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Press Release

Board clears demerger scheme

Mumbai, February 9, 2006: Sun Pharma's Board of Directors today approved the demerger of the company's innovative R&D, namely the NCE and NDDS programs, to a new company with the same equity holding pattern. The difference between generic reverse engineering and innovative R&D in terms of risk profile, longer timeframes and considerably larger resource requirements in the future, were cited as key reasons for the split. Mr. Dilip Shanghvi would be the chairman of the demerged company. The demerged company will be listed on the BSE and the NSE after the requisite clearances.

In addition to an approximately 100 person staff of scientists, running programs in NCE and NDDS, assets including cash and equipment would be transferred to the demerged company.

The board ratified demerger scheme proposes April 1, 2006 as the effective date of the demerger. As part of the scheme, shareholders of Sun Pharma would be allotted an equity share of Rs1 each for each share of Rs5 of the parent company, held on the record date.

This draft Scheme of demerger is subject to approval by shareholders, necessary regulatory authorities and court clearances.

A conference call to discuss the demerger has been scheduled for 9 a.m. tomorrow, Friday 10th Feb. The dial in numbers for the call are (+91 22) 2781 2277 and (+91 22) 5591 7977. A replay will be available at (+91 22) 2788 0506, Standby Number: (+91 22) 5591 7979 for three days, and the transcript would be put on the company's website as soon as possible.

About Sun Pharma

Established in 1983, listed since 1994 and headquartered in India, Sun Pharma (Reuters: SUN.BO, Bloomberg: SUNP IN, NSE: SUNPHARMA, BSE: 524715) is an international, integrated, speciality pharmaceutical company. It manufactures and markets a large basket of pharmaceutical formulations as branded generics as well as generics in India, US and several other markets across the world. In India, the company is a leader in niche therapy areas of psychiatry, neurology, cardiology, diabetology, gastroenterology, and orthopedics. The company has strong skills in product development, process chemistry, and manufacturing of complex API, as well as dosage forms. The company is pursuing NCE and NDDS programs with the aim to bring products based on proprietary technology to market. More information about the company can be found at www.sunpharma.com.

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Disclaimer: It would be appropriate to mention that this Press Release may include certain forward-looking statements and these must be viewed in conjunction with the risks that our business faces.