



**Piramal Life Sciences Limited**  
**ANNUAL REPORT 2012-2013**

## **THE BOARD OF DIRECTORS**

Somesh Sharma, Chairman

N.L. Bhatia

Gautam Doshi

Rajesh Laddha

## **AUDITORS**

**M/s. Haribhakti & Co.,**

Chartered Accountants

Race Course Circle,

Vadodara – 390 007

Gujarat, India

## **BANKERS**

Axis Bank Limited

HDFC Bank Limited

## **REGISTERED OFFICE**

Piramal Tower,

Ganpatrao Kadam Marg,

Lower Parel,

Mumbai – 400 013, India.

## Contents

Management Discussion & Analysis.....	3
Report on Corporate Governance .....	6
Secretarial Audit Report.....	20
Notice .....	21
Directors' Report.....	27
Auditors' Report.....	31
Balance Sheet .....	36
Statement of Profit & Loss.....	37
Cash Flow Statement .....	38
Notes to Financial Statements.....	40

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



# MANAGEMENT DISCUSSION & ANALYSIS

## Performance Highlights:

### Income Statement

(₹ in Million)

Year ended March 31	2013	2012	Growth
<b>Income</b>			
Sales	52.4	28.5	83.8%
Other Income	7.1	3.3	115.6%
<b>Expenditure</b>			
Total Operating Expenses	76.5	56.7	35.0%
(Loss) Before Interest, Depreciation and Tax	(17.0)	(24.9)	—
Less: Interest Paid (Net)	0.4	—	—
(Loss) Before Depreciation and Tax	(17.4)	(24.9)	—
Less: Depreciation	46.2	46.2	—
(Loss) Before Tax	(63.6)	(71.1)	—
Less: Tax Expenses	—	—	—
(Loss) For the Year	(63.6)	(71.1)	—
Earnings / (Loss) Per Share (Basic / Diluted) (₹) (Face value of ₹ 10/- each)	(2.4)	(2.7)	—

### Net Sales:

PLSL offers proprietary medicinal products that are made from standardised herbal extracts. During the year, PLSL's sales increased by ~84% to ₹ 52.4 million as against ₹ 28.5 million in FY2012.

### Earnings before Interest, Depreciation and Tax (EBITDA):

The operating expenditure increased by 35.0% to ₹ 76.5 million as compared to ₹ 56.7 million in FY2012 mainly due to increased professional charges paid towards product registration in the European Union and Japan.

As a result, Loss before interest, depreciation and taxes was lower at ₹ 17.0 million for FY2013 as compared with ₹ 24.9 million for FY2012.

### Interest:

Interest expenses of ₹ 0.4 million were incurred this year on account of short term loans taken for working capital.

### Profit / Loss for the year and Earning Per Share (EPS)

Loss for the year was lower at ₹ 63.6 million as compared with ₹ 71.1 million for FY2012 and EPS for the year was at ₹ (2.4) per share.

## Balance Sheet

(₹ in Million)

As at March 31	2013	2012
<b>LIABILITIES</b>		
<b>Shareholders' funds</b>		
Share Capital	259.6	259.6
Reserves and surplus	(100.0)	(36.4)
<b>Non-Current liabilities</b>		
Long term provisions	0.6	0.2
<b>Current liabilities</b>		
Short term borrowings	2.5	—
Trade payables	4.0	7.8
Other current liabilities	0.9	11.9
Short term provisions	0.2	0.1
<b>Total Liabilities</b>	<b>167.8</b>	<b>243.2</b>
<b>ASSETS</b>		
<b>Non-Current assets</b>		
Tangible assets	5.2	5.5
Intangible assets	137.7	183.6
<b>Long term loans and advances</b>	<b>5.9</b>	<b>5.6</b>
<b>Current assets</b>		
Inventories	—	1.3
Trade receivables	17.4	18.6
Cash and bank balance	1.3	27.9
Short term loans and advances	0.3	0.7
<b>Total Assets</b>	<b>167.8</b>	<b>243.2</b>

### Industry Overview:

The global market for Nutraceuticals is expected to exceed US\$200 billion by 2017. Major trends influencing the market include growing competition, maturing markets in the developed regions, higher disposable incomes leading to greater personal care in the developing markets, etc. The largest regional markets for nutraceuticals include the US, followed by Europe and Japan. Aging population, growing health care spending and rising interest towards self-medication and preventive healthcare have been the key market drivers in above markets. Developing markets are expected to grow faster in both production and consumption of nutraceuticals, given the rapid pace of development of food and beverage, pharmaceutical and nutritional industries in Asian and other emerging markets.

### Business and Strategy:

Piramal Life Sciences Limited (PLSL) is engaged in marketing globally novel healthcare solutions from natural sources. Consequent to the demerger of the Company's NCE R&D unit into Piramal Enterprises Limited (formerly known as Piramal Healthcare Limited) with effect from April 1, 2011, PLSL has been focused on marketing its products in countries such as USA, UK, Romania, Georgia, Algeria, Singapore, Sri Lanka and Moldova through country specific marketing & distribution partners. Manufacturing of these

products, which is outsourced on Loan License basis, is done by adhering to stringent norms for standardisation, validation and product development ensuring world class quality and consistent performance. Currently, the Company deals in two types of finished pharmaceutical dosage forms:

**Evidence Based Phytopharmaceuticals**, which are research developed, clinically validated, patented single ingredient products that offer new options in the therapeutic or personal care arena, and

**Polyherbal Formulations**, which are based on the classical wisdom of Ayurveda and are being consumed in many countries across the globe.

These products are classified under various regulatory categories in different countries depending on the local laws, such as Food Supplements, Herbal Supplements, Nutraceuticals or Traditional Herbal Medicine. In India, these products are licensed under the Department of AYUSH as Proprietary Ayurvedic Medicine. The Company plans to leverage India's biodiversity and vast pool of knowledge in traditional medicinal systems such as Ayurveda as a source for new medications.

The Company is registered with the Pharmaceutical Export Promotion Council (PHARMEXCIL), Government of India and is actively engaged in promoting the cause of scientific, safe & effective herbal products through participation in relevant events and conferences in India and internationally.

#### **Internal Control Systems:**

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:**

Consequent to the demerger of NCE unit into Piramal Enterprises Limited (formerly known as Piramal Healthcare Limited), there was a significant reduction in the number of employees. There is no other material change in the number of employees.

#### **Risks & Concerns:**

PLSL sells herbal products to countries other than India. Each country has its own set of regulations governing the herbal industry. Inability to comply with all the regulations in these countries could affect the performance of the Company.

As the Company has earnings in foreign currencies, any significant changes in foreign exchange rate can adversely impact sales and earnings.

Also, scientific research and clinical trials corroborating safety claims of herbal supplements and remedies remain a critical factor in determining long-term success in the market place.

#### **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.

# 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, transparency and openness. 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.

### A. Composition and Size of the Board

The composition of your Company's Board, which comprises four 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>Non-Executive Directors</b>				
Dr. Somesh Sharma	—	—	—	—
Mr. Rajesh Laddha	6	—	1	—
<b>Non-Executive Independent Directors</b>				
Mr. Gautam Doshi	9	—	4	3
Mr. N.L. Bhatia	1	—	1	—

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.

## B. Board Meetings and Procedures

There are a minimum of four Board meetings held every year. Apart from these, additional Board meetings may be 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.

Detailed presentations are made to the Board covering operations, business performance, finance, sales, marketing 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.

### I. Meetings Held & Attendance

Five 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:

Sr. No.	Date of Board Meeting	Board strength	No. of Directors present
1	May 19, 2012	4	3
2	August 3, 2012	4	4
3	August 11, 2012	4	4
4	November 6, 2012	4	3
5	February 1, 2013	4	4

### II. Details of Directors attendance at Board Meetings and at the last Annual General Meeting (AGM) held on August 3, 2012 are given in the following table

Director	Board Meetings		Attended last AGM
	Held during tenure	Attended	
Dr. Somesh Sharma	5	4	Yes
Mr. Rajesh Laddha	5	5	Yes
Mr. Gautam Doshi	5	4	Yes
Mr. N.L. Bhatia	5	5	Yes

## C. Shareholding of Non-Executive Directors

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

Name	No. of shares held
Dr. Somesh Sharma	5,25,526
Mr. Rajesh Laddha	949
Mr. Gautam Doshi	16,101

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

Mr. Gautam Doshi is retiring by rotation at the ensuing Annual General Meeting (AGM) and is eligible for re-appointment.

Mr. N.L. Bhatia and Mr. Rajesh Laddha were appointed as Directors of the Company, liable to retire by rotation, with effect from February 2, 2012, in the casual vacancies caused by the resignation of Sir Ravinder Maini and Prof. Goverdhan Mehta respectively. They 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. Gautam Doshi

Mr. Gautam Doshi is a Chartered Accountant with nearly 36 years of experience. He is currently Group Managing Director, Reliance Anil Dhirubhai Ambani Group and on the Board of a number of public limited companies. He started out as a practicing Chartered Accountant and was a partner of M/s. Bansi S. Mehta & Co. between 1978 and 1991. He joined RSM & Co. as a partner in 1997 and continued as a partner and also as a Director of Ambit Corporate Finance Pte Ltd. till 2005. He was elected for three consecutive terms to the Western India Regional Council of The Institute of Chartered Accountants of India and was its Chairman for the year 1982-83. He was elected for two consecutive terms to the Council of the Institute of Chartered Accountants of India between 1991 and 1997. He was Member of Managing Committee and Chairman of the Indirect Taxation Committee of the Indian Merchants' Chamber for two years, 1999-2000 and 2000-2001.

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 Anil Dhirubhai Ambani Group Limited	▪ Director
2.	Reliance Big TV Limited	▪ Director ▪ Member – Audit Committee
3.	Reliance Broadcast Network Limited	▪ Director
4.	Reliance Communications Infrastructure Limited	▪ Director ▪ Member – Audit Committee
5.	Reliance Home Finance Limited	▪ Director
6.	Reliance Media Works Limited	▪ Director ▪ Member– Audit Committee ▪ Chairman – Investor Grievances Committee
7.	Reliance Telecom Limited	▪ Director ▪ Member – Audit Committee
8.	REL Utility Engineers Limited	▪ Director ▪ Chairman – Audit Committee
9.	Sterlite Industries (India) Limited	▪ Director ▪ Chairman – Audit Committee

#### Mr. N.L. Bhatia

Mr. N.L. Bhatia is one of the senior most Company Secretaries in practice since 1982 and presently practices in the name and style of N.L. Bhatia & Associates (a partnership firm).

After acquiring membership of the Institute in 1967, he served in Secretarial and Legal Departments of J.K. Group and Voltas (a Tata Group Company) and entered in practice in 1982.

As a practitioner of long standing, he has developed expertise in all facets of Company Law and Capital Market regulations and regularly advises corporate clients on matters relating to incorporation of companies, issue of securities through prospectus, Joint Venture Agreements, Stock Exchange and Securities & Exchange Board of India compliances, etc. His experience include functioning as scrutinizer in conducting Postal Ballots of leading companies, formulating schemes of arrangements for merger, amalgamation and de-merger, due-diligence in the areas of Company Law and secretarial practice, establishing Venture Capital Fund, and representing clients before SEBI in matters relating to Takeover and registration of VCF, MF and Custodian services.

Mr. Bhatia was elected to the Western India Regional Council of the Institute of Company Secretaries of India (ICSI) for two terms (1989-91 and 1992-94) and served in various capacities - Treasurer, Secretary, Vice-Chairman and Chairman.

He is a double graduate in Arts and Law and holds postgraduate Diploma in Tax Management from Bombay University in which he secured 1<sup>st</sup> position in the exams. He also secured a 1<sup>st</sup> class and a second position in the Law exams in Sagar University.

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

Name of the Company	Designation & Membership of Board Committees referred to in Clause 49 of the Listing Agreement
ICICI Investment Management Company Limited	<ul style="list-style-type: none"> <li>▪ Director</li> <li>▪ Member – Audit Committee</li> </ul>

### Mr. Rajesh Laddha

Mr. Rajesh Laddha is the Chief Financial Officer of Piramal Enterprises Limited, the flagship company of the Piramal Group. He has been with the Piramal Group for over a decade and currently manages the overall finance function for the Group. He is also a key member of the Merger & Acquisitions team.

Prior to joining the Piramal Group, Mr. Laddha gained significant experience in the FMCG sector and has worked with leading brands such as Coca Cola India.

Mr. Laddha is a qualified Chartered Accountant (Rank Holder) and a CPA from USA (Rank Holder). He has also done his Management Accounting (CIMA) from UK and MBA from University of Chicago, USA.

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.	Allergan India Private Limited	<ul style="list-style-type: none"> <li>▪ Director</li> </ul>
2.	Oxygen Bio Research Private Limited	<ul style="list-style-type: none"> <li>▪ Director</li> </ul>
3.	PHL Infrastructure Finance Company Private Limited	<ul style="list-style-type: none"> <li>▪ Director</li> </ul>
4.	Piramal Pharmaceutical Development Services Private Limited	<ul style="list-style-type: none"> <li>▪ Director</li> </ul>
5.	Piramal Systems & Technologies Private Limited	<ul style="list-style-type: none"> <li>▪ Director</li> </ul>
6.	Vodafone India Limited	<ul style="list-style-type: none"> <li>▪ Director</li> <li>▪ Member – Audit Committee</li> </ul>

### 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 Committee

### I. Constitution of the Committee

The Audit Committee comprises three members as per details in the following table:

Name	Category
Mr. Gautam Doshi – Chairman	Non-Executive, Independent
Mr. N.L. Bhatia	Non-Executive, Independent
Mr. Rajesh Laddha	Non-Executive

All the members of the Committee have good knowledge of finance, accounts and business management. The Chairman of the Committee, Mr. Gautam Doshi is a Chartered Accountant and has extensive accounting and related financial management expertise.

The composition of the Audit Committee is in compliance with the requirements of section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement. Mr. Ankit Sheth, Company Secretary is the Secretary to the Audit Committee.

### II. Terms of Reference

The terms of reference of the Audit Committee are:

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 4 times during the financial year 2012-13, on the following dates before finalisation of annual accounts and adoption of quarterly financial results by the Board. All the four meetings were attended by all the members of the Committee.

May 19, 2012	October 27, 2012
August 11, 2012	February 1, 2013

The Statutory Auditors and Internal Auditors are invited to attend all the meetings of the Committee.

Mr. Gautam Doshi, Chairman of the Audit Committee was present at the last AGM.

## B. Nomination & Remuneration Committee

### I. Constitution of the Committee

The Nomination & Remuneration Committee comprises three members as per details in the following table:

Name	Category
Mr. Gautam Doshi – Chairman	Non-Executive, Independent
Mr. N.L. Bhatia	Non-Executive, Independent
Mr. Rajesh Laddha	Non-Executive

**II. Terms of Reference**

The terms of reference of the Nomination & Remuneration Committee includes nomination of Directors on the Board and making recommendations on annual salaries, performance linked incentives, perquisites and other employment conditions for Managerial persons. The Committee takes into consideration job requirements, individual profile, remuneration practices followed by leading companies and other relevant criteria while determining the overall remuneration package.

**III. Meeting Held & Attendance**

The Committee met once on May 19, 2012, during the financial year 2012-13. This meeting was attended by all the members.

**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
Dr. Somesh Sharma – Chairman	Non-Executive
Mr. Rajesh Laddha	Non-Executive

**II. Terms of Reference**

The terms of reference of the Investors Grievance Committee includes:

- i. Review of the mechanism implemented for redressal of shareholders' and investors' grievances.
- ii. Overseeing the performance of the Registrar and 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, each of which were attended by all the members.

May 4, 2012	November 6, 2012
August 11, 2012	February 1, 2013

**IV. Investors Grievance Redressal**

There was one complaint during the year under review which was duly redressed. There was no outstanding complaint as on March 31, 2013. 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. Ankit Sheth, 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.: (022) 3046 7953  
Fax: (022) 3046 7855  
Email ID: complianceofficer.plsl@piramal.com

**4. Remuneration of Directors**

Details of sitting fees paid to the Independent Directors for attending the Board & Committee meetings held during the year ended March 31, 2013 are given below:

(in ₹)

Director	Sitting fees		Total
	Board Meetings	Committee Meetings	
Mr. Gautam Doshi	80,000	1,00,000	1,80,000
Mr. N.L. Bhatia	1,00,000	1,00,000	2,00,000

**Note:** As per policy, sitting fees are paid only to Independent Directors.

**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
9 <sup>th</sup> AGM	July 31, 2010	11.30 a.m.	Yashwantrao Chavan Pratisthan, General Jagannath Bhosale Marg, Opposite Mantralaya, Nariman Point, Mumbai - 400 021.	(i) Grant of Stock Options to Dr. Somesh Sharma, Managing Director (ii) Re-appointment of Dr. Somesh Sharma as Managing Director (iii) Keeping of register and index of members and debentureholders
10 <sup>th</sup> AGM	August 9, 2011	10.45 a.m.		None
11 <sup>th</sup> AGM	August 3, 2012	11.00 a.m.	M.C. Ghia Hall, 4 <sup>th</sup> Floor, Bhogilal Hargovindas Building, 18/20, K. Dubash Marg, Kala Ghoda, Mumbai – 400 001.	Appointment of Mr. Prashant Surana as Manager

The special resolutions were passed on show of hands.

**B. Postal Ballot**

No resolution was passed through Postal Ballot during the financial year 2012-13. At present, there is no proposal to pass any 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 statement of Register of Contracts / Related Party Transactions, is placed before the Board / Audit Committee regularly;
- Transactions with related parties are disclosed in Note No. 30 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 Annexure 1D to Clause 49 of the Listing Agreement regarding constitution of remuneration committee and unqualified financial statements.

## 7. Means of Communication

Your Company recognizes the importance of two-way communication with shareholders and of giving a balanced report 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.pls-l.com](http://www.pls-l.com) and are published in Hindu Business Line/Business Standards (all editions) (English) and Mumbai Lakshadweep (Marathi), within forty-eight hours of approval thereof.

### B. Website:

The Company's website [www.pls-l.com](http://www.pls-l.com) contains a separate dedicated section 'Investors' where shareholders information is available. Quarterly Results, Annual Reports, Code of Conduct and Ethics and Shareholding Pattern are also available on the website in a user friendly and downloadable form.

### C. Annual Report:

The Annual Report containing inter-alia the Audited Annual Accounts, Directors' Report, Auditors' Report, Report on Corporate Governance and other important information is circulated to Members and others entitled thereto. The Management Discussion and Analysis Report forms part of the Annual Report.

### D. Designated Exclusive Email ID:

The Company has designated the Email ID viz., [complianceofficer.plsl@piramal.com](mailto:complianceofficer.plsl@piramal.com) exclusively for investor servicing. This Email id has been displayed on the Company's website '[www.pls-l.com](http://www.pls-l.com)'.

**E. 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, 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 L73100MH2001PLC132523.

**B. Annual General Meeting**

**Day, Date and Time:** Wednesday, July 31, 2013 at 11.00 a.m.

**Venue:** Walchand Hirachand Hall, Indian Merchants' Chambers Building,  
4<sup>th</sup> Floor, IMC Marg, Churchgate, Mumbai - 400 020.

**C. Financial Calendar**

Financial reporting for:

Quarter ending June 30, 2013	on or before August 14, 2013
Half year ending September 30, 2013	on or before November 14, 2013
Quarter ending December 31, 2013	on or before February 14, 2014
Year ending March 31, 2014	on or before May 30, 2014
Annual General Meeting for the year ending March 31, 2014	July / August, 2014

**D. Book Closure Period**

Tuesday, July 23, 2013 to Wednesday, July 31, 2013 (both days inclusive).

**E. Listing on Stock Exchanges****Equity Shares**

BSE Limited (BSE),  
[Scrip Code: 532979]  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai - 400 001.

National Stock Exchange of India Limited (NSE),  
[Trading Symbol: PIRLIFE]  
“Exchange Plaza”, Bandra-Kurla Complex,  
Bandra (E), Mumbai - 400 051.

**ISIN** : INE122J01015  
**Reuters code** : PLSL:BO  
**Bloomberg code** : PLSL: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 Fee

Annual Custody/Issuer fee for the year 2013-14 has been paid by the Company to National Securities Depository Limited and Central Depository Services (India) Limited.

#### F. 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:

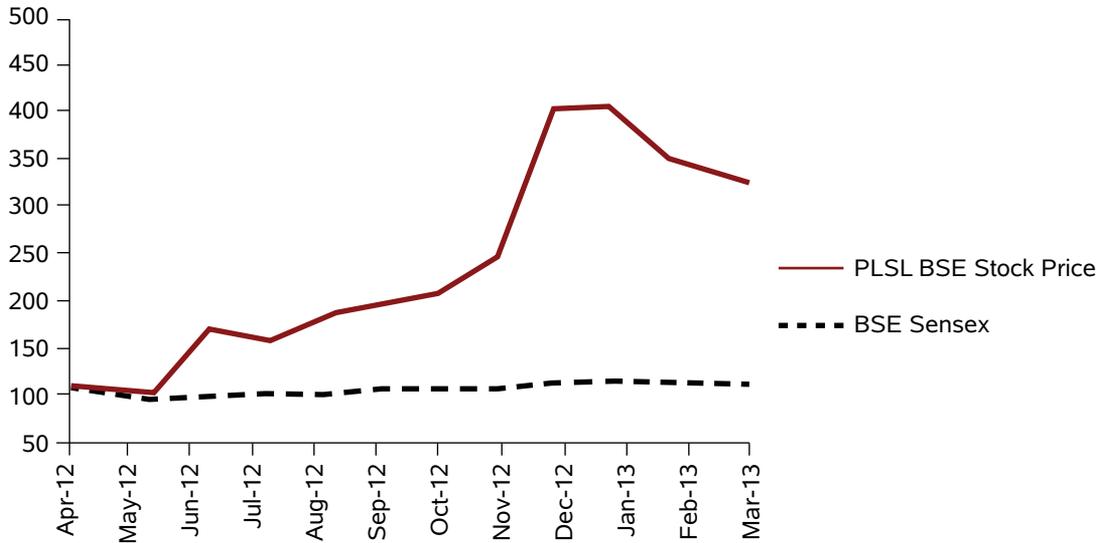
Month	BSE Limited (“BSE”)				National Stock Exchange of India Limited (“NSE”)			
	High (₹)	Low (₹)	Average Closing Price (₹)	Monthly Volume	High (₹)	Low (₹)	Average Closing Price (₹)	Monthly Volume
Apr-12	9.78	8.66	9.15	1,46,656	9.95	8.00	9.12	2,66,217
May-12	15.34	7.55	9.44	11,26,516	15.30	7.50	9.42	13,27,671
June-12	19.92	12.50	15.56	11,48,596	19.95	12.65	15.58	13,07,632
July-12	15.55	12.20	14.24	2,62,293	15.50	12.15	14.15	3,03,012
Aug-12	22.54	12.05	16.80	3,91,747	22.70	12.10	16.81	4,55,994
Sep-12	19.00	16.50	17.81	2,88,818	19.35	16.35	17.78	3,47,372
Oct-12	23.40	17.10	19.01	2,83,709	23.20	17.00	19.02	3,14,487
Nov-12	28.05	19.00	22.47	3,82,366	28.20	19.10	22.60	5,52,461
Dec-12	47.80	25.05	37.13	84,89,238	48.40	25.20	37.24	17,22,384
Jan-13	45.85	28.15	37.15	3,61,906	45.45	28.25	37.39	6,65,611
Feb-13	38.00	28.80	32.28	1,16,631	37.70	29.10	32.45	2,23,414
Mar-13	36.30	24.10	30.41	1,32,954	36.45	23.40	30.45	2,59,460

Source: BSE & NSE Website

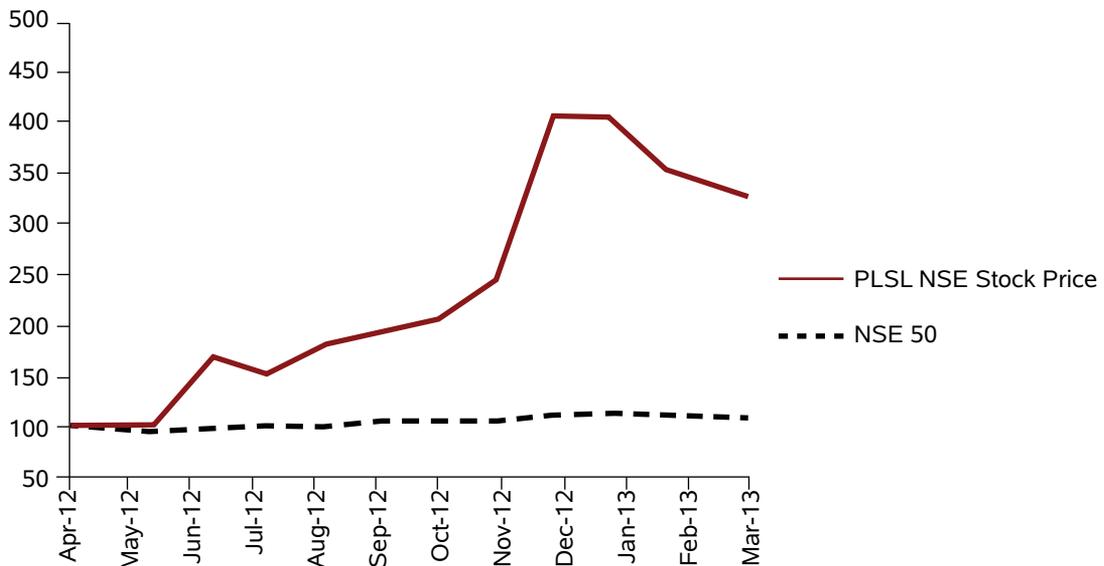
**G. Stock Performance vs BSE Sensex and NSE 50**

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.

#### H. 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)

#### I. 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.

#### J. 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	57,980	89.98	12,69,160	4.89
101 to 200	3,033	4.71	4,45,627	1.72
201 to 500	1,922	2.99	6,55,997	2.53
501 to 1000	676	1.04	5,46,479	2.10
1001 to 5000	623	0.98	13,66,478	5.26
5001 to 10000	83	0.13	6,18,202	2.38
10001 to 20000	53	0.08	7,63,119	2.94
20001 to 30000	24	0.03	5,98,514	2.30
30001 to 40000	13	0.02	4,64,811	1.79
40001 to 50000	7	0.01	3,08,578	1.19
50001 to 100000	11	0.01	7,51,857	2.90
Above 100000	17	0.02	1,81,71,518	70.00
<b>Total</b>	<b>64,442</b>	<b>100.00</b>	<b>2,59,60,340</b>	<b>100.00</b>

**K. 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>1,49,37,205</b>	<b>57.54</b>
(B)	<b>Public shareholding</b>			
<b>1</b>	<b>Institutions</b>			
(a)	Mutual Funds / UTI	10	488	0.00
(b)	Financial Institutions / Banks	16	2,272	0.01
(c)	Insurance Companies	2	10,29,428	3.97
(d)	Foreign Institutional Investors	5	59,037	0.23
<b>2</b>	<b>Non-Institutions</b>			
(a)	Bodies Corporate	577	16,42,557	6.33
(b)	Individuals			
	(i) holding nominal share capital up to ₹ 1 lakh	62,959	44,42,015	17.11
	(ii) holding nominal share capital in excess of ₹ 1 lakh	87	27,43,126	10.57
(c)	Others			
	(i) Non Resident Indians – Repatriable	442	1,40,265	0.54
	(ii) Non Resident Indians – Non Repatriable	227	54,703	0.21
	(iii) Foreign Companies	1	5,61,773	2.16
	(iv) Overseas Bodies Corporate	2	2,75,385	1.06
	(v) Clearing Members	93	71,988	0.28
	(vi) Foreign Nationals	1	2	0.00
	(vii) Trusts	4	96	0.00
	<b>Total Public Shareholding</b>	<b>64,426</b>	<b>1,10,23,135</b>	<b>42.46</b>
	<b>TOTAL</b>	<b>64,442</b>	<b>2,59,60,340</b>	<b>100.00</b>

**L. Dematerialisation of shares**

As on March 31, 2013 2,49,22,139 equity shares (96% of the total number of shares) are in dematerialised form as compared to 2,49,07,591 equity shares (95.94% of the total number of shares) as on March 31, 2012.

The Company's shares are compulsorily traded in dematerialised form and are admitted in both the Depositories in India - National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).

Particulars of Shares	Equity Shares of ₹ 10 each		Shareholders	
	Number	% of total	Number	% of total
Dematerialised form				
NSDL	2,15,85,616	83.15	34,686	53.83
CDSL	33,36,523	12.85	8,390	13.01
<b>Sub – Total</b>	<b>2,49,22,139</b>	<b>96.00</b>	<b>43,076</b>	<b>66.84</b>
Physical Form	10,38,201	4.00	21,366	33.16
<b>Total</b>	<b>2,59,60,340</b>	<b>100.00</b>	<b>64,442</b>	<b>100.00</b>

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

There are no outstanding convertible warrants / instruments.

**9. 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 Mr. Prashant Surana, Manager 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.”

Prashant Surana  
Manager

A copy of the code has been put on the Company's website [www.pls-l.com](http://www.pls-l.com)

**10. Certificate on Corporate Governance**

Certificate from M/s. Bharat R. Upadhyay & 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.

Date: May 7, 2013

The Board of Directors

**PIRAMAL LIFE SCIENCES LIMITED**

Piramal Tower,

Ganpatrao Kadam Marg,

Lower Parel, Mumbai-400013.

### SECRETARIAL AUDIT REPORT

We have examined the registers, records, books and papers of **PIRAMAL LIFE SCIENCES LIMITED** (the Company) having its registered office at Piramal Tower, Ganpatrao Kadam Marg, Lower Parel, Mumbai-400013 and having its Corporate Identification Number (CIN) L73100MH2001PLC132523, 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 there at 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, Bonus, or ESOP entitlements.
7. The Company has obtained all the necessary approvals from the Directors, Shareholders and other authorities as required under the Act.
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 did not declare any dividend for the financial year ended March 31, 2012.
10. During the year under review, the Company does not require to transfer any amount to the Investor Education and Protection Fund, 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 LIFE SCIENCES LIMITED ("PLSL")** strictly on the lines of model prescribed under the SEBI (Prohibition of Insider Trading) Regulations, 1992 as amended and the same has been implemented during the year under review. Dr. Somesh Sharma, Chairman 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.
13. The Company has adopted Code of Conduct and Ethics for its Directors and Senior Management Personnel as per the information and explanation provided; same has been complied for the Financial Year 2012-13.

For **Bharat R. Upadhyay & Associates**  
Practicing Company Secretaries

Place: Mumbai

**Bharat R. Upadhyay**  
Proprietor  
C. P. No. 4457

# NOTICE

**NOTICE** is hereby given that the 12<sup>th</sup> Annual General Meeting of the Members of Piramal Life Sciences Limited will be held on Wednesday, the 31<sup>st</sup> day of July, 2013 at 11.00 a.m. at Walchand Hirachand Hall, Indian Merchants' Chambers Building, 4<sup>th</sup> Floor, 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 appoint a Director in place of Mr. Gautam Doshi, who retires by rotation and is eligible for re-appointment.
3. 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

### 4. Appointment of Mr. N.L. Bhatia 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. N.L. Bhatia, who was appointed as Director in the casual vacancy caused by the resignation of Sir Ravinder Maini, with effect from February 2, 2012, under section 262 of the Companies Act, 1956, read with Article 135 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.”

### 5. Appointment of Mr. Rajesh Laddha 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. Rajesh Laddha, who was appointed as Director in the casual vacancy caused by the resignation of Prof. Goverdhan Mehta, with effect from February 2, 2012, under section 262 of the Companies Act, 1956, read with Article 135 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.”

### 6. Change in name of the Company

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

“RESOLVED THAT in accordance with the provisions of section 21 and other applicable provisions, if any, of the Companies Act, 1956 (“the Act”) and subject to the approval of the Central Government, the name of the Company be changed from “Piramal Life Sciences Limited” to “**Piramal Phytocare Limited**”;

RESOLVED FURTHER THAT upon fresh Certificate of Incorporation consequent to change of name of the Company being issued by the Registrar of Companies, the name “**Piramal Phytocare Limited**” be inserted in place of the present name of the Company wherever appearing in the Memorandum and Articles of Association of the Company AND THAT the Board of Directors (which term shall include its Committee(s) constituted / to be constituted by it to exercise its powers including the powers conferred by this resolution), be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary to give effect to this resolution.”

### 7. Appointment of Dr. Ashish Suthar as Manager

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

“RESOLVED THAT in accordance with the provisions of sections 198, 269 and 387 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (“the Act”) (including any statutory modifications or re-enactment thereof for the time being in force), approval of the members be and is hereby accorded to the appointment of Dr. Ashish Suthar as Manager of the Company, for a period of 3 years with effect from May 22, 2013 upon the terms and conditions including payment of remuneration, perquisites and benefits as are set out in the draft of the Agreement to be entered into between the Company and Dr. Suthar and main terms of which are set out hereunder, which Draft Agreement is hereby approved,

with liberty and powers to the Board of Directors (“the Board” which term shall include its Committee(s) constituted/ to be constituted by it to exercise its powers including the powers conferred by this resolution) to grant increments and alter and vary from time to time the terms and conditions, including the amount and type of perquisites, allowances and benefits to be provided to Dr. Suthar subject to the applicable provisions of Schedule XIII of the Act:

- a) **Basic Salary:** ₹ 6,56,000 per annum (i.e. ₹ 54,667 per month);
- b) **Perquisites and Allowances:** Dr. Suthar will be entitled to perquisites, benefits and allowances like house rent allowance, education allowance, medical allowance, drivers’ salary, company maintained / leased car (or allowance in lieu thereof), fuel reimbursement, health coverage, leave travel allowance, leave and encashment of leave, contributions to provident fund and superannuation or annuity fund, gratuity and /or contribution to gratuity fund and such other payments in the nature of perquisites, benefits and allowances as per Company policy in force from time to time or as may otherwise be decided by the Board;

In arriving at the value of perquisites, in so far as there exists a provision for valuation of such perquisites under the Income Tax Rules, the value shall be determined on the basis of the Income Tax Rules in force from time to time;

PROVIDED HOWEVER THAT Total Fixed Pay (as defined hereinbelow) shall not exceed ₹ 19.20 Lakhs (Rupees Nineteen Lakhs & Twenty Thousand) per annum, with authority to the Board to grant such annual increments and/or revisions in the Total Fixed Pay and/or in the components thereof from time to time during the tenure of his appointment, subject to the applicable provisions of Schedule XIII of the Act. PROVIDED FURTHER THAT the limits referred to herein shall not apply to those components of his perquisites which, as per Company Policy in force from time to time, are reimbursable at actuals;

**Total Fixed Pay:** For the purpose of this resolution, the term “Total Fixed Pay” shall mean the aggregate of and shall include all fixed components (including basic salary) of Dr. Suthar’s remuneration, all allowances and the value of all perquisites as per Company Policy in force from time to time, excluding Performance Linked Incentive;

**Performance Linked Incentive:** In addition to Total Fixed Pay, Dr. Suthar shall also be entitled to Performance Linked Incentive of such amount as per Company Policy or as may be determined by the Board for each financial year of the Company or part thereof, subject to the applicable provisions of Schedule XIII of the Act, taking into consideration various criteria, including the performance of Dr. Suthar and the performance of the Company;

RESOLVED FURTHER THAT the remuneration, perquisites and benefits as specified above, shall be paid to Dr. Suthar even when there is a loss or inadequacy of profits in any financial year, subject to the applicable provisions of Schedule XIII of the Act and such approvals, permissions and consents, including approval of the Central Government as may be applicable and required in this regard;

RESOLVED FURTHER THAT the Board shall have authority to grant increments and/or to alter and vary from time to time the terms of his remuneration as aforesaid and to finalise and from time to time, to alter and vary, the terms and conditions of his appointment, in accordance with the general policy of the Company or as may otherwise be decided by the Board, as it may deem fit and proper, subject to the applicable provisions of Schedule XIII of the Act;

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all decisions for or in connection with the appointment of and payment of remuneration to Dr. Suthar and generally, to give effect to this resolution.”

**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 Tuesday, July 23, 2013 to Wednesday, July 31, 2013 (both days inclusive).
4. 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.
5. **Directors**  
Mr. Gautam Doshi retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.  
  
Approval of shareholders is also being sought for the appointment of Mr. N.L. Bhatia and Mr. Rajesh Laddha as Directors, who were appointed in the casual vacancies caused by the resignation of Sir Ravinder Maini and Prof. Goverdhan Mehta respectively.  
  
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.
6. Members are requested to bring their Attendance Slip along with their copy of the Annual Report to the Meeting.
7. 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.
8. 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.pls-l.com’. Shareholders are requested to avail this facility.
9. 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 now mandatory.
10. 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 Email 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 Email 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 Email address to which such documents can be sent. For shareholders holding shares in electronic form, such request can also be sent electronically to complianceofficer.plsl@piramal.com from the same Email address registered with the depository participants.

**By Order of the Board**

**Registered Office:**

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

June 17, 2013

**Ankit Sheth**  
**Company Secretary**

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

### Item Nos. 4 & 5

Mr. N.L. Bhatia and Mr. Rajesh Laddha were appointed as Directors of the Company, liable to retire by rotation, with effect from February 2, 2012, in the casual vacancies caused by the resignation of Sir Ravinder Maini and Prof. Goverdhan Mehta respectively. They hold office upto the date of this Annual General Meeting and are eligible for appointment as Directors.

Mr. N.L. Bhatia is 79 years of age. He is a double graduate in Arts and Law and holds Postgraduate Diploma in Tax Management from Bombay University in which he secured 1<sup>st</sup> position in the exams. He also secured a 1<sup>st</sup> class and a second position in the Law exams in Sagar University. Mr. Bhatia is also a Fellow Member of the Institute of Company Secretaries of India. He has been practicing as Company Secretary since 1982 and is one of the senior most Company Secretaries in practice.

Mr. Rajesh Laddha is 46 years of age. He is the Chief Financial Officer of Piramal Enterprises Limited, the flagship company of the Piramal Group. He has been with the Piramal Group for over a decade and currently manages the overall finance function for the Group. He is also a key member of the Merger & Acquisitions team.

Prior to joining the Piramal Group, Mr. Laddha gained significant experience in the FMCG sector and has worked with leading brands such as Coca Cola India.

Mr. Laddha is a qualified Chartered Accountant (Rank Holder) and a CPA from USA (Rank Holder). He has also done his Management Accounting (CIMA) from UK and MBA from University of Chicago, USA.

Further details relating to Mr. Bhatia and Mr. Laddha 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 joint notices alongwith requisite deposit, from some members proposing the candidatures of Mr. Bhatia and Mr. Laddha as Directors of the Company.

Mr. Bhatia and Mr. Laddha may be deemed to be interested in the respective resolution as it concerns their appointment. None of the other Directors of the Company are, in any way, concerned or interested in these resolutions.

The Board recommends the resolutions as set out at Item nos. 4 & 5 of the Notice for your approval.

### Item No. 6

#### Change in name of the Company

Until recently, the words "Life Sciences" in the name of the Company appropriately reflected the research and development activity carried out by the Company. Subsequent to the demerger of the NCE Research Unit of the Company to Piramal Enterprises Limited, the current business profile of the Company comprises product development and marketing of herbal products.

In order to appropriately reflect the Company's changed business profile in its name, it is proposed that the name of the Company be changed to "**Piramal Phytocare Limited**".

The Registrar of Companies, Maharashtra, Mumbai has vide its letter dated June 13, 2013 made this name available to the Company.

None of the Directors are in any way concerned or interested in this Resolution.

The Board recommends the Special Resolution as set out at Item no. 6 of the Notice for your approval.

### Item No. 7

#### Appointment of Dr. Ashish Suthar as Manager

Members will recall that Mr. Prashant Surana was appointed as Manager of the Company w.e.f. February 3, 2012. Mr. Surana has resigned from the services of the Company w.e.f. May 21, 2013. Consequent to the resignation of Mr. Surana as Manager of the Company and in compliance with the provisions of section 269 and other applicable provisions of the Companies Act, 1956 ("the Act"), the Board of Directors of the Company have appointed Dr. Ashish Suthar, who is employed in the Company as Senior Deputy General Manager – Herbal Business, as Manager of the Company under the Act, for a period of 3 years w.e.f. May 22, 2013 on the terms and conditions including payment of remuneration as recommended by the members of Nomination & Remuneration Committee, subject to the requisite approval of shareholders.

Dr. Ashish Suthar is 37 years of age. He has done his Master in Sciences and Ph.D. from University of Mumbai. He has more than 18 years of rich and varied experience in research & development as well as marketing of pharma products.

Considering the background, competence and experience of Dr. Suthar, his knowledge of the business of the Company and the responsibilities to be shouldered by him, the terms of his remuneration are considered to be fair, just and reasonable.

In view of the inadequacy of profits, his appointment and payment of remuneration would require approval of the shareholders in terms of sub-para (B) of para (1) of Section II of Part II of Schedule XIII of the Act and hence the information required under the same are given hereinbelow.

### Information under sub-para (B) of para (1) of Section II of Part II of Schedule XIII of the Act

#### General Information

##### 1) Nature of Industry

The Company's business comprises product development and marketing of herbal products.

##### 2) Date or expected date of commencement of commercial production

The Company has already undertaken commercial production under loan licensing.

##### 3) Financial Performance

In FY 2012-13, the Company achieved sales of ₹ 52.4 Million as compared to ₹ 28.5 Million for FY 2011-12. Net Loss after tax for FY 2012-13 was ₹ 63.6 Million as compared to ₹ 71.1 Million for FY 2011-12.

##### 4) Export performance and net foreign exchange collaborations

The entire sales of herbal products during FY 2012-13 comprised exports. Reason for loss incurred during FY 2012-13 and steps being taken to improve performance, are given separately below.

##### 5) Foreign investments or collaborators, if any

At present, there are no foreign direct investments in the Company other than by way of portfolio investments. Neither is there any foreign collaboration.

#### Information about Dr. Ashish Suthar

##### 1) Background Details

Dr. Ashish Suthar is 37 years of age. He has done his Master in Sciences and Ph.D. from University of Mumbai. He has more than 18 years of rich and varied experience in research & development as well as marketing of pharma products.

##### 2) Past Remuneration

Details of his remuneration for last 3 years are given below:

(In ₹)

Financial Year	2010-2011	2011-2012	2012-2013
Total Remuneration	9,21,896	10,23,294	11,05,186

##### 3) Recognition / Awards

Achievements of Dr. Ashish Suthar include the following:

- Awarded by the committee of Indian Pharmacopoeia Commission (2007) for the preparation of monographs of Indian herbs. Also participated and awarded for preparation of monographs for Indian Herbal Pharmacopoeia (2010).
- Authorship in more than 15 scientific publications (national as well as international peer reviewed journals) and presented scientific work in more than 10 national and international conferences / seminars.
- Leading inventor in more than 10 herbal product related inventions (Indian & International).
- Selected in Marquis Who's Who in the World 2011 (28<sup>th</sup> Edition) with biography.

##### 4) Job Profile and his suitability

Dr. Ashish Suthar is responsible for the entire marketing operations, including development of new markets for herbal products. His rich experience of marketing pharmaceutical products, coupled with his deep knowledge and understanding of herbal products and its market, makes him adequately suitable for the position as Manager of the Company.

**5) Remuneration proposed**

Details of remuneration proposed are given in the resolution in the accompanying notice.

**6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)**

Taking into consideration the qualifications, skill and experience of Dr. Ashish Suthar, his job profile and the nature and size of the Company's business, there is no meaningful comparative remuneration profile with respect to industry, size of the company, etc. which can be provided under this section.

**7) Pecuniary relationship directly or indirectly with the company, or relationship with managerial personnel, if any**

Dr. Ashish Suthar does not have any pecuniary relationship directly or indirectly with the Company (other than his present employment) or with any of the Directors of the Company.

**Other Information****1) Reasons of loss or inadequate profits**

- Increased advertisement, business promotion and travelling expenses as the Company is focused on growing this business;
- Increased legal and professional charges due to entry of the Company in new geographies and higher spending on registration of products in new geographies.

**2) Steps taken or proposed to be taken for improvement**

- Focusing on research products with Intellectual property protections with addition of new products for our customers;
- Registering our products in regulated & developed markets;
- Aggressive marketing of our research product 'Tinefcon®';
- Introduction of products in new geographies.

**3) Expected increase in productivity and profits in measurable terms**

The management expects that the above and other efforts underway would result in an improved performance. However, considering the nature of the Company's activity and related factors, it is difficult to lay down expected profits in measurable terms.

**Disclosures**

The terms and conditions, including remuneration payable to Dr. Suthar, are contained in the Draft Agreement ("Agreement") proposed to be entered into by the Company with Dr. Suthar, main terms of which are set out in the resolution at Item no. 7 of the accompanying Notice.

The above may be treated as the requisite abstract of the Agreement proposed to be entered into by the Company with Dr. Suthar, as required under section 302 of the Companies Act, 1956.

A copy of the Agreement along with the relevant Company policy 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.

Dr. Suthar may be deemed to be interested in this resolution as it concerns him. None of the Directors are concerned or interested in this resolution.

The Board recommends the Special Resolution as set out at Item no. 7 of the accompanying Notice for your approval.

**By Order of the Board**

**Registered Office:**

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

June 17, 2013

**Ankit Sheth**  
**Company Secretary**

# DIRECTORS' REPORT

Dear Shareholders,

We take pleasure in presenting the 12<sup>th</sup> Annual Report and Audited Accounts for the financial year ended March 31, 2013.

## PERFORMANCE HIGHLIGHTS

(₹ in Million)

Particulars	FY 2012-13	FY 2011-12
<b>Income</b>		
Net Sales	52.4	28.5
Other Income	7.1	3.3
<b>Expenditure</b>		
Total Operating Expenses	76.5	56.7
(Loss) before Depreciation and Tax	(17.4)	(24.9)
Less: Depreciation	46.2	46.2
(Loss) before Tax	(63.6)	(71.1)
Less: Provision for Taxation	—	—
(Loss) for the year	(63.6)	(71.1)
Earnings / (Loss) per share (Basic / Diluted) (₹) (Face Value of ₹ 10/- each)	(2.4)	(2.7)

## DIVIDEND

In view of the losses incurred by the Company, the Directors do not recommend any dividend for the Financial Year ended March 31, 2013.

## OPERATIONS REVIEW

Net sales for the year were at ₹ 52.4 million as against ₹ 28.5 million for FY2012. The operating expenditure increased to ₹ 76.5 million as compared with ₹ 56.7 million for FY2012. Loss before interest, depreciation and taxes was lower at ₹ 17 million for FY2013 as compared with ₹ 24.9 million for FY2012. Loss for the year was lower at ₹ 63.6 million as compared with ₹ 71.1 million for FY2012 and EPS for the year was at ₹ (2.4) per share. During the year, the Company focussed on product development in the herbal segment and incurred costs towards higher promotion and marketing initiatives in global markets, in addition to registration costs and professional fees, which also resulted in the Company incurring cash losses. A detailed discussion of operations for the year ended March 31, 2013 is given in the Management Discussion and Analysis.

## 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. Bharat R. Upadhyay & 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 Listing Agreements with the Stock Exchanges and all the regulations of Securities and Exchange Board of 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.

## DIRECTORS' RESPONSIBILITY STATEMENT

As required under section 217(2AA) of the Companies Act, 1956 we hereby state:

- 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;
- 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;
- 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. Gautam Doshi retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment, which the Board recommends.

Mr. N.L. Bhatia and Mr. Rajesh Laddha were appointed as Directors of the Company, liable to retire by rotation, with effect from February 2, 2012, in the casual vacancies caused by the resignation of Sir Ravinder Maini and Prof. Goverdhan Mehta respectively. They hold office upto the date of the ensuing Annual General Meeting and are eligible for appointment as Directors, which the Board recommends.

## **APPOINTMENT OF MANAGER**

Consequent to the resignation of Mr. Prashant Surana as Manager of the Company, Dr. Ashish Suthar has been appointed as Manager of the Company with effect from May 22, 2013 in compliance with the requirements of section 269 of the Companies Act, 1956.

## **CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION**

Applicable 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. Bharat R. Upadhyay & 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.

## **HUMAN RESOURCES**

The Company continues to focus on its core values of Knowledge, Action and Care and these are reflected in the action and behaviour of our employees. The Company has a formal Reward and Recognition program.

There were no employees who were in receipt of remuneration exceeding the limits laid down under section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

During the year under review, no Stock Options were granted, vested or exercised. No stock options are in force as on date. Hence, there are no disclosures required to be made pursuant to the applicable requirements of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

## **AUDITORS**

M/s. Haribhakti & Co, retire as Auditors of the Company at the ensuing Annual General Meeting and are eligible for re-appointment.

## **ACKNOWLEDGMENTS**

We take this opportunity to thank the employees for their dedicated service and contribution to the Company.

We also thank our banks, business associates and our shareholders for their continued support to the Company.

**By Order of the Board**

Mumbai  
May 8, 2013

**N.L. Bhatia**  
Director

**Rajesh Laddha**  
Director

## ANNEXURE I TO THE DIRECTORS' REPORT

### 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

Your Company is taking measures to improve overall energy efficiency by installing power efficient equipments. Several environment friendly measures have been adopted by your Company such as:

- Minimising usage of air-conditioning.
- Shutting off the lights when not in use.
- Creating environmental awareness by way of distributing relevant information in electronic form, encouraging conservation of energy and natural resources.

#### Form A

The business of the Company mainly comprises of product development and marketing of herbal products. As such, electricity consumption is negligible and insignificant for providing in Form A. Likewise, details relating to consumption per unit of production is not applicable.

#### Form B

As stated earlier, the business of the Company mainly comprises of product development and marketing of herbal products. Hence, details relating to Research & Development and Technology Absorption, Adaptation & Innovation are not applicable.

#### Foreign Exchange Earnings and Outgo

During the year, foreign exchange earnings were ₹ 46.4 Million as against outgo of ₹ 11.6 Million.

## ANNEXURE II TO THE DIRECTORS' REPORT

### Certificate on Corporate Governance

The Members of  
Piramal Life Sciences Limited

We have examined the compliance of conditions of Corporate Governance by Piramal Life Sciences 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 Bharat R. Upadhyay & Associates**  
Practicing Company Secretaries

**Bharat R. Upadhyay**  
Proprietor  
C. P. No. 4457

Place: Mumbai  
Date: May 8, 2013

# Auditors' Report

## To the Members of Piramal Life Sciences Limited

We have audited the accompanying financial statements of Piramal Life Sciences 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.

### Management's Responsibility for the Financial Statements

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 ("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.

### Auditor's Responsibility

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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 auditor considers 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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 Profit and Loss Account, 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

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. 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 comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- 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 Companies Act, 1956.

**For HARIBHAKTI & CO.,**  
Firm Registration Number: 118013W  
Chartered Accountants

**HITESH J. DESAI**  
Partner  
M. No. 37569

Place:- Mumbai  
Date:- 8th May 2013

## Annexure to Auditors' Report

### ANNEXURE REFERRED TO IN PARAGRAPH (3) OF AUDITORS' REPORT OF EVEN DATE TO THE MEMBERS OF PIRAMAL LIFE SCIENCES LIMITED ON THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) Fixed assets of the Company have been physically verified by the management during the year under review. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) In our opinion and according to information and explanations, the fixed assets disposed off during the year were not substantial and therefore do not affect the going concern assumption.
- ii. (a) The inventory has been physically verified by the management during the year. In our opinion the frequency of verification is reasonable.
- (b) In our opinion, and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion and according to the information and explanations given to us, the Company is maintaining proper records of its inventories. The discrepancies noticed on physical verification of inventory as compared to the book records were not material and the same have been properly dealt with in the books of account.
- iii. (a) In our opinion and according to the information and explanations given to us, the Company has not granted any loans secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly sub-clauses (b), (c) and (d) of clause (iii) of the Order are not applicable to the Company.
- (b) In our opinion and according to the information and explanations given to us, the Company has taken unsecured loan from company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 50.00 lakhs and year-end balance of loan taken from such parties was ₹ 25.00 lakhs.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and nature of its business with regard to 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. In respect of transactions entered in the register maintained in pursuance of section 301 of the Act:
  - (a) To the best of our knowledge and belief and according to the information and explanations given to us, particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
  - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements during the year, have been made at prices which are reasonable having regard to the prevailing market prices at relevant time.
- vi. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits within the meaning of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under.

## Annexure to Auditors' Report (Contd.)

### REFERRED TO IN PARAGRAPH 3 OF THE AUDITORS' REPORT OF EVEN DATE TO THE MEMBERS OF PIRAMAL LIFE SCIENCES LIMITED ON THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2013

- vii. In our opinion, the company has an internal audit system commensurate with size and the nature of its business.
- viii. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records by the Company under clause (d) of Sub section (l) of Section 209 of the Act, for the products of the Company.
- ix. According to the information and explanations given to us and the records of the Company examined by us in respect of statutory and other dues:
- (a) The Company is generally regular in depositing undisputed statutory dues, including Provident Fund, investor education and protection fund, Employees State Insurance, Income Tax, Service Tax, customs duty, excise duty and other material statutory dues, as applicable with the appropriate authority during the year. According to the information and explanations given to us, there are no undisputed amounts payable in respect of such statutory dues which have remained outstanding as at March 31, 2013 for a period more than six months from the date they became payable.
- (b) According to information and explanations given to us and the records of the company examined by us, the particulars of dues of income tax as at March 31, 2013 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Income-Tax Act, 1961	TDS demand on 40(a)(ia) disallowance	11.99	Financial Year 2008-2009	CIT (Appeals)

- x. The Company's accumulated losses at the end of the financial year are less than fifty per cent of its net worth and it has incurred cash losses of Rs.173.90 lakhs during the current financial year and Rs.249.00 lakhs in the immediately preceding financial year.
- xi. According to the records of the Company examined by us and the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to financial institutions or banks as at the balance sheet date.
- xii. Based on our examination of documents and records and according to the information and explanations given to us, we are of the opinion that the Company has not granted any loans and/or advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, 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 Company has not given any guarantee for loans taken by others from bank or financial institutions during the year.
- xvi. According to the information and explanations given to us and the representation made by the management, we report that the inter-corporate loans availed by the Company during the year were used for day to day operating activities of the company.
- xvii. According to the information and explanations given to us and on the overall examination of the Balance Sheet of the Company and Cash Flow Statement we report that no funds raised on short term basis have been used for long term investment of the Company.

- xviii. In our opinion the Company has not made during the year any preferential allotment of shares to the parties and companies covered in the register maintained under section 301 of Companies Act, 1956.
- xix. The Company has not issued any debentures during the year and hence the clause relating to the creation of security or charge for debentures is not applicable to the Company.
- xx. The Company has not raised any money by public issue during the year.
- xxi. During the course of our examination of books of account and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to 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 been informed of such cases by the management.

**For HARIBHAKTI & CO.,**  
Chartered Accountants  
Firm Registration Number: 118013W

**Hitesh J. Desai**  
Partner  
Membership Number 37569

Place:- Mumbai  
Date:- 8th May 2013

# Balance Sheet

## as at March 31, 2013

	Note No.	As at March 31, 2013 ₹ in Million	As at March 31, 2012 ₹ in Million
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	3	259.6	259.6
Reserves and Surplus	4	(100.0)	(36.4)
		159.6	223.2
<b>Non-Current liabilities</b>			
Long Term Provisions	5	0.6	0.2
		0.6	0.2
<b>Current liabilities</b>			
Short Term Borrowings	6	2.5	—
Trade payables	7	4.0	7.8
Other Current Liabilities	8	0.9	11.9
Short Term Provisions	9	0.2	0.1
		7.6	19.8
<b>TOTAL</b>		<b>167.8</b>	<b>243.2</b>
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Fixed Assets			
Tangible assets	10	5.2	5.5
Intangible assets	10	137.7	183.6
		142.9	189.1
Long Term Loans and Advances	11	5.9	5.6
<b>Current Assets</b>			
Inventories	12	—	1.3
Trade Receivables	13	17.4	18.6
Cash and Bank Balances	14	1.3	27.9
Short Term Loans and Advances	15	0.3	0.7
		19.0	48.5
<b>TOTAL</b>		<b>167.8</b>	<b>243.2</b>
<b>Contingent liabilities and commitments</b>	16		
<b>Summary of Significant Accounting Policies</b>	2		
<b>The notes are an integral part of the financial statements.</b>			

This is the Balance Sheet referred to in our report of even date.

### For Haribhakti & Co.

Firm Registration Number: 118013W  
Chartered Accountants

**Hitesh J Desai**  
Partner  
Membership No. 037569

**Rajesh Laddha** Director  
**N.L. Bhatia** Director

**Deepak Tipnis** Chief Financial Officer  
**Ankit Sheth** Company Secretary

Mumbai, May 08, 2013

Mumbai, May 08, 2013

## Statement of Profit and Loss

### for the Year Ended March 31, 2013

	Note No.	Year Ended March 31, 2013 ₹ in Million	Year Ended March 31, 2012 ₹ in Million
Revenue from operations	17	52.4	28.5
Other Income	18	7.1	3.3
<b>Total Revenue</b>		<b>59.5</b>	<b>31.8</b>
<b>Expenses</b>			
Purchases of stock-in-trade	19	24.7	16.8
Changes in inventories of stock-in-trade	20	1.3	0.3
Employee benefits expense	21	10.9	9.7
Finance costs	22	0.4	—
Depreciation and amortization expense	10	46.2	46.2
Other Expenses	23	39.6	29.9
<b>Total Expenses</b>		<b>123.1</b>	<b>102.9</b>
<b>(Loss) before Tax</b>		<b>(63.6)</b>	<b>(71.1)</b>
<b>Less: Tax Expenses</b>			
Current Tax		—	—
Deferred Tax		—	—
		—	—
<b>(Loss) for the Year</b>		<b>(63.6)</b>	<b>(71.1)</b>
<b>Earning/(Loss) Per Share (Basic / Diluted) (₹)</b> (Face Value of ₹ 10/- each)	33	<b>(2.4)</b>	<b>(2.7)</b>
<b>Summary of Significant Accounting Policies</b>	2		
<b>The notes are an integral part of the financial statements.</b>			

This is the Statement of Profit and Loss referred to in our report of even date.

#### For Haribhakti & Co.

Firm Registration Number: 118013W  
Chartered Accountants

**Hitesh J Desai**  
Partner  
Membership No. 037569

**Rajesh Laddha** Director  
**N.L. Bhatia** Director

**Deepak Tipnis** Chief Financial Officer  
**Ankit Sheth** Company Secretary

Mumbai, May 08, 2013

Mumbai, May 08, 2013

## Cash Flow Statements

### for the Year Ended March 31, 2013

	Year Ended March 31, 2013 ₹ in Million	Year Ended March 31, 2012 ₹ in Million
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
(Loss) before tax	(63.6)	(71.1)
Adjustments for:		
Depreciation and amortization expense	46.2	46.2
Finance Costs	0.4	—
Unrealised foreign exchange (gain) / loss	(1.2)	(1.8)
<b>Operating (Loss) Before Working Capital Changes</b>	<b>(18.2)</b>	<b>(26.7)</b>
<b>Adjustments For Changes In Working Capital :</b>		
Decrease / (Increase) in Trade Receivables	1.2	(3.8)
Decrease / (Increase) in Inventories	1.3	0.3
Increase in Long Term Provisions	0.4	0.1
Increase in Short Term Provisions	0.1	0.1
Increase / (Decrease) in Other Current Liabilities	(10.2)	11.6
Increase / (Decrease) in Trade Payables	(3.8)	4.7
(Increase) in Long Term Loans and Advances	(0.3)	(2.4)
(Increase) / Decrease in Short Term Loans and Advances	0.4	(0.5)
<b>Cash Generated From Operations</b>	<b>(29.1)</b>	<b>(16.6)</b>
<b>Net Cash (Used in) Operating Activities (A)</b>	<b>(29.1)</b>	<b>(16.6)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Tangible Assets	—	(0.2)
<b>Net Cash (Used in) Investing Activities (B)</b>	<b>—</b>	<b>(0.2)</b>

## Cash Flow Statements

### for the Year Ended March 31, 2013

	Year Ended March 31, 2013 ₹ in Million	Year Ended March 31, 2012 ₹ in Million
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Short Term Borrowings		
Receipts	5.0	—
Payments	(2.5)	—
Proceeds from Issue of Equity Shares	—	5.1
<b>Net Cash From Financing Activities (C)</b>	<b>2.5</b>	<b>5.1</b>
<b>Net (Decrease) in Cash and Cash Equivalents (A)+(B)+(C)</b>	<b>(26.6)</b>	<b>(11.7)</b>
Cash and Cash Equivalents As At 31.03.2012	27.9	42.4
Less: Cash balance transferred on demerger [Refer Note 24(i)]	—	(2.8)
Cash and Cash Equivalents As At 31.03.2013	1.3	27.9
<b>Cash and Cash Equivalents Comprise</b>		
Cash on Hand	0.1	0.1
Balance with Scheduled Banks	1.2	27.8
	<b>1.3</b>	<b>27.9</b>

#### Notes :

- The above Cash Flow Statement has been prepared under the 'Indirect Method' set out in Accounting Standard - 3 issued by the Institute of Chartered Accountants of India.
- The Cash Flow Statement for the year ended March 31, 2012 does not include assets (other than cash and cash equivalents)/ liabilities transferred on demerger of NCE unit of the Company to Piramal Enterprises Limited (formerly known as Piramal Healthcare Limited). (Refer Note 24 (i)).
- Previous year figures have been regrouped and recasted wherever necessary to confirm to current year's classification.

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

#### For Haribhakti & Co.

Firm Registration Number: 118013W  
Chartered Accountants

**Hitesh J Desai**  
Partner  
Membership No. 037569

**Rajesh Laddha** Director  
**N.L. Bhatia** Director

**Deepak Tipnis** Chief Financial Officer  
**Ankit Sheth** Company Secretary

Mumbai, May 08, 2013

Mumbai, May 08, 2013

# Notes to Financial Statements

## for the Year Ended March 31, 2013

### 1. GENERAL INFORMATION

Piramal Life Sciences Limited (“the Company”) is engaged in Marketing of Herbal Products. Effective April 1, 2011, the company demerged its New Chemical Entity (NCE) Research Unit into Piramal Enterprises Limited (formerly Known as Piramal Healthcare Limited).

### 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 – non current classification of assets and liabilities.

#### ii) Fixed Assets and Depreciation

##### a) Fixed Assets

###### Intangibles

Computer Software (intended for long term use) is recorded at their acquisition cost and in case of assets acquired on merger, at their carrying values.

###### Tangibles

All tangible assets are stated at cost of acquisition, less accumulated depreciation. In the case of tangible 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

Goodwill arising on Demerger is amortised over a period of five years.

###### Tangibles

Depreciation on tangible assets has been provided on straight line method at the rates specified in Schedule XIV of the Companies Act, 1956.

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 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.

## Notes to Financial Statements (Contd.)

### for the Year Ended March 31, 2013

#### iii) 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.

#### Other Income

Lease Rent Income is recognised on accrual basis.

#### iv) Retirement Benefits

The Company has a Defined Contribution Plan for its employees' retirement benefits comprising of Provident Fund, Superannuation Fund and Pension which are administered through its trustees. The Company and eligible employees make monthly contributions to the Provident Fund trust equal to specified percentage of the covered employees' salary. The interest rate payable by the Provident Fund trust to the beneficiaries every year is being notified by the Government. The Company contributes to Superannuation Fund and Employees' Pension Scheme 1995 and has no further obligations to the plan beyond its monthly contribution.

The Company has a Defined Benefit Plan comprising of Gratuity Fund, Pension Fund, Leave Encashment and Long Term Service Award.

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.

Long Term Service Award: The liability for Long Term Service Award is determined on the basis of an independent actuarial valuation done at the year-end.

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.

#### v) Inventories

##### Traded Finished Goods

Inventories are valued at lower of cost or net realizable value. Cost is determined on First-In First-Out basis.

Net realizable value is the estimate of the selling price in the ordinary course of business as applicable.

#### vi) Foreign Currency Transaction

The transactions in foreign exchange are accounted at the exchange rate prevailing on the date of transactions. Gain or loss 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.

## Notes to Financial Statements (Contd.)

### for the Year Ended March 31, 2013

#### vii) Taxes on Income

##### Current Tax

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

##### Deferred Taxation

Deferred Tax resulting from timing differences between book and tax profits is accounted for under the liability method, at the current rate of tax, to the extent that the timing differences are expected to crystallise.

#### viii) Employee Stock Option Schemes

In accordance with the Securities and Exchange Board of India guidelines, the excess of the Intrinsic value of shares, at the date of grant of options under the Employee Stock Option Schemes over the exercise price is treated as employee compensation and amortised over the vesting period.

#### ix) 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 Financial Statements (Contd.)

for the Year Ended March 31, 2013

	As at March 31, 2013 ₹ in Million	As at March 31, 2012 ₹ in Million
<b>3. SHARE CAPITAL</b>		
<b>Authorised Shares</b>		
3,00,00,000 (3,00,00,000) Equity Shares of ₹ 10/- each	300.0	300.0
	<u>300.0</u>	<u>300.0</u>
<b>Issued, Subscribed and Paid up Shares</b>		
2,59,60,340 (2,59,60,340) Equity Shares of ₹ 10/- each	259.6	259.6
	<u>259.6</u>	<u>259.6</u>

a) Reconciliation of number of shares

Equity Shares

Particulars	March 31, 2013		March 31, 2012	
	No. of shares	₹ in Million	No. of shares	₹ in Million
At the beginning of the year	25,960,340	259.6	25,451,314	254.5
Add: PLSL Employees Stock Option Plan (Refer Note 24 (ii))	—	—	509,026	5.1
<b>At the end of the year</b>	<b>25,960,340</b>	<b>259.6</b>	25,960,340	259.6

b) Details of Shareholders holding more than 5% shares in the company:

Particulars	March 31, 2013		March 31, 2012	
	No. of shares	% Holding	No. of shares	% Holding
PHL Holdings Private Limited (formerly known as Piramal International Private Limited)	—	—	4,987,924	19.21%
Piramal Enterprises Limited (formerly known as Piramal Healthcare Limited)	4,550,000	17.53%	4,550,000	17.53%
Paramount Pharma Private Limited	—	—	3,600,556	13.87%
Piramal Management Services Private Limited as Corporate Trustees of the Sri Krishana Trust	7,293,480	28.09%	—	—

c) Details of Shares issued for consideration other than Cash

Particulars	Financial Year March 31, 2013		Financial Year March 31, 2012	
	No. of shares		No. of shares	
Equity Shares of ₹ 10/- each fully paid up issued to Shareholders of Piramal Healthcare Limited pursuant to the scheme of demerger	2007-08	20,901,314	2007-08	20,901,314

d) Rights, preferences and restrictions attached to shares

The company has one class of equity shares having a par value of ₹ 10/- per share. Each shareholder is eligible for one vote per share held. 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.

## Notes to Financial Statements (Contd.)

for the Year Ended March 31, 2013

	As at March 31, 2013 ₹ in Million	As at March 31, 2012 ₹ in Million
<b>4. RESERVES AND SURPLUS</b>		
<b>CAPITAL RESERVE</b>		
As per last Balance Sheet	—	118.9
Less: Transferred on demerger of NCE Research unit [Refer Note 24(i)]	—	118.9
	—	—
<b>SECURITIES PREMIUM ACCOUNT</b>		
As per last Balance Sheet	25.0	1,463.2
Less: Debit Balance in Statement of Profit and Loss pertaining to NCE unit adjusted [Refer Note 24(i)]	—	1,463.2
Add: Transferred from Employee Stock Options Outstanding on exercise of options	—	25.0
	25.0	25.0
<b>EMPLOYEES STOCK OPTIONS OUTSTANDING</b>		
Gross employee stock options outstanding for options granted till date	—	25.0
Add: Grant of Option [Refer Note 24(ii)]	—	24.7
Less: Deferred Employees Stock Compensation Balance [Refer Note 24(ii)]	—	8.2
Less: Lapse of unvested options as per the Scheme [Refer Note 24(ii)]	—	16.5
Less: Transferred to Securities Premium on exercise of Stock Options	—	25.0
	—	—
<b>(DEFICIT) IN STATEMENT OF PROFIT AND LOSS</b>		
As per last Balance Sheet	(61.4)	(4,753.3)
Less: Debit Balance in Statement of Profit and Loss pertaining to NCE unit adjusted to Securities Premium Account as per the Scheme [Refer Note 24(i)]	—	1,463.2
Less: Transferred on demerger of NCE Research unit [Refer Note 24(i)]	—	3,299.8
Loss for the year	(63.6)	(71.1)
	(125.0)	(61.4)
<b>TOTAL</b>	<b>(100.0)</b>	<b>(36.4)</b>
<b>5. LONG TERM PROVISIONS</b>		
Provision for Employee Benefits (Refer Note 25)	0.6	0.2
<b>TOTAL</b>	<b>0.6</b>	<b>0.2</b>
<b>6. SHORT TERM BORROWINGS</b>		
Unsecured - Loan from related party	2.5	—
<b>TOTAL</b>	<b>2.5</b>	<b>—</b>
<b>7. TRADE PAYABLES</b>		
Trade Payables (Refer Note 32)	4.0	7.8
<b>TOTAL</b>	<b>4.0</b>	<b>7.8</b>

## Notes to Financial Statements (Contd.)

for the Year Ended March 31, 2013

	As at March 31, 2013 ₹ in Million	As at March 31, 2012 ₹ in Million
<b>8. OTHER CURRENT LIABILITIES</b>		
Interest accrued but not due on borrowings	0.4	—
Other payables		
– Employee related liabilities	0.1	0.1
– Due to related party	—	11.0
– Statutory Dues	0.4	0.8
<b>TOTAL</b>	<b>0.9</b>	<b>11.9</b>
<b>9. SHORT TERM PROVISIONS</b>		
Provision for Employee Benefits (Refer Note 25)	0.2	0.1
<b>TOTAL</b>	<b>0.2</b>	<b>0.1</b>

### 10. FIXED ASSETS

₹ in Million

Particulars	COST					DEPRECIATION / AMORTISATION					NET BLOCK		
	Opening as at 01/04/2012	On Demerger #	Additions	Deductions	As at 31/03/2013 (A)	Opening as at 01/04/2012	On Demerger #	For the Year	Deductions	As at 31/03/2013 (B)	As at 31/03/2013 (A-B)	As at 31/03/2012	
<b>Tangible Assets</b>													
Plant and Equipments	5.6	—	—	—	5.6	0.4	—	0.3	—	0.7	4.9	5.2	
Furniture and Fixtures	0.3	—	—	—	0.3	—	—	—	—	—	0.3	0.3	
<b>Total</b>	<b>5.9</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>5.9</b>	<b>0.4</b>	<b>—</b>	<b>0.3</b>	<b>—</b>	<b>0.7</b>	<b>5.2</b>	<b>5.5</b>	
<b>Intangible Assets</b>													
Goodwill on Demerger	229.5	—	—	—	229.5	45.9	—	45.9	—	91.8	137.7	183.6	
<b>Total</b>	<b>229.5</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>229.5</b>	<b>45.9</b>	<b>—</b>	<b>45.9</b>	<b>—</b>	<b>91.8</b>	<b>137.7</b>	<b>183.6</b>	
<b>Grand Total</b>	<b>235.4</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>235.4</b>	<b>46.3</b>	<b>—</b>	<b>46.2</b>	<b>—</b>	<b>92.5</b>	<b>142.9</b>	<b>189.1</b>	
Previous Year	1,444.2	1,668.0	0.2	—	235.4	599.5	599.4	46.2	—	46.3			

Refer Note 2 (ii)

# Refer Note 24 (i) on Demerger

	As at March 31, 2013 ₹ in Million	As at March 31, 2012 ₹ in Million
<b>11. LONG TERM LOANS AND ADVANCES</b>		
Advance Income Tax [Net of Provision of Nil (Previous year ₹ 9.1 Million)]	5.0	4.8
Prepaid Gratuity (Refer Note 25)	0.9	0.8
<b>TOTAL</b>	<b>5.9</b>	<b>5.6</b>
<b>12. INVENTORIES [Refer Note 2(vi)]</b>		
(As certified by management)		
Stock-in-trade	—	1.3
<b>TOTAL</b>	<b>—</b>	<b>1.3</b>
<b>13. TRADE RECEIVABLES</b>		
Others - Considered good		
Unsecured	17.4	18.6
<b>TOTAL</b>	<b>17.4</b>	<b>18.6</b>

## Notes to Financial Statements (Contd.)

### for the Year Ended March 31, 2013

	Year ended March 31, 2013 ₹ in Million	Year ended March 31, 2012 ₹ in Million
<b>14. CASH AND BANK BALANCES</b>		
<b>Cash and Cash equivalents</b>		
Balance with Banks		
– Current Account	1.2	27.8
Cash on Hand	0.1	0.1
<b>TOTAL</b>	<b>1.3</b>	<b>27.9</b>
<b>15. SHORT TERM LOANS AND ADVANCES</b>		
Unsecured and Considered Good (Unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	0.3	0.7
<b>TOTAL</b>	<b>0.3</b>	<b>0.7</b>
<b>16. CONTINGENT LIABILITIES AND COMMITMENTS</b>		
<b>A. Contingent liabilities</b>		
Appeals filed in respect of disputed demands:		
Income Tax		
– where the Company is in appeal	1.2	1.2
<b>B. Commitments</b>		1.2
Estimated Amount of outstanding contracts /Capital Commitment	Nil	Nil
<b>17. REVENUE FROM OPERATIONS</b>		
Sale of Products	46.4	28.5
Sale of Services	6.0	—
<b>TOTAL</b>	<b>39.6</b>	<b>29.9</b>
<b>18. OTHER INCOME</b>		
Lease Income	1.5	1.5
Exchange Gain (Net)	1.2	1.8
Miscellaneous Income	4.4	—
<b>TOTAL</b>	<b>7.1</b>	<b>3.3</b>
<b>19. PURCHASES OF STOCK-IN-TRADE</b>		
Traded Goods	24.7	16.8
<b>TOTAL</b>	<b>24.7</b>	<b>16.8</b>
<b>20. CHANGES IN INVENTORIES OF STOCK IN TRADE</b>		
Opening Stock of Traded Goods	1.3	1.6
Less: Closing Stock of Traded Goods	—	1.3
<b>TOTAL</b>	<b>1.3</b>	<b>0.3</b>

## Notes to Financial Statements (Contd.)

for the Year Ended March 31, 2013

	Year ended March 31, 2013 ₹ in Million	Year ended March 31, 2012 ₹ in Million
<b>21. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, Wages and Bonus	10.3	9.0
Contribution to Gratuity, Provident and Other Funds (Refer Note 25)	0.5	0.6
Staff Welfare	0.1	0.1
<b>TOTAL</b>	<b>10.9</b>	<b>9.7</b>
<b>22. FINANCE COSTS</b>		
Interest	0.4	—
<b>TOTAL</b>	<b>0.4</b>	<b>—</b>
<b>23. OTHER EXPENSES</b>		
Rates and Taxes	3.3	0.6
Travelling Expenses	5.4	4.1
Legal and Professional Charges	23.1	14.7
Advertisement and Business Promotion Expenses	3.2	3.3
Printing and Stationery	0.1	1.8
Car Expenses	0.3	0.4
Telephone	0.3	0.2
Postage	1.1	0.2
Payment to Auditor (Refer Note 28)	0.1	2.1
Insurance	0.8	0.3
Freight	0.6	1.1
Director's Fees	0.3	0.9
Royalty	0.2	—
Miscellaneous Expenses	0.8	0.2
<b>TOTAL</b>	<b>39.6</b>	<b>29.9</b>

### 24. DEMERGER OF NEW CHEMICAL ENTITY RESEARCH UNIT (NCE RESEARCH UNIT)

- i) Pursuant to the Scheme of Arrangement (the "Scheme") between the Company and Piramal Enterprises Limited (formerly Known as Piramal Healthcare Limited) ("PEL") and their respective shareholders, the Company has transferred all its assets, liabilities and reserves pertaining to New Chemical Entity Research Unit (NCE Research Unit) to PEL from the appointed date i.e. April 1, 2011. The Scheme was sanctioned by Hon'ble High Court of Bombay on November 25, 2011 and it became effective from December 14, 2011 (date of filing of Scheme with Registrar of Companies). The Scheme has accordingly been given effect to in the accounts for the year ended March 31, 2012. Refer Note 4.
- ii) The Company had granted 254,513 Options under the PLSL Employees Stock Option Plan (PLSL Option Scheme) for the Financial Year 2010-11. However, in accordance with Clause 10.1 of the Scheme, the employee stock options granted under the PLSL Option Scheme but not vested in the hands of the employees of the NCE Research Unit as on the Effective Date lapsed. Refer Note 4.

### 25. EMPLOYEE BENEFITS

The disclosures required as per the revised AS - 15 are as under:

#### 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 administered through trustees. The Company's defined contribution plans are Provident Funds, Superannuation and Employees' Pension Scheme (under the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952). The Company has no

## Notes to Financial Statements (Contd.)

### for the Year Ended March 31, 2013

further obligation beyond making the contributions. The Company's defined benefit plans include Gratuity, Pension, Leave Encashment and Long Term Service Award.

The Company contributes to the approved Staff Provident Fund of Piramal Healthcare Limited. The Company has no further obligations beyond making these contributions.

#### I) Charge to the Statement of Profit and Loss based on contributions: ₹ in Million

	As at March 31, 2013	As at March 31, 2012
Employer's contribution to Provident Fund	0.4	0.4
Employer's contribution to Employees' Pension Scheme 1995	0.0*	0.1
Employer's contribution to Superannuation Fund	0.1	0.1

Included in Contribution to Gratuity, Provident and Other Funds (Refer Note 21).

\*Amount is below the rounding off non adopted by the Company.

#### II) Disclosures for defined benefit plans based on actuarial reports as on March 31, 2013

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

	Year Ended March 31, 2013		Year Ended March 31, 2012	
	Gratuity (Funded)	Long Term Service Award (Non Funded)	Gratuity (Funded)	Long Term Service Award (Non Funded)
Present Value of Defined Benefit Obligation as at the beginning of the year	0.3	0.0*	24.7	0.6
Interest Cost	0.0*	0.0*	2.0	0.0*
Cost on account of Transitional Liability incurred during the year	—	—	2.3	(0.6)
Current Service Cost	0.1	0.0*	3.1	0.1
Liability Transferred Out on Demerger of NCE Unit	—	—	(20.5)	—
Benefits Paid	(0.3)	—	(0.2)	—
Actuarial (gain) / loss	0.3	(0.0)*	(11.1)	(0.1)
<b>Present Value of Defined Benefit Obligation as at the end of the year</b>	<b>0.4</b>	<b>0.0*</b>	<b>0.3</b>	<b>—</b>

\* Amount is below the rounding off norm adopted by the Company.

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

	Year Ended March 31, 2013		Year Ended March 31, 2012	
	Gratuity (Funded)	Long Term Service Award (Non Funded)	Gratuity (Funded)	Long Term Service Award (Non Funded)
Fair Value of Plan Assets as at beginning of the year	1.1	—	27.0	—
Expected Return on Plan Assets	0.1	—	2.2	—
Contributions by the employer	—	—	—	—
Assets Transferred Out on Demerger of NCE Unit	—	—	(20.5)	—
Benefits Paid	(0.3)	—	(0.2)	—
Actuarial gain / (loss)	0.4	—	(7.4)	—
<b>Fair Value of Plan Assets as at end of the year</b>	<b>1.3</b>	<b>—</b>	<b>1.1</b>	<b>—</b>

## Notes to Financial Statements (Contd.)

### for the Year Ended March 31, 2013

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

₹ in Million

	Year Ended March 31, 2013		Year Ended March 31, 2012	
	Gratuity (Funded)	Long Term Service Award (Non Funded)	Gratuity (Funded)	Long Term Service Award (Non Funded)
Present Value of Funded Obligation as at end of the year	0.4	—	0.3	—
Fair Value of Plan Assets as at end of the year	1.3	—	1.1	—
<b>Funded (Assets) recognised in the Balance Sheet (Refer Note 11)</b>	<b>(0.9)</b>	<b>—</b>	<b>(0.8)</b>	<b>—</b>
Present Value of Unfunded Obligation as at end of the year	—	0.0*	—	0.0*
<b>Unfunded Liability recognised in the Balance Sheet</b>	<b>—</b>	<b>0.0*</b>	<b>—</b>	<b>0.0*</b>

\*Amount is below the rounding off non adopted by the Company.

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

₹ in Million

	Year Ended March 31, 2013		Year Ended March 31, 2012	
	Gratuity (Funded)	Long Term Service Award (Non Funded)	Gratuity (Funded)	Long Term Service Award (Non Funded)
Present Value of Defined Benefit Obligation as at the end of the year	0.4	0.0*	0.3	0.0*
Fair Value of Plan Assets as at end of the year	1.3	—	1.1	—
<b>Net Liability / (Assets) recognised in the Balance Sheet (Refer Note 11)</b>	<b>(0.9)</b>	<b>0.0*</b>	<b>(0.8)</b>	<b>0.0*</b>

\* Amount is below the rounding off norm adopted by the Company.

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

₹ in Million

	Year Ended March 31, 2013		Year Ended March 31, 2012	
	Gratuity (Funded)	Long Term Service Award (Non Funded)	Gratuity (Funded)	Long Term Service Award (Non Funded)
Current Service Cost	0.1	0.0*	3.1	0.1
Past Service Cost	—	—	—	—
Interest Cost	0.0*	0.0*	2.0	0.0*
Expected Return on Plan Assets	(0.1)	—	(2.2)	—
Settlements Cost / (Credit)	—	—	—	—
Net Actuarial (Gain) / Loss	(0.0)*	0.0*	(3.7)	(0.1)
<b>Total Expenses recognised in the Statement of Profit and Loss#</b>	<b>(0.0)*</b>	<b>0.0*</b>	<b>(0.8)</b>	<b>(0.0)*</b>

#Included in Salaries, Wages and Bonus, Contribution to Gratuity, Provident and Other Funds (Refer Note 22).

\* Amount is below the rounding off norm adopted by the Company.

## Notes to Financial Statements (Contd.)

### for the Year Ended March 31, 2013

#### A. Actual Return on Plan Assets

₹ in Million

	Year Ended March 31, 2013		Year Ended March 31, 2012	
	Gratuity (Funded)	Long Term Service Award (Non Funded)	Gratuity (Funded)	Long Term Service Award (Non Funded)
Expected Return on Plan Assets	0.1	—	2.2	—
Actuarial gain / (loss) on Plan Assets	0.3	—	(7.4)	—
<b>Actual Return on Plan Assets</b>	<b>0.4</b>	<b>—</b>	<b>(5.2)</b>	<b>—</b>

#### B. Asset Information

(%)

	Year Ended March 31, 2013		Year Ended March 31, 2012	
	Gratuity (Funded)	Long Term Service Award (Non Funded)	Gratuity (Funded)	Long Term Service Award (Non Funded)
Debt	—	—	83.5	—
Bank Deposit	—	—	16.5	—
Government Securities (Central and State)	54.8	—	—	—
Corporate Bonds	45.2	—	—	—

#### H. Principal actuarial assumptions used

	Year Ended March 31, 2013		Year Ended March 31, 2012	
	Gratuity (Funded)	Long Term Service Award (Non Funded)	Gratuity (Funded)	Long Term Service Award (Non Funded)
Discount Rate (per annum)	8.25%	8.25%	8.75%	8.75%
Expected Rate of return on Plan Assets (per annum)	8.70%	—	8.00%	—

#### I. Experience Adjustments

₹ in Million

	Gratuity (Funded)				
	As at March 31,				
	2013	2012	2011	2010	2009
Defined Benefit Obligation	0.4	0.3	24.7	23.3	18.5
Plan Assets	1.3	1.1	27.0	21.6	16.7
Deficit / (Surplus)	(0.9)	(0.8)	(2.3)	1.7	1.8
Experience adjustment on plan liabilities loss / (gain)	0.3	(11.1)	1.7	2.4	3.8
Experience adjustment on plan assets gain / (loss)	0.4	(7.4)	4.0	0.7	0.4

## Notes to Financial Statements (Contd.)

### for the Year Ended March 31, 2013

₹ in Million

	Long Term Service Award (Non Funded)				
	As at March 31,				
	2013	2012	2011	2010	2009
Defined Benefit Obligation	0.0*	0.0*	0.6	0.6	0.5
Plan Assets	—	—	—	—	—
Deficit / (Surplus)	0.0*	0.0*	0.6	0.6	0.5
Experience adjustment on plan liabilities loss / (gain)	0.0*	—	—	(0.1)	0.0
Experience adjustment on plan assets gain / (loss)	—	—	—	—	—

\* Amount is below the rounding off norm adopted by the Company.

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 ₹ Nil for Gratuity.

K. The liability for Leave Encashment (Non - Funded) as at year-end is ₹ 0.6 Million.  
(Previous year ₹ 0.2 Million).

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.

26. There is no virtual certainty supported by convincing evidence that future taxable income will be available. Accordingly no Deferred Tax Asset and Deferred Tax Liability has been created.
27. There are no derivative / forward contracts outstanding as on March 31, 2013.
28. Payment to Auditor in Other Expenses (Note 23) consists of:

	March 31, 2013 ₹ in Million	March 31, 2012 ₹ in Million
As Auditor	0.1	1.9
For Other Services	—	0.1
For Reimbursement of Expenses	—	0.1
	0.1	2.1

29. The Company is mainly engaged in Marketing of Herbal Products which is considered the Primary reportable business segment as per AS-17 "Segment Reporting" issued by the Institute of Chartered Accountants of India.
30. Related Party Disclosures, as required by Accounting Standard -18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India are given below:

#### A. Controlling Companies

- The Ajay G. Piramal Foundation\*
- Piramal Management Services Private Limited as a Corporate Trustee of Sri Krishna Trust (w.e.f 28th December, 2012)\*
- Propiedades Realities Private Limited (w.e.f 31st December, 2012)\*
- The Swastik Safe Deposit and Investments Limited\*
- PHL Holdings Private Limited (upto December 31, 2012)\*
- Paramount Pharma Private Limited (upto October 30, 2012)\*

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

- Piramal Enterprises Limited (formerly Known as Piramal Healthcare Limited)

#### C. Key Management Personnel

- Dr. Somesh Sharma
- Mr. Prashant Surana

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

## Notes to Financial Statements (Contd.)

### for the Year Ended March 31, 2013

₹ in Million

Details of Transactions	Key Management Personnel	
	2013	2012
<b>Remuneration/Sitting Fees</b>		
– Mr. Prashant Surana	3.6	0.5
– Others	—	0.9
<b>Issue of Equity Shares under PLSL Employees Stock Option Plan</b>		
– Dr. Somesh Sharma	—	5.1
	<b>3.6</b>	<b>6.5</b>

₹ in Million

Details of Transactions	Associates	
	2013	2012
<b>Service Income</b>		
– Piramal Enterprises Limited	6.0	—
<b>TOTAL</b>	<b>6.0</b>	<b>—</b>
<b>Loan Received</b>		
– Piramal Enterprises Limited	5.0	—
<b>TOTAL</b>	<b>5.0</b>	<b>—</b>
<b>Reimbursement of Expenses</b>		
– Piramal Enterprises Limited	0.3	—
<b>TOTAL</b>	<b>0.3</b>	<b>—</b>
<b>Reimbursement received for Interest Expenses</b>		
– Piramal Enterprises Limited	—	32.4
<b>TOTAL</b>	<b>—</b>	<b>32.4</b>
<b>Loan Repayment</b>		
– Piramal Enterprises Limited	2.5	—
<b>TOTAL</b>	<b>2.5</b>	<b>—</b>
<b>Interest Paid</b>		
– Piramal Enterprises Limited	0.4	—
<b>TOTAL</b>	<b>0.4</b>	<b>—</b>
<b>Outstanding Balance (payable)</b>		
– Piramal Enterprises Limited	—	11.0
<b>TOTAL</b>	<b>—</b>	<b>11.0</b>

₹ in Million

31.	As at March 31, 2013	As at March 31, 2012
<b>a) Expenditure in Foreign Currency</b>		
i) Professional Fees	10.9	8.6
ii) Subscription / Conference	0.4	—
iii) Others	0.2	—
<b>b) Earning in Foreign Currency</b>		
i) Export of Goods on FOB basis	46.4	28.5

## Notes to Financial Statements (Contd.)

### for the Year Ended March 31, 2013

32. There are no Micro, Small and Medium Enterprises, as defined in the Micro, Small, Medium Enterprises Development Act, 2006, to whom the Company owes dues on account of principal amount together with interest and accordingly no additional disclosures have been made.

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.

33. Earning Per Share (EPS) - EPS is calculated by dividing the loss 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 :

	For the year ended March 31, 2013	For the year ended March 31, 2012
Loss after tax (₹ in Million)	(63.6)	(71.1)
Weighted Number of Shares (nos.) - Basic	25,960,340	25,901,927
EPS (₹)	(2.4)	(2.7)
Basic/Diluted Earning Per Share (₹)	(2.4)	(2.7)
Face value per share (₹)	10.0	10.0

34. The Company's significant leasing arrangements are mainly in respect of motor vehicles. The aggregate lease rentals payable on these leasing arrangements are charged as rent under "Other Expenses" in Note 23.

These leasing agreements are for a period not exceeding five years and are in most cases renewable by mutual consent, on mutually agreeable terms. Future lease rentals payable in respect of motor vehicles and office premises on lease:

Particulars	₹ in Million	
	As at March 31, 2013	As at March 31, 2012
Not Later than one year	0.3	—
Later than one year but not later than five years	0.4	—
Later than five years	—	—

35. Information of goods traded during the year.

Particulars	₹ in Million			
	Opening Stock	Purchase	Sales	Closing Stock
<b>Traded Goods</b>				
Liquids	— (0.2)	3.9 (5.0)	7.1 (9.3)	—
Capsules	1.3 (1.4)	17.7 (9.6)	32.9 (14.4)	— (1.3)
Tablets	— —	2.0 (2.2)	4.4 (4.7)	—
GEL	— —	0.8 —	1.1 (0.1)	—
Cream	— —	0.3 —	0.9 —	—
<b>Grand Total</b>	<b>1.3</b> <b>(1.6)</b>	<b>24.7</b> <b>(16.8)</b>	<b>46.4</b> <b>(28.5)</b>	<b>—</b> <b>(1.3)</b>

**Note:**

- a) Figures in brackets represent previous year figures.  
b) Sales and Purchase exclude free samples issued.

## Notes to Financial Statements (Contd.)

### for the Year Ended March 31, 2013

36. Previous year figures have been regrouped and recasted wherever necessary to confirm to current year's classification.

---

Signature to note 1 to 36 of financial statements.

**For Haribhakti & Co.**

Firm Registration Number: 118013W

Chartered Accountants

**Hitesh J Desai**

Partner

Membership No. 037569

Mumbai, May 08, 2013

**Rajesh Laddha**

Director

**N.L. Bhatia**

Director

Mumbai, May 08, 2013

**Deepak Tipnis**

Chief Financial Officer

**Ankit Sheth**

Company Secretary





## INFORMATION FOR SHAREHOLDERS

**Registered Office** Piramal Tower,  
Ganpatrao Kadam Marg,  
Lower Parel, Mumbai - 400 013.  
Tel.: (022) 3046 7953  
Fax: (022) 3046 7855  
Email: [complianceofficer.plsl@piramal.com](mailto:complianceofficer.plsl@piramal.com)

**Listing of Equity Shares  
on Stock Exchanges** BSE Limited  
(Code - 532979)  
  
National Stock Exchange of India Limited  
(Symbol - PIRLIFE)

**Share Transfer Agent** 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 : [piramal.irc@linkintime.co.in](mailto:piramal.irc@linkintime.co.in)

## INVESTORS CORRESPONDENCE

Mr. Ankit Sheth  
Company Secretary

**Piramal Life Sciences Limited**  
1<sup>st</sup> Floor, Piramal Tower Annexe,  
Ganpatrao Kadam Marg,  
Lower Parel, Mumbai - 400 013.  
Tel.: (022) 3046 7953  
Fax: (022) 3046 7855  
Email: [complianceofficer.plsl@piramal.com](mailto:complianceofficer.plsl@piramal.com)

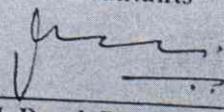
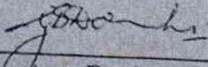


**Piramal Life Sciences Limited**

Piramal Tower, Ganpatrao Kadam Marg, Lower Parel, Mumbai - 400 013, India  
Phone: (022) 3046 7953 • Fax: (022) 3046 7855  
Website: [www.pls-l.com](http://www.pls-l.com)

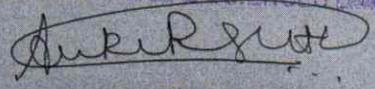
FORM A

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	Piramal Life Sciences Limited [BSE Scrip code: 532979] [NSE Symbol: PIRLIFE]
2.	Annual Financial Statements for the year ended	31 <sup>st</sup> March 2013
3.	Type of Audit Observation <i>i.e. Unqualified / Matter of Emphasis</i>	Unqualified
4.	Frequency of Audit Observation <i>i.e. Whether appeared first time.../ repetitive.../since how long period...</i>	Not Applicable
5.	To be signed by:	
	a) CEO / Managing Director	For Piramal Life Sciences Limited 
	b) Chief Financial Officer (CFO)	Dr. Ashish Suthar – Manager For Piramal Life Sciences Limited 
	c) Auditor of the Company	Deepak Tipnis– CFO For Haribhakti & Co., Firm Registration Number: 118013W Chartered Accountants 
	d) Audit Committee Chairman	Hitesh J. Desai, Partner Membership Number: 37569 For Piramal Life Sciences Limited 
		Gautam Doshi Audit Committee Chairman

Place : Mumbai  
Dated: 18<sup>th</sup> July, 2013

**CERTIFIED TRUE COPY**  
**FOR PIRAMAL LIFE SCIENCES LIMITED**

  
**COMPANY SECRETARY**