

Jubilant Organosys Ltd

**Speech by the Chairman & Managing Director Mr SS Bhartia
at the Company's 28th AGM: 11.30 am, 19th Sept. 2006**

Good morning, ladies and gentlemen. It gives me great pleasure to welcome all of you to the 28th Annual General Meeting of Jubilant Organosys Ltd.

I would like to take this opportunity to review our performance during the financial year 2005-06 and share with you some perspectives on our growth strategy.

The country's economy has performed strongly over the financial year under review, and continues to do so, making India one of the fastest growing economies in the world. The global pharmaceuticals and life sciences sector, which is where our focus is, has grown at a healthy pace and we believe that this sector is likely to be among the better performing segments of the global economy, with substantial opportunities unfolding for high quality, cost-competitive players in India.

The emphasis on reducing costs and maintaining quality levels is driving outsourcing in the pharma and life sciences sector. The global pharma industry outsourcing market is estimated at USD 33 billion and is expected to touch USD 55 billion by 2010 with India having the requisite capability to capture nearly 20% of the global outsourcing pie.

During the fiscal year 2005-06, we made significant progress not only in terms of financial performance but also with regard to the emerging

opportunities in the marketplace and the actions that we have initiated and undertaken to get the most out of them.

We acquired Trinity Laboratories Inc. and its wholly owned subsidiary Trigen Laboratories Inc., a generic pharmaceutical company in the US and currently hold 73% equity stake.

Further we acquired 100% equity stake in Target Research Associates, a US based full service Clinical Research Organization (CRO). This was the first ever acquisition of a US CRO by an Indian company and makes us the largest Indian CRO having operations in India and US.

We are also setting up a dosage forms facility in Roorkee, Uttaranchal to cater to the needs of the US and European market. This unit is expected to commence its production from January 2007.

In the CRAMS business, we signed annual contracts with global leaders in pharmaceuticals and agrochemicals industry for custom manufacturing of intermediates and fine chemicals. With strong knowledge of chemistry and the capability to develop cost efficient manufacturing process, we are the preferred outsourcing partners with life sciences companies.

In terms of our financial performance, for the financial year 2006, Jubilant's revenues grew by 28.6% and revenue from international markets rising by 41.7%. Sales from the Pharmaceuticals and Life Science Chemicals (PLSC) business continued to be growth driver recording 41.2% increase in revenues mainly driven by higher CRAMS, Drug Discovery & Development Services and API sales.

The Company's operating margins increased by 5.6%, despite higher raw material, staff cost and manufacturing costs.

During the year the employees dedicated to R&D work increase to 859 which is 26.6% of total employee strength of the Company.

Continuously investing in R&D and fostering an organizational culture that promotes innovation, we have today been able to carve a position of **outsourcing partner of choice for the global pharma and life sciences industry across the value chain**, from custom manufacturing to research services, including collaboration on high-end drug discovery and clinical research. Our collaboration with Eli Lilly & Co. of US in the area of drug discovery demonstrates our ability to engage with demanding global customers and provide them with knowledge-driven services at competitive costs while matching their high standards for quality, precision and respect for IPRs.

Adhering to our tradition of sharing the benefits of the Company's progress with shareholders, the Board of Directors has recommended a dividend of 125% on fully paid up equity share.

Jubilant's performance during the first quarter of the current year, FY2007, has been robust which confirms that our strategic initiatives are yielding results especially in the focus growth segment of pharmaceuticals and life science products. This business is emerging stronger and is now a major contributor to our revenues and profits. The outlook for the year remains promising driven by better prospects in pharma and life science business while other operations are expected to deliver growth-oriented business plans in line with our strategic intent.

We have made significant progress in meeting our long-term objectives over the past few years and our performance in FY2006 was in line with our strategy. Going forward, we anticipate our Pharmaceutical and Life Sciences business to further accelerate our growth trajectory. During the year under review, we have undertaken inorganic and organic initiatives that provide us with a strong platform for such growth. During the first quarter of FY2007, we raised funds amounting to US\$200 million from global investors. Today, we are confident that we have the resources and the strategy to successfully convert our internal capabilities and the resulting growth potential into business and operational achievements. We are a knowledge-driven, innovation-led organization with capabilities that act as natural competitive advantages. This gives us confidence in our outlook for the future, which we believe is growth-oriented and strong.

Before concluding, I on behalf of the Board and other members of the management team would like to extend our appreciation to all our stakeholders for their continued encouragement. We would like to acknowledge the continued support of our customers, vendors, employees, bankers, lenders, investors and shareholders in our quest to create a truly global organization with knowledge and innovation at its core. We hope to maintain this momentum of growth through the rest of FY2007 and further ahead.

Thank you.