

COMMUNICATION TO THE STOCK EXCHANGES

Piramal Healthcare Limited to sell its Domestic Formulations (Healthcare Solutions) business to Abbott Laboratories

Mumbai, May 21st 2010:

The Board of Directors of Piramal Healthcare Limited ("**Piramal**" or the "**Company**"), at its meeting held today has granted its approval to the Company entering into a definitive agreement with Abbott ("**Abbott**") of Illinois, USA, for Abbott to acquire Piramal's Domestic Formulations (including mass market) business – also referred to as Piramal's Healthcare Solutions business - for total cash consideration of the Indian Rupee equivalent of US\$3.72 billion (the "**Sale**"). US\$2.12 billion of the consideration is payable in Indian Rupees on Closing of the Sale and a further US\$400 million is payable in Indian Rupees upon each of the subsequent four anniversaries of the Closing, commencing in 2011.

The Domestic Formulations business manufactures, markets and sells branded pharmaceutical products in finished form. The Domestic Formulations business is currently conducted in India, Nepal and Sri Lanka and is being sold as a going concern on a slump sale basis. The assets to be transferred include the Company's manufacturing facilities at Baddi, Himachal Pradesh and rights to approximately 350 brands and trademarks. The Sale will also involve the transfer of the employees of the Domestic Formulations business.

Piramal's retained businesses include Custom Manufacturing for third parties, Critical Care (including inhalation anaesthetics), Over-The-Counter consumer products, manufacture and supply of active pharmaceutical ingredients (API), vitamin and fine chemicals, diagnostic medical devices and equipment and diagnostic services, including pathology laboratories and radiology centres and clinical research services. In addition, the Company will continue to pursue novel drug discovery and research through its affiliate company, "Piramal Life Sciences Limited".

The Sale is conditional upon Piramal shareholder approval and other customary closing conditions. As a term of the Sale, Piramal and Piramal Enterprises Limited / Associates have agreed that for a period of eight years following Closing, the Company will not engage in the business of generic pharmaceutical products in finished form in India, nor will it engage in emerging markets in manufacturing or marketing the pharmaceutical products which are the subject of the Sale. However, Piramal will remain free to continue its retained businesses referred to above.

In consideration of Piramal Enterprises Ltd and its associates agreeing to be bound by the terms of the aforesaid non-compete covenants for a period of eight years following the Closing (together the "**Obligations**") and providing a guarantee for the performance of all the obligations of the Company and its Affiliates in connection with the Sale and certain ancillary matters (the "**Guarantee**"), the Company's Board of Directors has agreed, subject to obtaining Piramal shareholders' approval, to pay Piramal Enterprises Ltd and its associates the sum of INR 350 crs (the "**Payment**") representing approximately 2% of the consideration amount. This Payment has duly been approved by the Audit Committee and the Board of the Company and is proposed to be

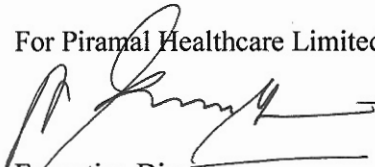
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paid immediately following Closing. The Company's Board of Directors thought it fit and prudent to agree to the aforesaid Payment, as Abbott insisted on Piramal Enterprise Ltd. and its associates undertaking the Obligations and, in the case of Piramal Enterprises Limited, delivering the Guarantee, and the provision of the Obligations and the Guarantee was accordingly essential for the Sale to proceed to consummation.

Notice of the shareholder ballot, draft resolutions and an explanatory statement will be sent to Piramal shareholders in due course.

Closing is anticipated to take place in the second half of 2010.

For Piramal Healthcare Limited



Executive Director