

## **PIRAMAL INVESTMENT HOLDINGS (CANADA) INC.**

Dear Shareholders,

The Directors present their report and the audited financial statements of the Company for the accounting year ended November 30, 2010.

### **PRINCIPAL ACTIVITIES**

The Company is a wholly owned subsidiary of Piramal Holdings (Suisse) SA, a Company incorporated and existing under the laws of Switzerland. The ultimate parent Company is Piramal Healthcare Limited, a Company incorporated in India.

The Company's principal activity is to act as the holding Company for the Group's companies in Europe and Canada.

### **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)

<b>Particulars</b>	<b>November 30, 2010</b>		<b>November 30, 2009</b>	
	<b>CAD</b>	<b>INR</b>	<b>CAD</b>	<b>INR</b>
Total Sales	-	-	-	-
Net Loss	(0.79)	(36.1)	(0.95)	(42.1)

Interest during the year on amounts borrowed from the Company's holding Company, Piramal Holdings (Suisse) SA, amounted to CAD 744,587 (Rs.34.30 Million).

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

### **DIRECTORS**

Mr. N. Santhanam and Mr. Andre Begin, who were appointed as directors of the Company upon its incorporation, continue to be Directors of the Company. They retire at the ensuing AGM and are eligible for reappointment. None of the Directors hold any shares in the Company.

### **EMPLOYEE CONSULTATIONS**

The Company has no employees.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

We hereby state:

- (i) That in the preparation of the accounts for the year ended November 30, 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 November 30, 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.

## **AUDITOR**

KNAV P.A. are the Auditors of the Company. They are eligible for reappointment as Auditors at the ensuing AGM.

Signed by Order of the Directors

N. Santhanam  
Director

Registered Office:  
110 Industrial Parkway North  
PO Box 308  
Aurora, Ontario, Canada  
L4G 3H4

Approved by the directors on April 22, 2011

# **Piramal Investment Holdings (Canada) Inc**

Financial Statements

November 30, 2010 and 2009

**KNAV P.A.**

Certified Public Accountants

3731 Lake Pass Lane.

Suwanee, GA 30024

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## Auditors' Report

The Shareholder  
Piramal Investment Holdings(Canada) Inc

We have audited the non-consolidated balance sheet of Piramal Investment Holdings (Canada) Inc. as at November 30, 2010 and November 30, 2009 and the non-consolidated statements of operations, deficit and cash flows for the years then ended.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these non-consolidated financial statements in accordance with Canadian Generally Accepted Accounting Principles issued by the Accounting Standards Board of Canada (AcSB) using differential reporting options available to non-publicly accountable enterprises, as described in *Note B* to the non-consolidated financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstance.

### Auditors' Responsibility

Our responsibility is to express an opinion on these non-consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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, we 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Opinion

In our opinion, these non-consolidated financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2010 and November 30, 2009, its financial performance, its changes in net assets and its cash flows for the years then ended in accordance with Canadian Generally Accepted Accounting Principles issued by the Accounting Standards Board of Canada (AcSB).

Khozema Anajwalla  
Chartered Accountant- Ontario  
KNAV P.A.  
Date: April 22, 2011  
Place: Atlanta, Georgia

## **Non-consolidated Financial Statements**

## Non-consolidated balance sheet

	As at 30-Nov-10		As at 30-Nov-09	
	CAD	Rs. In Million	CAD	Rs. In Million
<b>ASSETS</b>				
Due from affiliates ( <i>Refer note C</i> )	10	0.0	10	0.0
Investments ( <i>Refer note D</i> )	27,094,950	1,246.9	27,094,950	1,199.8
<b>Total assets</b>	<b>27,094,960</b>	<b>1,246.9</b>	<b>27,094,960</b>	<b>1,199.8</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Accounts payable and accrued liabilities ( <i>Refer note E</i> )	75,501	3.5	34,760	1.5
Due to affiliates ( <i>Refer note C</i> )	30,713,906	1,413.5	29,969,320	1,327.0
	<b>30,789,407</b>	<b>1,416.9</b>	<b>30,004,080</b>	<b>1,328.6</b>
<b>Stockholders' deficit</b>				
Capital stock ( <i>Refer note F</i> )	10	0.0	10	0.0
Accumulated deficit	(3,694,457)	(170.0)	(2,909,130)	(128.8)
	<b>(3,694,447)</b>	<b>(170.0)</b>	<b>(2,909,120)</b>	<b>(128.8)</b>
<b>Total liabilities and stockholders' deficit</b>	<b>27,094,960</b>	<b>1,246.9</b>	<b>27,094,960</b>	<b>1,199.8</b>

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

**APPROVED ON BEHALF OF THE BOARD:**

N. Santhanam : Director  
 Andre Begin : Director

## Non-consolidated statement of operations

	For the year ended 30-Nov-10		For the year ended 30-Nov-09	
	CAD	Rs. In Million	CAD	Rs. In Million
<b>Revenue</b>	-	-	-	-
<b>Expenses</b>				
Interest on long term debt	744,587	34.3	938,845	41.6
Professional fees	40,740	1.9	12,540	0.6
<b>Net loss</b>	<b>(785,327)</b>	<b>(36.1)</b>	<b>(951,385)</b>	<b>(42.1)</b>

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

## Non-consolidated statement of Deficit

	Year ended 30-Nov-10	
	CAD	Rs in Million
<b>Deficit as at December 01, 2008</b>	<b>(1,957,745)</b>	<b>(79.2)</b>
Net loss during the year	(951,385)	(49.6)
<b>Deficit as at November 30, 2009</b>	<b>(2,909,130)</b>	<b>(128.8)</b>
<b>Deficit as at December 01, 2009</b>	<b>(2,909,130)</b>	<b>(128.8)</b>
Net loss during the year	(785,327)	(41.2)
<b>Deficit as at November 30, 2010</b>	<b>(3,694,457)</b>	<b>(170.0)</b>

## Non-consolidated statement of cash flows

	Year ended 30-Nov-10		Year ended 30-Nov-09	
	CAD	Rs. In Million	CAD	Rs. In Million
<b>Cash flows from operating activities</b>				
Net loss	(785,327)	(36.1)	(951,385)	(42.1)
<b>Change in non-cash operating assets and liabilities</b>				
Accounts payable and accrued liabilities	40,740	1.9	12,540	0.6
<b>Net cash used in operating activities</b>	<b>(744,587)</b>	<b>(34.3)</b>	<b>(938,845)</b>	<b>(41.6)</b>
<b>Net cash provided by investing activities</b>	-	-	-	-
<b>Cash flows from financing activities</b>				
Interest payable to related parties	744,587	34.3	938,845	41.6
<b>Net cash used in financing activities</b>	<b>744,587</b>	<b>34.3</b>	<b>938,845</b>	<b>41.6</b>
<b>Increase in cash and cash equivalents</b>	-	-	-	-
Cash and cash equivalents at the beginning of the year	-	-	-	-
<b>Cash and cash equivalents at the end of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Supplemental cash flow information</b>				
Interest accrued	744,587	34.3	938,845	41.6
Accrued professional expenses	40,740	1.9	12,540	0.6

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

## Notes to non-consolidated financial statements

### NOTE A - NATURE OF OPERATIONS

Piramal Investment Holdings (Canada) Inc. ("PIHC" or "the Company") was incorporated under the Business Corporations Act on November 17, 2006. The Company is a wholly owned subsidiary of Piramal Holdings (Suisse) SA (formerly known as NPIL Holdings (Suisse) SA), which in turn is a wholly owned subsidiary of Piramal Healthcare India Limited, a public listed India Company ("ultimate holding company").

The name of the Company has changed from NPIL Holdings (Canada) 2006 Inc. to Piramal Investment Holdings (Canada) Inc. with effect from July 25, 2008.

### NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These non-consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies are detailed below:

*a. Differential reporting*

The Company, with the consent of its shareholder, has elected to prepare its non-consolidated financial statements in accordance with Canadian generally accepted accounting principles, using the differential reporting option available to non-publicly accountable enterprises described below:

*i. Investments*

The Company has elected to account for its investments in subsidiaries using the cost method. Accordingly, investments in subsidiaries are recorded at original cost unless there has been a permanent impairment in value, in which case the investments are written down to fair value.

*ii. Income taxes*

The Company has elected to apply the differential reporting measurement option allowed for income taxes and, accordingly, to account for income taxes using the taxes payable method. Accordingly, future income tax assets and liabilities are not recognized.

*iii. Interest in variable interest entities*

The Company has elected not to apply the recommendations of AcG-15 "Consolidation of variable interest entities"

*b. Foreign currency translation*

Monetary assets and liabilities are translated at the exchange rates in effect at the balance sheet date. Non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at average rates for the year except for amortization that is translated at historical rates. Translation gains or losses are included in earnings.

*c. Financial instruments*

The Company's financial instruments consist of accounts receivable, advances to related company, accounts payable and accrued liabilities, shareholders' advances, long-term debt and capital lease obligation. Unless otherwise noted it is management's opinion that the Company is not exposed to significant interest, currency or credit risks.

As permitted by a decision of the Canadian Accounting Standards Board in September 2008, the Company has chosen not to adopt the new Canadian Institute of Chartered Accountants ("CICA") Handbook Sections relating to financial instruments, which include the following:

- CICA 1530, Comprehensive Income
- CICA 3855, Financial Instruments - Recognition and Measurement
- CICA 3865, Hedges
- CICA 3862, Financial Instruments - Disclosures
- CICA 3863, Financial Instruments - Presentation
- Together with the amended CICA 1651, Foreign Currency Translation, CICA 3051, Investments, and CICA 3251, Equity

*d. Use of estimates*

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. These estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future. Actual results may differ from such estimates.

*e. Going concern*

The non-consolidated financial statements of the Company have been prepared on the assumption that it remains a going concern. . The management considers that the parent and ultimate holding company will continue to provide financial support and honor the Company's obligations as they arise.

The Company has obtained a loan from its subsidiary Piramal Healthcare (Canada) Limited of CAD 18,063,000 [Rs. 831.3 Million] and from its holding company Piramal Holdings (Suisse) SA of CAD 9,031,950 [Rs. 415.7 Million].

The management considers that the Company has sufficient resources available from its parent and ultimate holding company to continue operating for the foreseeable future. For these reasons the management continues to prepare the non-consolidated financial statements on a going concern basis.

## **NOTE C – DUE TO/ FROM RELATED PARTIES**

*1. Transactions*

Related party transactions consist of interest expense of \$ 744,587 [Rs. 34.3 Million] for the year ended November 30, 2010 and \$ 938,845 [Rs. 43.2 Million] for the year ended November 30, 2009 payable on the loan due to Piramal Holdings (Suisse) SA, the sole shareholder of the Company. Interest on this related party loan is calculated at the Company's cost of borrowing plus 1%. As these transactions are in the normal course of operations, they are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

2. *Due from affiliates*

	Year Ended Nov, 2010		Year Ended Nov, 2009	
	CAD	Rs. in Million	CAD	Rs. in Million
Due from Piramal Holdings (Suisse) SA	10	0.0	10	0.0

The balance due from related party is unsecured, non interest bearing with no specific terms of repayment.

3. *Due to affiliates*

	Year Ended Nov, 2010		Year Ended Nov, 2009	
	CAD	Rs. in Million	CAD	Rs. in Million
Due to Piramal Healthcare (Canada) Limited	18,063,000	831.3	18,063,000	799.8
Due to Piramal Holdings (Suisse) SA	12,650,906	582.2	11,906,320	527.2
<b>Total</b>	<b>30,713,906</b>	<b>1,413.5</b>	<b>29,969,320</b>	<b>1,327.0</b>

The balance due to Piramal Healthcare (Canada) Limited is unsecured, non interest bearing with no specific terms of repayment. The balance due to Piramal Holdings (Suisse) SA is unsecured, interest bearing at the Company's cost of borrowing plus 1% with no specific terms of repayment.

**NOTE D – INVESTMENTS**

	Year Ended Nov, 2010		Year Ended Nov, 2009	
	CAD	Rs. in Million	CAD	Rs. in Million
Investment in Piramal Healthcare (Canada) Limited	9,031,950	415.7	9,031,950	399.9
Investment in Piramal Life Sciences Limited	18,063,000	831.3	18,063,000	799.8
<b>Total</b>	<b>27,094,950</b>	<b>1,246.9</b>	<b>27,094,950</b>	<b>1,199.8</b>

**NOTE E – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	Year Ended Nov, 2010		Year Ended Nov, 2009	
	CAD	Rs. in Million	CAD	Rs. in Million
Re- imbursement of expenses to Piramal Healthcare (Canada) Limited	68,001	3.1	22,220	1.0
Accrued liabilities for professional fees	7,500	0.3	12,540	0.6
<b>Total</b>	<b>75,501</b>	<b>3.5</b>	<b>34,760</b>	<b>1.5</b>

**NOTE F – CAPITAL STOCK**

	<b>Year Ended Nov, 2010</b>		<b>Year Ended Nov, 2009</b>	
	<b>CAD</b>	<b>Rs. in Million</b>	<b>CAD</b>	<b>Rs. in Million</b>
<b>Authorized</b>				
Unlimited number of Class A voting, common shares				
Unlimited number of Class B voting, exchangeable, common shares				
Unlimited number of Class C voting, redeemable, preferred shares				
Unlimited number of Class D voting, retractable, redeemable, preferred shares				
Unlimited number of Class E non-voting, retractable, redeemable, preferred shares				
Unlimited number of Class F non-voting, retractable, redeemable, preferred shares				
Unlimited number of Class G non-voting, retractable, redeemable, preferred shares				
Unlimited number of Class H non-voting, retractable, redeemable, preferred shares				
Unlimited number of Class I non-voting, retractable, redeemable, preferred shares				
<b>Issued</b>				
1 Class A common share	<b>10</b>	<b>0.0</b>	<b>10</b>	<b>0.0</b>

## NOTE G – RELATED PARTY TRANSACTIONS

Details of transaction	Year Ended Nov, 2010		Year Ended Nov, 2009	
	CAD	Rs. in Million	CAD	Rs. in Million
<b>Re – imbursement of expenses</b>				
- Piramal Healthcare (Canada) Limited	68,001	3.1	22,220	1.0
<b>Interest expense during the year</b>				
- Interest expense on loan from Piramal Holdings (Suisse) SA	744,587	34.3	938,845	41.6
<b>Accounts payable</b>				
Re- imbursement of expenses to Piramal Healthcare (Canada) Limited	68,001	3.1	22,220	1.0
<b>Due from affiliates</b>				
Due from Piramal Holdings (Suisse) SA	10	0.0	10	0.0
<b>Due to affiliates</b>				
Due to Piramal Healthcare (Canada) Limited	18,063,000	831.3	18,063,000	799.8
Due to Piramal Holdings (Suisse) SA	12,650,906	582.2	11,906,320	527.2
<b>Total</b>	<b>30,713,906</b>	<b>1,413.5</b>	<b>29,969,320</b>	<b>1,327.0</b>

## NOTE H – FINANCIAL INSTRUMENTS

Financial instruments consist of recorded amounts of cash, accounts receivable, other receivables and due from affiliates, which will result in future cash receipts, as well as accounts payable and accrued liabilities, and bank loan which will result in future cash outlays.

### *Fair value*

The Company's carrying value of accounts payable and accrued liabilities approximate its fair value due to the immediate or short term maturity of this instrument. The carrying value of advances to related company and shareholders' advances are less than fair value due to the lack of a repayment schedule. As the amounts have no terms of repayment, the fair value cannot be calculated with any degree of certainty within the constraints of timeliness and cost.

### **Note :**

The financial statements have been converted into Indian Rupees for the sole purpose of convenience of the reader at the rate of 1 CAD = Rs.46.02 (Previous Year 1 CAD = Rs.44.28). The convenience translation should not be construed as representation that the Indian Rupee amounts or the CAD amount referred to in these financial statements have been or could have been or could in the future be converted into CAD or INR, as the case may be, at this or any other rate of exchange, or at all.