

PIRAMAL HOLDINGS (SUISSE) SA

Directors' Report

Dear Shareholders,

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

PRINCIPAL ACTIVITIES

The Company is a wholly-owned subsidiary of Piramal Healthcare Limited (PHL). Its principal activity is to act as the holding company for some of PHL's subsidiaries in Europe, Canada and USA.

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	2010		2009	
	CHF	INR	CHF	INR
Total Revenue	14.40	702.32	23.01	976.0
Total Expenses	15.83	772.23	23.55	998.9
Loss Before Taxes	(1.43)	(69.9)	(0.54)	(23.0)
Loss After Taxes	(1.44)	(70.4)	(0.61)	(25.9)

The year 2010 figures show a loss of CHF 1,442,517 (Rs.70.4 Million) [Previous Year loss: CHF 611,564 (Rs. 25.9 Million)].

The balance sheet, as of December 31, 2010, shows total liabilities and shareholder's equity of 64,903,779 (Rs. 3,165.36 Million) [Previous Year CHF 88,865,405 (Rs.3,769.67 Million)].

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

The Company expects business to grow during the current financial year, consequent to which, its income is expected to increase and its performance is expected to improve.

DIRECTORS

The constitution of the Board is given below:

1. Mr. N. Santhanam
2. Mr. Pierre Parodi
3. Mr. Philippe Pouponnot

Mr. N. Santhanam and Mr. Pierre Parodi retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment, which the Board recommends.

Mr. Philippe Pouponnot was appointed as director of the Company in place of Mr. Philippe Lette with effect from 2nd May, 2011. Your Directors place on record their appreciation for the services rendered by Mr. Philippe Lette during his tenure on the Board of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

We hereby state :

- (i) That in the preparation of the accounts for the year ended December 31, 2010, the applicable accounting standards have been followed along with proper explanation 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 year 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

AUDITRUSTEE S.A. are the Auditors of the Company. They are eligible for reappointment as Auditors at the ensuing AGM.

Sincerely yours,

On behalf of the Board of Directors

N. Santhanam
Director

July 7 2011.

July 7th, 2011

PIRAMAL HOLDING (Suisse) SA

Geneva
(Switzerland)

AUDITORS' REPORT

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on the financial statements as at

December 31, 2010

As statutory auditors, we have examined the financial statements (balance sheet, income statement and notes) of Piramal Holdings (Suisse) SA for the year ended December 31, 2010.

These financial statements are the responsibility of the board of directors. Our responsibility is to perform a limited statutory examination these financial statements. We confirm that we meet the licensing and independence requirements as stipulated by Swiss Law.

We conducted our examination in accordance with the Swiss Standard on the Limited Statutory Examination. This standard requires that we plan and perform a limited statutory examination to identify material misstatements in the financial statements. A limited statutory examination consists primarily of inquiries of company personnel and analytical procedures as well as detailed tests of company documents as considered necessary in the circumstances. However, the testing of the operating flow, process analysis and the internal control system, as well as inquiries and further testing procedures to detect fraud or other legal violations, are not within the scope of this examination.

Based on our limited statutory examination, nothing has come to our attention that causes us to believe that the financial statements and the proposed forwarding of the loss on next year's accounts do not comply with Swiss Law and the company's articles of incorporation.

We recommend that the financial statements submitted to you be approved.

AUDITRUSTEE S.A.

Robert NIESTLE
Chartered accountant
Auditor in charge

Encl.:

- Balance sheet as at December 31, 2010.
- Profit and Loss Account for the year ended December 31, 2010
- Notes to financial statements for the year 2010

**PIRAMAL HOLDINGS (Suisse) SA
GENEVA**

BALANCE SHEET AS AT DECEMBER 31, 2010

	2010		2009	
	CHF	Rs. In Million	CHF	Rs. In Million
ASSETS				
Current Assets				
- Cash with bank	82,732	4.03	3,32,519	14.11
- Prepayments and accrued income	86,65,705	422.63	89,20,081	378.39
	87,48,437	426.66	92,52,600	392.50
Fixed asset				
- Investments	28,46,915	138.84	15,06,915	63.92
- Loans to subsidiaries	4,49,83,528	2,193.85	7,17,80,207	3,044.92
- Loans to group companies	44,97,349	219.34	-	-
- Licence	45,93,060	224.00	66,47,336	281.98
- Depreciation	(7,65,510)	(37.33)	(3,21,653)	(13.64)
	5,61,55,342	2,738.70	7,96,12,805	3,377.18
Total assets	6,49,03,779	3,165.36	8,88,65,404	3,769.67
LIABILITIES AND SHAREHOLDERS' EQUITY				
Liabilities				
- Accrued expenses	20,81,065	101.49	5,18,904	22.01
- Provision on unrealised exchange gain	24,15,436	117.80	24,58,231	104.28
- Bank Loan	1,86,66,070	910.34	5,07,23,304	2,151.68
- C/c shareholders	3,18,64,529	1,554.03	2,60,34,803	1,104.40
- Loan from subsidiaries	21,89,034	106.76	-	-
	5,72,16,133	2,790.43	7,97,35,242	3,382.37
Shareholders' equity				
- Share capital	1,10,00,000	536.47	1,10,00,000	466.62
- Profit and Loss				
- Accumulated Losses	(18,69,836)	(91.19)	(12,58,271)	(53.38)
- Loss for the Period	(14,42,517)	(70.35)	(6,11,565)	(25.94)
	(33,12,353)	(161.54)	(18,69,836)	(79.32)
	76,87,647	374.93	91,30,164	387.30
Total liabilities and shareholders' equity	6,49,03,779	3,165.36	8,88,65,404	3,769.67

**PIRAMAL HOLDINGS (Suisse) SA
GENEVA**

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2010

	2010		2009	
	CHF	Rs. In Million	CHF	Rs. In Million
Revenue				
- Interest income	37,94,767	185.07	32,20,899	136.6
- Royalty Income	2,99,103	14.59	3,01,049	12.8
- Unrealised Exchange Gain	82,67,401	403.20	1,94,74,381	826.1
- Exchange gain	20,39,377	99.46	10,606	0.4
Total revenue	1,44,00,648	702.32	2,30,06,935	976.0
Expenses				
- Interest on loans and advances	32,50,263	158.52	33,70,199	143.0
- Directors fees	13,000	0.63	13,000	0.6
- Professional fees	2,20,871	10.77	94,752	4.0
- Extraordinary Depreciaton	21,84,204	106.52	-	-
- Depreciation	3,13,929	15.31	3,21,653	13.6
- Unrealised Exchange Loss	58,51,965	285.40	1,64,89,370	699.5
- Exchange loss	15,35,724	74.90	6,576	0.3
- Loss on Sale of Subsidiary	-	-	2,58,947	11.0
- Loss on Debtors	37,263	1.82	-	-
- Bank fees	9,667	0.47	7,285	0.3
- Taxes	1,730	0.08	1,730	0.1
- Provision for Unrealised Exchange Gain	24,15,436	117.80	29,85,011	126.6
Total expenses	1,58,34,052	772.23	2,35,48,524	998.9
Loss of the period before taxes	(14,33,403)	(69.9)	(5,41,589)	(23.0)
- Previous Exercise taxes	(1,734)	(0.1)	(3,934)	(0.2)
- Provision for taxes of the period	(7,380)	(0.4)	(66,042)	(2.8)
Loss of the period	(14,42,517)	(70.4)	(6,11,565)	(25.9)

PIRAMAL HOLDINGS (Suisse) SA

GENEVA
(Switzerland)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

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A. Incorporation and activity of the company

According to its memorandum of incorporation, the Company's objects are as follows :

To hold and manage principally, in Switzerland, interests of any type whatsoever, in pharmaceutical, commercial, financial and industrial enterprises;

To carry on the financial management of the company and to enter into credit operations with or without security;

To do all such things as are, directly or indirectly, incidental or conducive to the above objects or is likely to advance the interests of the Company;

The first financial year covers the period from January 1st, 2010 until December 31st, 2010.

B. Summary of significant accounting policies

1) Accounting for income and expenditure

Income and expenditure are accounted for on an accrual basis, irrespective of when payments are received or made.

2) Foreign currency translation

The accounting records are kept in Swiss francs. Transactions denominated in currencies other than Swiss francs are translated into Swiss francs at the exchange rates ruling at the date of the transactions.

At the closure of the balance sheet, that is to say on December 31st, 2010, short-term assets, this means bank accounts, which are expressed in another currency than the Swiss francs, are converted at the end of the year exchange rate.

Due to the devaluation of the UK Sterling Pound the long term assets and liabilities have also been translated into Swiss francs at the year end exchange rates. A provision for the net unrealised Exchange Gain has been created in the accounts.

3) Investments

			2010		2009	
			CHF	Rs. In Million	CHF	Rs. In Million
-	NPIL Life Science (UK) Ltd, Common stock	GBP	15,000,000			
	Shares contribution prorata - 6.25%					
	Book value (fully paid only 4%)	GBP	600,000	1,374,575	67.0	1,374,575 58.3
-	NPIL Pharma Inc, USA Common stock	USD	100,000			
	Shares contribution prorata - 100%					
	Book value	USD	100,000	132,329	6.5	132,329 5.6
-	Piramal Investment Holdings (Canada) Inc Common stock	CAD	10			
	Shares contribution prorata - 100%					
	Book value	CAD	10	11	0.0	10 -
-	Piramal Critical Care (Italia) SPA Common stock	EUR	1,000,000			
	Shares contribution prorata - 100%					
	Book value	EUR	1,000,000	1,340,000	65.4	0 -
Total				2,846,915	138.8	1,506,914 63.9

4) Taxes

Since the Company is acting as a holding a tax ruling has been granted in December 2006.

C. Shareholders' equity

Share capital

The share capital is divided into 11,000 registered shares with a nominal value of CHF 1,000.00 each, fully issued and paid up.

D. Risk evaluation

As Piramal Holdings (Suisse) SA belongs to a well known pharmaceutical group, ranked in the Indian market, the risk evaluation has not been done for the Swiss company.

Note:

The financial statements have been converted into Indian Rupees for the sole purpose of convenience of the reader at the rate of 1 CHF = Rs.48.77 (Previous Year 1 CHF = Rs.42.42). The convenience translation should not be or could be construed as representation that the Indian Rupee amounts of the CHF amount referred to in these financial statements have been or could in the future be converted into CHF or INR, as the case may be, at this or any other rate of exchange, or at all.
