

## **PIRAMAL HEALTHCARE INC.**

### Directors' Report

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Dear Shareholders,

The Directors present their report and the audited financial statements of the Company for the December 31, 2010.

### **PRINCIPAL ACTIVITIES**

The Company is a wholly owned subsidiary of Piramal Healthcare Limited, India. Its principal activity is to act as the holding Company for the Group's companies in the USA and Europe engaged in the Critical Care Business.

### **RESULTS AND DIVIDENDS**

The Company's audited financial statements at the end of the year are shown in the attached financial statements.

Financial Highlights

(Figures in Million)

Particulars	December 31, 2010		December 31, 2009	
	USD	INR	USD	INR
Total Income	6.86	306.1	3.78	169.6
Income / (Loss) Before Taxes	1.01	44.9	(9.78)	(439.3)
Income / (Loss) After Taxes	(1.52)	(67.8)	(9.79)	(439.5)

The year 2010 figures show a loss of USD 1,520,965 (Rs.67.8 Million) [Previous Year USD 9,788,492 (Rs.439.50 Million)]. The balance sheet, as of December 31, 2010, shows a total liabilities and shareholder's equity of USD 108,396,394 (Rs 4,834.50 Million) [Previous Year USD 74,278,011 (Rs3,312.8 Million)]

In view of losses, no dividend has been recommended by the Board.

The performance of the Company is expected to improve in the current financial year owing to positive outlook of the subsidiaries business.

### **DIRECTORS**

The constitution of the Board is given below:

Sr. No.	Name of the Director
1.	Mr. Rajesh Laddha
2.	Mr. Leonard D'Souza

Mr. Leonard D'Souza has been appointed as Director in place of Mr. Murari Rajan with effect from 1<sup>st</sup> April, 2011. Your Directors place on record their appreciation for the services rendered by Mr. Murari Rajan during his tenure on the Board of the Company. The directors retire at the ensuing AGM and are eligible for reappointment.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

We hereby state :

- i. That in the preparation of the accounts for the period ended December 31, 2010, the applicable accounting standards have been followed along with proper explanations relating to material departures, if any;
- ii. 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 December 31, 2010 and its loss for the period ended on that date.
- iii. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- iv. That the Directors have prepared the accounts on a going concern basis.

#### **Auditors**

KNAV P. A., Certified Public Accountants, retire as Auditors of the Company at the ensuing AGM and are eligible for reappointment.

Sincerely yours,

On behalf of the Board of Directors

Rajesh Laddha

Director

April 30, 2011

**Piramal Healthcare Inc.**

Special Purpose Financial Statements  
December 31, 2010 & 2009

**KNAV P.A.**

Certified Public Accountants  
3731 Lake Pass Lane.  
Suwanee, GA 30024

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America Counts on CPAs



## Report of Independent Accountants

Board of Directors

Piramal Healthcare Inc.

We have audited the accompanying balance sheets of Piramal Healthcare, Inc (the “Company”) as at December 31, 2010 and December 31, 2009, and the related statements of income, stockholders’ equity, and cash flows for the year then ended and period October 17, 2008 to December 31, 2009 respectively. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements and based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of complying with regulatory requirements in India by Piramal Healthcare Limited; the ultimate parent Company as discussed in note B 1 (a), and are not intended to be a presentation in conformity with generally accepted accounting principles. Based on our audit, we are not aware of any material modifications that should be made to the accompanying special-purpose financial statements in order for them to be in conformity with the basis of accounting described in note B 1 (a).

In our opinion, the special purpose financial statements referred to above present fairly in all material respects, the financial position of the Company as at December 31, 2010 and the results of its operations, stockholders’ equity and cash flows for the period January 1, 2010 to December 31, 2010, on the basis of accounting described in Note B.

This report is intended solely for the information and use of the board of directors and management at their discretion and to meet regulatory requirements in India by Piramal Healthcare Limited; the ultimate parent Company and is not intended to be and should not be used by anyone other than these specified parties.

KNAV P A  
Atlanta, Georgia  
April 30, 2011

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**KNAV P.A.**  
**Certified Public Accountants**  
3731LakePassLane,Suwanee,GA30024T17708313574F16787652377Eadmin@knavcpa.com

# Special Purpose Financial statements

## Balance sheet

	As at December 31, 2010		As at December 31, 2009	
	US\$	Rs. in Million	US\$	Rs. in Million
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	447,477	20.0	20,955	0.9
Other current assets	97,497,485	4,348.4	64,186,692	2,882.0
<b>Total current assets</b>	<b>97,944,962</b>	<b>4,368.4</b>	<b>64,207,647</b>	<b>2,882.9</b>
Deferred finance charges	381,068	17.0		-
Investments in subsidiaries	10,070,364	449.1	10,070,364	452.2
<b>Total assets</b>	<b>108,396,394</b>	<b>4,834.5</b>	<b>74,278,011</b>	<b>2,882.9</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>				
<b>Current liabilities</b>				
Other current liabilities	6,450,150	287.7	1,335,531	60.0
<b>Total current liabilities</b>	<b>6,450,150</b>	<b>287.7</b>	<b>1,335,531</b>	<b>60.0</b>
Long term borrowings, excluding current portion	101,364,729	4,520.9	70,840,000	3,180.7
<b>Total liabilities</b>	<b>107,814,879</b>	<b>4,808.5</b>	<b>72,175,531</b>	<b>3,240.7</b>
<b>Stockholder's equity</b>				
Common stock (Authorized, issued and outstanding 100 shares of \$0.01 each) (Refer Note K)	11,890,972	530.3	11,890,972	533.9
Accumulated deficit	(11,309,457)	(504.4)	(9,788,492)	(439.5)
<b>Total stockholders' equity</b>	<b>581,515</b>	<b>25.9</b>	<b>2,102,480</b>	<b>94.4</b>
<b>Total liabilities and stockholder's equity</b>	<b>108,396,394</b>	<b>4,834.5</b>	<b>74,278,011</b>	<b>3,312.8</b>

*(The accompanying notes are an integral part of these financial statements)*

## Statement of operations

	For the period ended December 31, 2010		For the period ended December 31, 2009	
	US\$	Rs. in Million	US\$	Rs. in Million
<b>Revenues</b>				
Interest income	6,863,129	306.1	3,777,494	169.6
<b>Cost and expenses</b>				
Selling, general and administrative expenses	414,902	18.5	2,321,607	104.2
Acquisition expenses	-	-	7,075,536	317.7
Interest expense	5,440,916	242.7	4,165,198	187.0
<b>Total cost and expenses</b>	<b>5,885,818</b>	<b>261.2</b>	<b>13,562,341</b>	<b>608.9</b>
<b>Income / (loss) before taxes</b>	<b>1,007,311</b>	<b>44.9</b>	<b>(9,784,847)</b>	<b>(439.3)</b>
<b>Income taxes</b>	(2,528,276)	(112.8)	(3,645)	(0.2)
<b>Net loss</b>	<b>(1,520,965)</b>	<b>(67.8)</b>	<b>(9,788,492)</b>	<b>(439.5)</b>

*(The accompanying notes are an integral part of these financial statements)*

## Statement of stockholders' deficit

Particulars	Common Stock				Accumulated deficit	Total stockholder's equity
	Authorized		Issued and Outstanding			
	Shares	Value US\$	Shares	Value US\$		
Issued during the period	100	1	100	1	-	1
Debt treated as equity contribution with no shares issued ( <i>Refer Note K</i> )	-	-	-	11,890,971	-	11,890,971
Net (loss) for the period					(9,788,492)	(9,788,492)
<b>Balance as at December 31, 2009</b>	<b>100</b>	<b>1</b>	<b>100</b>	<b>11,890,972</b>	<b>(9,788,492)</b>	<b>2,102,480</b>
<b>Balance as at December 31, 2009 Rs. In Million</b>	<b>100</b>	<b>44.90</b>	<b>100</b>	<b>533.90</b>	<b>(439.50)</b>	<b>94.40</b>
Balance as at January 1, 2010	100	1	100	11,890,972	(9,788,492)	2,102,480
Net (loss) for the year					(1,520,965)	(1,520,965)
<b>Balance as at December 31, 2010</b>	<b>100</b>	<b>1</b>	<b>100</b>	<b>11,890,972</b>	<b>(11,309,457)</b>	<b>581,515</b>
<b>Balance as at December 31, 2010 Rs. In Million</b>	<b>100</b>	<b>44.6</b>	<b>100</b>	<b>530.34</b>	<b>(504.40)</b>	<b>26.00</b>

*(The accompanying notes are an integral part of these financial statements)*

## Statement of cash flows

	For the period ended December 31, 2010		For the period ended December 31, 2009	
	US\$	Rs. in Million	US\$	Rs. in Million
<b>Cash flows from operating activities</b>				
Net income / (loss)	(1,520,965)	(67.8)	(9,788,492)	(439.5)
<b>Changes in net operating assets and liabilities</b>				
Other current assets	(33,310,793)	(1,485.7)	(64,186,692)	(2,882.0)
Income taxes	2,528,276	112.8	-	-
Deferred finance charges	(381,068)	(17.0)	-	-
Other current liabilities	2,586,343	115.4	1,335,531	60.0
<b>Net cash used in operating activities</b>	<b>(30,098,207)</b>	<b>(1,342.4)</b>	<b>(72,639,653)</b>	<b>(3,261.5)</b>
<b>Cash flows from investing activities</b>				
Purchase of investment	-	-	(10,070,364)	(452.2)
<b>Net cash used by investing activities</b>	<b>-</b>	<b>-</b>	<b>(10,070,364)</b>	<b>(452.2)</b>
<b>Cash flows from financing activities</b>				
Proceeds from long-term debt	70,524,729	3,145.4	82,730,972	3,714.6
Repayment of long-term debt	(40,000,000)	(1,784.0)	0	-
<b>Net cash provided by financing activities</b>	<b>30,524,729</b>	<b>1,361.4</b>	<b>82,730,972</b>	<b>3,714.6</b>
Net increase in cash and cash equivalents	<b>426,522</b>	19.0	<b>20,955</b>	0.9
Cash and cash equivalents at the beginning of the period	20,955	1.0	-	-
<b>Cash and cash equivalents at the end of the period</b>	<b>447,477</b>	<b>20.0</b>	<b>20,955</b>	<b>0.9</b>
<b>Supplemental disclosure of cash flow information</b>				
Interest paid	3,734,620	166.6	2,941,854	132.1
Treatment of debt as equity contribution (Refer Note K)	-	-	11,890,971	533.9

*(The accompanying notes are an integral part of these financial statements)*

## Notes to financial statements

### NOTE A - NATURE OF OPERATIONS

Piramal Healthcare Inc (“PHI” or “the Company”), incorporated on October 17, 2008 in the State of Delaware, United States of America, is an international holding company and a wholly owned subsidiary of Piramal Healthcare Limited; a public listed India Company and the ultimate parent Company.

The Company acquired the businesses of Rx Elite Holdings Inc (“Rx Elite”) and Minrad International Inc (“Minrad”) on January 27, 2009 and February 27, 2009 respectively by way of a stock purchase. The Minrad transaction was structured as a reverse merger and “Mayflower Acquisition Corp” was incorporated as a merger sub to acquire the shares of Minrad. The merger sub was subsequently merged with and into Minrad as and from February 28, 2009.

On December 30, 2009 Minrad International Inc. was reverse merged with its subsidiary Minrad Inc. (Minrad Inc.) On December 31, 2009, an agreement and Plan of Merger was approved, adopted and executed between Minrad Inc. and Rx Elite Holdings Inc. Both these transactions were accounted for as business combinations of entities under common control.

### NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with generally accepted accounting principles in United States of America. The significant policies are detailed below:

#### 1. *Basis of preparation*

a. The financial statements are prepared in accordance with the accounting policies described in these notes. The financial statements have been prepared on a standalone basis for the purpose of complying with regulatory requirements by Piramal Healthcare Limited; the ultimate parent Company. The special purpose financial statements present all assets in accordance with generally accepted accounting principles except for investments in subsidiaries and affiliates, which are presented on a cost basis. All amounts are stated in U.S. dollars, except as otherwise specified.

b. The financial statements are for the period from January 1, 2010 to December 31, 2010 and for the period October 17, 2008 to December 31, 2009.

c. Certain amounts in the prior period's financial statements and notes have been reclassified to conform to the current year's presentation.

#### 2. *Use of estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The management’s estimates for realization of deferred tax assets and estimation relating to unsettled transactions and events at the balance sheet date represent certain of these particularly sensitive estimates. Actual results could differ from those estimates.

### 3. Cash and Cash equivalents

Cash equivalents consist of highly liquid investments with an initial maturity of three months or less on the date of purchase. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

### 4. Investments

Investments are carried at cost. Acquisition related expenditure is expensed in the year of incurrence.

### 5. Interest income

The Company recognizes interest income on an accrual basis.

### 6. Income taxes

In accordance with the provisions of FASB ASC Topic 740 "Income Taxes," income taxes are accounted for using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The deferred tax asset is reduced by a valuation allowance if it is more likely than not that some portion or all of the asset will not be realized.

## NOTE C - CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of:

	As at December 31, 2010		As at December 31, 2009	
	US\$	Rs. in Million	US\$	Rs. in Million
Bank balances	447,477	20.0	20,995	0.9
<b>Total</b>	<b>447,477</b>	<b>20.0</b>	<b>20,995</b>	<b>0.9</b>

## NOTE D – OTHER CURRENT ASSETS

Other current assets comprise of:

	As at December 31, 2010		As at December 31, 2009	
	US\$	Rs. in Million	US\$	Rs. in Million
Interest due from subsidiaries	7,365,885	328.5	2,095,987	94.1
Advances to subsidiaries	90015705	4,014.7	62,090,705	2,787.9
Deferred bank charges - current	115,895	5.2	0	-
<b>Total</b>	<b>97,497,485</b>	<b>4,348.4</b>	<b>64,186,692</b>	<b>2,882.0</b>

## NOTE E - INVESTMENTS

	As at December 31, 2010		As at December 31, 2009	
	\$	Rs. in Million	\$	Rs. in Million
Investment in Piramal Critical Care Inc.	10,070,364	449.1	10,070,364	452.2
<b>Total</b>	<b>10,070,364</b>	<b>449.1</b>	<b>10,070,364</b>	<b>452.2</b>

## NOTE F – OTHER CURRENT LIABILITIES

Other current liabilities comprise of:

	As at December 31, 2010		As at December 31, 2009	
	US\$	Rs. in Million	US\$	Rs. in Million
Due to related parties	3,252,244	145.1	448,383	20.1
Interest payable to outside parties	68,167	3.0	774,960	34.8
Provision for tax	2,528,276	112.8	-	-
Others	601,463	26.8	112,188	5.0
<b>Total</b>	<b>6,450,150</b>	<b>287.7</b>	<b>1,335,531</b>	<b>60.0</b>

## NOTE G –BORROWINGS

### Long term borrowings

Loans from affiliates / parent:

	Interest rate	As at December 31, 2010		As at December 31, 2009	
		US\$	Rs. in Million	US\$	Rs. in Million
Piramal Healthcare UK Limited	2.60%	11,000,000	490.6	11,000,000	493.9
Piramal Holdings (Suisse) SA	8.50%	4,825,000	215.2	4,840,000	217.3
Piramal Healthcare Limited		30,539,729	1,362.1	-	-
<b>Total</b>		<b>46,364,729</b>	<b>2,067.9</b>	<b>15,840,000</b>	<b>711.2</b>

The loans are repayable over six to eight years.

*Term loan from Calyon Bank*

Piramal Healthcare Inc had obtained loan from Calyon Bank, Singapore branch for USD 15,000,000 (Rs.669.0 Million). This loan was obtained to finance the acquisition of Minrad Inc. (erstwhile Minrad International Inc.) and Rx Elite Holdings Inc. during the year 2009.

The rate of interest for this long term loan is determined as LIBOR at each applicable interest payment date plus 406 basis points, the guarantee for which is provided by Piramal Healthcare Limited (“PHL” or “ultimate parent company”). The interest rate as at December 31, 2010 was 3.58 % and 5.68%, respectively. The loan outstanding as at December 31, 2010 was \$ 15,000,000 (Rs.669.0 Million) and December 31, 2009 was \$ 15,000,000 (Rs. 673.5 Million).. The repayment schedule of the principal amount is as stated below.

	<b>As at December 31, 2010</b>		<b>As at December 31, 2009</b>	
	<b>US\$</b>	<b>Rs. in Million</b>	<b>US\$</b>	<b>Rs. in Million</b>
<b>Loan amount</b>	<b>15,000,000</b>	<b>669.0</b>	<b>15,000,000</b>	<b>673.5</b>
Less: Current portion	-		-	
<b>Due beyond one year</b>	<b>15,000,000</b>	<b>669.0</b>	<b>15,000,000</b>	<b>673.5</b>

**Principal payments until maturity are as follows:**

21-Apr-12	5,000,000	223.0	5,000,000	224.5
21-Apr-13	5,000,000	223.0	5,000,000	224.5
21-Oct-13	5,000,000	223.0	5,000,000	224.5

Interest expense during the period ended December 31, 2010 and 2009 on the loan was \$ 536,574 (Rs.23.9 Million) and \$ 586,933 (Rs.26.4 Million), respectively.

*Term loan from Standard Chartered Bank*

Piramal Healthcare Inc. has obtained loan from Australia and New Zealand Bank for \$ 20,000,000 (Rs.892.0 Million). This loan was obtained for refinancing, working capital requirement & making investments in its subsidiaries.

The rate of interest for this long term loan is determined as LIBOR plus 145 basis points per annum, the guarantee for which is provided by Piramal Healthcare Limited. The interest rate as at December 31, 2010 was 1.75 %. The loan outstanding as at December 31, 2010 was \$ 20,000,000 (Rs.892.0 Million) (December 31, 2009 : NIL). The repayment schedule of the principal amount is as stated below:

	<b>As at December 31, 2010</b>	
	<b>US\$</b>	<b>Rs. in Million</b>
<b>Loan amount</b>	<b>20,000,000</b>	<b>892.0</b>
Less: Current portion	-	
<b>Due beyond one year</b>	<b>20,000,000</b>	<b>892.0</b>

**Principal payments until maturity are as follows:**

May 30, 2013	3,333,333	148.7
November 30, 2013	3,333,333	148.7
May 30, 2014	3,333,333	148.7
November 30, 2014	3,333,333	148.7
May 30, 2015	3,333,334	148.7
November 30, 2015	3,333,334	148.7

Interest expense during the year ended December 31, 2010 on the loan was USD 11,916 (Rs.0.5 Million).

*Term loan Standard Chartered Bank*

Piramal Healthcare Inc. has obtained loan from Standard Chartered Bank for \$ 40,000,000 (Rs.1,784.0 Millions). This loan was obtained to finance the acquisition of Minrad Inc. (erstwhile Minrad International Inc.) during the year 2009.

The rate of interest for this long term loan is determined as LIBOR at each applicable interest payment date plus 420 basis points, the guarantee for which is provided by Piramal Healthcare Limited. The interest rate as at December 31, 2009 was 4.90%. The loan outstanding as at December 31, 2010 and 2009 was Nil and \$ 40,000,000 (Rs.1,784.0 Million) respectively. The repayment schedule of the principal amount as at December 31, 2009 is as stated below.

	<b>As at December 31, 2009</b>	
	<b>US\$</b>	<b>Rs. in Million</b>
<b>Loan amount</b>	<b>40,000,000</b>	<b>1,784.0</b>
Less: Current portion	-	
<b>Due beyond one year</b>	<b>40,000,000</b>	<b>1,784.0</b>

This loan has been repaid during the current year.

Interest expense during the year on the loan was \$ 1,303,504 (Rs.58.1 Million), (December 31, 2009: \$ 1,839,327 (Rs. 82.6 Million).

**NOTE H – CONCENTRATION RISK**

The Company's future results of operations involve a number of risks and uncertainties. Factors that could affect future operating results and cause actual results to vary materially from expectations include but are not limited to government regulations, competition, reliance on certain customers and credit risk.

The Group has concentration in respect of region in which its subsidiaries operates, which is the North American market. Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents. The Company's cash resources are invested with financial institutions with high investment grade credit ratings.

## NOTE I – INCOME TAXES

The provision for income tax expense is as follows:

	For the period ended December 31, 2010	
	US\$	Rs. in Million
<b>State</b>		
Current	445,679	19.9
Deferred	-	0
<b>Total</b>	<b>445,679</b>	<b>19.9</b>
<b>Federal</b>		
Current	2,082,597	92.9
Deferred	-	-
<b>Total</b>	<b>2,082,597</b>	<b>92.9</b>
<b>TOTAL</b>	<b>2,528,276</b>	<b>112.8</b>

The following is the summary of items giving rise to deferred tax assets:

	For the period ended December 31, 2010	
	US\$	Rs. in Million
<b>Current deferred tax asset</b>		
Accrued Interest disallowed for tax u/s 267	1,128,708	50.3
Bank Loan Processing Fee	513,540	22.9
163(j) disallowed interest carryover	1,212,209	54.1
Current deferred tax asset	2,854,457	127.3
<b>Less : Valuation Allowance</b>	<b>2,854,457</b>	<b>127.3</b>
<b>Current deferred Tax Asset Net</b>	<b>NIL</b>	<b>-</b>

## NOTE J – RELATED PARTY TRANSACTIONS

The Company had transactions relating to performance of contracted services and resource sharing with following related parties:

### A. Ultimate parent company

1. Piramal Healthcare Limited, India

### B. Subsidiaries

1. Piramal Critical Care Inc. (Erstwhile Minrad Inc.)
2. Minrad EU

### C. Fellow subsidiaries

- 1) Piramal Holdings (Suisse) SA, Switzerland

**D. Other related parties where common control exists**

1. NPIL Pharma Inc.
2. Pharma Healthcare (UK) Limited
3. Piramal Healthcare Canada Limited

**E. Key management personnel**

1. Mr. Rajesh Laddha

	As at December 31, 2010		As at December 31, 2009	
	US\$	Rs. in Million	US\$	Rs. in Million
<i>Balances at the end of the period</i>				
<b>Long term debt from</b>				
- Piramal Holdings (Suisse) SA	4,825,000	215.2	4,840,000	217.3
- Piramal Healthcare (UK) Limited	11,000,000	490.6	11,000,000	493.9
- Piramal Healthcare Limited	30,359,729	1,354.0	-	-
<b>Interest expense payable to</b>				
- Piramal Holdings (Suisse) SA	829,811	37.0	418,313	18.8
- Piramal Healthcare (UK) Limited	309,808	13.8	27,108	1.2
- Piramal Healthcare Limited	1,721,854	76.8	-	-
<b>Advances to</b>				
- Piramal Critical Care Inc.	90,015,705	4,014.7	62,090,705	2,787.9
<b>Interest receivable from</b>				
- Piramal Critical Care Inc.	7,365,885	328.5	2,095,987	94.1
<i>Transactions during the period</i>				
- Piramal Holdings (Suisse) SA	411,497	18.4	418,313	18.8
- Piramal Healthcare (UK) Limited	282,700	12.6	27,108	1.2
- Piramal Healthcare Limited	2,877,711	128.3	-	-
<b>Treatment of debt and interest accrued as equity contribution</b>				
- Piramal Healthcare Limited	-	-	11,890,971	533.9
<b>Interest income during the year to</b>				
- Piramal Critical Care Inc.	6,863,129	306.1	3,777,494	169.6

**Repayment of loan**

- Piramal Holdings (Suisse) SA	15,000	0.7	-	-
- Piramal Healthcare Limited	38,435,271	1,714.2	-	-

**Loan received during the period**

- Piramal Healthcare Limited	68,974,999	3,076.3	-	-
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**Loan advanced during the period**

- Piramal Critical Care Inc	27,925,000	1,245.5	62,090,705	2,787.9
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These transactions are in the normal course of business operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

**NOTE K – COMMON STOCK**

The authorized and issued share capital of the Company is 100 common shares of a par value of \$0.01 (Rs.0.446) each. Each share carries an equal voting right and is entitled to an equal share in the assets of the Company at liquidation.

During the year, the Company treated debt and interest accrued thereon (payable to Piramal Healthcare Limited) as at December 09, 2010 amounting to \$11,890,971 (Rs.530.3 Million) as equity contribution from the ultimate parent company. Pursuant to applicable state regulation, the equity contribution was recorded without any issuance of equity shares.

**NOTE L - SUBSEQUENT EVENTS**

Subsequent events have been evaluated through April 30, 2011 which is the date the financial statements were issued. No material subsequent event has been noted.

**Note:**

The financial statements have been converted into Indian Rupees for the sole purpose of convenience of the reader at the rate of 1 USD = Rs.44.6 (Previous Year 1 USD = Rs.44.9). The convenience translation should not be or could be construed as representation that the Indian Rupee amounts of the USD amount referred to in these financial statements have been or could in the future be converted into USD or INR, as the case may be, at this or any other rate of exchange, or at all.