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Indian Company Jubilant Organosys Acquires U.S. CRO, Target

In something of a reversal of a recent trend, where global contract research organizations (CROs) have been opening offices in India or buying local CROs, an Indian company has bought a CRO in the United States.

Jubilant Organosys Ltd. has acquired 150-employee Target Research Associates, a New Jersey-based, CRO for \$33.5 million in cash from McCann-Erikson Worldwide, a large advertising firm that purchased the CRO in 2002. At the time of the 2002 deal, McCann hoped its pharmaceutical marketing and CRO services would complement each other.

According to Jubilant, it is the first acquisition of a U.S. CRO by an Indian company. The 2,500-employee company plans a major initiative supporting Jubilant's plan to expand its CRO services globally. Jubilant has an Indian subsidiary, Jubilant Clinsys Ltd., which conducts bioavailability studies at its 54-bed facility and bioanalytical laboratory. The company also provides clinical phase I through IV services.

According to Jubilant, this acquisition makes Jubilant the largest Indian CRO having operations in India and U.S.

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"I sincerely believe that this transaction is indeed a harbinger of a greater number of acquisitions of Western companies that will be made from India in the pharmaceutical sector—both for goods and outsourced services," Lloyd Baroody, chief executive officer and co-founder of Target, told *CWWeekly*.

Target is a debt free company with healthy earnings before interest taxes depreciation and amortization (EBITDA) margin, and it has been consistently profitable, according to Jubilant officials. The acquisition is earnings accretive to Jubilant.

Target is now able to offer its U.S. based clients the benefits of providing clinical research services out of India, including cost competitive data management services and access to a large patient population. "India, with its large cadre of highly educated professionals in the healthcare and medical fields and competitive cost environment, has

become a very attractive country for conducting clinical research," Baroody added.

Target, founded by Baroody and Izabela Roman in 1992, is headquartered in Berkeley Heights, N.J. Target conducts clinical trials in phases I through IV and services include: protocol development, investigator recruitment, project management, monitoring, data management, biostatistical analyses, medical writing, regulatory affairs, quality assurance, and drug safety. Target has strong experience in oncology, pulmonary, allergy, dermatology, cardiovascular, gastrointestinal, transplant, and anti-infective therapeutic areas.

In a statement, Shyam Bhartia, chairman and managing director of Jubilant, and Hari Bhartia, co-chairman and managing director of Jubilant, said, "Target fits very well with Jubilant's strategy to expand its strong relationships with many of the leading pharmaceutical companies in the world. We are one of the largest players in India providing discovery services to pharmaceutical companies

in their drug development efforts. Clinical research is an important part of drug development, and it is natural for us to have a significant presence in this segment as well. The acquisition of Target further enables Jubilant to increase its presence in the U.S. market, which has the highest concentration of pharmaceutical and biotech companies."

Crosstree Capital Partners advised Jubilant on the acquisition. "There is healthy demand for small to mid-sized U.S.-focused CROs providing traditional trial and data management services. However, this demand is unlikely to come from the large U.S. CROs as they already have robust capabilities in these areas. We see the most interest from buyers with a geographic rationale, such as European or Indian buyers who are seeking to truly globalize their offering through a presence in the U.S. market. Overall, demand is healthy," Jeff Ellis, managing director of Crosstree Capital Partners, told *CWWeekly*.