



PRESS RELEASE
For Immediate Release
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Jubilant successfully completes acquisition of Draxis for US\$ 253 million

- **Acquisition is the largest by an Indian pharmaceutical company in Canada**
- **Jubilant entry into the attractive radiopharmaceutical market**
- **Enhances Jubilant's position in contract manufacturing of sterile products**
- **Growth outlook is robust for the next 5 years**
 - **Maintain market leadership position in radiopharmaceutical product (I -131) in US market, and expand into the EU, Canadian markets**
 - **Launch of products in the radiopharmaceutical markets with a current addressable market size of over US\$750 million in USA**
 - **Significant untapped potential in India and other parts of Asia**
 - **Current and pipeline contracts in CMO for sterile and non-sterile products estimated at over US\$200 million**
- **Transaction to be earning accretive from first year**

Jubilant Organosys Ltd., (Jubilant) an integrated pharmaceutical industry player and India's largest Custom Research and Manufacturing Services (CRAMS) Company announced today that it had completed the transaction effective May 28, 2008, to acquire Canada based Draxis Speciality Pharmaceuticals Inc. (Draxis).

DRAXIS offers products in three categories: sterile products, non-sterile products and radiopharmaceuticals. Sterile products include liquid and freeze-dried (lyophilized) injectables plus sterile ointments and creams. Non-sterile products are produced as solid oral and semi-solid dosage forms. Radiopharmaceuticals are used for both therapeutic and diagnostic molecular imaging applications. Radiopharmaceuticals are developed, produced, and sold by the Draxis through its DRAXIMAGE division and contract manufacturing services are provided through DRAXIS Pharma for sterile and non-sterile products. Draxis operates a USFDA approved manufacturing facility and employs approximately 500 staff in its Montreal facility at Canada. It is recognized globally for its quality and execution capabilities, strong regulatory track record and has an established customer base comprising large innovator and specialty pharmaceutical companies.

Draxis is a debt free company and Jubilant is financing US\$ 253 million transaction using a combination of proceeds from a previous FCCB issue and debt amounting to US\$ 160 million. Given the attractiveness of the business model and the opportunities available in radiopharmaceuticals the transaction is likely to have a very attractive payback.

Commenting on the completion of the acquisition, Mr. Shyam S. Bhartia, Chairman & Managing Director and Mr. Hari S. Bhartia, Co-Chairman & Managing Director of Jubilant Organosys Ltd. said: *“We are extremely pleased with the way the Draxis transaction has been completed. Draxis has a robust and exciting product pipeline –such as Sestamibi, where the scope for value accretion will be very high. CMO business of Draxis is expected to provide a fillip to our sterile products portfolio –this is a high-growth and high margin operation where the combined entity with Hollister will be amongst top 5 CMOs in North America. The supply partnerships with J&J in non-sterile products will ensure substantial business growth from 2009”*

Radiopharma market –global growth opportunity

Radiopharmaceuticals is a niche, high entry barrier business. Draximage markets radioactive products with the radioactive isotope already incorporated, and non-radioactive products, which are sold in lyophilized form. It primarily supplies to radiopharmacies –that provide therapeutic and diagnostic solutions to end customers comprising hospitals, imaging centres and cardiology/oncology clinics. The division has a strong research set-up and has created a robust pipeline of products. Jubilant will thus benefit from the significant product development and marketing capability of this division.

Draximage –a strategic fit for Jubilant

- The radiopharmaceutical market is perceived to be one of the larger growth plays in the medical imaging consumables space. Given the ageing population in developed markets, there is a marked increase in interventional cardiology and radiology procedures
- Draximage develops, manufactures and markets radiopharma solutions and is the market leader in I -131 (Sodium Iodide) products in the U.S.
- Draximage is targeting incremental growth from new geographies such as Europe and Asia

In addition to a market leading portfolio in the U.S., Draximage has a strong portfolio of products in-development

The three prominent products at Draximage, in various states of development are detailed below:

Sestamibi –addressing a high growth market

Draximage Sestamibi –a generic version of Cardiolite, is used in cardiac stress testing to evaluate blood flow to the heart. The market potential of products of such kind is immense (est. at US\$ 631 million) and continues to grow given the prevalence of lifestyle ailments. Draxis has submitted applications seeking marketing authorizations for Sestamibi with the USFDA and with European and Canadian regulatory authorities. The plan is to launch the product first in the U.S. market in H2 of CY2008 to be followed up by introductions in other markets worldwide. Draxis has granted GE Healthcare, the U.S. marketing, distribution and sales rights of the product for 3 years.

Molyfill –the next generation Technetium generator

Molyfill is a next generation technetium generator used to extract the isotope Tc 99m of Technetium from decaying molybdenum-99. Tc 99m is used for various nuclear medical diagnostic procedures. Its chief benefits to radiopharmacies include reduced inventory of generator units, reduced waste material and costs and decreased radiation exposure. There are plans to finalise a licensing partner to market the product. Molyfill at present is being tested and is expected to be ready for launch in the year 2010 in the U.S. The European launch is to follow in the subsequent year.

Rubidium Generator –addressing a US \$ 100 million market

Draxis' Rubidium Generator finds application in distinguishing abnormal myocardium in patients with suspected myocardial infraction. The product will be used mainly to carry out Positron Emission Tomography (PET) procedures. The total size of the market for the product is expected to be US \$ 100 million. Rubidium Generator is as yet in the developmental phase and is expected to be launched in the year 2010 in US.

Draxis Pharma –the contract manufacturing business; strengthens the sterile injectables business

This division is primarily engaged in the contract manufacture of high-quality and specialised products and operates one of the few USFDA approved manufacturing facilities in North America. It offers extensive product capabilities including sterile products –injectable liquids (vials & ampoules) and ophthalmic ointments; lyophilized products and non-sterile products – liquids (syrups, suspensions & shampoos), semi-solid dosages (dermatological creams & antibiotic ointments) and solid dosages (capsules, tablets & powder blends).

Sterile products (together with lyophilised products) account for more than 70% of the sales at Draxis Pharma. This considerably enhances Jubilant's presence in the value added CRAMS market –catering to innovator companies. Majority of the sales here are of small volume parenteral products –which is a US\$ 2 billion market growing at 12.5% (for lyophilised products). The customer list for Draxis Pharma covers some of leading pharma and speciality pharma companies internationally.

About 70% of the sales of Draxis Pharma are attributable to sterile products and lyophilised products. The Draxis transaction significantly strengthens Jubilant's CMO platform –Hollister-Stier. Besides increasing the addressable client base the deal at once creates additional production capacities in a attractive business. Sterile injectables remain one of the fastest expanding opportunities in the pharma sector.

Draxis growth outlook

The outlook for Draxis during next 5 years is expected to be very robust due to

1. Established track record and high visibility of revenues/earnings due to periodical launch of products which are in pipeline
2. High growth target markets such as US, Canada, Europe and Asia with significant entry barriers
3. Strong current portfolio for DRAXIMAGE such as I-131 and J&J Consumer contract of US\$ 120 million from 2009-13

4. Attractive pipeline for DRAXIMAGE ®Sestamibi (generic of Cardiolite®), MOLY-FILL™(next generation technetium generator) with a large addressable market of >US\$ 800 million
5. Differentiated capabilities serving large global customers –top innovator and speciality pharma companies

About Jubilant

Jubilant Organosys Ltd. is an integrated pharmaceutical 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 a presence across the pharmaceutical value chain for products and services such as exclusive synthesis, contract manufacturing, proprietary products, active pharmaceutical ingredients, generic dosage forms, drug discovery services, drug development services, chemistry services, clinical research services, steriles (injectables including lyophilized products, creams and liquids), non-steriles (tablets, lotions, ointments) and radiopharmaceuticals.

Jubilant Organosys has geographically diversified manufacturing facilities at eight locations: Gajraula (UP), Nanjangud (Karnataka), Roorkee (Uttarakhand), Nira (Maharashtra), Udaipur (Rajasthan), Samlaya (Gujrat), Salisbury, state of Maryland (USA), Spokane, state of Washington (USA) and Kirkland, state of Quebec (Canada). Together, these help Jubilant cater to 130 customers across more than 50 countries around the world.

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