

May 6, 2011

Corporate Relationship Department,
Bombay Stock Exchange Limited
New Trading Wing,
Rotunda Building, P.J. Towers,
Dalal Street, Fort,
Mumbai- 400001.

Fax No. 22723121/22721072
22722037

The Market Operations Department,
National Stock Exchange of India Ltd.,
Exchange Plaza, 5th floor,
Plot No.C/1, G.Block
Bandra-Kurla Complex, Bandra (E)
Mumbai- 400 051.

Fax No. 26598237
26598238

Dear Sirs,

Sub: Outcome of Board Meeting held today:

- a) **Audited Financial Results for the year ended 31st March, 2011;**
- b) **Declaration of Dividend;**
- c) **Financial Services Business.**
- d) **Demerger of NCE Research Unit of PLSL into PHL;**

Kindly refer to our letters dated April 27, 2011 and May 4, 2011.

At its meeting held today, the following decisions were taken by the Board:

1. Audited Annual Financial Results

The Audited (consolidated & stand-alone) Financial Results of the Company for the financial year ended 31st March, 2011 were approved. The Financial Highlights as per Clause 41 of the Listing Agreement are enclosed;

2. Dividends – Normal & One-time Special Dividend

- a) The Board has recommended dividend of ₹ 6 per equity share of face value of ₹.2/- (i.e. @ 300%) for the financial year ended 31st March, 2011;
- b) In addition to this, the Board has also recommended a one-time Special Dividend of ₹ 6 per equity share of face value of ₹.2/- (i.e. @ 300%) as a further reward to

shareholders consequent to the sale of the Domestic Formulations Business which took place during the financial year ended 31st March, 2011;

The total dividends (i.e. normal dividend and one-time special dividend, as aforesaid) recommended by the Board therefore aggregates to ₹ 12 per equity share of face value of ₹.2/- (i.e. @ 600%), which when declared at the Annual General Meeting (AGM), will be paid within 5 days from the AGM date. The date of the AGM shall be notified in due course.

3. **Financial Services Business**

The Board has for some time, been deliberating on new business opportunities. One of the business opportunities which were being explored in this regard was in the area of Financial Services. At its meeting held today, during the continued deliberations on Financial Services as a new business opportunity, it was decided to venture into the Financial Services sector. In this regard, the Board approved the following proposals:

- a) Acquisition of the Indiareit Fund Advisors Pvt. Ltd., who are Advisors to the Indiareit Fund, for a total consideration of Rs.110 crores. The Indiareit Fund is a Real Estate Private Equity Fund focused on the Indian market. At present, the total funds under management is about Rs.1950 crores;
- b) Acquisition of the Indiareit Investment Management Company, Mauritius, who are Managers to Real Estate Private Equity Funds investing in India through the FDI route, for a total consideration equivalent to Rs.115 crores. Total funds under management is currently about US\$430 million;

The activities at (a) & (b) above would be undertaken by one or more subsidiaries and are subject to applicable regulatory compliances / approvals and execution of definitive agreements;

- c) The other business opportunities under Financial Services approved by the Board today are lending and fund management for infrastructure and allied sectors. This would also be undertaken by one or more subsidiaries.

4. **Demerger of NCE Research Unit of PLSL into PHL**

The Board also considered and approved the Scheme of Arrangement between PLSL and the Company ('Demerger Scheme'). Under the proposed Demerger Scheme, the New Chemical Entity (NCE) Research Unit of PLSL would be demerged into the Company, with effect from April 1, 2011, which is the Appointed Date under the Demerger Scheme.

The following exchange ratio has been approved:

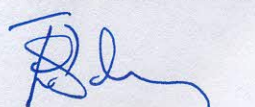
"1 [one] fully paid up equity share of ₹ 2 of the Company shall be issued and allotted for every 4 [four] equity shares of ₹ 10 each held in PLSL"

The Demerger Scheme is subject to the consent of requisite majority of shareholders and creditors of the Company and of PLSL. The Demerger Scheme is also subject to the sanction of the High Court of Judicature at Bombay and all other regulatory approvals as may be necessary for the implementation of the Demerger Scheme.

A Press Release being issued with regard to the above matters is enclosed.

Thanking you,

Yours faithfully,
For Piramal Healthcare Limited



Leonard D'Souza
Company Secretary

Encl: as above

c.c. to: National Securities Depository Ltd., Mumbai
Central Depository Services Ltd., Mumbai