



Jubilant Organosys Ltd.

1A, Sector 16A

Noida – 201301, India

PRESS RELEASE
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Jubilant Organosys Acquires US based Hollister - Stier Laboratories LLC

Largest Overseas Acquisition in Contract Manufacturing (CMO) sector by an Indian Company

Acquisition significantly strengthens Jubilant's Global CRAMS business via entry into the high barrier Injectables segment

- Hollister is profitable with high growth outlook - will be accretive to Jubilant's earnings from date of acquisition
- The purchase price for the base business of US \$ 122.5 million comes at an attractive valuation of 11.2 x FY 2006 normalized EBITDA. This multiple is expected to be significantly lower in 2007 in view of Hollister's strong earning growth prospects
- Hollister is implementing a Capex program, which is expected to be completed by Q 1 CY 2008, that will significantly enhance capacities and performance outlook, going forward
- Hollister provides Jubilant with:
 - A fast growing Contract Injectables manufacturing business – with a CAGR of over 40% p.a in revenues over the last four years and expectation of robust growth, going forward
 - A stable and profitable Allergy business, supported by 85 years of market experience and strong brand loyalty
- A highly experienced management team with an average of 20+ years in the industry and 10+ years at Hollister - current management team to continue
- Jubilant plans to use a combination of cash-on-hand and Hollister's debt capacity to fund the acquisition
- Acquisition is expected to be completed by June 2007

Commenting on the development, Mr. Shyam S Bhartia, Chairman & Managing Director and Mr. Hari S Bhartia, Co-Chairman & Managing Director of Jubilant Organosys said:

“Jubilant is a leader in CRAMS (Custom Research and Manufacturing Services) space, delivering high growth performance by servicing the global Pharma and Life Science industry. It has been our strategy to rapidly expand our global CRAMS business by investing organically



and acquiring entities that complement our ambition to further accelerate our growth in this area.

We are excited that we have found the right fit in Hollister, with an opportunity to leverage on a common and new customer base. It gives us a ready entry into Contract Manufacturing of Injectables and presents a compelling business opportunity, especially in the US market. Added to that, it also brings with it, a high quality, steady cash flow Allergy Extracts and Products business. Hollister is profitable and given its strong financials, the acquisition will augment our financial performance from day one and create incremental value for all our stakeholders”.

Mr. Anthony D Bonanzino, President & CEO of Hollister-Stier commented:

“The management of Hollister-Stier is extremely excited by this acquisition which further strengthens our position in the Contract Manufacturing Industry. This allows us to continue our high rate of growth in the Contract Manufacturing business and maintain our presence as one of the largest producers of allergenic extracts. Most importantly, Hollister-Stier will continue to provide the same level of quality and service that our contract and allergy clients have come to expect of us.”

Jubilant Organosys Ltd. (Jubilant), an integrated pharmaceutical company and one of India's largest Custom Research and Manufacturing Services (CRAMS) and Drug Discovery & Development Services companies, has announced today that its Board of Directors has approved the acquisition of 100% equity stake in Hollister – Stier Laboratories LLC (Hollister). Hollister is a US entity engaged in high growth Injectable contract manufacturing and has a well-established and stable Allergy Immunotherapy business.

Acquisition Cost

The acquisition is on a debt free cash free basis. The purchase price for the existing business (base business) is US\$ 122.5 million in cash, valuing the transaction at 11.2 times FY 2006 normalized EBITDA. Jubilant will also reimburse capital expenditure incurred for the capacity expansion of US \$ 16 million through March 31, 2007 and certain cash Capital Expenditure for capacity expansion incurred by



Hollister until the date of Closing of transaction. The transaction is subject to the customary closing conditions and necessary regulatory approvals.

Hollister Profile

Hollister - Stier Laboratories, LLC, a company located in Spokane, WA, USA, is a leading Contract manufacturer of Sterile Injectable vials and Lyophilization products and one of the world's top producers of Allergenic extracts. It has selected manufacturing capabilities in Lyophilization, Vial Filling, Aseptic Filling and Allergenic Extracts. The company has global branded, generic pharmaceutical and biotechnology companies as its customers.

The company has facilities inspected by FDA, EMEA (Europe), PMDA (Japan) and ANVISA (Brazil). It has distinct cGMP areas in Small Volume Parenterals including Commercial Small Volume Parenterals, Small Lot Manufacturing and Clinical Trial Manufacturing facilities.

Hollister posted revenues of US \$ 55 million with a normalized EBITDA of US \$ 10.9 million in 2006. The outlook for 2007 is noticeably stronger. Hollister has been investing in expanding its custom manufacturing facility of Injectables, which is a compellingly high growth opportunity. Over the last four years, the company posted a 40% CAGR in revenues from this business. Hollister also brings with it a stable and steady cash flow Allergy Extracts and Products Business, in which it has an established presence for the last 85 years.

Strategic Fit of Acquisition

The acquisition of Hollister is an excellent strategic fit for Jubilant, as it augments the company's growth in the CRAMS business globally. This acquisition provides Jubilant with a meaningful platform within the fast growing Injectables Contract Manufacturing segment. Additionally, it fulfills Jubilant's goal of focusing on products and services that are considered high value and thereby command premium pricing. Furthermore, the addition of Contract Manufacturing of sterile Injectables enhances Jubilant's ability to provide "one-stop shop" capabilities to customers and substantially increases size and scope of its CMO business.

Hollister's largest segment within Injectables business is of Small Volume Parenterals. Small Volume Parenterals constitute two-thirds of the entire Sterile formulations market. Injectables have been the



fastest growing Contract Manufacturing segment. However, it involves complex manufacturing processes, very difficult FDA compliance requirements, high capital investment and availability of limited capacities. Over the last few years, Contract Manufacturing has grown and drug companies are now much more open to outsourcing Injectables. Compared to Solid Dose Contract Manufacturing, the Injectables market is lot less competitive because there are only a few reliable players with Injectables capabilities / competence required to serve big Pharma and Biotech clients. Lyophilization is a growing product segment within Injectables manufacturing, and increasingly more Injectable products will be Lyophilized to increase shelf life. Collectively, these trends put Hollister-Stier in a very good position to capitalize on the growth of the Injectables Contract Manufacturing market. The Company obtains over 90% of its revenues from Contract Manufacturing of branded products (as against generics), where cost to customer is relatively small, compared to overall product value, thus having limited price sensitivities.

Hollister is one of the leading North American Immunotherapy and Vaccine companies, with 85 years presence and strong brand loyalty. It has a well-recognized, high quality Allergy Extracts and Products business, which is the second largest in the USA. Hollister is also one of the three world - wide providers of Stinging Insect Venom vaccines used to reduce a patient's venom sensitivity. This business has consistent revenue generation that provides stable cash flows to support the high growth CMO business. The products are primarily marketed to certified allergists in USA and Canada.

The acquisition of Hollister will further increase Jubilant's revenue and earnings contribution from pharmaceuticals and life sciences products segment and will enhance international revenues, specifically from regulated markets.

Bear, Stearns & Co. Inc served as financial advisors to Jubilant in this transaction.



About Jubilant Organosys

Jubilant Organosys Ltd. is an integrated Pharmaceuticals industry player, one of the largest Custom Research and Manufacturing Services (CRAMS) and Drug Discovery and Development Services companies out of India. The company has presence across the Pharmaceuticals value chain right from Drug Discovery, Functional Chemistry and Clinical Research services to Custom Research and Manufacturing Services for Advance Intermediates and Fine Chemicals, Active Pharmaceutical Ingredients and Dosage Forms. Jubilant Organosys has more than 3300 employees across the organization in India, USA, Europe and China. It has four manufacturing locations in India and one in USA. The Company also has subsidiaries in USA, China and Belgium.

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