Nicholas

NICHOLAS PIRAMAL INDIA LIMITED

ANNUAL REPORT 2005-2006

The Board of Directors

Ajay G. Piramal, Chairman

G. P. Goenka

Rajesh Khanna

Y. H. Malegam

Dr. Swati A. Piramal, Director –
Strategic Alliances & Communications

Urvi A. Piramal

Harsh Piramal

S. Ramadorai

R. A. Shah

Vijay Shah, Chief Operating Officer

Deepak Satwalekar

N. Vaghul

Keki Dadiseth

Michael Fernandes, Executive Director (CMG)

Management Committee

Ajay G. Piramal

Dr. Swati A. Piramal

Vijay Shah

J. C. Saigal (upto 31.03.2006)

Dr. Somesh Sharma

Shreekant Gupte

N. Santhanam

Michael Fernandes (from 01.12.2005)

Praneet Singh

Auditors

Price Waterhouse, Mumbai.

Solicitors

Crawford Bayley & Co.

Registered Office

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

Bankers

Allahabad Bank

Deutsche Bank

Corporation Bank

Bank of America

Citibank N.A.

HDFC Bank Ltd.

Standard Chartered Bank

Calyon Bank

UTI Bank Ltd.

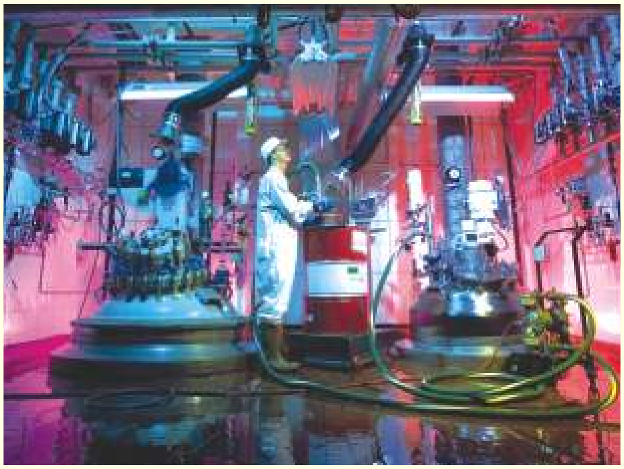
State Bank of Hyderabad

ICICI Bank Limited

ING Vysya Bank Limited

The Hongkong & Shanghai
Banking Corporation Limited

Recent Acquisitions abroad



R&D facilities at Avecia Pharmaceuticals Ltd., UK [name since changed to NPIL Pharmaceuticals (UK) Ltd.] and Torcan Chemical Ltd., Canada

The
Vision

To become the most admired Indian pharmaceutical company with leadership in market share, research and profits by:

- Building distinctive sales & marketing capabilities
- Evolving from licensing to globally launching our patented products
- Inculcating a high performance culture
- Being the partner of choice for global pharmaceutical companies

Always adhering to our values, based on our obligations as the trustees of our customers, employees, shareholders and society

contents

Chairman's Letter

Dear Shareholders,

In Financial Year 2005-06, Nicholas Piramal continued to take decisive steps towards implementing its business model.

Consolidated Net sales for the year grew 21.0% to Rs 15.8 billion compared to Rs. 13.1 billion for the year ended 31 March 2005. Consolidated Operating Profit (OPBIDTA) grew 7.3% to Rs. 2.1 billion. Consolidated Profit after tax (before exceptional items) grew 21.2% to Rs. 1.2 billion compared to Rs. 1.0 billion in FY2005. In FY2005, there was a one-time exceptional net income of Rs.796.2 million, and after considering this the Consolidated Profit After Tax (after exceptional items) declined by 26.4% to Rs. 1.2 billion compared to Rs. 1.6 billion for the previous year. Earnings per share (before exceptional items) were Rs. 5.9 per share vs. Rs. 5.0 per share in FY2005. Due to the above mentioned reason Earnings per share (after exceptional items) were lower at Rs. 5.8 per share vs. Rs. 8.2 in FY2005.

Domestic Formulations Business

Our domestic formulations business recorded strong growth during the year. According to ORG-IMS, Nicholas Piramal was the second fastest growing company in the domestic formulations market for the year ended 31st March 2006 with a growth rate of 23.9% (ORG-IMS MAT Mar-06). Market growth during the year was 15.4%. NPIL's robust performance was due to increased sales & marketing productivity and efficient channel management supported by its strong market franchise.

During the year, our Company signed its seventh in-licensing agreement, under which we have taken a 17.1% strategic equity stake in Biosyntech, Inc., a Canada-based biotechnology discovery research company. Under the terms of this agreement, Biosyntech, Inc. has given NPIL exclusive rights for marketing, sales & distribution of its products in the Indian and neighboring Asian markets.

During the period under review, domestic formulations business experienced difficulty in sales of its flagship brand Phensedyl, due to the Narcotics Control Bureau's investigation with a large number of stockists and chemists, claiming non-compliance with NDPS Act and the resultant anxiety generated in trade channels by such action. Our Company contested this claim, and the authorities have since clarified that Phensedyl is not a narcotic drug under the NDPS Act. We did lose significant amount of Phensedyl sales during the second and third quarter of the financial year. But, as a result of the strong brand awareness program that we initiated by the end of the period, Phensedyl regained its strong position in the market and was ranked as the No. 1 brand by ORG-IMS for the month of January 2006.

During the year, NPIL created additional formulations manufacturing capacity at Baddi, Himachal Pradesh which achieved mechanical completion. When commercial production commences from this facility, where majority of our domestic formulations will be produced, it will bring significant Excise and Income Tax benefits admissible for a back ward area development.

The domestic formulations market is expected to continue registering healthy growth. Domestic and Multinational companies who have invested in marketing and sales are likely to gain market share over other companies. However, on the regulatory environment front there is uncertainty about new drug policy. Increased price controls, if effected, will be a retrograde step. This will severely affect the health of pharmaceutical companies and deprive them of resources that are needed to be invested in research and global operations.

Custom manufacturing-led Global Sales

During the period under review, NPIL signed three new custom manufacturing agreements from its Indian facilities. The first agreement with AstraZeneca AB, Sweden is a Development and Know-how agreement under which the Companies have established a collaboration framework for development of processes relating to manufacture of intermediates, active ingredients and bulk drugs. If the collaboration on any of the development work is successful, the Parties will further negotiate terms for manufacturing and supply of the product by NPIL.

The second agreement is a 10-year Manufacture and Supply agreement with a large global hospital products company under which NPIL will manufacture and supply select hospital care products to the company. The agreement also provides an avenue for inclusion of additional products. It represents an exclusive partnering arrangement between the two companies for certain global markets.

The third agreement is a long-term contract manufacturing related R&D Service Agreement with Pfizer International LLC. Under this agreement, NPIL will provide Process Development and Scale-up services to Pfizer's Animal Health Division from its facilities in India.

During the later half of FY2006, NPIL commenced supplies against its initial two custom manufacturing contracts with Advanced Medical Optics, Inc. and Allergan, Inc. resulting in revenues of Rs. 206.4 million.

During the year, our Company also took the first step towards its vision of becoming a global Custom Manufacturing Company with an end-to-end service offering and a footprint across Asia, Europe and North America. Nicholas Piramal acquired Avecia Pharmaceuticals, UK and its affiliate company Torcan Chemical Ltd., Canada for a consideration of GBP 11.8 million. Avecia Pharmaceuticals is a global custom manufacturing player focused on providing custom chemical synthesis and manufacturing services to innovator pharmaceutical and biotechnology companies. The transaction was completed on 02 December 2005. Avecia brings us high-end technology in High Potency Substances, Bioconjugates, Biotransformation, Enzymes, Statins and Chiral technology. It also brings a strong Custom Chemical Synthesis business with key customer relationships. For the period ended 31 March 2006, Avecia recorded Sales of Rs. 1.0 billion and EBIDTA of Rs. (257.2) million. Avecia has healthy gross margins, but the business currently incurs losses due to high fixed cost compared to its Sales. We have commenced post-merger integration of Avecia and expect to turnaround the business with synergy benefits from Indian operations.

Research & Development

On the R&D front, our lead oncology molecule, P276-00, continues to make sound progress in Phase-I clinical trials. During the year, good progress has also been recorded on five pre-clinical candidates - four new chemical entities (NCE's) and one mono-herbal preparation.

General

Over the last three years, Nicholas Piramal has made significant investments in domestic formulations field force, new manufacturing facility at Baddi, new state-of-the-art integrated R&D Center, API and Formulations Assets for the Custom Manufacturing business and Acquisitions. As we commence generating returns from these investments, our Company will be in an even stronger position to increase its market share in the domestic and global markets.

During the year, our Company raised funds aggregating Rs. 3.3 billion through an equity rights issue. The issue was oversubscribed, and I thank you all for your confidence in the prospects of our Company. We believe there continues to be significant opportunity for strategic acquisitions, particularly in the global Custom Manufacturing space. Our Board of Directors has therefore, recently recommended to you to pass an enabling resolution for raising of additional resources from time to time through issue of appropriate securities in domestic and/or international markets, up to an amount not exceeding an equivalent of US$ 1.5 billion.

Thank you,

Ajay G. Piramal

Chairman

Date : 25th April, 2006

Management Discussion & Analysis

FY2006 at a glance : Consolidated

Summary - cosolidated :

- Net Sales : Rs. 15.8 billion
- Operating Profit : Rs.2.1 billion
- Net Profit : Rs.1.2 billion
- Gross margins : From 58.1% to 57.7%
- R&D spend : From 3.7% to 4.9%
- OPM : From 14.6% to 13.1%
- PAT : From 12.3% to 7.6%

Revenue and Profits :

- **Net Sales growth :**
  - Aggregate : 21.0%
  - Organic & Continuing businesses : 16.5%
- **Domestic branded formulations growth :**
  - Aggregate : 12.4%
  - Organic & Continuing businesses : 19.1%
- Global Sales* growth : 108.4%
- Operating Profit growth : 7.3%
- Net Profit (Pre-exceptional items) growth : 21.2%
- Net Profit growth : (26.4%)

Operations highlights :

- **Domestic branded formulations:**
  - Field force of 2,778; 12 Marketing Divisions, 7 Specialist Divisions.
  - Thirty-Two new products & line extensions launched.
- **Global Sales & Custom manufacturing:**
  - Global Sales reach 21.4% of sales.
  - Acquisition of Avecia Pharmaceuticals, UK and Torcan Chemical, Canada
  - Three additional custom manufacturing contracts secured from Indian facilities.
- **Allied Businesses:**
  - Pathlabs business growth 23.2%.
  - Pathlabs business acquired 6 new Laboratories.

*Note: Global Sales are sales outside India

NPIL financial highlights : Consolidated

Particulars	Year		
	FY2006 Rs. million	FY2005 Rs. million	Growth %
Net Sales	15,824.9	13,081.8	21.0
OPBIDTA	2,095.7	1,953.9	7.3
OPM %	13.1	14.6	—
EBIDTA	2,377.7	2,028.5	17.2
Interest (Net)	173.0	192.1	(9.9)
OPBT	1,234.6	1,237.4	(0.2)
PBT before exceptional items	1,516.6	1,312.0	15.6
Exceptional Items	32.7	(796.2)	—
PAT (before Exceptional items)	1,232.3	1,016.7	21.2
PAT	1,206.5	1,640.5	(26.4)
EPS (before Exceptional items) Rs.	5.9	5.0	18.0
EPS Rs.	5.8	8.2	(29.3)

Particulars	31 March 2006	31 March 2005
Debt / Equity ratio	0.35	0.84
ROCE %	14.3	26.4
RONW %	12.2	32.2
EVA (Rs. million)	155.0	968.9
Net Sales / Net Fixed Assets ratio	1.5	1.8
Inventory (days*)	58	69
Receivables (days*)	50	36

Note: * Days gross sales

Review of the year ended 31 March 2006: Consolidated

The operating results discussion throughout the Management Discussion and Analysis refers to Consolidated Financial Statements, unless stated otherwise.

FY2006 Consolidated Net Sales grew by 21.0% to Rs. 15.8 billion compared with FY2005 Net Sales of Rs. 13.1 billion. Consolidated Net Sales from organic & continuing businesses grew 16.5% to Rs. 14.2 billion, compared with FY2005 Net Sales of Rs. 12.2 billion.

The consolidated portfolio of continuing businesses grew during the two comparative periods as follows:

Rs. million

Note No.	Business	Consolidated Net Sales	
		FY2006	FY2005
	Net Sales – aggregate	**15,824.9**	**13,081.8**
	Less :		
1	Diagnostics portfolio return to RD	—	235.2
2	Inhalation Anesthetics business of Rhodia	552.0	93.3
3	CAREX division spin–off	37.1	139.2
4	Discontinuation of Valdecoxib formulations	3.1	113.9
5	Sales from Avecia	1,046.9	—
6	Sales from Boots Piramal	—	319.3
	Net Sales – continuing businesses	14,185.8	12,180.9
	Organic & Continuing Sales growth	16.5%	—

Notes :

1. "RD" stands for Roche Diagnostics Gmbh, Germany. The RD products - hitherto being exclusively distributed in India by the Diagnostics SBU of NPIL, were fully returned to RD w.e.f. 01 January 2005 as per agreement between the companies.
2. Nicholas Piramal acquired the global inhalation anaesthetics business of Rhodia Organique Fine Limited w.e.f. 11 January 2005.
3. The CAREX Division used to market hospital products. NPIL has sold this Division to one of its Distributors for a consideration of Rs. 37.5 million. The Division had FY2005 Sales of Rs. 139.2 million The Distributor will source Inhalation Anaesthetic products from NPIL.
4. The regulatory authorities have advised all Pharmaceutical Companies in India to withdraw their formulations containing generic Valdecoxcib. Pursuant to this, Nicholas Piramal has withdrawn its two brands – Vah & Valto.
5. NPIL acquired Avecia Pharmaceuticals, UK and Torcan Chemical, Canada (together referred to as "Avecia") for a consideration of GBP 11.8 million. The transaction was completed on 02 December 2005. Sales from these companies for the period ended 31 March 2006 were Rs 1,046.9 million.
6. The consolidated results do not include the proportionate share of Net Sales in respect of Boots Piramal Healthcare Private Limited (Boots Piramal), a joint venture company in which NPIL has 49% share as the financial results of that company for the year ended March 31, 2006 are not available

For the year ended 31 March 2006, Operating Profit Before Interest, Depreciation and Tax (OPBIDTA) was Rs. 2.1 billion, an increase of 7.3% over FY2005 OPBIDTA of Rs. 2.0 billion. Operating Margin was lower at 13.1%, compared with 14.6% for FY2005. The Operating margin was lower mainly due to increased R & D spend (4.9% of sales for FY2006 as compared to 3.7% for FY2005) and net deficit of Avecia till its turnaround amounting to Rs. 257.2 million.

Net Interest decreased by 9.9% to Rs. 173.0 million, compared with Rs. 192.1 million in FY2005. Total Debt (considering preference shares as Debt) as on 31 March 2006 was Rs. 3.6 billion, compared with Rs. 4.2 billion for FY2005. Debt/Equity ratio (considering preference shares as Debt) was 0.35 in FY2006, compared to 0.84 in FY2005.

Capital expenditure during the year was Rs.2.5 billion. Depreciation for the year FY2006 was Rs. 688.1 million compared to Rs. 524.4 million in FY2005.

Income Tax for FY2006 was Rs. 238.1 million, compared with Rs. 464.8 million in FY2005.

Profit After Tax before exceptional items (net of tax) was Rs. 1.2 billion in FY2006 as compared to Rs. 1.0 billion in FY 2005, registering a growth of 21.2%. Profit After Tax & Exceptional Items, stood at Rs. 1.2 billion for FY2006, a decline of 26.4% over the previous financial year, mainly because of exceptional net income of Rs.796.2 million that NPIL received in FY2005 from Roche for returning the diagnostics products.

Earnings per share before Exceptional Items for FY2006 were Rs.5.9 per share vs. Rs.5.0 per share in FY2005, an increase of 18.0%. Earnings per share after Exceptional Items for FY2006 were Rs. 5.8 per share, a decline of 29.3% over FY2005 Earnings of Rs. 8.2 per share.

Net Sales analysis : Consolidated

NPIL's domestic branded formulations business, which at Rs. 10.7 billion contributed 67.7% of total consolidated Net Sales, increased 12.4% over FY2005. However, on a like-for-like basis (i.e. excluding Carex spin-off, Valdecoxib formulations and sales from Boots Piramal) the business grew by 19.1% over FY2005. Global Sales - growing to 21.4% of Net Sales– were Rs. 3.4 billion. The break-up of aggregate Net Sales and growth is as under:

Rs. million

No.		Net Sales break-up	% sales	Year ended		
			FY2006	FY2006	FY2005	% growth
I		India Sales:				
	1	Formulations	67.7	10,715.6	9,532.1	12.4
	2	CMG	0.6	96.0	73.3	30.9
	3	Vitamins	3.5	554.2	653.3	(15.2)
	4	Diagnostics	1.0	160.2	357.0	(55.1)
	5	Pathlabs	2.8	449.7	365.1	23.2
	6	Others	2.9	459.9	474.6	(3.1)
		SUB-TOTAL	78.6	**12,435.6**	**11,445.4**	**8.6**
II		Global Sales :				
	1	Formulations[1]	4.9	772.7	303.3	154.8
	2	CMG[2]	13.9	2,197.2	889.6	147.0
	3	Vitamins	1.5	238.2	290.6	(18.0)
	4	Others	1.1	181.1	143.0	26.7
		SUB-TOTAL	21.4	**3,389.3**	**1,626.4**	**108.4**
		TOTAL	100.0	15,824.9	13,081.8	**21.0**

Notes :
1. Net sales from Inhalation Anaesthetics for the year FY2006 were Rs. 552.0 million as compared to Rs. 93.3 million for the year FY2005
2. Net sales from Avecia and Torcan for the year FY2006 were Rs. 1.0 billion.
3. Revenues from the custom manufacturing contracts (AMO+Allergan) from our Indian assets were Rs. 206.4 million.

Domestic Branded Formulations

Market commentary:

Domestic formulations market started on a good note in April 2005. Growth was consistently strong throughout the year. Market registered a growth of 15.4% for the year ended 31 March 2006 (ORG-IMS SSA data, MAT-Mar-06). Growth was equally impressive across both Chronic and Acute therapy segments. During the year, market expansion was primarily through higher volumes rather than price. NDDS and innovative combinations increasingly drove new product launches.

Larger local companies appear to have recovered their growth momentum, while multi-national companies have announced a series of initiatives to increase their presence in the domestic market. However, on the regulatory environment front, there is uncertainty about future Government policy on drug pricing. Increased price controls, if effected, will be a retrograde step. This will severely affect the health of pharmaceutical companies and deprive them of resources that are needed to invest in research and global operations.

Nicholas Piramal consolidated formulations performance:

During the year, NPIL's domestic branded formulations grew 12.4% in aggregate terms to Rs. 10.7 billion as compared to Rs. 9.5 billion for FY2005. In like-for-like terms, the business grew 19.1% over FY2005, compared with industry growth of 15.4% (ORG-IMS, MAT Mar-06) during the same period.

At the stockist audit level, ORG-IMS has reported an FY2006 growth of 23.9% for Nicholas Piramal, making our Company the 2nd fastest growing company among the top-10 pharmaceutical companies. The lower growth rate in company-recorded Sales appears to be primarily because of tighter channel measures adopted by our Company and exclusion of Boots Piramal JV Sales for the year.

Formulations sales analysis: Consolidated portfolio

Therapy area analysis

Rs. million

No.	Therapeutic area	Company Financials year ended				ORG-IMS MAT-Mar-06
		Sales wt. %	FY2006 Rs. million	FY2005 Rs. million	Growth %	Market growth%
I	**Nicholas Piramal**					
1	Respiratory	18.5	1,983.8	2,117.2	(6.3)	13.8
2	Anti-Infective	13.1	1,397.9	1,168.5	19.6	18.7
3	CVS	12.0	1,281.2	1,015.2	26.2	17.1
4	CNS	11.8	1,265.1	987.2	28.1	22.2
5	Nutritionals	8.3	885.8	661.6	33.9	12.8
6	Biotek	1.3	136.5	115.0	18.7	—
7	Anti-Diabetic	5.6	601.9	448.5	34.2	21.3
8	Gastro-intestinal	4.1	442.6	355.7	24.4	17.5
9	Dermatology	3.7	396.5	347.8	14.0	16.8
10	NSAIDs	5.0	539.5	585.5	(7.8)	9.8
11	Others	13.1	1,401.1	969.4	44.5	—
II	**Allergan India**					
11	Ophthalmology	3.6	383.3	441.3	(13.1)	17.4
III	**Boots Piramal**					
12	OTC Products	0.00	0.0	319.3	(100.0)	—
	Total Branded Formulations	**100.0**	**10,715.6**	**9,532.1**	**12.4**	**15.4**

Notes :

1. Market data source: ORG-IMS, no similar market data available for Biotek segment.
2. The degrowth in Respiratory segment was mainly because of lower sales of Phensedyl, more details about this can be found below "Core Brand Analysis"
3. On 17 July 05, Allergan India sold its Medical Optics business in India to Advanced Medical Optics, Inc., USA ("AMO") for a consideration of Rs. 436.2 million. Sales from this business segment were Rs. 69.3 million in FY2006 and Rs. 344.1 million in FY2005.
4. Boots Piramal JV Sales have not been accounted in FY2006 as the financial results of that company for the year ended March 31, 2006 are not available.
5. The regulatory authorities have advised all Pharmaceutical Companies in India to withdraw their formulations containing generic Valdecoxcib. Pursuant to this, Nicholas Piramal has withdrawn its two brands – Vah & Valto. Consequently, the sales in the NSAIDs segment have declined by 7.8%

Portfolio performance : Joint Ventures

1. **Allergan India Limited ('AIL'):**

   AIL is a 51:49 Joint Venture between Allergan Inc., USA and Nicholas Piramal. It specializes in sales and marketing of ethical Ophthalmology products. On 17 July 05, Allergan India sold its Medical Optics business in India to Advanced Medical Optics, Inc., (AMO) USA for a consideration of Rs. 436.2 million. Sales from this business segment were Rs. 69.3 million in FY2006 and Rs. 344.1 million in FY2005.

   Consequently, during FY2006, the Net Sales of AIL degrew 13.1% to Rs. 782.3 million (FY2005 Net Sales: Rs. 900.7 million).

   PBIDT for FY2006 was Rs.448.8 million, compared with FY2005 Rs.188.6 million, a growth of 138.0% mainly because of one-time net income of Rs.311.2 million on sale of discontinued operations. Profit after tax for FY2006 was Rs. 310.5 million, compared with FY2005 value of Rs. 104.7 million, a growth of 196.6%.

2. **Boots Piramal Healthcare Pvt. Ltd. ('BPHL'):**

   BPHL is a 51:49 Joint Venture between Boots Plc., UK and Nicholas Piramal. It specializes in sales and marketing of OTC products.

   The consolidated accounts do not include the proportionate share of Income/Expense in respect of Boots Piramal Healthcare Private Limited, as the financial results of that company for the year ended March 31, 2006 are not available. For the corresponding year ended March 31, 2005, the share of profit after tax applicable to the company was Rs. 39.9 million.

Core Brands analysis : consolidated

Top–10 brands formed 29.3% of consolidated formulations sales of Rs.10,715.6 million. These brands grew by 9.1% during the year.

Rs. million

No.	Top-10 Brands	Therapeutic Area	FY2006	FY2005	% Growth
1	Phensedyl	Cough & cold	1,221.5	1,428.4	(14.5)
2	Haemaccel	Plasma volume expander	252.3	148.6	69.8
3	Stemetil	Anti-emetic	248.4	228.5	8.7
4	Gardenal	Anti-epileptic	236.1	171.4	37.7
5	Pentids	Anti-infective	229.6	138.0	66.3
6	Tixylix	Cough & cold	217.2	142.0	52.9
7	Phenergan	Anti-allergic	203.2	182.7	11.2
8	Paraxin	Anti-infective	185.4	155.2	19.4
9	Sorbitrate	CVS	179.6	155.9	15.2
10	Gentycin	Anti-infective	163.9	125.7	30.4
	Total Sales from Top-10 Brands		3,137.2	2,876.4	9.1
	Domestic Branded Formulations Sales – total		10,715.6	9,532.1	12.4
	Top-10 as %age of Total Domestic Formulations		29.3	**30.2**	—

Phensedyl Brand degrowth:

During the period under review, domestic formulations business experienced difficulty in sales of its flagship brand Phensedyl, due to the Narcotics Control Bureau's investigation with a large number of stockists and chemists, claiming non-compliance with NDPS Act and the resultant anxiety generated in trade channels by such action. Our Company contested this claim, and the authorities have since clarified that Phensedyl is not a narcotic drug under the NDPS Act. We did lose significant amount of Phensedyl sales during the second and third quarter of the financial year. But, as a result of the strong brand awareness program that we initiated by the end of the period, Phensedyl has regained its strong position in the market and was ranked as the No. 1 brand by ORG-IMS for the month of January 2006.

Brands portfolio expansion:

New Products launch:

Nicholas Piramal launched a total of 32 new products (including extensions) during FY2006. Sales from new products launched during the past 24 months were Rs. 687.4 million during the year.

Strategic In-licensing agreement:

During the year, Nicholas Piramal entered into a strategic in-licensing agreement with Biosyntech, Inc. by subscribing to 7,500,000 common shares of the Company at a price of CAN$ 0.8 per share. Including this agreement, NPIL now has seven in-licensing agreements for the Indian market.

Biosyntech, Inc. is a Canada-based biotechnology research company that specializes in the discovery, development and manufacturing of cost-effective and physician-friendly biologic implants for therapeutic delivery and regenerative medicine.

Biosyntech specializes in Gel-based platforms that are liquid at room temperature, but become solid at body temperature. The gels are biodegradable, have porous internal structure and enable easy flow of blood nutrients, cell and fluids. These gels are minimally invasive and have controlled residence time.

The Company's lead products under advanced development are BST-CarGel®, BST-DermOn and BST-InPod, which are for cartilage regeneration, wound healing activation and fat pad reconstruction for heel pain respectively.

As part of the arrangement. NPIL has got exclusive rights for marketing, sales and distribution of Biosyntech products in India and neighbouring Asian markets.

In addition, the Companies have agreed to explore opportunities to collaborate in research and development activities for future products using BioSyntech's technological platforms.

DPCO:

Products under the Drug Price Control Order (DPCO) contributed 14.5% of domestic branded formulations sales in FY2006, against 11.6% in FY2005.

Field Force (standalone):

Nicholas' Formulations field force of 2,778 personnel is one of the largest in the Indian Pharmaceuticals industry. We believe our investment in field force is one of our key strengths. Our vast yet specialized field presence also adds to our in-licensing attractiveness. Nicholas Piramal now has a total of 12 Divisions, out of which 7 focus on specific therapies.