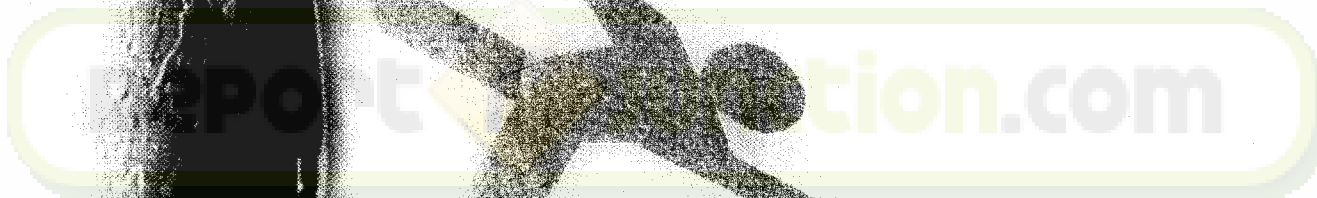


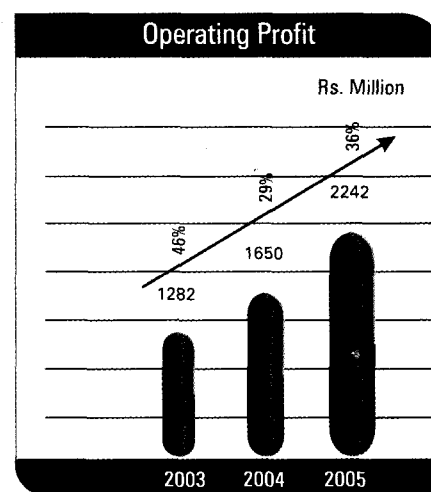
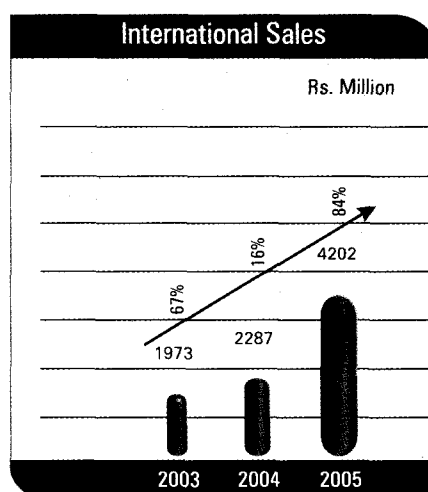
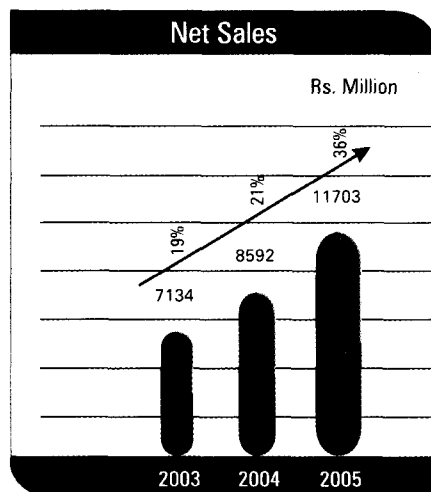


ANNUAL REPORT
2 0 0 4 - 2 0 0 5



JUBILANT PARTNERSHIP

Financials at a Glance



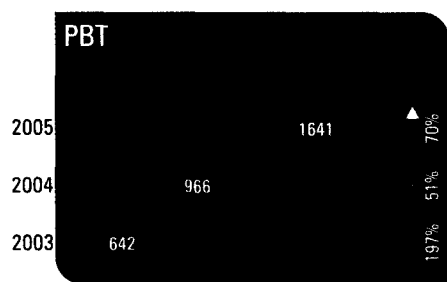
ROCE

2003	19
2004	20
2005	22

Debt: Equity Ratio (FCCB as debt)

2003	2.83
2004	1.99
2005	0.71

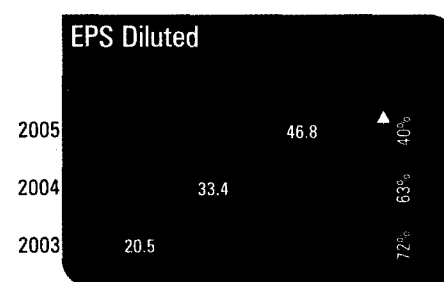
Report Junction.com



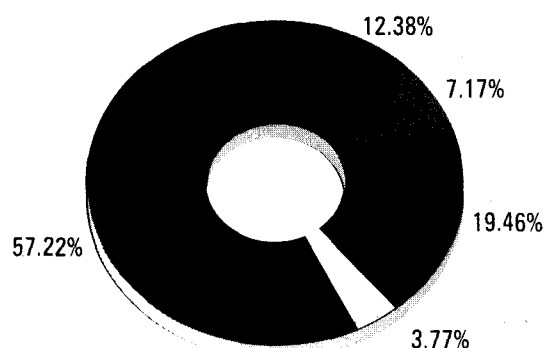
Rs. million



Rs. million



Rs.



Distribution of Shareholding as on 31st March, 2005

- Promoters/Group Company
- Indian Public/Others
- FI/Banks/Mutual Fund
- Bodies Corporate
- FII/NRIs/Foreign Bodies

Corporate Information	2
Chairmen's Report	4
Executive Directors' Messages	6
Directors' Messages	8
Management Discussion and Analysis	10
Directors' Report	42
Report on Corporate Governance	53
Auditor's Report & Annexure to Auditor's Report	63
Balance Sheet and Profit & Loss Account	66
Cash Flow Statement	68
Schedules	69
Notes to Accounts	79
Auditor's Report to Consolidated Accounts	94
Consolidated Balance Sheet and Profit & Loss Accounts	95
Consolidated Cash Flow Statement	97
Schedules to Consolidated Accounts	98
Notes to Consolidated Accounts	108

REGISTERED OFFICE: Bhartiagram, Gajraula, Distt. Jyotiba Phoolay Nagar 244 223,
Uttar Pradesh, India

CORPORATE OFFICE: 1A, Sector 16A, Noida 201 301, Uttar Pradesh, India

STATUTORY AUDITORS: K.N. Gutgutia & Co., 11K Gopala Tower, 25, Rajendra Place,
New Delhi 110048, 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 Viswas Road,
Viswas Nagar, Delhi 110 032, India

INTERNAL AUDITORS: Ernst & Young Pvt. Ltd., Ernst & Young Tower,
B-26, Qutab Institutional Area, New Delhi 110016, India

REGISTRARS & TRANSFER AGENTS: Ankit Assignment Ltd., 2E/21, Jhandewalan Extension,
New Delhi 110 055, India Tel: +91(11) 23610220-24

BANKERS: ICICI Bank Ltd.
Export - Import Bank of India
Punjab National Bank
Corporation Bank
Canara Bank
Syndicate Bank
Indian Bank
The Jammu and Kashmir Bank Ltd.
ABN AMRO Bank N. V.
Standard Chartered Bank
ING Vysya Bank Ltd.

Board of Directors



Chairman and Managing Director:

SHYAM S BHARTIA

Co-Chairman and Managing Director:

HARI S BHARTIA

Executive Directors:

**DR. J M KHANNA
S N SINGH
S BANG**

Directors:

**ARABINDA RAY
BODHISHWAR RAI
SURENDRA SINGH
H K KHAN
DR. NARESH TREHAN
AJAY RELAN**

Report  junction.com

Dear Stakeholder,

We take pleasure in discussing our business environment and the developments during Financial Year 2005. It has been a record year for the Company 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.

The domestic economy continues to expand at a healthy pace, and despite a lower than expected monsoon and increasing oil prices globally, the country's GDP for FY 2005 is expected to register a growth of over 6.5%. The global economy too is expected to register a decent performance, although there has been some deceleration due to the impact of oil price driven inflationary pressures. The pharmaceuticals and life sciences sector is among the better performing segments of the global economy with substantial opportunities unfolding for high quality, cost-competitive and IPR compliant players from India.

The rapid growth in the global life sciences industry, coupled with changing market dynamics especially in the developed and regulated markets, is creating some unique and fast expanding

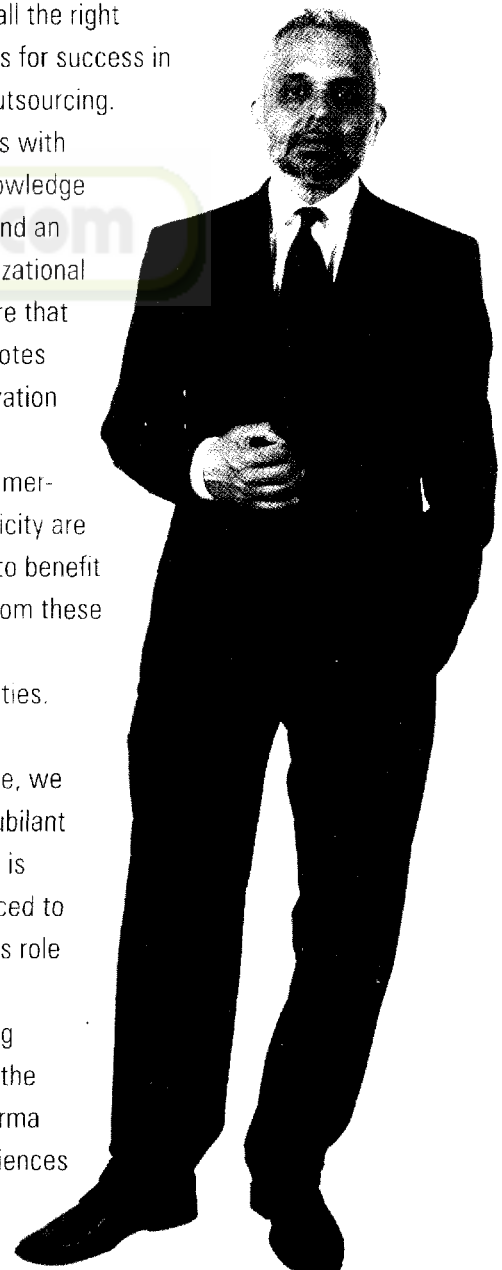
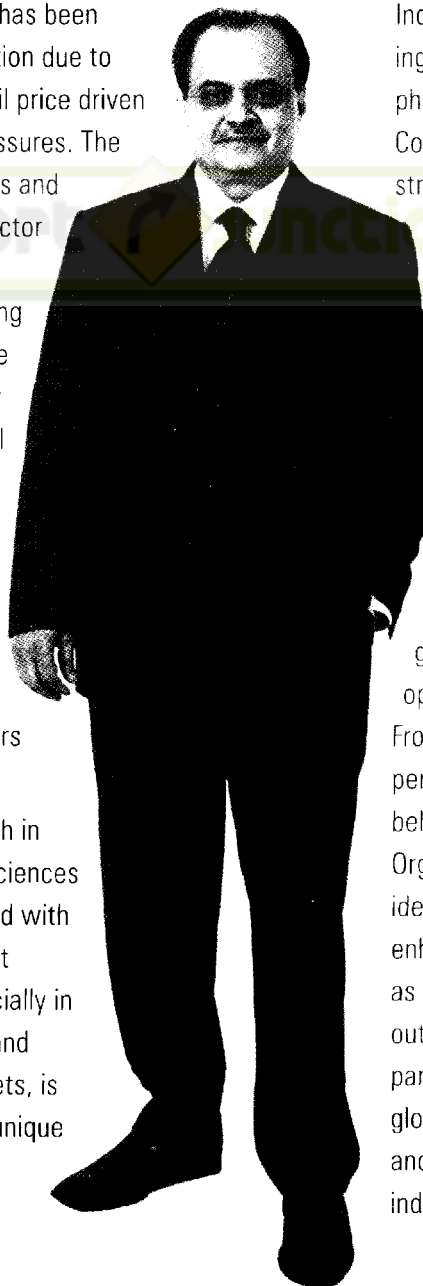
opportunities in the area of outsourcing.

Escalating healthcare costs have resulted in increasing cost pressures on both generic and innovator pharma companies in the regulated markets, encouraging them to explore avenues that reduce costs without compromising on quality. Towards this end, large global pharma players are increasingly embracing outsourcing of various activities across the entire value chain. Today, the total outsourcing opportunity in pharma sector is estimated to be about US \$ 48 billion. Given India's large scientific talent pool and cost advantages, we believe it can potentially capture about 20% of the global pharma outsourcing market.

India has all the right ingredients for success in pharma outsourcing.

Companies with strong knowledge base and an organizational culture that promotes innovation and customer-centricity are likely to benefit most from these global opportunities.

From that perspective, we believe, Jubilant Organosys is ideally placed to enhance its role as an outsourcing partner to the global pharma and life sciences industry.



"Large global pharma players are increasingly embracing outsourcing of various activities across the entire value chain."



Jubilant not only enjoys the India advantages, but also supplements that with many other inherent strengths that give the Company a competitive edge as an outsourcing partner. We are present across the entire pharmaceuticals value chain. At one end, we have established a strong value proposition aimed at early stage drug discovery, through bio/chemo informatic databases, medicinal chemistry services and clinical research. Our APIs and dosage forms businesses constitute the other end of the spectrum. Straddling both ends of the value chain are our Custom Research and Manufacturing Services business, where we are able to seamlessly scale up the manufacturing of advance intermediates and fine chemicals for bulk actives from lab scale to bulk commercial supply. We believe that our capabilities are remarkably unique, enabling us to partner our customers for their outsourcing needs as a "one stop shop" for products and services right from drug discovery to supply of dosage forms.

What differentiates us is our long-standing expertise in chemistry and complex chemical reaction technologies. Our chemistry knowledge accumulated over the last 25 years, pioneering investment in R&D from a very early stage, and manufacturing skills have allowed us to acquire a proven track record of quality and timely delivery. This in turn has resulted in long-term and sustained customer partnerships. We continually undertake fresh initiatives to ensure that our

R&D-led competitive edge sustains.

As responsible corporate citizens, we believe that sustainable growth is possible only when we take all our stakeholders along with us in our growth journey. The communities around our workplaces and the environment forms integral part of our decision making process. We weigh all our commercial activities on its impact on these key stakeholders.

Our philosophy places our customers at the centre of everything we do. It is our intention to be recognized as key, reliable and trustworthy partner to our customers, with a view to exceed their expectations from us. Our growth and our success is a result not only of our strategy and efforts, but more importantly the support and co-operation that we receive from all our stakeholders.

"Our highly integrated manufacturing operations and ability to stretch ourselves has allowed us to create unrivalled level of competence in our key products, with one of the best cost structures and a global focus."

In essence, we believe in creating mutually value realizing, highly trustworthy and reliable, fair and equitable open relationships with all our stakeholders. This in our opinion lays a strong foundation for creating and enabling "Jubilant Partnership" with each of our stakeholders. It is these "Jubilant Partnerships" that enable our success and progress, and it will always be our endeavour to strengthen each of these relationships in the future.

Shyam S Bhartia
Chairman and Managing Director

Hari S Bhartia
Co-Chairman and Managing Director

Executive Directors' Messages

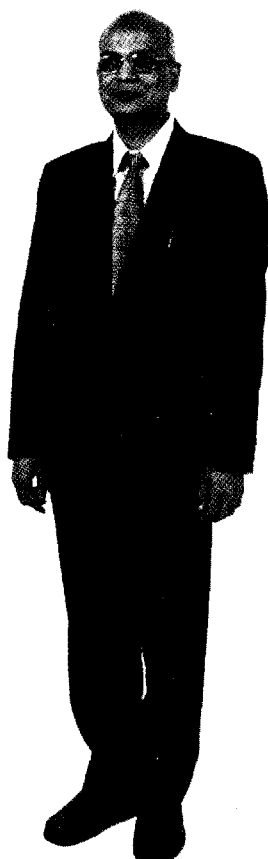
**DR. J M KHANNA***Executive Director & President – Life Sciences*

"As a true partner to global pharmaceutical companies, we prepare ourselves to offer a complete range of products and services for companies. In a short span of 2 years, we created a state-of-the-art R&D and cGMP complying manufacturing infrastructure for innovation, manufacturing and delivering products of international quality to highly regulated markets. We will continue to enhance our international presence through acquisitions and alliances in Europe and USA which in turn would strengthen our business capability to market our products / services in the regulated markets."

**S N SINGH***Executive Director & President – Chemicals*

"Global operations have to be of global scale. In most of our product categories we have global size operations, providing international levels of efficiencies and offering the highest standards of service to meet our customers' needs. Our technological know-how and strong capabilities in complex chemical reactions enable us to partner our customers with the promise of complete protection of their intellectual property."

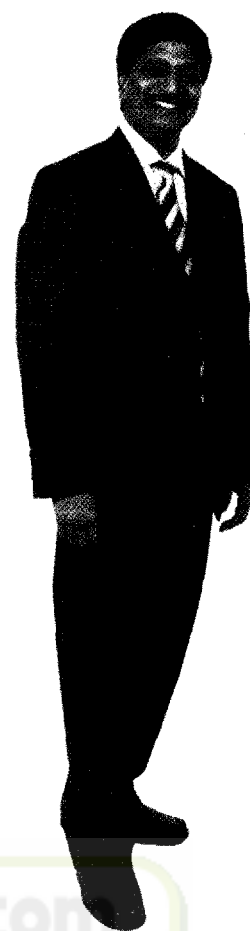
Keeping in view our manufacturing profile, business model, partnership-led customer relationships, and strong sense of social responsibility, we continuously better our operations and enter into higher value segments. We believe that we have the key levers and drivers in place that can be relied upon to deliver better value and performance in the future."



S BANG

Executive Director – Manufacturing & Supply Chain

"In order to build sustainable partnerships with our customers, it is essential that we demonstrate high levels of efficiency and cost competitiveness that are complementary to our technical competence. We achieve that by partnering with our vendors, suppliers, workers and other associates who enable us to ascertain optimum inventory levels and provide us with seamless reach to our customers in the global marketplace. Our supply chain and manufacturing teams are very customer-focused, with a high degree of awareness about customer requirements and a yearning to compare favourably with international benchmarks. This is complemented by our unwavering commitment to the environment, employee health, safety and sustainable development. These management initiatives and value at all points across our operations, benefit us, our vendors, suppliers, customers and eventually our shareholders."



R SANKARAIAH

Executive Director – Finance

"The financial year 2005 proved to be a year of all round achievement for the Company. Enabled by its international acquisitions and R&D initiatives, Jubilant Organosys has now become a composite pharmaceuticals industry player, offering products and services to global pharmaceutical and agrochemical customers. Operationally, the Company continued to deliver strong growth recording an increase of 36% in net sales and a 52% rise in net profits for FY 2005. We have strengthened the balance sheet through strong operational performance, raising equity through private placement and issue of unsecured Foreign Currency Convertible Bonds with an international listing. This has resulted in substantial improvement in all the key financial ratios of the Company enabling future growth. Participation of the highly recognized global and domestic investors changed the shareholding profile significantly. The Company remain committed to enhance shareholder value."



BODHISHWAR RAI *Director*

"The past year has been quite eventful, both for the industry and the Company. The industry has witnessed significant interest from global life sciences majors for outsourcing of certain activities to capable and efficient players in low-cost geographies. Jubilant Organosys, as India's largest CRAMS company, is bound to benefit from such trends. In keeping with its leadership status, Jubilant has also expanded its own presence and acquired pharma companies in Europe during fiscal 2005. The future appears promising and I am confident that the management team of Jubilant has the competencies to convert emerging opportunities into tangible achievements."



ARABINDA RAY *Director*

"I have been on the Board of the Company practically from its inception. Its decision to exploit a special technology to use molasses rather than petroleum stock was the precursor of several breakthroughs. It has been a rewarding experience to see a modest sized enterprise setting out to make a single organic compound and its by-products, become a major international player in the pharmaceutical industry. This has been achieved through a meticulous search for the right opportunities, assessing one's own capabilities professionally to take advantage of them. The result of these initiatives is reflected in the market's confidence in the Company which can only get further strengthened in the approaching years."



SURENDRA SINGH *Director*

"Jubilant Organosys Ltd. is a well managed company that lays special emphasis on product quality. It is constantly on the lookout for ways to extend its horizons to the limit. It observes all the tenets of good corporate governance and shows great concern for all its stakeholders, i.e., shareholders, customers, employees and community at large."