22.82	1,324.37	419.30	20.50	105.71	5.99	10.97	550.49	773.88
Furniture and Fixtures	41.99	3.68	16.06	1.04	1.70	62.39	20.32	1.71	4.21	0.27	0.76	26.73	35.66
Office Equipment	2.68	3.89	0.52	0.06	(0.08)	6.95	1.20	2.02	0.76	0.05	(0.03)	3.90	3.05
Vehicles/Ships/Helicopter **	4.24	-	13.96	0.82	0.02	17.40	1.89	-	0.90	0.58	0.01	2.22	15.18
<b>Total</b>	<b>1,583.31</b>	<b>40.41</b>	<b>185.52</b>	<b>15.66</b>	<b>26.19</b>	<b>1,819.77</b>	<b>536.54</b>	<b>25.54</b>	<b>126.40</b>	<b>6.95</b>	<b>12.05</b>	<b>693.58</b>	<b>1,126.19</b>
<b>Intangible Assets (Acquired)</b>													
Goodwill on Acquisition ##	-	624.55	-	-	(13.50)	611.05	-	222.88	49.88	-	(5.20)	267.56	343.49
Brands and Trademarks*	174.60	92.78	15.65	-	(0.53)	282.50	41.82	47.26	18.42	-	(0.83)	106.67	175.83
Copyrights, Know-how and Intellectual Property Rights	104.24	-	0.41	-	0.33	104.98	55.74	-	8.90	-	0.06	64.70	40.28
Computer Software	39.69	19.41	6.27	1.78	0.09	63.68	27.20	15.68	5.82	1.54	0.14	47.30	16.38
<b>Intangible Assets (Internally Generated)</b>													
Product Know-how	-	-	2.84	-	-	2.84	-	-	0.14	-	-	0.14	2.70
<b>Total</b>	<b>318.53</b>	<b>736.74</b>	<b>25.17</b>	<b>1.78</b>	<b>(13.61)</b>	<b>1,065.05</b>	<b>124.76</b>	<b>285.82</b>	<b>83.16</b>	<b>1.54</b>	<b>(5.83)</b>	<b>486.37</b>	<b>578.68</b>
<b>Grand Total</b>	<b>1,901.84</b>	<b>777.15</b>	<b>210.69</b>	<b>17.44</b>	<b>12.58</b>	<b>2,884.82</b>	<b>661.30</b>	<b>311.36</b>	<b>209.56</b>	<b>8.49</b>	<b>6.22</b>	<b>1,179.95</b>	<b>1,704.87</b>
Previous Year	1,518.42	144.77***	192.32	18.49	64.82	1,901.84	459.49	60.52\$	129.29	10.14	22.14	661.30	1,240.54

Refer Note 2(iii)

Refer Note 2(x)

# Refer Note 34 (a),(b) and 35 (a),(b),(c)

^^ Depreciation for the year includes depreciation amounting to ₹ 15.08 Crores (Previous Year ₹ 16.42 Crores) on assets used for Research and Development.

\$ During the year, the Company incurred ₹ 23.40 Crores (Previous year ₹ 21.56 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 ₹ 6.53 Crores on repayment of long term loans used for acquiring the fixed assets.

\* Certain 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.

\*\* During the year, the Company bought the share in joint ownership for Helicopter. Necessary registration formalities are in progress.

## Refer Note 34 (a),(b) and 35 (a),(b),(c)

\*\*\* Includes Assets amounting to ₹ 143.85 Crores acquired on demerger of R&D NCE Unit of PLSL into the Company.

\$ Includes Depreciation amounting to ₹ 59.95 Crores on assets acquired on demerger of R&D NCE Unit of PLSL into the Company.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2013

### 13. NON-CURRENT INVESTMENTS (Long Term) (Refer Note 2(iv))

	Nos. as at March 31, 2013	Nos. as at March 31, 2012	Face Value ₹	As at March 31, 2013 ₹ in Crores	As at March 31, 2012 ₹ in Crores
<b>Trade Investments</b>					
<b>1. Investments in Equity Instruments (at cost)</b>					
a) Others (Quoted)					
i. Piramal Life Sciences Limited	4,550,000	4,550,000	10	4.55	4.55
ii. Piramal Glass Limited	2,021,395	2,021,395	10	5.17	5.17
b) Others (Unquoted)					
i. Biosyntech, Inc., Canada	7,500,000	7,500,000	0.001 CAD	22.32	22.32
<b>2. Investments in Associate (Unquoted) (at cost)</b>					
Fully paid up Preferred B Shares of Bluebird Aero Systems Limited					
Cost	67,137	-	0.01 NIS	7.68	-
Add: Goodwill				30.79	-
Less: Share of net Loss				(4.23)	-
<b>3. Investments in Debentures (Unquoted) (at cost)</b>					
20.00% Redeemable Non-Convertible Secured Debentures					
Neptune Developers Limited	4,500	4,500	100,000	27.00	45.00
16.00% Redeemable Non-Convertible Secured Debentures					
Keystone Realtors Private Limited SR-B 16 NCD	5	5	100,000,000	21.43	47.61
17.50% Redeemable Non-Convertible Secured Debentures					
Antevorta Developers Private Limited	15,000	15,000	100,000	118.00	149.04
17.25% Redeemable Non-Convertible Secured Debentures					
Mind Space Realty Private Limited	-	2,000	100,000	-	15.00
17.00% Redeemable Non-Convertible Secured Debentures					
Bagmane Estates Private Limited	15,000	5,000	100,000	96.00	50.00
19.00% Redeemable Non-Convertible Secured Debentures					
Sheth Developers Private Limited	-	1,800	100,000	-	10.29

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2013

	Nos. as at March 31, 2013	Nos. as at March 31, 2012	Face Value ₹	As at March 31, 2013 ₹ in Crores	As at March 31, 2012 ₹ in Crores
21.00% Redeemable Non-Convertible Secured Debentures Omkar Realtors & Developers Private Limited	13,000	-	100,000	130.00	-
19.50% Redeemable Non-Convertible Secured Debentures Logix Infrastructure Private Limited	12,500	-	100,000	46.86	-
20.00% Redeemable Non-Convertible Secured Debentures Vijay Citispace Private Limited	7,500	-	100,000	43.20	-
18.50% Redeemable Non-Convertible Secured Debentures Nitesh Estates Private Limited	6,000	-	100,000	56.00	-
20.00% Redeemable Non-Convertible Secured Debentures Vijay Group Housing Private Limited	2,500	-	100,000	25.00	-
20.75% Optionally Convertible Secured Debentures Navayuga Road Projects Private Limited SR-I	4,250	-	1,000,000	425.00	-
<b>4. Other non-current investments (Unquoted) (at cost)</b>					
Class D units of Indiareit Fund Scheme IV	30	30	10,000	0.03	0.03
Class C units of Indiareit Fund Scheme IV	2,250	1,750	100,000	22.50	17.50
Class B Redeemable Participating Share of Indiareit Offshore Fund	1,000,000	1,000,000	0.01 USD	0.05	0.05
Class D units of Indiareit Mumbai Redevelopment Fund	50	-	10,000	0.05	-
Class A3 units of Indiareit Mumbai Redevelopment Fund	7,500	-	10,000	7.50	-
Management share of Indiareit Offshore Fund	100	100	1 USD	*	*
Management share of Indiareit Offshore Standing Investment Fund-I	100	-	1 USD	*	-
Management share of Indiareit Offshore Standing Investment Fund-IA	100	-	1 USD	*	-
LICHFL Urban Development Fund (partly paid)	10,000	-	10,000	2.00	-

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2013

	Nos. as at March 31, 2013	Nos. as at March 31, 2012	Face Value ₹	As at March 31, 2013 ₹ in Crores	As at March 31, 2012 ₹ in Crores
<b>Other Investments</b>					
<b>1. Investments in Equity Instruments (Unquoted) (at cost)</b>					
i. Vodafone India Limited	45,425,328	45,425,328	10	5,864.37	5,864.37
ii. Navayuga Road Projects Private Limited (Total Investment is ₹ 41,140/- (Previous Year - Nil))	4,114	-	10	*	-
<b>2. Investments in Debentures (Unquoted) (at cost)</b>					
10.00% Cumulative Redeemable Non-Convertible Debentures Super Religare Laboratories Limited	3,600	16,500	100,000	40.87	165.00
<b>3. Investments in Bonds (Unquoted) (at cost)</b>					
6.85% Tax Free Bonds 22/01/2014 India Infrastructure Finance Company Limited	-	20,174	100,000	-	204.25
<b>Total (A)</b>				6,992.14	6,600.18
Less : Provision for diminution in value of Investment - Biosyntech, Inc., Canada				22.32	22.32
<b>Total (B)</b>				22.32	22.32
<b>Total (A - B)</b>				6,969.82	6,577.86

	As at March 31, 2013	As at March 31, 2012
	Cost ₹ in Crores	Cost ₹ in Crores
1. Aggregate value of quoted investments	9.72	26.65
2. Aggregate value of unquoted investments	6,960.10	6,568.14
<b>TOTAL</b>	6,969.82	6,577.86

Note: To the extent of debentures redeemable within 12 months of the reporting date, the amount has been presented as part of current investments as per the requirements of revised Schedule VI. The balance amount has been presented as non-current.

\* Amounts are below the rounding off norm adopted by the Company.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2013

	As at March 31, 2013 ₹ in Crores	As at March 31, 2012 ₹ in Crores
<b>14. DEFERRED TAX ASSETS (NET)</b>		
(a) <b>Deferred Tax Assets on account of timing differences</b>		
- Provision for Doubtful Debts	0.11	0.20
- Carry forward losses	51.38	51.49
- Others	3.12	0.97
	<u>54.61</u>	<u>52.66</u>
(b) <b>Deferred Tax Liabilities on account of timing differences</b>		
- Depreciation	0.01	0.06
	<u>0.01</u>	<u>0.06</u>
<b>TOTAL</b>	<u>54.60</u>	<u>52.60</u>

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

<b>15. LONG-TERM LOANS AND ADVANCES</b>		
Secured and Considered Good		
Term Loan	406.57	18.00
Inter Corporate Deposits *	265.00	-
Unsecured and Considered Good (Unless otherwise stated):		
Capital Advances	5.14	9.40
Security Deposits	31.71	24.30
Others		
MAT Credit Entitlement	25.75	2.78
Advances recoverable in cash or in kind	6.72	8.77
Advance Tax [Net of Provision of ₹ 343.76 Crores (Previous year ₹ 287.78 Crores)]	77.66	88.48
Balance with Government Authorities	2.52	2.13
<b>TOTAL</b>	<u>821.07</u>	<u>153.86</u>

\* Creation of charge in respect of security for certain Inter Corporate Deposits is in progress.

### 16. OTHER NON - CURRENT ASSETS

Secured and Considered Good:		
Interest accrued on Investment	1.20	-
Unsecured and Considered Good:		
Receivable on Sale of Domestic Formulation Business	2,172.40	4,070.40
Forward Exchange Contract Receivable	-	55.18
	<u>2,172.40</u>	<u>4,125.58</u>
Interest accrued on Investment	4.37	-
Others	-	22.28
Pension Assets (Refer Note 40)	60.98	51.47
<b>TOTAL</b>	<u>2,238.95</u>	<u>4,199.33</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2013

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

	Nos. as at March 31, 2013	Nos. as at March 31, 2012	Face Value ₹	As at March 31, 2013 ₹ in Crores	As at March 31, 2012 ₹ in Crores
<b>1) Current portion of long term Investments (at cost) (Unquoted)</b>					
<b>a) Investments in Debentures</b>					
16.00% Redeemable Non-Convertible Secured Debentures Keystone Realtors Private Limited	5	5	100,000,000	23.12	1.19
20.00% Redeemable Non-Convertible Secured Debentures Neptune Developers Limited	4,500	-	100,000	18.00	-
17.50% Redeemable Non-Convertible Secured Debentures Antevorta Developers Private Limited	15,000	15,000	100,000	32.00	0.96
17.25% Redeemable Non-Convertible Secured Debentures Mind Space Realty Private Limited	2,000	2,000	100,000	15.00	5.01
19.00% Redeemable Non-Convertible Secured Debentures Sheth Developers Private Limited	-	1,800	100,000	-	7.71
17.00% Redeemable Non-Convertible Secured Debentures Bagmane Estates Private Limited	15,000	-	100,000	29.00	-
19.50% Redeemable Non-Convertible Secured Debentures Logix Infrastructure Private Limited	12,500	-	100,000	62.50	-
20.00% Redeemable Non-Convertible Secured Debentures Vijay Citispace Private Limited	7,500	-	100,000	27.23	-
18.50% Redeemable Non-Convertible Secured Debentures Nitesh Estates Limited	6,000	-	100,000	4.00	-
<b>b) Investments in Bonds</b>					
6.85% Tax Free Bonds 22/01/2014 India Infrastructure Finance Company Limited	20,174	-	100,000	202.86	-
<b>2) Investments in Mutual Funds (at lower of cost or market value) (Unquoted)</b>					
Axis Liquid Fund - Institutional Daily Dividend - Reinvest	-	500,400	1,000	-	50.04
ICICI Prudential Liquid Super Institutional Plan - Dividend - Daily - Reinvest	-	6,301,371	100	-	63.03

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2013

	Nos. as at March 31, 2013	Nos. as at March 31, 2012	Face Value ₹	As at March 31, 2013 ₹ in Crores	As at March 31, 2012 ₹ in Crores
Reliance Liquidity Fund - Daily Dividend Reinvestment Option - Reinvest	-	56,008,210	10	-	56.04
Religare Liquid Fund - Super Institutional Daily Dividend - Reinvest	-	500,056	1,000	-	50.04
SBI Premium Liquid Fund - Super Institutional - Daily Dividend - Reinvest	-	498,937	1,000	-	50.06
UTI Liquid Cash Plan Institutional - Daily Income Option - Reinvest	-	755,100	1,000	-	76.98
Birla Sun Life Cash Plus Institutional Premium Daily Dividend Scheme	-	2,470,188	10	-	24.75
Birla Sun Life Cash Manager - Institutional Premium - Daily Dividend Scheme	-	41,301	10	-	0.41
Birla Sun Life Cash Plus - Daily Dividend-Regular Plan - Reinvest	9,982,688	-	100	100.02	-
ICICI Prudential Liquid - Regular Plan - Daily Dividend - Reinvest	14,999,734	-	100	150.03	-
Reliance Liquidity Fund - Daily Dividend Reinvestment Option - Reinvest	499,869	-	1,000	50.01	-
SBI Premier Liquid Fund - Regular Plan - Daily Dividend - Reinvest	927,694	-	1,000	93.07	-
Tata Liquid Fund Plan A - Daily Dividend - Reinvest	898,163	-	1,000	100.10	-
<b>Total</b>				<b>906.94</b>	<b>386.22</b>

Note: To the extent of debentures redeemable within 12 months of the reporting date, the amount has been presented as part of current investments as per the requirements of revised Schedule VI. The balance amount has been presented as non-current.

	As at March 31, 2013 ₹ in Crores	As at March 31, 2012 ₹ in Crores
<b>18. INVENTORIES (Refer Note 2(v))</b>		
Raw and Packing Materials [Goods in Transit ₹ 1.92 Crores (Previous Year ₹ 1.06 Crores)]	182.31	208.51
Work-in-Progress	144.63	135.76
Finished Goods	152.51	52.31
Stock-in-trade [Goods in Transit ₹ 9.55 Crores (Previous Year ₹ 8.01 Crores)]	36.08	43.49
Stores and Spares	26.29	25.53
<b>TOTAL</b>	<b>541.82</b>	<b>465.60</b>



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)****for the Year Ended March 31, 2013**

	As at March 31, 2013 ₹ in Crores	As at March 31, 2012 ₹ in Crores
<b>19. TRADE RECEIVABLES</b>		
i. Outstanding for a period exceeding 6 months from the date they are due for payment		
Secured - considered good	1.21	0.75
Unsecured - considered good	12.23	11.07
- considered doubtful	26.65	37.21
	40.09	49.03
Less : Provision for doubtful debts	26.65	37.21
	13.44	11.82
ii. Others - Considered good		
Secured	0.63	0.69
Unsecured	583.50	424.14
	584.13	424.83
<b>TOTAL</b>	<b>597.57</b>	<b>436.65</b>
<b>20. CASH AND BANK BALANCES</b>		
- <b>Cash and Cash Equivalents</b>		
i. Cash and Cheques on Hand	0.23	0.15
ii. Balance with Banks		
- Current Account	266.69	52.81
- Bank Deposit Account (Less than 3 months maturity)	1.73	0.02
	268.42	52.83
	268.65	52.98
- <b>Other bank balances</b>		
i. Earmarked balances with banks		
- Unclaimed Dividend Account	6.84	4.68
- Right Issue Unpaid Warrants	-	0.11
	6.84	4.79
ii. Balance in Escrow Account (Refer Note 52)	11.97	-
iii. Margin Money	0.06	0.05
	18.87	4.84
<b>TOTAL</b>	<b>287.52</b>	<b>57.82</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2013

	As at March 31, 2013 ₹ in Crores	As at March 31, 2012 ₹ in Crores
<b>21. SHORT - TERM LOANS AND ADVANCES</b>		
Secured and Considered Good:		
Term Loans	6.43	-
Unsecured and Considered Good (Unless otherwise stated):		
Loans to related parties	0.25	-
Advances to related parties	0.79	-
Term Loans	138.90	-
Others		
Advances recoverable in cash or in kind or for value to be received (Refer Note 51)		
Considered Good	203.75	117.61
Considered Doubtful	0.08	0.08
	203.83	117.69
Less : Provision for Doubtful Advances	0.08	0.08
	203.75	117.61
Advance Tax [Net of Provision of ₹ 3,613.30 Crores (Previous year ₹ 3,559.53 Crores)]	49.82	37.49
MAT Credit Entitlement	0.37	22.50
Inter Corporate Deposits	8.30	8.30
Less : Provision for Doubtful Inter Corporate Deposits	8.30	8.30
	-	-
Security Deposits	2.83	6.66
Balance with Government Authorities	31.74	41.51
<b>TOTAL</b>	<b>434.88</b>	<b>225.77</b>
<b>22. OTHER CURRENT ASSETS</b>		
Receivable on Sale of Domestic Formulation Business	1,210.68	-
Restatement of Receivables - Discounted	-	69.02
Interest and Claims Receivable	104.89	36.30
Others	3.06	-
<b>TOTAL</b>	<b>1,318.63</b>	<b>105.32</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)****for the Year Ended March 31, 2013**

	As at March 31, 2013 ₹ in Crores	As at March 31, 2012 ₹ in Crores
<b>23. CONTINGENT LIABILITIES AND COMMITMENTS</b>		
<b>A Contingent liabilities</b>		
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
- Others	1.40	-
2 Guarantees issued to Government authorities/ limited companies and performance guarantees.	16.93	41.12
3 Others		
i. Appeals filed in respect of disputed demands:		
Income Tax		
- where the Company is in appeal	367.62	424.95
- where the Department is in appeal	138.43	171.08
Sales Tax	12.36	14.37
Central / State Excise	11.69	11.05
Labour Matters	0.33	0.29
Stamp Duty	4.05	4.05
Legal Cases	7.07	8.47
ii. Bills Discounted	53.94	24.00
iii. Unexpired Letters of Credit	7.75	13.21
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>B Commitments</b>		
a. Estimated amount of contracts remaining to be executed on capital account and not provided for	15.07	31.46
b. Other Commitments		
Commitment to Invest in Non-Convertible Debentures / Venture Capital Fund Units	125.00	165.00
Loan Commitments	98.55	22.00
Commitment to invest in Inter Company Deposits	30.00	-
The Company has imported raw materials at concessional rates, under the Advance Licence Scheme of the Government of India, undertaking to fulfil quantified exports in stipulated period	45.55	37.38

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

### for the Year Ended March 31, 2013

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, 2013 ₹ in Crores	Year Ended March 31, 2012 ₹ in Crores
<b>25. REVENUE FROM OPERATIONS</b>		
Sale of products	2,424.19	1,864.88
Sale of services	798.98	184.82
Income from Financing Activities	301.40	79.39
<b>Total</b>	<b>3,524.57</b>	2,129.09
<b>Other operating revenues</b>		
Processing Charges Received	6.82	7.09
Profit on Sale of Assets (Net)	-	1.75
Miscellaneous Income	17.43	40.26
	24.25	49.10
	3,548.82	2,178.19
Less: Excise duty	28.63	19.32
<b>TOTAL</b>	<b>3,520.19</b>	2,158.87
<b>26. OTHER INCOME</b>		
Interest Income		
- On Non-current Investments	12.49	27.04
- On Current Investments	-	12.19
- On Current Assets		
- On Term Deposits with Companies and Bank Deposits	1.09	74.00
- On Income Tax Refund	1.23	2.10
- On Receivables and Others	3.42	0.47
	18.23	115.80
Dividend Income		
- On Non-current Investments	0.82	1.02
- On Current Investments	5.09	16.69
Profit on Sale of Current Investment (Net)	-	59.95
Exchange Gain (Net) (Refer Note 49)	154.80	278.74
Rent Received	0.03	0.03
Provision for doubtful debts written back	0.28	-
<b>TOTAL</b>	<b>179.25</b>	472.23
<b>27. COST OF RAW AND PACKING MATERIALS CONSUMED</b>		
Opening Stock	208.51	165.86
Add: Purchases (Net)	1,012.66	853.37
Less: Closing Stock	182.31	208.51
<b>TOTAL</b>	<b>1,038.86</b>	810.72

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)****for the Year Ended March 31, 2013**

	Year Ended March 31, 2013 ₹ in Crores	Year Ended March 31, 2012 ₹ in Crores
<b>28. PURCHASES OF STOCK-IN-TRADE</b>		
Traded Goods	176.05	153.17
<b>TOTAL</b>	<b>176.05</b>	<b>153.17</b>
<b>29. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>		
<b>OPENING STOCKS :</b>		
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
	<b>229.56</b>	<b>192.91</b>
<b>CLOSING STOCKS :</b>		
Work-in-Progress	144.63	135.76
Finished Goods	152.51	52.31
Stock-in-trade	36.08	43.49
Less : Excise Duty	2.32	2.00
	<b>330.90</b>	<b>229.56</b>
<b>TOTAL</b>	<b>(101.34)</b>	<b>(36.65)</b>
<b>30. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and Wages	701.00	371.52
Contribution to Provident and Other Funds (Refer Note 40)	39.76	31.33
Contribution to Gratuity Fund (Refer Note 40)	7.43	3.05
Staff Welfare	48.27	30.52
<b>TOTAL</b>	<b>796.46</b>	<b>436.42</b>
<b>31. FINANCE COSTS</b>		
Interest Expense	477.36	98.57
Discount on Receivables (Refer Note 45)	48.94	111.74
Interest on Income Tax	5.65	2.37
Other borrowing costs	43.06	2.78
<b>TOTAL</b>	<b>575.01</b>	<b>215.46</b>
<b>32. OTHER EXPENSES</b>		
Processing Charges	7.55	7.33
Consumption of Stores and Spares Parts	38.39	22.97
Power, Fuel and Water Charges	82.12	65.82
Repairs and Maintenance		
Buildings	14.46	10.56
Plant and Machinery	49.74	41.49
Others	23.71	1.86
	<b>87.91</b>	<b>53.91</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)****for the Year Ended March 31, 2013**

	Year Ended March 31, 2013 ₹ in Crores	Year Ended March 31, 2012 ₹ in Crores
Rent		
Premises	23.34	19.28
Other Assets	<u>33.16</u>	<u>11.83</u>
	56.50	31.11
Rates and Taxes (includes Excise Duty)	39.09	29.32
Insurance	17.71	12.25
Travelling Expenses	70.85	48.33
Directors' Commission	6.92	4.61
Directors' Fees	0.44	0.28
Bad Debts written off during the year	17.99	-
Less: Bad Debts written off out of Provision for Doubtful Debts	<u>(16.92)</u>	<u>-</u>
	1.07	-
Capital Work in Progress written off	-	6.95
Provision for Doubtful Debts	4.62	5.84
Provision on Standard Assets	1.79	0.26
Advances written off	1.25	-
Fixed Assets Written Off	0.01	-
Loss on Sale of Assets (Net)	2.27	-
Advertisement and Business Promotion Expenses	99.00	76.45
Freight	33.37	25.71
Clearing and Forwarding Expenses	19.32	17.67
Claims	2.26	1.44
Legal and Professional Charges	187.70	71.75
Service Charges	8.06	2.69
R & D Expenses	286.72	233.13
Donation	28.96	25.77
Miscellaneous Expenses	<u>94.55</u>	<u>52.55</u>
<b>TOTAL</b>	<b><u>1,178.43</u></b>	<b><u>796.14</u></b>
<b>33. EXCEPTIONAL ITEMS - EXPENSES</b>		
Voluntary Retirement Cost	<u>19.13</u>	<u>5.66</u>
<b>TOTAL</b>	<b><u>19.13</u></b>	<b><u>5.66</u></b>

34. a) i) On May 8, 2012, the Group through its subsidiary, Piramal Healthcare Inc (PHI), incorporated a new subsidiary DRME Inc.(DRME) with a capital contribution of ₹ 1,443.26 Crores (USD 260.00 Million). Pursuant to the terms of an agreement dated May 15, 2012, effective from June 7, 2012, PHI through its subsidiary DRME acquired 99.16% of the issued and outstanding capital stock of DRI Holdco Inc. (DRI) and balance stock worth ₹ 12.21 Crores (USD 2.20 Million) constituting 0.84% were rolled over. In addition to the total consideration paid to the stockholders (including cost of acquisition) of ₹ 2,191.37 Crores (USD 394.77 Million), liabilities amounting to ₹ 1,480.44 Crores (USD 266.70 Million) were also assumed. Subsequent to the acquisition and in accordance with the provisions of General Corporation Law of Delaware, United States of America, DRME was merged with and into DRI on June 7, 2012, under a scheme of reverse merger wherein DRI is the surviving corporation.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

### for the Year Ended March 31, 2013

The excess of cost of investment over the networth of the subsidiary as on the date of acquisition amounting to ₹ 2,236.37 Crores (USD 402.87 Million), as calculated below, is recognised as Goodwill on Consolidation.

Statement of Net Liabilities as on June 7, 2012 of DRI:

	₹ in Crores	USD in Million
<b>Assets</b>		
Fixed assets		
Tangible assets	12.56	2.26
Intangible assets	1,461.89	263.36
Capital work in progress	1.08	0.19
Trade receivables	120.24	21.66
Cash and bank balances	146.71	26.43
Short-term loans and advances	59.23	10.67
Other current assets	17.25	3.11
<b>Total Assets</b>	<b>1,818.96</b>	<b>327.68</b>
<b>Less: Liabilities</b>		
Deferred tax liabilities (net)	7.83	1.41
Other long term liabilities	1.37	0.25
Short term borrowings	1,410.37	254.08
Trade payables	156.58	28.21
Other current liabilities	282.94	50.96
<b>Total Liabilities</b>	<b>1,859.09</b>	<b>334.91</b>
<b>Net liabilities acquired</b>	<b>(40.13)</b>	<b>(7.23)</b>

Statement showing calculation of Goodwill on Consolidation

<b>Total Consideration (including rollover stock and cost of acquisition)</b>	<b>2,203.58</b>	396.97
Less: Net assets represented by 100% of outstanding capital stock	834.13	150.27
Less: Net assets represented by 99.16% of reserves	(866.92)	(156.17)
<b>Total Net liabilities acquired</b>	<b>(32.79)</b>	<b>(5.90)</b>
<b>Goodwill on Consolidation</b>	<b>2,236.37</b>	<b>402.87</b>

- ii) On December 21, 2012, DRI issued additional 130 shares amounting to USD 130,000 to two of its employees. With this additional issue of shares, PHI holding in DRI reduces to 99.11%. The proportionate share of ₹ 0.43 Crores (USD 0.08 Million) in the opening reserve on account of this additional issue, has been adjusted in goodwill.
- b) On December 3, 2012, the Group through its subsidiary, DRI acquired 95% stake in Sigmatic Limited ("Sigmatic"), a UK based company which is engaged in evidence-based global market access solutions for healthcare industry for a consideration of ₹ 161.67 Crores (GBP 18.50 Million). DRI has paid an amount of ₹ 104.87 Crores (GBP 12.00 Million) as on the acquisition date. The balance consideration of GBP 6.50 Million is deferred and payable in two years. The excess of cost of investment over the net worth of the subsidiary as on December 3, 2012 of ₹ 153.32 Crores (GBP 17.50 Million) is recognized as Goodwill on Consolidation in the books.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

### for the Year Ended March 31, 2013

Statement of Net Assets as on December 3, 2012 of Sigmatic:

	₹ in Crores	GBP in Million
<b>Assets</b>		
Fixed assets		
Tangible assets	2.31	0.26
Intangible assets	0.34	0.04
Trade receivables	10.03	1.15
Short term loans and advances	1.13	0.13
Cash and bank balances	7.04	0.81
<b>Total Assets</b>	<b>20.85</b>	<b>2.39</b>
<b>Less: Liabilities</b>		
Other current liabilities	12.07	1.38
<b>Total Liabilities</b>	<b>12.07</b>	<b>1.38</b>
<b>Net Assets Acquired</b>	<b>8.78</b>	<b>1.01</b>

35. a) On June 11, 2012, the Group through its subsidiary, PHL Capital Private Limited has subscribed to additional 3% shares of Indiareit Fund Advisors Private Limited for a consideration of ₹ 0.09 Crores, thus increasing its stake to 97%. This has resulted in a decline in Goodwill to the extent of ₹ 0.85 Crores.
- b) The Group, through its subsidiary Indiareit Fund Advisors Private Limited has acquired on June 6, 2012, the balance 6% stake in INDIAREIT Investment Management Co. for a consideration of ₹ 6.90 Crores, thus making it a wholly owned subsidiary. The excess of cost of the investment over the proportionate net worth of the subsidiary as on June 6, 2012 of ₹ 6.48 Crores is recognised as Goodwill on Consolidation in the books.
- c) The Group, through its subsidiary Piramal Pharmaceuticals Development Services Private Limited has acquired on June 29, 2012, additional 14% stake in Oxygen Bioresearch Private Limited for a consideration of ₹ 19.20 Crores. The excess of cost of the investment over the proportionate net worth of the subsidiary as on June 29, 2012 of ₹ 13.66 Crores is recognised as Goodwill on Consolidation.

#### 36. Income Tax

In view of the tax / book losses under Income Tax, the Company has not provided for Income Tax / MAT. However, Current Tax includes Prior Period Tax on account of additional provision made on long term capital gain on sale of Domestic Formulation Business and for certain matters in disputes with Income Tax Department pertaining to earlier years.

#### 37. Proposed Dividend

The final dividend proposed for the year is as follows:

	(₹ in Crores)	
Particulars	As at March 31, 2013	As at March 31, 2012
On Equity Shares of ₹ 2/- each		
- Amount of dividend proposed	301.99	301.99
- Dividend per Equity Share		
a. Normal dividend	₹ 17.50 per share	₹ 17.50 per share

38. The Board of Directors of the Company approved the Scheme of Amalgamation and Arrangement between PHL Holdings Private Limited ('PHPL') and Piramal Enterprises Limited and their respective shareholders and creditors with effect from Appointed Date - January 01, 2013.

The said scheme has been approved by shareholders of both the Companies. Pursuant to the scheme, existing equity shares held by PHPL in the Company will stand cancelled and equivalent number of equity shares will be issued by the Company to the shareholders of PHPL as consideration. All costs arising out of or incurred in connection with and implementing this Scheme shall be borne by PHPL and / or its shareholders and no costs shall be borne by the Company. Further, there would not be any impact of the above scheme on the financial position of the Company.

The Scheme is currently pending for sanction with the Hon'ble Bombay High Court.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

### for the Year Ended March 31, 2013

39. In case of the following subsidiaries including step down subsidiaries and joint venture company, 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	Building – 3.3% - 10.0% Plant and Machinery – 8.3% - 10.0% Motor Vehicles – 25.0%	61.34	4.51%
Piramal Healthcare (Canada) Limited	Reducing Balance Method	Land Improvements and Building – 10.0% Plant and Machinery – 13.9% – 20.0% Furniture and Fixtures – 20.0% Computer Software – 20.0%	30.16	2.22%
Piramal Critical Care, Inc.	Straight Line Method	Plant and Machinery – 5.0% - 20.0% Furniture and Fixtures – 20.0% Computer Software – 20.0% Building – 2.0%	211.97	15.57%
Allergan India Private Limited	Straight Line Method	Data Processing Equipments (included under Plant and Machinery) – 33.3% Office Equipments – 18.0% Furniture and Fittings Office – 12.9% Furniture and Fittings Residence – 20.0% Plant and Machinery – 20.0% Vehicles – 25.0% Brands Acquisition and Technical Know how – 10.0% Product development costs – 25.0% Computer Software – 33.3%	1.53	0.11%
DRI and its subsidiaries (Refer note 2(ii)(b))	Straight Line Method	Computer Equipment - 33.3% Software - 33.3% Office equipment - 33.3% Furniture and fittings - 20.0%	13.55	1.00%

\* 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.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

### for the Year Ended March 31, 2013

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

(₹ in Crores)

Particulars	Year Ended March 31, 2013	Year Ended March 31, 2012
Employer's contribution to Provident Fund	1.25	0.97
Employer's contribution to Superannuation Fund	1.08	1.19
Employer's contribution to Employees' State Insurance	0.59	0.72
Employer's contribution to Employees' Pension Scheme 1995	1.84	1.78
Contribution to Pension Fund	23.31	20.54
401 (k) Plan contribution	9.35	2.44

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:

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

(₹ in Crores)

	(Funded)						(Non-Funded)			
	Gratuity		Pension		Provident Fund		Gratuity		Long Term Service Award	
	As at March 31, 2013	2012	As at March 31, 2013	2012	As at March 31, 2013	2012	As at March 31, 2013	2012	As at March 31, 2013	2012
Present Value of Defined Benefit Obligation as at beginning of the year	18.94	14.42	335.79	294.01	96.18	162.49	0.56	0.15	0.31	0.46
Liability Transferred In on Demerger of NCE unit / Acquisitions	-	2.05	-	-	-	0.46	-	0.25	-	-
Liability Transferred out on Sale of Domestic Formulation Business & Subsidiary	-	-	-	-	-	(80.08)	-	-	-	-
Plan Amendment Cost	-	-	-	-	-	-	1.50	-	-	-
Acquisitions Cost	-	-	-	-	-	-	1.02	-	-	-
Interest Cost	1.66	1.18	16.89	17.90	6.91	7.58	0.01	0.02	0.03	0.04
Current Service Cost	1.76	1.50	1.07	0.66	7.19	6.23	0.19	0.12	0.04	0.05
Contributions by the employees	-	-	-	-	9.99	8.82	-	-	-	-
Liability Transferred In for employees joined	-	-	-	-	0.79	-	-	-	-	-
Liability Transferred Out for employees left	-	-	-	-	(2.71)	-	-	-	-	-
Benefits Paid	(3.06)	(2.88)	(7.09)	(9.88)	(13.40)	(9.32)	(0.84)	(0.01)	(0.01)	(0.01)
Past Service Cost	-	-	-	-	-	-	-	0.03	-	-
Curtailments	-	-	-	-	-	-	-	-	-	-
Actuarial (Gain) / Loss	5.71	2.67	14.81	(10.14)	-	-	(0.30)	-	0.02	(0.23)
Exchange Differences on Foreign Plans	-	-	(0.94)	43.24	-	-	-	-	-	-
<b>Present Value of Defined Benefit Obligation as at the end of the year</b>	<b>25.01</b>	<b>18.94</b>	<b>360.53</b>	<b>335.79</b>	<b>104.95</b>	<b>96.18</b>	<b>2.14</b>	<b>0.56</b>	<b>0.39</b>	<b>0.31</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

### for the Year Ended March 31, 2013

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

(₹ in Crores)

	(Funded)						(Non-Funded)			
	Gratuity		Pension		Provident Fund		Gratuity		Long Term Service Award	
	As at March 31, 2013	2012	As at March 31, 2013	2012	As at March 31, 2013	2012	As at March 31, 2013	2012	As at March 31, 2013	2012
Fair Value of Plan Asset as at beginning of the year	15.74	12.87	387.88	312.77	96.18	162.49	-	-	-	-
Liability Transferred In on Demerger of NCE unit / Acquisitions	-	2.05	-	-	-	0.46	-	-	-	-
Expected Return on Plan Assets	1.35	1.08	22.45	20.84	6.91	7.58	-	-	-	-
Net Loss on Settlement	-	-	-	-	-	(3.55)	-	-	-	-
Net Loss on Settlement borne by Company	-	-	-	-	-	3.55	-	-	-	-
Contributions by the employer	10.04	2.03	8.40	7.59	17.18	15.05	-	-	-	-
Liability Transferred In for employees joined	-	-	-	-	0.79	-	-	-	-	-
Liability Transferred Out for employees left	-	-	-	-	(2.71)	-	-	-	-	-
Asset transferred out on Sale of Domestic Formulation Business & Subsidiary	-	-	-	-	-	(80.08)	-	-	-	-
Benefits Paid	(3.06)	(2.88)	(7.09)	(9.88)	(13.40)	(9.32)	-	-	-	-
Actuarial Gain / (Loss)	(0.08)	0.59	11.80	8.54	-	-	-	-	-	-
Exchange Differences on Foreign Plans	-	-	(1.33)	48.02	-	-	-	-	-	-
<b>Fair Value of Plan Asset as at the end of the year</b>	<b>23.99</b>	<b>15.74</b>	<b>422.11</b>	<b>387.88</b>	<b>104.95</b>	<b>96.18</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

(₹ in Crores)

	(Funded)						(Non-Funded)			
	Gratuity		Pension		Provident Fund		Gratuity		Long Term Service Award	
	As at March 31, 2013	2012	As at March 31, 2013	2012	As at March 31, 2013	2012	As at March 31, 2013	2012	As at March 31, 2013	2012
Present Value of Funded Obligation as at end of the year	25.01	18.94	360.53	335.79	104.95	96.18	-	-	-	-
Fair Value of Plan Assets as at end of the year	23.99	15.74	422.11	387.88	104.95	96.18	-	-	-	-
<b>Funded Liability / (Asset) recognised in the Balance Sheet (Refer Notes 8, 11 and 16)</b>	<b>1.02</b>	<b>3.20</b>	<b>(61.58)</b>	<b>(52.09)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Present Value of Unfunded Obligation as at end of the year	-	-	-	-	-	-	2.14	0.56	0.39	0.31
Unrecognised Past Service Cost	-	-	-	-	-	-	(0.20)	0.03	-	-
Unrecognised Actuarial gain / (loss)	-	-	-	-	-	-	-	-	-	-
<b>Unfunded Liability recognised in the Balance Sheet (Refer Note 8, 11 and 16)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.94</b>	<b>0.59</b>	<b>0.39</b>	<b>0.31</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

### for the Year Ended March 31, 2013

#### D. Amount recognised in the Balance Sheet

(₹ in Crores)

	(Funded)						(Non-Funded)			
	Gratuity		Pension		Provident Fund		Gratuity		Long Term Service Award	
	As at March 31,		As at March 31,		As at March 31,		As at March 31,		As at March 31,	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Present Value of Defined Benefit Obligation as at end of the year	25.01	18.94	360.53	335.79	104.95	96.18	2.14	0.56	0.39	0.31
Unrecognised Past Service Cost	-	-	-	-	-	-	(0.20)	0.03	-	-
Fair Value of Plan Assets as at end of the year	23.99	15.74	422.11	387.88	104.95	96.18	-	-	-	-
<b>Net Liability /(Asset) recognised in the Balance Sheet (Refer Note 8, 11 and 16)</b>	<b>1.02</b>	<b>3.20</b>	<b>(61.58)</b>	<b>(52.09)</b>	<b>-</b>	<b>-</b>	<b>1.94</b>	<b>0.59</b>	<b>0.39</b>	<b>0.31</b>

#### E. Expenses recognised in Statement of Profit and Loss

(₹ in Crores)

	(Funded)						(Non-Funded)			
	Gratuity		Pension		Provident Fund		Gratuity		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,	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Current Service Cost	1.76	1.50	1.07	0.66	7.19	6.23	0.19	0.12	0.04	0.05
Past Service Cost	-	-	-	-	-	-	1.33	0.03	-	-
Interest Cost	1.66	1.18	16.89	17.90	6.91	7.58	0.01	0.02	0.03	0.04
Expected Return on Plan Assets	(1.35)	(1.08)	(22.45)	(20.84)	(6.91)	(7.58)	-	-	-	-
Curtailments Cost / (Credit)	-	-	-	-	-	-	-	-	-	-
Net Actuarial (Gain) / Loss	5.79	2.08	3.01	(18.68)	-	-	(0.30)	-	0.02	(0.23)
<b>Total Expenses / (Income) recognised in the Statement of Profit and Loss*</b>	<b>7.86</b>	<b>3.68</b>	<b>(1.48)</b>	<b>(20.96)</b>	<b>7.19</b>	<b>6.23</b>	<b>1.23</b>	<b>0.17</b>	<b>0.09</b>	<b>(0.14)</b>

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

### for the Year Ended March 31, 2013

#### F. Actual Return on Plan Assets

(₹ in Crores)

	(Funded)						(Non-Funded)			
	Gratuity		Pension		Provident Fund		Gratuity		Long-Term Service Award	
	As at March 31,		As at March 31,		As at March 31,		As at March 31,		As at March 31,	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Expected Return on Plan Assets	1.35	1.08	22.45	20.84	6.91	7.58	-	-	-	-
Actuarial Gain / (Loss) on Plan Assets	(0.08)	0.59	11.80	8.54	-	-	-	-	-	-
Actual Return on Plan Assets	1.27	1.67	34.25	29.38	6.91	7.58	-	-	-	-

#### G. Asset Information

(% )

	(Funded)						(Non-Funded)			
	Gratuity		Pension		Provident Fund		Gratuity		Long-Term Service Award	
	As at March 31,		As at March 31,		As at March 31,		As at March 31,		As at March 31,	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Government Securities (Central and State)	46.88	43.76	74.18	63.76	25.97	23.64	-	-	-	-
Corporate Bonds	42.29	46.70	-	-	1.53	-	-	-	-	-
Equity Shares of Listed Companies	9.16	7.06	25.82	36.24	-	-	-	-	-	-
Fixed Deposits under Special Deposit Schemes of Central Government	-	-	-	-	28.57	33.63	-	-	-	-
Investment with Insurer	1.67	2.48	-	-	-	-	-	-	-	-
Public Sector Unit Bonds	-	-	-	-	43.93	42.73	-	-	-	-

#### H. Principal actuarial assumptions used

	(Funded)						(Non-Funded)			
	Gratuity		Pension		Provident Fund		Gratuity		Long-Term Service Award	
	As at March 31,		As at March 31,		As at March 31,		As at March 31,		As at March 31,	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Discount Rate (per annum)	7.90%	8.50%	5.12%	4.80%	8.25%	8.75%	8.00%	8.50%	8.25%	8.75%
	-8.25%	-8.75%					-8.25%	-8.80%		
Expected Rate of return on Plan Assets (per annum)	8.70%	8.60%	5.47%	5.47%	8.50%	8.25%	-	-	-	-
	-9.00%	-9.00%								

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2013

### I. Experience Adjustments

(₹ in Crores)

	Gratuity (Funded)				
	As at March 31,				
	2013	2012	2011	2010	2009
Defined Benefit Obligation	25.01	18.94	14.42	33.25	29.29
Plan Assets	23.99	15.74	12.87	30.03	30.43
Deficit / (Surplus)	1.02	3.20	1.55	3.22	(1.14)
Experience adjustment on plan liabilities Loss / (Gain)	4.59	2.62	3.09	3.26	(2.09)
Experience adjustment on plan assets Gain/ (Loss)	(0.10)	0.59	(1.76)	0.32	(1.15)

(₹ in Crores)

	Pension (Funded)				
	As at March 31,				
	2013	2012	2011	2010	2009
Defined Benefit Obligation	360.53	335.79	294.01	316.96	275.91
Plan Assets	422.11	387.88	312.77	317.94	274.35
Deficit / (Surplus)	(61.58)	(52.09)	(18.76)	(0.98)	1.56
Experience adjustment on plan liabilities Loss / (Gain)	14.81	(10.14)	4.49	44.78	(26.75)
Experience adjustment on plan assets Gain/ (Loss)	11.83	8.54	4.31	38.84	(24.15)

(₹ in Crores)

	Provident Fund (Funded)				
	As at March 31,				
	2013	2012	2011	2010	2009
Defined Benefit Obligation	104.95	96.18	162.49	185.35	165.60
Plan Assets	104.95	96.18	162.49	185.35	165.60
Deficit / (Surplus)	-	-	-	-	-
Experience adjustment on plan liabilities Loss / (Gain)	-	-	-	-	-
Experience adjustment on plan assets Gain/ (Loss)	-	-	-	-	-

(₹ in Crores)

	Gratuity (Non-Funded)				
	As at March 31,				
	2013	2012	2011	2010	2009
Defined Benefit Obligation	2.14	0.56	0.15	-	-
Plan Assets	-	-	-	-	-
Deficit / (Surplus)	2.14	0.56	0.15	-	-
Experience adjustment on plan liabilities Loss / (Gain)	1.93	(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, 2013

(₹ in Crores)

	Long Term Service Award (Non-Funded)				
	As at March 31,				
	2013	2012	2011	2010	2009
Defined Benefit Obligation	0.39	0.31	0.46	0.83	0.88
Plan Assets	-	-	-	-	-
Deficit / (Surplus)	0.39	0.31	0.46	0.83	0.88
Experience adjustment on plan liabilities Loss / (Gain)	0.01	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 ₹ 3.27 Crores (Previous Year ₹ 1.96 Crores) for Gratuity and Pension.

K. The liability for Leave Encashment (Non – Funded) as at year end is ₹ 20.62 Crores (Previous Year ₹ 16.22 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), Financial services including strategic investments and Information management 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 manufacturing and services		Financial services including strategic investments		Information Management		Eliminations		Total	
	March	March	March	March	March	March	March	March	March	March
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
<b>Revenues</b>										
- External	2,476.88	2,030.52	369.46	79.25	649.60	-	-	-	3,495.94	2,109.77
- Inter - Segment	-	-	-	-	1.40	-	(1.40)	-	-	-
- Other Operating Revenues	21.53	(41.08)	180.27	562.41	1.70	-	-	-	203.50	521.33
<b>Total Revenue</b>	<b>2,498.41</b>	<b>1,989.44</b>	<b>549.73</b>	<b>641.66</b>	<b>652.70</b>	<b>-</b>	<b>(1.40)</b>	<b>-</b>	<b>3,699.44</b>	<b>2,631.10</b>
<b>Segment Results</b>	<b>(154.53)</b>	<b>(282.51)</b>	<b>262.39</b>	<b>485.70</b>	<b>99.49</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>207.35</b>	<b>203.19</b>
Less: Finance Cost									400.07	82.30
Profit / (Loss) Before Tax									(192.72)	120.89
Less: Tax Expenses									24.76	5.63
<b>Profit / (Loss) for the year before share of results of associate and minority interest</b>									<b>(217.48)</b>	<b>115.26</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2013

### Other Information

(₹ in Crores)

Details	Pharmaceuticals manufacturing and services		Financial services including strategic investments		Information Management		Eliminations		Total	
	March	March	March	March	March	March	March	March	March	March
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Segment Assets	3,455.13	3,092.36	12,414.41	11,448.69	4,148.14	-	(1.40)	-	20,016.28	14,541.05
Unallocable Corporate Assets									236.89	208.53
<b>Total Assets</b>									<b>20,253.17</b>	<b>14,749.58</b>
Segment Liabilities	528.55	326.44	2,779.73	1,562.00	403.55	-	(1.40)	-	3,710.43	1,888.44
Unallocable Corporate Liabilities									5,819.18	1,619.11
<b>Total Liabilities</b>									<b>9,529.61</b>	<b>3,507.55</b>
Capital Expenditure	214.85	275.74	10.56	200.70	3,870.95	-	-	-	4,096.36	476.44
Depreciation and amortisation	145.70	129.33	0.58	(0.04)	63.28	-	-	-	209.56	129.29
Non Cash expenditure other than depreciation and amortisation	7.46	12.79	3.05	0.26	0.50	-	-	-	11.01	13.05

### Secondary Segments

(₹ in Crores)

Details	Within India		Outside India		Eliminations		Total	
	March	March	March	March	March	March	March	March
	2013	2012	2013	2012	2013	2012	2013	2012
Revenues	1,137.13	806.56	2,900.75	1,905.74	(338.44)	(81.20)	3,699.44	2,631.10
Carrying amounts of Segment Assets	16,479.66	13,512.02	8,767.17	1,731.49	(4,993.66)	(493.93)	20,253.17	14,749.58
Additions to Tangible and Intangible Assets	125.38	386.11	3,970.98	90.33	-	-	4,096.36	476.44

42. Information in accordance with the requirements of Accounting Standard 18 on Related Party Disclosures prescribed by the Companies (Accounting Standards) Rules, 2006 (as amended).

#### A. Controlling Companies

The Swastik Safe Deposits and Investments Limited \*

The Ajay G. Piramal Foundation

Paramount Pharma Private Limited\* (upto October 30, 2012)

BMK Laboratories Private Limited\* (upto October 30, 2012)

Cavaal Fininvest Private Limited\* (upto October 30, 2012)

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

Piramal Healthcare Limited – Senior Employee Option Scheme\*

Piramal Enterprises Limited - Trustees of Piramal Enterprises Executive Trust\*

Piramal Life Sciences Limited - Senior Employees Stock Option Trust \*

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

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

Piramal Glass Limited (PGL)

Piramal Glass USA Inc.

Piramal Life Sciences Limited (PLSL)

Piramal Corporate Services Private Limited (formerly known as “Piramal Enterprises Limited”) (PCSPL)

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

India Venture Advisors Private Limited

Piramal Foundation for Educational Leadership (PFEL)

Health Management and Research Institute (HMRI)

Indus Valley Enterprises Private Limited



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

### for the Year Ended March 31, 2013

#### C. Investing parties with whom PEL is a JV Partner

Allergan Inc.\*

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

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

Mr. Ajay G. Piramal

Dr. (Mrs.) Swati A. Piramal

Ms. Nandini Piramal

Mr. Vijay Shah

Mr. Ramesh Jogani (upto September 5, 2012)

Mr. A. K. Purwar

Mr. Khushru Jijina (w.e.f February 1, 2013)

Mr. Peter De Young (husband of Ms. Nandini Piramal)

#### 2. Details of transactions with related parties the amount of which is in excess of 10% of the total related party transactions of the similar nature.

(₹ in Crores)

Details of Transactions	Controlling Companies / Other Related Parties		Key Management Personnel		Total	
	2013	2012	2013	2012	2013	2012
<b>Purchase of Goods</b>						
- PGL	6.96	6.46	-	-	6.96	6.46
- Piramal Glass USA Inc.	4.57	-	-	-	4.57	-
<b>TOTAL</b>	<b>11.53</b>	<b>6.46</b>	<b>-</b>	<b>-</b>	<b>11.53</b>	<b>6.46</b>
<b>Amenities Charges paid</b>						
- Piramal Estates Private Limited	1.37	1.75	-	-	1.37	1.75
<b>TOTAL</b>	<b>1.37</b>	<b>1.75</b>	<b>-</b>	<b>-</b>	<b>1.37</b>	<b>1.75</b>
<b>Receiving of Services</b>						
- PCSPL	11.50	5.00	-	-	11.50	5.00
- Others	0.08	0.11	-	-	0.08	0.11
<b>TOTAL</b>	<b>11.58</b>	<b>5.11</b>	<b>-</b>	<b>-</b>	<b>11.58</b>	<b>5.11</b>
<b>Rent Paid</b>						
- Piramal Estates Private Limited	9.64	8.40	-	-	9.64	8.40
<b>TOTAL</b>	<b>9.64</b>	<b>8.40</b>	<b>-</b>	<b>-</b>	<b>9.64</b>	<b>8.40</b>
<b>Reimbursement of expenses</b>						
- Piramal Estates Private Limited	0.23	-	-	-	0.23	-
- PCSPL	0.63	-	-	-	0.63	-
<b>TOTAL</b>	<b>0.86</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.86</b>	<b>-</b>
<b>Recovery of expenses</b>						
- India Venture Advisors Private Limited	0.02	-	-	-	0.02	-
<b>TOTAL</b>	<b>0.02</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.02</b>	<b>-</b>
<b>Purchase of Fixed Assets</b>						
- India Venture Advisors Private Limited	1.19	-	-	-	1.19	-
<b>TOTAL</b>	<b>1.19</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.19</b>	<b>-</b>
<b>Lease Deposit</b>						
- Piramal Estates Private Limited	1.06	-	-	-	1.06	-
<b>TOTAL</b>	<b>1.06</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.06</b>	<b>-</b>
<b>Refund of advance given</b>						
- Mr. Khushru Jijina	-	-	2.50	-	2.50	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>2.50</b>	<b>-</b>	<b>2.50</b>	<b>-</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2013

(₹ in Crores)

Details of Transactions	Controlling Companies / Other Related Parties		Key Management Personnel		Total	
	2013	2012	2013	2012	2013	2012
<b>Finance granted (including loans and Equity contribution in cash or in kind)</b>						
- PLSL	0.50	-	-	-	0.50	-
<b>TOTAL</b>	<b>0.50</b>	-	-	-	<b>0.50</b>	-
<b>Interest Received</b>						
- PLSL	0.04	-	-	-	0.04	-
<b>TOTAL</b>	<b>0.04</b>	-	-	-	<b>0.04</b>	-
<b>Donation</b>						
- The Ajay G. Piramal Foundation	3.68	-	-	-	3.68	-
- PFEL	13.39	-	-	-	13.39	-
- HMRI	5.70	-	-	-	5.70	-
<b>TOTAL</b>	<b>22.77</b>	-	-	-	<b>22.77</b>	-
<b>Transfer of Security Deposit</b>						
- PGL	2.90	-	-	-	2.90	-
<b>TOTAL</b>	<b>2.90</b>	-	-	-	<b>2.90</b>	-
<b>Remuneration</b>						
- Mr. Ajay G. Piramal	-	-	0.48	7.89	0.48	7.89
- Dr. (Mrs.) Swati A. Piramal	-	-	0.48	3.89	0.48	3.89
- Ms. Nandini Piramal	-	-	0.48	1.47	0.48	1.47
- Mr. N. Santhanam	-	-	-	2.90	-	2.90
- Mr. Vijay Shah	-	-	0.48	1.08	0.48	1.08
- Mr. Ramesh Jogani	-	-	2.55	3.62	2.55	3.62
- Mr. Khushru Jijina	-	-	0.53	-	0.53	-
- Mr. A. K. Purwar	-	-	0.56	0.59	0.56	0.59
- Mr. Peter de Young	-	-	1.61	-	1.61	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>7.17</b>	<b>21.44</b>	<b>7.17</b>	<b>21.44</b>
<b>Advances to Directors (Refer Note 51)</b>						
- Mr. Ajay G. Piramal	-	-	5.25	-	5.25	-
- Dr. (Mrs.) Swati A. Piramal	-	-	2.27	-	2.27	-
- Ms. Nandini Piramal	-	-	1.46	-	1.46	-
- Mr. Vijay Shah	-	-	2.71	-	2.71	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>11.69</b>	<b>-</b>	<b>11.69</b>	<b>-</b>
<b>Receivable</b>						
- PLSL	0.25	-	-	-	0.25	-
- PGL	1.07	-	-	-	1.07	-
- Piramal Estates Private Limited	6.06	6.05	-	-	6.06	6.05
- PCSPL	0.63	-	-	-	0.63	-
- Indus Valley Enterprises Private Limited	5.00	-	-	-	5.00	-
- Others	0.44	0.50	-	-	0.44	0.50
<b>TOTAL</b>	<b>13.45</b>	<b>6.55</b>	<b>-</b>	<b>-</b>	<b>13.45</b>	<b>6.55</b>
<b>Payable</b>						
- Piramal Glass USA Inc.	1.25	-	-	-	1.25	-
- India Venture Advisors Private Limited	0.04	0.03	-	-	0.04	0.03
<b>TOTAL</b>	<b>1.29</b>	<b>0.03</b>	<b>-</b>	<b>-</b>	<b>1.29</b>	<b>0.03</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

### for the Year Ended March 31, 2013

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 32.

These leasing arrangements in most cases are renewable by mutual consent, on mutually agreeable terms. The Group has placed a refundable deposit of ₹ 20.96 Crores (Previous Year ₹13.83 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, 2013	As at March 31, 2012
Not Later than one year	42.35	20.30
Later than one year but not later than five years	110.95	37.31
Later than five years	40.75	2.10

44. Earnings 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 :

Particulars	For the Year Ended March 31, 2013	For the Year Ended March 31, 2012
1. Profit / (Loss) after tax but before minority interest and share of associate (₹ in Crores)	(217.48)	115.26
2. Minority Interest / Share of Associate (₹ in Crores)	9.81	3.76
3. Profit / (Loss) attributable to Equity Shareholders of the Company (₹ in Crores)	(227.29)	111.50
4. Weighted Number of Shares (nos.)	172,563,100	168,794,463
5. Earnings / (Loss) per share after exceptional items (₹)	(13.2)	6.6
6. Face value per share (₹)	2.0	2.0

45. During the year, the Company has received ₹925.00 Crores (Previous Year ₹1,854.44 Crores) through discounting of receivables. Finance charges on the same amounting to ₹48.94 Crores (Previous Year ₹111.74 Crores) has been disclosed under "Finance Cost".

46. As a globally integrated healthcare Company, Piramal Enterprises 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 Enterprises 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 Enterprises has made significant progress, with an R&D pipeline having several molecules in different phases of development. After successful pre-clinical studies, the Company makes application to requisite regulatory authorities for conducting phase I/II/III studies. 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 and P2202 are in Phase II study.

47. The Consolidated results for the year ended March 31, 2013 includes the results for Piramal Investment Holdings (Canada) Inc., Piramal Healthcare (Canada) Limited, Piramal Healthcare Pension Trustees Limited, Piramal Critical Care Italia SPA, Piramal Holdings (Suisse) SA, Piramal Imaging SA, Piramal Imaging GmbH, Piramal Technologies SA, Piramal Critical Care Deutschland GmbH, Piramal Resources Inc., Piramal Life Sciences (UK) Limited and Oxygen Healthcare Limited based on audited accounts upto the respective financial year ending December 31, 2012 and management estimates prepared by respective Company's Management for the interim period ending March 31, 2013. The results of Bluebird Aero Systems Limited, Piramal International and Piramal Dutch Holdings N.V. are based on management estimates for the period ended March 31, 2013 as audited results were unavailable. The combined Total Revenues for the year ended March 31, 2013 for all the above companies as included in the Consolidated Financial Results is 3.91%.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

### for the Year Ended March 31, 2013

48. 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 is of the opinion that the Share based payment plan scheme is managed and administered by the parent company for its own benefit and does not have any settlement obligations on the Company. Accordingly, the Company is of the opinion that the same is not required to be accounted for as per the said Guidance Note.

#### 49. Derivatives Instruments and unhedged Foreign Currency (FC) exposure

##### a) Derivatives outstanding as at the reporting date

i. Hedge of firm commitment and highly probable forecast transaction	As at March 31, 2013		As at March 31, 2012	
	FC in Crores	₹ in Crores	FC in Crores	₹ in Crores
Forward contracts to sell USD	3.50	197.26	9.60	504.63
Forward contracts to sell EUR / USD	0.51	35.13	0.25	16.98
Forward contracts to sell GBP / USD	0.37	29.96	-	-

ii. Hedge of Receivable on Sale of Domestic Formulation Business	As at March 31, 2013		As at March 31, 2012	
	FC in Crores	₹ in Crores	FC in Crores	₹ in Crores
Forward contracts to sell USD	80.00	4,125.58	120.00	6,054.67

iii. Hedge of Receivable of Loan to related parties	As at March 31, 2013		As at March 31, 2012	
	FC in Crores	₹ in Crores	FC in Crores	₹ in Crores
Forward contracts to sell GBP	-	-	0.10	8.15
Forward contracts to sell USD	1.55	84.69	-	-

##### b) Mark-to-market losses on the above

(₹ in Crores)

Particulars	For the Year Ended March 31, 2013	For the Year Ended March 31, 2012
Mark-to-market losses provided for	0.34	36.16

##### c) Particulars of unhedged foreign currency exposures as at the reporting date

Currencies	March 31, 2013				March 31, 2012			
	Advances from customers		Trade receivables		Advances from customers		Trade receivables	
	FC in Crores	₹ in Crores	FC in Crores	₹ in Crores	FC in Crores	₹ in Crores	FC in Crores	₹ in Crores
EUR	-	-	0.25	17.38	-	-	0.15	10.28
USD	0.28	15.30	2.27	122.87	0.35	17.81	2.04	104.02
GBP	0.01	0.73	0.54	44.15	*	0.35	0.61	49.43
AUD	-	-	-	-	*	0.11	0.02	1.00

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)

for the Year Ended March 31, 2013

Currencies	March 31, 2013				March 31, 2012			
	Advances to vendors		Trade payables		Advances to vendors		Trade payables	
	FC in Crores	₹ in Crores	FC in Crores	₹ in Crores	FC in Crores	₹ in Crores	FC in Crores	₹ in Crores
CHF	*	0.15	0.01	0.62	0.01	0.33	-	-
EUR	0.11	7.77	0.10	6.99	0.21	14.35	0.09	5.90
GBP	0.02	1.95	0.09	7.16	0.01	0.43	0.04	3.63
JPY	*	0.23	-	-	-	-	-	-
SEK	-	-	0.34	2.79	0.01	0.05	0.27	2.04
USD	0.17	9.09	0.97	52.66	0.20	10.08	0.74	37.90
AUD	-	-	-	-	*	0.02	-	-
CAD	-	-	-	-	0.02	0.83	0.01	0.40

\* Amounts are below the rounding off norm adopted by the Company.

50. The figures for the year ended March 31, 2013 are not comparable to the previous year ended March 31, 2012 on account of the acquisition of DRI and Sigmatic Limited. (Refer Note 34 (a) and (b))
51. In view of inadequacy of profits for the year ended March 31, 2013, managerial remuneration paid to Directors of the Company and Piramal Systems and Technologies Private Limited amounting to ₹ 11.69 Crores and ₹ 1.63 Crores respectively, requires approval from Central Government which is being sought. Pending above, the amount paid is considered as an advance to Directors (held in trust).
52. In March 2013, Piramal Systems and Technologies Private Limited had subscribed to additional 2,100 equity shares of its wholly owned subsidiary, Piramal Technologies SA by contributing ₹ 11.97 Crores (CHF 2.10 Million) (at par value). Pending the registration of the increase in capital with the Commercial Registry in Switzerland, this money has been kept in escrow account.

### 53. Joint Venture

The Group's share of each of the assets, liabilities, income and expenses in joint venture based on financial statements are as follows-

Particulars	(₹ in Crores)	
	March 31, 2013	March 31, 2012
<b>Assets</b>		
Tangible Assets	1.46	1.63
Intangible Assets	0.45	0.27
Intangible Assets under Development	0.60	0.60
Deferred Tax Asset (net)	1.21	1.03
Long-Term Loans and Advances	5.21	4.16
Inventories	11.70	10.07
Trade Receivables	9.05	6.99
Cash and Cash Equivalents	4.47	3.52
Other Non-Current Assets	0.01	-
Other Current Assets	8.99	-
Short-Term Loans and Advances	2.97	5.58

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (contd.)****for the Year Ended March 31, 2013**

Particulars	(₹ in Crores)	
	March 31, 2013	March 31, 2012
<b>Liabilities</b>		
Share Capital	3.92	-
Reserves & Surplus	32.70	-
Long-Term Provisions	-	0.19
Trade Payables	5.12	4.47
Other Current Liabilities	2.02	1.72
Short-Term Provisions	2.36	0.53
<b>Income</b>		
Revenue from operations (Net)	100.68	82.31
Other Income	0.72	0.31
<b>Expenses</b>		
Purchases of stock-in-trade	40.25	35.01
Changes in inventories of finished goods, work-in-progress and stock-in-trade	(1.63)	(3.92)
Employee benefits expense	15.30	12.17
Depreciation and amortization expense	0.85	0.70
Other Expenses	25.87	19.50
Provision for Taxation (including Deferred Tax)	7.16	6.53

54. The figures for the year ended March 31, 2012 have been regrouped, wherever necessary.

Signature to note 1 to 54 of Consolidated Financial Statements.

**For Price Waterhouse**

Firm Registration Number: 301112E  
Chartered Accountants

**Vilas Rane**

Partner  
Membership No. 33220  
Mumbai, May 03, 2013

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

Chairman

Executive Director &amp; Chief Operating Officer

Executive Director

Chief Financial Officer

Company Secretary

Mumbai, May 03, 2013

## 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 and Technologies Private Limited

### Foreign Subsidiaries

INDIAREIT Investment Management Co.  
Minrad EU  
Piramal Pharma Inc  
Oxygen Healthcare Limited  
Piramal Critical Care Inc  
Piramal Critical Care Italia SPA  
Piramal Healthcare (Canada) Limited  
Piramal Resources Inc  
Piramal Healthcare Inc  
Piramal Critical Care Deutschland Inc  
Decision Resources Group, USA

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  
Piramal Dutch Holdings NV

## JOINT VENTURE COMPANIES

Allergan India Private Limited

## INVESTORS CORRESPONDENCE

Mr. Leonard D'Souza, Company Secretary  
Piramal Enterprises Limited, 1<sup>st</sup> Floor, Piramal Tower Annexe, Ganpatrao Kadam Marg, Lower Parel, Mumbai 400 013.  
Tel.: (022) 3046 7839; Fax: (022) 3046 7855; Email ID: [complianceofficer.phl@piramal.com](mailto:complianceofficer.phl@piramal.com); website: [www.piramalenterprises.com](http://www.piramalenterprises.com)

## INFORMATION FOR SHAREHOLDERS

Listing of Equity Shares on Stock Exchanges

BSE Limited (Code 500302)  
National Stock Exchange of India Limited (Symbol PEL)

Share Transfer Agent

Link Intime India Private Limited  
C-13, Pannalal Silk Mills Compound, LBS Marg,  
Bhandup (West), Mumbai - 400 078.  
Tel.: (022) 2594 6970 Fax: (022) 2594 6969  
Email ID: [piramal.irc@linkintime.co.in](mailto:piramal.irc@linkintime.co.in)

## PLANT LOCATIONS OF PEL AND ITS SUBSIDIARIES

- Plot No. K-1, Additional M.I.D.C, Mahad, District 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, District Dhar, 454 775, Madhya Pradesh
- Digwal Village, Kohir Mandal, 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
- 3950 Schelden Circle, Brodhead Road, Bethlehem, PA 18017, USA
- 50 Cobham Drive, Orchard Park, New York 14127, USA



## Decision Resources Group



## Piramal Imaging

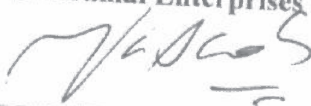
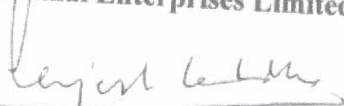
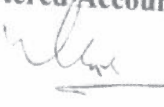



## Piramal Enterprises Limited

Registered Office Address : Ganpatrao Kadam Marg, Lower Parel(W), Mumbai, Maharashtra, India - 400013.

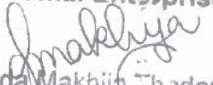


**FORM A**  
**Format of covering letter of the Annual Audit Report to be filed with the Stock Exchanges**  
*[clause 31(a) of Listing Agreement]*

Sr. No.	Prescribed Details	Response
1.	Name of Company	<b>Piramal Enterprises Limited</b>  [BSE Scrip code: 500302] [NSE Symbol: PE]
2.	Annual Financial Statements for the year ended	<b>31<sup>st</sup> March 2013</b>
3.	Type of Audit Observation <i>i.e. Unqualified / Matter of Emphasis</i>	<b>Unqualified</b>
4.	Frequency of Audit Observation <i>i.e. Whether appeared first time..../ repetitive..../since how long period...</i>	<b>Not Applicable</b>
5.	To be signed by:	
	a) CEO / Managing Director	<b>For Piramal Enterprises Limited</b>   <b>Mr. Vijay Shah – Executive Director &amp; Chief Operating Officer</b>
	b) Chief Financial Officer (CFO)	<b>For Piramal Enterprises Limited</b>   <b>Mr. Rajesh Laddha – Chief Financial Officer</b>
	c) Auditor of the Company	<b>For Price Waterhouse</b> <b>Firm Registration Number: 301112E</b> <b>Chartered Accountants</b>   <b>Vilas Rane, Partner</b> <b>Membership Number: 33220</b>
	d) Audit Committee Chairman	<b>For Piramal Enterprises Limited</b>   <b>N. Vaghul</b> <b>Audit Committee Chairman</b>

Place : Mumbai  
 Dated: 28<sup>th</sup> June, 2013

**CERTIFIED TRUE COPY**  
**For Piramal Enterprises Limited**

  
**Chanda Makhija Thadani**  
**Assistant Company Secretary**