



Nicholas Piramal announces Drug Development Agreement with Eli Lilly and Company

Collaboration Represents a New Clinical Development Model

Mumbai, India 12 January, 2007: Nicholas Piramal India Limited (“NPIL”) (NSE: NICOLASPIR, BSE: 500302) and Eli Lilly and Company (“Lilly”) (NYSE: LLY) have signed a landmark new drug development agreement to develop and, in certain regions, commercialize a select group of Lilly’s pre-clinical drug candidates that span multiple therapeutic areas.

The NPIL-Lilly alliance seeks to increase productivity in drug development by synergizing the unique strengths of both companies and equitably sharing risk and reward. NPIL will be responsible for the design and execution of the global clinical development program, including IND-enabling non-clinical studies and human clinical trials up to Phase III. NPIL would receive a call-back payment, and potential milestone payments of up to \$100 million, plus royalties on sales upon successful launch of the first compound. The agreement, which will serve as a prototype for joint development of several pre-clinical drug candidates from Lilly in multiple therapeutic areas, will be a new paradigm for global alliances in drug discovery and development.

Commenting on the collaboration agreement, Dr. Swati Piramal, Director - Strategic Alliances & Communications, NPIL said, “We are delighted to be working with Lilly, which over a hundred years has been discovering new medicines that have had a huge impact on human health. This will be a unique partnership where we will collaborate in the development of new drug candidates and help reduce the burden of disease for patients worldwide.”

“We look forward to working with Nicholas Piramal in this novel collaboration”, said Robert W. Armstrong, Ph.D., Vice President, Global External Research and Development for Lilly. “ We believe NPIL has the strategic interest and capabilities to advance these Lilly molecules through early clinical development, and we are excited to explore this innovative drug development model with them.”

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About Nicholas Piramal India Limited:

Nicholas Piramal India Limited ("NPIL") is one of India's largest pharmaceutical companies with a growth track record of 29% Revenues CAGR since 1988. The Company is currently ranked fourth in the Indian market with a diverse product portfolio spanning nine therapeutic areas. NPIL's had consolidated Revenues of Rs. 15.8 billion in 2005-06. The Company has R&D capabilities in Discovery Research, Custom Chemical Synthesis, Process Innovation, and Drug Delivery Systems. It has world-class formulations facilities and USFDA-approved API facilities without any 483s.

NPIL has a long track record of successful collaboration with innovator companies. Since early-2000, the Company has made significant investments in Discovery Research and Custom Manufacturing Operations (CMO) for Innovator Companies. Nicholas Piramal has a global CMO footprint across North America, Europe & Asia, and is committed to respecting Intellectual Property.

NPIL is listed in India on the Bombay Stock Exchange and the National Stock Exchange. For additional information or clarifications, please mail investorrelations@nicholaspiramal.co.in or visit www.nicholaspiramal.com

About Eli Lilly and Company:

Lilly, a leading innovation-driven corporation, is developing a growing portfolio of first-in-class and best-in-class pharmaceutical products by applying the latest research from its own worldwide laboratories and from collaborations with eminent scientific organizations. Headquartered in Indianapolis, Ind., Lilly provides answers – through medicines and information – for some of the world's most urgent medical needs. Additional information about Lilly is available at www.lilly.com.
