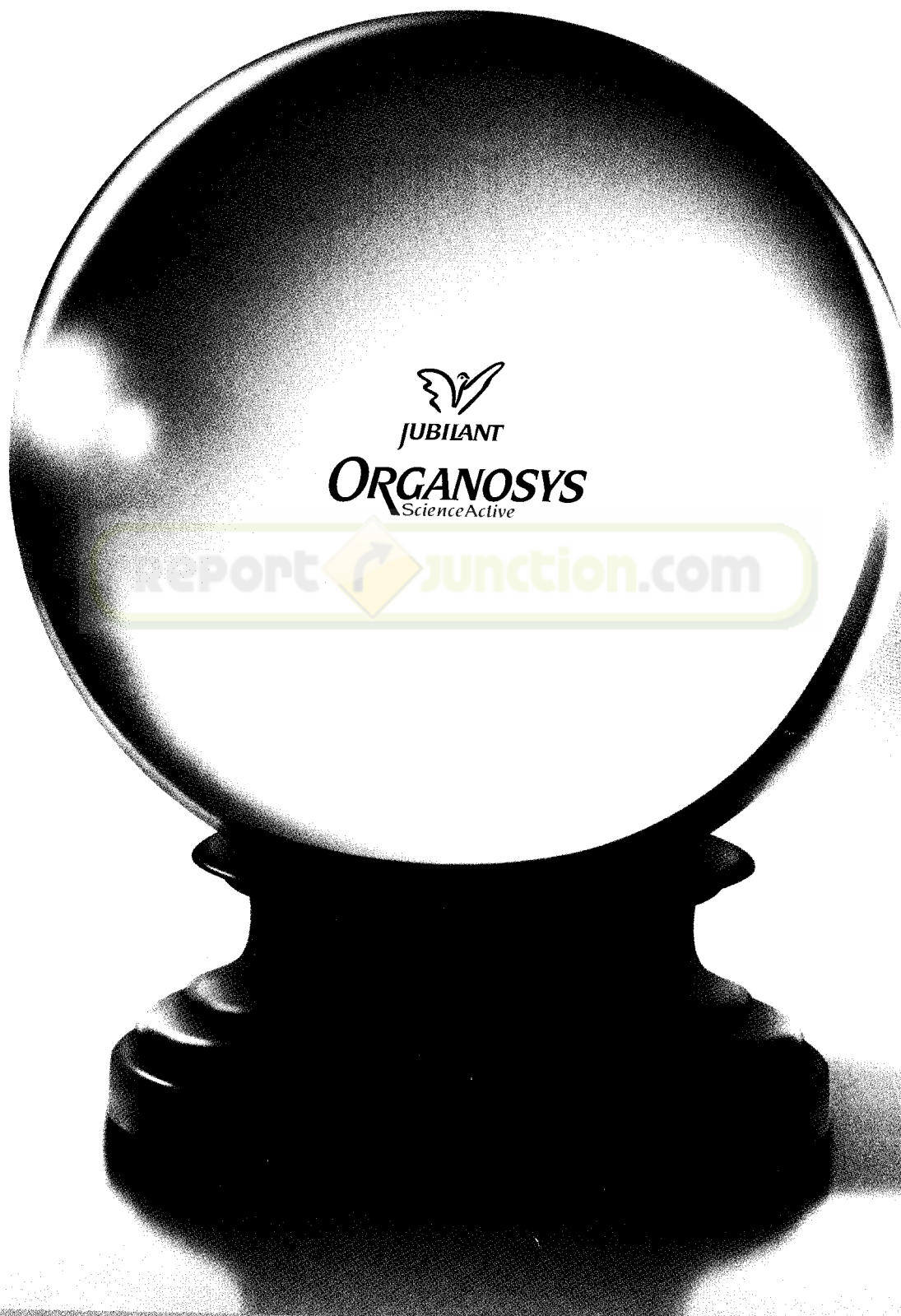


A J U B I L A N T T O M O R R O W



Jubilant Organosys Limited is one of the largest Custom Research and Manufacturing Services (CRAMS) companies and a leading manufacturer of Active Pharmaceutical Ingredients (APIs) in India, delivering products and services to the global life sciences industry by leveraging its R&D expertise, knowledge-driven operations and global scale manufacturing capacities.

Jubilant is also a leading manufacturer of a range of performance chemicals and industrial chemicals for use in industries such as pharmaceuticals, tyres, textiles, construction, paper and packaging, plant health and animal nutrition.

Jubilant Organosys is a partner of choice for the global life sciences industry. The Company has built capabilities to offer products and services across the value chain in generic as well as new drug processes right from early stage drug development to manufacturing of commercial volumes. The Company has high-ranking global positions in its products across all its operating categories.

2004	Acquisition of European pharma companies
2003	Launched drug discovery business
2002	Entered into the API business
1996	Entered into CRAMS business
1985	Ventured into performance chemicals business
1978	Incorporated for manufacture of Vinyl Acetate Monomer and other industrial chemicals

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**CORPORATE
INFORMATION**

Registered office

Bhartiagram, Gajraula, Dist. Jyotiba Phule Nagar,
UP 244 223, India

Corporate office

1 A, Sector 16 A, Noida, UP 201 301, India.

Manufacturing locations

Gajraula: Bhartiagram, Gajraula,
Dist. Jyotiba Phule Nagar, UP 244 223, India

Nanjangud: 51-56, KIADB Industrial Area,
Nanjangud, Mysore, Karnataka 571 301, India

Nira: Nimbut, Nira, Dist. Pune,
Maharashtra 412 102, India

Samlaya : Block 133, Samlaya, Taluka Savli,
Dist. Vadodara, Gujarat 391 520, India

Corporate R&D centre

Jubilant Biosys Ltd

C-26, Sector 59, Noida, UP 201 301, India
450, 12th Cross, Mahalakshmpuram,
Bangalore-560 086

International offices

US

700 Canal Street, 5th floor, Stamford, CT 06902, USA

China

G/16F Jui Shi Fuxing Mansion, 918 Huai Hai Zhong
Road, Shanghai, PC 200020, China

Statutory auditors

K.N. Gutgutia & Co., 11K Gopala Tower, 25
Rajendra Place, New Delhi 110 048, India

US GAAP auditors

KPMG, 4B DLF Corporate Park, DLF City Phase III,
Gurgaon 122 002, India

Cost auditors

J. K. Kabra & Co., 552/1B Arjun Street, Main
Vishwas Road, Vishwas Nagar, Delhi 110 032, India

**Registrars and
transfer agents**

Alankit Assignments Ltd, 205-208 Anarkali Complex,
Jhandewalan Extension, New Delhi 110 055, India.
Tel.: +91(11) 23610220-24

Shyam S Bhartia
Chairman and Managing Director

Hari S Bhartia
Co-Chairman and Managing Director



• • • • • **DEAR STAKEHOLDER,**

We take pleasure in presenting our report for the financial year 2003-2004. It has been a period of transition and progress, achievements and recognition, complete with many initiatives that will facilitate the creation of value and mutual benefit for all our stakeholders in the future.

Business conditions are becoming increasingly positive

It is our belief that the economic environment in India is improving, leading to a better business outlook going forward.

GDP performance is expected to be higher, pushed by growth across all key economic segments comprising agriculture, industry and the services sector. It is after a long time that we are witnessing such all-round growth and improvement in sentiment. Urban and rural incomes are rising, leading to improved consumer demand.

India's international trade performance is significantly better, driven by knowledge-based sectors such as IT-enabled services, hi-tech manufacturing and pharmaceuticals, where we have demonstrated a sustainable competitive position at a global level. The country's forex position is now exceedingly comfortable, inflation is manageable, cost of capital is near historic lows and given the improvement in the overall operating efficiency in corporate India, we are confident about the prospects of Indian business in the future.

A year of transition and progress

A live definition and assessment of strategy enables the creation and recognition of opportunities as well as participation in areas of corporate competence and business growth. What has been constant is our endeavour to continuously move up the knowledge chain to enter into new segments and introduce products that have a greater value margin and growth prospects.

In the first wave of corporate re-definition, we very successfully achieved greater footprint across the value chain to become the leading provider of products and services to the global life sciences industry. Last year, we expanded our footprint even further to establish a strong presence in the Custom Research and Manufacturing Services (CRAMS) and the Active Pharmaceutical Ingredients (API) businesses, catering to the global life sciences sector. We now have plans to further move up the value chain by having a strong presence in the high potential areas of drug discovery, regulatory services and generic formulations. Jubilant Biosys, which recently became a subsidiary, and our Chemistry Services business have facilitated our entry into the drug discovery segment. We have also acquired two European pharmaceutical companies. These acquisitions are expected to accelerate our entry into the regulatory services and generic formulations businesses in regulated markets. The earlier acquisition of the pharmaceutical business acted as a catalyst that enabled rapid implementation of our plans and initiatives in APIs. The pharmaceuticals and life sciences businesses contribute to 37% of our revenues and 57% of our operating profits, making us a sizeable player in this segment.

With Jubilant Biosys as a subsidiary and the acquisition of the European pharma companies, our products and services will straddle the entire spectrum of user-segments in the life sciences sector, from drug discovery to CRAMS and APIs and upto generic formulations. We view these businesses as our growth engines and we are taking steps to enable their rapid development going forward.

In order to manage and grow our business better, we re-aligned our operating model into three distinct segments i.e. Pharmaceuticals and Life Science Chemicals, Performance Chemicals and Industrial Chemicals, comprising several growth units, covering key business lines in each of these areas. We implemented these initiatives to ensure that while we create the size and scale of a larger organisation, we do not lose the energy, responsiveness and business-motivating ability that is more pervasive in smaller operating entities. It is most heartening that while we were implementing such new initiatives, we continued to deliver a progressive performance without any recess during this period. Our net revenues for the year increased by 21% to Rs. 8.6 billion while our net earnings grew by 67% to Rs. 802 million.



Pharmaceuticals and Life Sciences businesses will be our growth drivers going forward

We have already established a strong operating capability and position in these businesses. To support our growth in this area of activity, we have substantially enhanced our R&D capabilities by setting up a new state-of-the-art centre in Noida, near Delhi, and we increased our R&D strength to over 175 people. To further enhance the growth we have planned to remove capacity constraints by making new capital expenditure in the areas of APIs and CRAMS.

In the API business we are already a key player in products such as Carbamazepine – where we are the world's largest generic manufacturer, Oxcarbazepine, Citalopram and Azithromycin. Our pipeline for the immediate future comprises products such as Risperidone, Lamotrigine and Simvastatin, where we intend to create a key global position for ourselves. Our focus in this business will be to build a clientele comprising global corporations in developed markets. In our opinion, what we have accomplished so far represents an encouraging beginning of what we consider an exciting opportunity for the future.

Our CRAMS business is demonstrating an exciting future potential, and we are engaged with most of the leading global pharmaceutical and agrochemical companies on projects both small and large with the potential to deliver substantial scalability in the future. We currently have a large pipeline of over 30 products that are under commercialisation.

Our subsidiary company, Jubilant Biosys, is an innovative bio/chemo informatics service provider, specializing in offering high quality databases and informatics solutions for pharmaceuticals and biotechnology companies. The Company, in its first few months of commercial operations during the last financial year, has built a client list of more than 30 global life sciences companies.

In Solid PVA, Jubilant is the third-largest producer in the world. This has been one of the fastest-growing units in the Company with a 94.4% increase in net sales in FY 2004.

Performance Chemicals and Industrial Chemicals will continue to better past performance and provide strong cash flows and operating base in the coming years.

We have created over the last few years global leadership positions across multiple categories in our Performance Chemicals and Industrial Chemicals businesses. These include VP Latex and Acetaldehyde where we are the sixth-largest producer in the world. In addition to that, we are among the top ten global producers of Choline Chloride, Ethyl Acetate and Acetic Anhydride.



In these businesses it will be our endeavour to better the operating performance of each of these segments. For us, these businesses provide continued earnings and cash flows and a strong operating backbone for the overall organisation, and we will therefore, not dilute our focus to achieve optimal results in each of these operations. For example, in line with our interest to maintain momentum, last year we launched an advertising campaign for our Performance Chemicals products to strengthen the brand equity that the Jivanjor range of products currently enjoy across all segments.

This effort was complemented with a strong manufacturing focus and the re-organisation of our distribution structure, aggressively targeting the customer. We increased our market share in a short frame of time.

These businesses collectively contributed to 63% of our revenues and 43% of our operating profits. Although we expect to deliver absolute growth in these businesses, their share of contribution to our overall revenues will diminish keeping in view the rapid growth that we expect to achieve in our Pharmaceuticals and Life Science Chemicals business.

The international markets will continue to be a thrust area for us with a focus on regulated markets comprising the USA, Europe and Japan, in our pharmaceuticals and life science chemicals segment. Within the unregulated markets, China will maintain its position as a market of prominence in our plans. We believe that the recent economic slowdown in China will not have a significant impact on our exports to that country as their current growth rate is sufficient to create sustainable demand for our products. Moreover, no significant capacity addition for products that we export to China, is likely to occur over the next few years.

Access to international financial market for resource generation

We successfully completed an international issue of 1.5% Convertible Bonds of US\$ 35 million. The funds generated through this issue will strengthen our capital base and will support our growth plans, including acquisitions and investments to increase capacities in the pharmaceuticals and life science chemicals segment. The Bonds are listed on the Singapore Stock Exchange and on conversion to GDSs, the GDSs can be traded on the Luxembourg Stock Exchange. This initiative represents our maiden quasi-equity issue in global markets, signifying the increasing maturity and acceptance of our business model.



**Adopting the Corporate Sustainability model
demonstrates our commitment to long-term growth**

We are the only company in our sector in India to have formally adopted such a sustainability model in line with our approach to embrace best corporate governance initiatives.

The corporate sustainability model is a comprehensive business case approach focussed on opportunities and risks. It is also referred to as the "Triple Bottom Line" approach as it is about meeting economic, ecological and social goals. It takes into account not only the economic bottom line that measures business profitability but also the benefits and impacts of our products and processes on the environment and the health and safety of our employees and our communities. This is very relevant to our business as it demonstrates the high quality of our operations, which in our business is essential to creating partnership-led relationships with large international corporations and also enhances our ability to create incremental value for all our stakeholders in the long term.

From a progressive past to "A Jubilant Tomorrow"

This has been a year of change and real progress. We move into the future with a defined business model that examines and captures value and opportunity across all our operating segments. We are efficient and profitable with active contribution from all our growth units. Our quality is comparable to the best globally, and this will be further reinforced through an organisation-wide Six Sigma programme, which is part of our 'Velocity' initiative launched in the last quarter of the fiscal year 2004. The market conditions are conducive and we remain more than ready to face challenges that may come our way.

The positive impact of our new initiatives will be visible in the near future. Our team is highly competent, comprising some of the most capable professionals in their respective fields. We are committed to cost efficiently delivering value to our customers, strengthening partnerships built in the past and initiating new relationships in the future. We remain greatly motivated and excited, given our business strength, plans and outlook for the future. Our values and business approach will enable mutually beneficial relationships with all our business associates. Our endeavour to create value for our shareholders is strong, and we look forward to their continued support and participation.

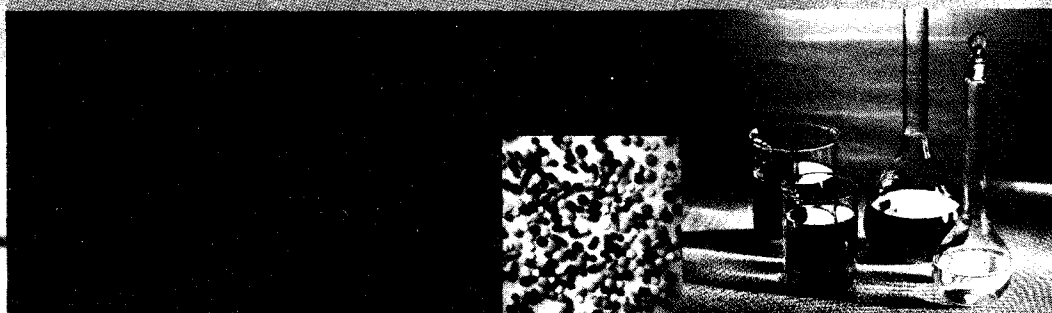
As we close our statement for the year, in summary we confidently state that we are enthusiastic about an exciting future and "A Jubilant Tomorrow".



Shyam S Bhartia
Chairman and Managing Director



Hari S Bhartia
Co-Chairman and Managing Director



● ● ● ● ● DR. J.M. KHANNA, EXECUTIVE DIRECTOR

I take pleasure in stating that within a short period of time we have built a highly successful Pharmaceuticals and Life Sciences operation. We have achieved this progress by leveraging our acquisition of the Pharma business, increased focus on R&D and effectively utilising the already established strong manufacturing and operating base of our Company.

Globally, India is increasingly seen as ideal destination for meeting the outsourcing needs of the global life sciences industry. India has a vast intellectual pool, strong chemistry skills and superior engineering skills to be a cost-efficient provider of products and services. This positions India to capture a US\$ 14 bn outsourcing market which is expected to grow to US\$ 27 bn by 2007. Jubilant by its presence across the pharma value chain is well set to be a major player in this area.

The success of any acquisition can only be measured by the extent of value that a company can derive from it.

The acquisition of the pharmaceutical business was very effectively leveraged to substantially reduce the establishment curve of this business. It came complete with people and experience, which we retained and utilized to rapidly implement plans for the future. The strong product profile has been revised to build a strong pipeline of new API introductions. The customer relationships have been extended to cover greater business activity. Most importantly, the US FDA approval for the existing plant has reduced our time-to-market when engaging with customers in developed regions.

At Jubilant, we believe that change offers an opportunity that we must capitalise upon quickly, and we have done precisely that by activating the opportunities provided by this acquisition.

Our current portfolio comprises 9 APIs which are used in pharmaceuticals belonging to high growth therapeutic segments. Some of these include Carbamazepine, Citalopram and Azithromycin. Our existing product range is strong and offers a continued growth outlook going forward. For example, we are the largest generic manufacturer of Carbamazepine, an anti-epileptic API, with a market share of 15% which we intend to further increase over the next two years. In addition, we are working on about 20 more APIs, for most of which we are likely to file DMFs over the next 24 months. These include products such as Simvastatin, Esomeprazole, Pioglitazone, Aripiprazole and Sartans in categories such as CNS (central nervous system) and CVS (cardio-vascular system).