

OXYGEN HEALTHCARE LIMITED
FINANCIAL STATEMENTS
31 MARCH 2011

KAJAINÉ LIMITED

Chartered Accountants & Statutory Auditor

1st Floor
Alpine House Unit 2
Honeypot Lane
London
NW9 9RX

OXYGEN HEALTHCARE LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

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OXYGEN HEALTHCARE LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2011

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 March 2011.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was to provide project management support.

During the year Piramal Life Science (UK) Limited acquired 100% share capital of Oxygen Healthcare Limited.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £102,307 (Rs. 7.34 Million) (2010 - £46,627 (Rs. 3.20 Million)). The directors have not recommended a dividend.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The directors make use of the ultimate parent company's risk management team to monitor and where possible mitigate the risks faced by the business. This includes credit risk, foreign exchange risk and interest rate risk.

DIRECTORS

The directors who served the company during the year were as follows:

Mr P S Shah (Resigned)	11 January 2011
Mr S R Shah	
Mr G F Klement (Appointed)	11 January 2011
Mr N Santhanam (Appointed)	11 January 2011

The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the financial statements of the parent company.

AUDITOR

Kajaine Limited is appointed under section 487(2) of the Companies Act 2006.

Registered office:
23 Science Park
Cambridge
UK
CB4 0EY

Signed on behalf of the directors

R J Humphries
Company Secretary

Approved by the directors on 28th April, 2011.

OXYGEN HEALTHCARE LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

YEAR ENDED 31 MARCH 2011

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

OXYGEN HEALTHCARE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OXYGEN HEALTHCARE LIMITED

YEAR ENDED 31 MARCH 2011

We have audited the financial statements of Oxygen Healthcare Limited for the year ended 31 March 2011. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

OXYGEN HEALTHCARE LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OXYGEN
HEALTHCARE LIMITED** *(continued)*

YEAR ENDED 31 MARCH 2011

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Amanjit Singh (Senior Statutory Auditor)

For and on behalf of Kajaine Limited
Chartered Accountants & Statutory Auditor
1st Floor
Alpine House Unit 2
Honeypot Lane
London
NW9 9RX

28th April, 2011

OXYGEN HEALTHCARE LIMITED**PROFIT AND LOSS ACCOUNT****YEAR ENDED 31 MARCH 2011**

	Note	2011		2010	
		£	Rs. In Million	£	Rs. In Million
TURNOVER		442,163	31.69	444,062	30.46
Cost of sales		102,587	7.35	206,303	14.15
GROSS PROFIT		339,576	24.34	237,759	16.31
Administrative expenses		199,933	14.33	178,575	12.25
OPERATING PROFIT	2	139,643	10.01	59,184	4.06
Interest receivable		6,233	0.45	8,310	0.57
Interest payable and similar charges	5	(12,191)	(0.87)	(8,472)	(0.58)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		133,685	9.59	59,022	4.05
Tax on profit on ordinary activities	6	31,378	2.25	12,395	0.85
PROFIT FOR THE FINANCIAL YEAR		102,307	7.34	46,627	3.20

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 7 to 11 form part of these financial statements.

OXYGEN HEALTHCARE LIMITED**BALANCE SHEET****31 MARCH 2011**

	Note	2011		2010	
		£	Rs. in Million	£	Rs. in Million
FIXED ASSETS					
Tangible assets	7	620	0.04	1,862	0.13
Investments		-	-	1	-
		620	0.04	1863	0.13
CURRENT ASSETS					
Debtors	8	119,773	8.59	397,594	27.27
Investments		-	-	562,310	38.57
Cash at bank		329,738	23.64	48,991	3.36
		449,511	32.23	1,008,895	69.20
CREDITORS: Amounts falling due within one year	10	70,939	5.08	468,039	32.11
NET CURRENT ASSETS		378,572	27.15	540,856	37.09
TOTAL ASSETS LESS CURRENT LIABILITIES		379,192	27.19	542,719	37.22
CREDITORS: Amounts falling due after more than one year		-	-	265,834	18.24
		379,192	27.19	276,885	18.98
CAPITAL AND RESERVES					
Called-up equity share capital	13	1,000	0.07	1,000	0.07
Profit and loss account	14	378,192	27.11	275,885	18.93
EQUITY SHAREHOLDERS' FUNDS	15	379,192	27.18	276,885	19.00

These financial statements were approved by the directors and authorised for issue on,
and are signed on their behalf by:

Mr N. Santhanam

Director

28th April, 2011

Company Registration Number: 04824675

The notes on pages 7 to 11 form part of these financial statements.

OXYGEN HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Consolidation

The company has taken advantage of exemption provided by section 401 of the companies Act 2006 not to prepare group accounts as its ultimate parent, Piramal Healthcare Limited (see note 16) publishes consolidated accounts. The financial statements therefore present information about the company as an individual undertaking and not about its group.

Cash flow statement

The director has taken advantage of the exemption in Financial Reporting Standard No 1 from including a cash flow statement in the financial statements on the grounds that the company is a wholly owned subsidiary and its ultimate parent, Piramal Healthcare Limited (see note 16) publishes a consolidated cash flow statement.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant & machinery - 15% per annum straight line
Equipment - 25% per annum on reducing balance

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating loss.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

OXYGEN HEALTHCARE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2011

2. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2011		2010	
	£	Rs. in Million	£	Rs. in Million
Depreciation of owned fixed assets	1,242	0.09	36,466	2.50
Auditor's remuneration				
- as auditor	5,500	0.39	0	-
- for other services	6,979	0.50	8,791	0.60
Net loss/(gain) on foreign currency translation	2,235	0.16	(2,397)	(0.16)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

3. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2011		2010	
	No	No	No	No
Number of administrative staff	2	2	2	2
Number of management staff	2	2	2	2
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	4	4	4	4
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The aggregate payroll costs of the above were:

	2011		2010	
	£	Rs. in Million	£	Rs. in Million
Wages and salaries	114,060	8.18	92,221	6.33
Social security costs	6,319	0.45	9,183	0.63
Pensions paid to former employees	-	-	(12,498)	(0.86)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	120,379	8.63	88,906	6.10
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

4. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were:

	2011		2010	
	£	Rs. in Million	£	Rs. in Million
Remuneration receivable	54,576	3.91	31,712	0.58
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

OXYGEN HEALTHCARE LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 MARCH 2011****5. INTEREST PAYABLE AND SIMILAR CHARGES**

	2011		2010	
	£	Rs. in Million	£	Rs. in Million
Interest payable on bank borrowing	<u>12,191</u>	<u>0.87</u>	<u>8,472</u>	<u>0.58</u>

6. TAXATION ON ORDINARY ACTIVITIES**Analysis of charge in the year**

	2011		2010	
	£	Rs. in Million	£	Rs. in Million
Current tax:				
UK Corporation tax based on the results for the year at 21% (2010 - 21%)	<u>31,378</u>	<u>2.25</u>	<u>12,395</u>	<u>0.85</u>
Total current tax	<u>31,378</u>	<u>2.25</u>	<u>12,395</u>	<u>0.85</u>

7. TANGIBLE FIXED ASSETS

	Equipment £	Equipment Rs. in Million
COST		
At 1 April 2010 and 31 March 2011	<u>20,391</u>	<u>1.46</u>
DEPRECIATION		
At 1 April 2010	18,529	1.33
Charge for the year	<u>1,242</u>	<u>0.09</u>
At 31 March 2011	<u>19,771</u>	<u>1.42</u>
NET BOOK VALUE		
At 31 March 2011	<u>620</u>	<u>0.04</u>
At 31 March 2010	<u>1,862</u>	<u>0.13</u>

8. DEBTORS

	2011		2010	
	£	Rs. in Million	£	Rs. in Million
Trade debtors	110,401	7.91	369,068	25.32
VAT recoverable	4,464	0.32	5,553	0.38
Other debtors	1,250	0.09	22,710	1.56
Prepayments and accrued income	3,658	0.26	263	0.02
	<u>119,773</u>	<u>8.58</u>	<u>397,594</u>	<u>27.28</u>

OXYGEN HEALTHCARE LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 MARCH 2011****9. INVESTMENTS**

	2011		2010	
	£	Rs. in Million	£	Rs. in Million
Shares in group undertakings	-	-	562,310	38.57

10. CREDITORS: Amounts falling due within one year

	2011		2010	
	£	Rs. in Million	£	Rs. in Million
Bank loans	-	-	65,000	4.46
Trade creditors	6,871	0.49	18,954	1.30
Other creditors including taxation and social security:				
Corporation tax	29,229	2.10	29,125	2.00
PAYE and social security	13,875	0.99	4,246	0.29
Directors current account	-	-	349,759	23.99
	<u>43,104</u>	<u>3.09</u>	<u>383,130</u>	<u>26.28</u>
Accruals and deferred income	20,964	1.50	955	0.07
	<u>70,939</u>	<u>5.08</u>	<u>468,039</u>	<u>32.11</u>

11. CREDITORS: Amounts falling due after more than one year

	2011		2010	
	£	Rs. in Million	£	Rs. in Million
Bank loans	-	-	265,834	18.34

12. RELATED PARTY TRANSACTIONS

Trade debtors includes amount of £108,808 (Rs.7.80 Million) (2010: £369,068(Rs.25.32 Million)) due from Oxygen Bio – Research Private Limited.

During the year the company received commission of £440,486 (Rs.31.57 Million) (2010: £443,937(Rs.30.45 Million)) from Oxygen Bio-Research Private Limited. Oxygen Bio – Research private Limited is part of group where the ultimate parent company is Piramal Healthcare Limited.

13. SHARE CAPITAL**Allotted, called up and fully paid:**

	2011			2010		
	No	£	Rs. in Million	No	£	Rs. in Million
1,000 Ordinary shares of £1 each	1,000	1,000	0.07	1,000	1,000	0.07

OXYGEN HEALTHCARE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2011

14. PROFIT AND LOSS ACCOUNT

	2011		2010	
	£	Rs. in Million	£	Rs. in Million
Balance brought forward	275,885	19.78	229,258	15.73
Profit for the financial year	102,307	7.33	46,627	3.20
Balance carried forward	<u>378,192</u>	<u>27.11</u>	<u>275,885</u>	<u>18.93</u>

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2011		2010	
	£	Rs. in Million	£	Rs. in Million
Profit for the financial year	102,307	7.33	46,627	3.20
Opening shareholders' funds	276,885	19.85	230,258	15.80
Closing shareholders' funds	<u>379,192</u>	<u>27.18</u>	<u>276,885</u>	<u>19.00</u>

16. ULTIMATE PARENT COMPANY

The immediate parent undertaking is Piramal Life Science (UK) Limited, a company incorporated in United Kingdom.

The directors consider the ultimate parent undertaking to be Piramal Healthcare Limited, a company incorporated in India.

The smallest and the largest group for which consolidated financial statements are publicly available, is that group headed by the ultimate parent undertaking, Piramal Healthcare Limited. Copies of these accounts can be obtained from Piramal Healthcare Limited, D-Mart Building, Goregaon-Mulund Link Road, Mulund West, Mumbai 400080, India.

There is no one controlling party.

Note:

The financial statements have been converted into Indian Rupees for the sole purpose of convenience of the reader at the rate of 1 GBP = Rs. 71.68 (Previous Year 1 GBP = Rs. 68.6). The convenience translation should not be construed as representation that the Indian Rupee amounts or the GBP amount referred to in these financial statements have been or could have been or could in the future be converted into GBP or INR, as the case may be, at this or any other rate of exchange, or at all.

OXYGEN HEALTHCARE LIMITED

MANAGEMENT INFORMATION

YEAR ENDED 31 MARCH 2011

The following pages do not form part of the statutory financial statements which are the subject of the independent auditor's report on pages 3 to 4.

OXYGEN HEALTHCARE LIMITED**DETAILED PROFIT AND LOSS ACCOUNT****YEAR ENDED 31 MARCH 2011**

	2011		2010	
	£	Rs. in Million	£	Rs. in Million
TURNOVER	442,163	31.69	444,062	30.46
COST OF SALES				
Purchases – Chemicals	90,010	6.45	145,510	9.98
Research costs & lab equipment	6,769	0.49	16,479	1.13
Carriage Inwards	5,808	0.42	10,925	0.75
Depreciation of plant and machinery	–	–	33,389	2.29
	<u>102,587</u>	<u>7.36</u>	<u>206,303</u>	<u>14.15</u>
GROSS PROFIT	339,576	24.33	237,759	16.31
OVERHEADS				
Administrative expenses	199,933	14.33	178,575	12.25
OPERATING PROFIT	139,643	10.00	59,184	4.06
Bank interest receivable	6,233	0.45	8,310	0.57
	<u>145,876</u>	<u>10.45</u>	<u>67,494</u>	<u>4.63</u>
Bank interest payable	(12,191)	(0.87)	(8,472)	(0.58)
PROFIT ON ORDINARY ACTIVITIES	<u>133,685</u>	<u>9.58</u>	<u>59,022</u>	<u>4.05</u>

OXYGEN HEALTHCARE LIMITED**NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT****YEAR ENDED 31 MARCH 2011**

	2011		2010	
	£	Rs. in Million	£	Rs. in Million
ADMINISTRATIVE EXPENSES				
Personnel costs				
Directors salaries	54,576	3.91	44,210	3.03
Directors pensions	–	–	(12,498)	(0.86)
Wages and salaries	59,484	4.26	48,011	3.29
Employers national insurance contributions	6,319	0.45	9,183	0.63
	<u>120,379</u>	<u>8.62</u>	<u>88,906</u>	<u>6.09</u>
Establishment expenses				
Rent, rates and water	10,298	0.74	5,141	0.35
Insurance	9,145	0.66	8,839	0.61
	<u>19,443</u>	<u>1.40</u>	<u>13,980</u>	<u>0.96</u>
General expenses				
Travel and subsistence	10,884	0.78	18,025	1.24
Telephone	1,678	0.12	1,989	0.14
IT Costs	4,326	0.31	5,332	0.37
Subscriptions	3,795	0.27	–	–
Conference	5,598	0.40	7,013	0.48
Printing, stationery and postage	11,754	0.84	15,257	1.05
Advertising	2,319	0.17	5,997	0.41
Entertaining	336	0.02	454	0.03
Legal and professional fees	181	0.01	8,101	0.56
Other professional fees	2,400	0.17	–	–
Accountancy fees	6,979	0.50	8,791	0.60
Auditors remuneration	5,500	0.39	–	–
Depreciation of fixtures and fittings	–	–	3,077	0.21
Depreciation of Computer equipment	1,242	0.09	–	–
	<u>56,992</u>	<u>4.07</u>	<u>74,036</u>	<u>5.09</u>
Financial costs				
Bank charges	884	0.06	4,050	0.28
Foreign currency gains/losses	2,235	0.16	(2,397)	(0.16)
	<u>3,119</u>	<u>0.22</u>	<u>1,653</u>	<u>0.12</u>
	<u>199,933</u>	<u>14.31</u>	<u>178,575</u>	<u>12.26</u>
INTEREST RECEIVABLE				
Bank interest receivable	<u>6,233</u>	<u>0.45</u>	<u>8,310</u>	<u>0.57</u>