



## **Nicholas Piramal to de-merge its New Chemical Entity (NCE) Research and Development unit into an independent company**

**Mumbai, 31 August 2007:** Nicholas Piramal India Limited ("NPIL") today announced that its Board of Directors has approved the proposal to de-merge its New Chemical Entity (NCE) Research Unit into a separate company.

Since 2003, NPIL has strengthened its efforts on the NCE research front. The NCE pipeline has expanded from five compounds in 2002 to thirteen compounds in 2007, out of which four compounds are in clinical trials.

NPIL's Investigational New Drug (IND) Application for its lead molecule P-276 has recently been approved by the USFDA and clinical trials will soon commence for multiple myeloma— a devastating type of cancer - in collaboration with Harvard Medical School and Dana Faber Cancer Centre, USA. The Company's R&D capabilities have also been recently validated by virtue of research collaboration with Eli Lilly for a metabolic compound of the US-based pharmaceutical Company. Both companies share risks and rewards in this collaboration.

NPIL expects to have eight compounds in clinical trials by end of the current financial year. This will result in increased spend as clinical development costs constitute about 2/3<sup>rd</sup> of the total R&D cost of a drug. NPIL wishes to complete development upto proof-of-concept (end of Phase II) for all its pipeline compounds and bring to market certain niche compounds on its own.

The dynamics of NCE R&D are different from NPIL's branded formulations or custom manufacturing businesses. Investment in NCE research calls for sharper research focus, longer time horizon and higher risk appetite. Keeping in view these factors, the Board of Directors of the Company has today approved de-merger of its NCE unit into a separate company in which NPIL will hold equity capital of Rs. 45.5 million. This move will also facilitate bringing in strategic or financial investors in future who may wish to invest directly in the NCE research program.

Under the de-merger scheme, the NCE Undertaking, with net assets (at book value) inclusive of unutilized monies collected under the Rights Issue of 2005 and intended for R&D to the extent of Rs.950 million, will be transferred from NPIL to the New Company. In consideration, the New Company will issue fully paid up equity shares aggregating to Rs.209 million to the shareholders of NPIL in the ratio of 1:10 (i.e. 1 equity share of Rs.10 for every 10 equity shares of Rs.2 each held in NPIL).

Post de-merger, NPIL will hold 18% of the equity capital of New Company and the remaining 82% will be held by the shareholders of NPIL. The New Company will be an independent company. It will be listed on the BSE and NSE. At an appropriate time after listing, the new Company will explore various options for raising further funds to meet its business requirements.

This scheme of de-merger is subject to applicable regulatory and other approvals.

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Notes to editors:

About Nicholas Piramal India Limited:

Nicholas Piramal India Limited ("NPIL") is one of India's largest pharmaceutical companies with a growth track record of above 30% CAGR since 1988. The Company is currently ranked 4th in the Indian market with a diverse product portfolio spanning nine therapeutic areas. NPIL's had consolidated Revenues of US\$602 million in 2005-07. The Company has R&D capabilities in Custom Chemical Synthesis, Process Innovation, NDDS and Basic Research. It has world-class USFDA-approved API and formulations facilities without any 483s.

NPIL has a long track record of successful collaboration with innovator companies. Since 2003, the Company has made significant investments to become a global custom manufacturing organisation ("CMO") for large and medium-sized 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, National Stock Exchange and Ahmedabad Stock Exchange. For further information, please mail [investorrelations@nicholaspiramal.co.in](mailto:investorrelations@nicholaspiramal.co.in) or visit [www.nicholaspiramal.com](http://www.nicholaspiramal.com)

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