



Press Release

Piramal Life Sciences Limited and Piramal Healthcare Limited- Demerger of the NCE Research Unit of Piramal Life Sciences Limited into Piramal Healthcare Limited

Mumbai, 06 May 2011: Piramal Life Sciences Limited (NSE: PIRLIFE, BSE: 532979) and Piramal Healthcare Limited (NSE: PIRHEALTH, BSE: 500302) today announced that the Boards of both the companies considered and approved the scheme of Arrangement between PLSL and PHL ("Demerger Scheme").

Under the proposed Demerger scheme, the New Chemical Entity (NCE) Research Unit of PLSL would be demerged into PHL with effect from April 1, 2011 which shall be the Appointed Date under the Demerger Scheme. Each shareholder of PLSL will be entitled to 1 fully paid up equity share of ₹ 2 of PHL for every 4 equity shares of ₹ 10 each held in PLSL. All assets and liabilities of the NCE division will be transferred to PHL at book value.

Since April 2007, when PLSL was demerged from PHL as an independent discovery research company, it has made significant progress. The pipeline of R&D programs has increased from 9 to 24 with 9 additional programs moving into Phase I/II clinical trials and 2 additional program moving into Phase II clinical trials. During this time, PLSL has also received Rs. 135 million towards milestone payment from collaboration with Eli Lilly & Company.

The development projects from pipeline would need strong financial support going forward. Hence the Board of PLSL has approved the demerger of NCE Research unit into PHL. The herbal products division that markets nutraceutical products to less regulated markets globally will continue to be with PLSL.

Through this demerger, PHL will have an access to an innovation platform of PLSL through which it can build its Innovative discovery and commercialization business. Subsequent to the significant progress that PLSL has made, the risk profile of NCE R&D activity has reduced considerably and hence presents a good investment opportunity to utilize some of the proceeds from the sale of domestic formulations business. PHL can also better utilize its manufacturing infrastructure and leverage its marketing experience with products from PLSL. PHL can also avail 200% weighted average deduction both on operational expense and capital expenditure on R&D work.

The Demerger Scheme is subject to the consent of requisite majority of shareholders and creditors of PHL 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.

About the Piramal Group

The Piramal Group, led by Ajay G. Piramal is one of India's foremost business conglomerates. Driven by the core values of Knowledge Action Care, the Piramal Group has interests in a myriad of industries that encompass healthcare, drug discovery & research, diagnostics, glass, real estate and financial services. The Piramal Group steadfastly pursues inclusive growth while adhering to ethical and value driven practices. The Group's turnover exceeded US \$ 1 billion in FY2010.

About Piramal Life Sciences Limited

Piramal Life Sciences Limited ("PLSL") is an independent research driven drug Company that was demerged from Nicholas Piramal India Limited (NPIL, name since changed to Piramal Healthcare Limited). PLSL was formerly the NCE R&D division of PHL. PLSL has state-of-the-art R&D laboratories built over 200,000 square-feet of space in Mumbai, India and over 300 scientists engaged in drug discovery and development.

PLSL is focused on four therapeutic areas – Cancer, Diabetes, Inflammation and Infectious Diseases. The Company has a pipeline of fourteen compounds, including seven in clinical trials. PLSL's lead chemical compound, a selective Cdk inhibitor, has completed two phase 1 studies and is being tested in three phase II trials in United States, Australia and India. Two combination studies are ongoing for this molecule in India. PLSL has drug discovery and developments agreements with Eli Lilly & Company and Merck & Company, two of the leading pharmaceuticals companies in the world.

About Piramal Healthcare Ltd.

Piramal Healthcare is one of India's largest healthcare companies, with a growth track record of above 29% CAGR since 1988. Piramal Healthcare had consolidated revenues of US\$ 785 million in FY2010. With assets across North America, Europe and Asia, Piramal Healthcare is also one of the largest custom manufacturing companies across the world. It has significant presence in the global critical space with sales of anesthesia products to over 100 countries. Recently, Piramal Healthcare has sold its domestic formulation business to Abbott for a consideration of US \$ 3.8 billion.

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