



the spirit of 'why not?'



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For any organization to be successful it has to have

a philosophy. At Hikal, it's a very simple 'quesclamation': Why Not ?

Hikalites believe that asking 'Why' only gives you answers;

while asking 'Why Not' results in breakthroughs. In the following pages,

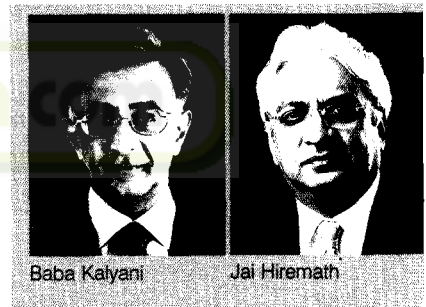
discover how this simple 'quesclamation' has served as a catalyst

in rejuvenating every aspect of the company.



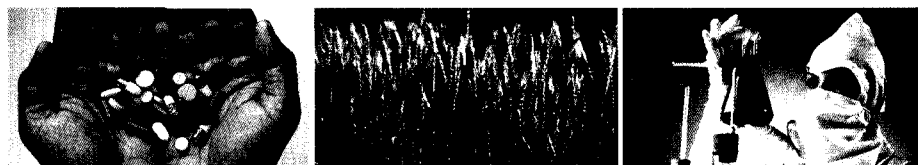
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We have redefined ourselves from being a company mainly in the crop protection business to becoming a force to reckon with in pharmaceutical manufacturing, research and development, environmental protection and other areas.



Baba Kalyani

Jai Hiremath



Looking back ... looking forward

Change begins in the mind. At Hikal we have brought about a change in our way of thinking by imbuing our people with the spirit of asking 'Why Not?'. A spirit that has helped us redefine ourselves from being a company mainly in the crop protection business to becoming a force to reckon with in pharmaceutical manufacturing and research and development.

2003-04 has been a good year for Hikal with a growth in turnover of 21% and profit after tax of 19%. Our results would have been better by 4-5% but for the appreciation of the rupee against the dollar, as our export contracts are fixed in dollars. Last year we had mentioned about investments in our pharmaceutical facility in Bangalore and this has started to bear fruit. We are pleased that the pharmaceutical business accounted for 25% of our turnover compared to 10% in the previous year.

We are now focusing on three lines of business : pharmaceutical manufacturing, crop protection chemicals manufacturing and contract research.

Our pharmaceutical manufacturing facility in Bangalore was inspected by the US FDA in March 2004 and we are expecting approval shortly. We have filed a number of DMF's for new products. After the launch of our products in the US market, we expect the turnover from pharmaceutical business to grow substantially.

Our crop protection business is also expected to grow next year, as we have recently signed contracts with two leading multinational companies to manufacture new products at our Mahad site. During the year we also tied-up with an American company for a new product at Taloja. Trial quantity is approved and we are expecting this business to grow from 2005 onwards.

R&D continues to be a thrust area. R&D expenditure was 3% of turnover compared to 2.5% last year. Our export

for the year was Rs.117 crore, (previous year Rs.85 crores). We are among the top 100 companies in India for net foreign exchange earnings. During the year ICRA gave Hikal a rating A1+ for short term borrowing, which is the highest rating. Also, two leading US based FII's purchased shares in Hikal (7%).

Our adherence to high standards of Safety, Health & Environment is being rewarded, as we are becoming a 'preferred supplier of choice' to leading multinationals. Our unit at Taloja achieved 'one million Safe Man Hours' without lost time accident, which is a commendable milestone. This year, for the first time, we have prepared a SHE Report, which is attached, regarding Hikal's Safety, Health & Environment initiatives. We are continuously trying to improve our standards of corporate behaviour towards customers, employees and the society at large.

We take this occasion to express our gratitude to all our employees for their unstinting support and cooperation in taking Hikal to where it is today.

And, of course, a big thank you to our shareholders for the trust reposed in us.

Baba Kalyani
Chairman

Jai Hiremath
Vice Chairman & Managing Director



Prakash Mehta

Kannan Unni

Bimal Raizada

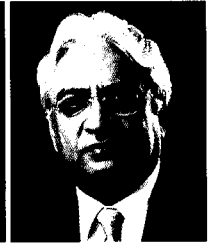
Sugandha Hiremath

Shivkumar Kheny

Sameer Hiremath



Baba Kalyani



Jai Hiremath

Baba Kalyani

Chairman

Jai Hiremath

Vice Chairman & Managing Director

Prakash Mehta

Kannan Unni

Bimal Raizada

Sugandha Hiremath

Shivkumar Kheny

Sameer Hiremath

Audit Committee

Kannan Unni

Prakash Mehta

Bimal Raizada

Sugandha Hiremath



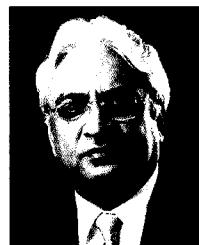
Sham Wahalekar

G. Shankar

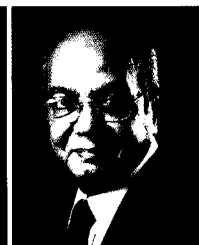
Dr. Sankar

S.Jayaraman

Ashok Anand



Jai Hiremath



Dr. Ramanathan



Sameer Hiremath

Jai Hiremath

Vice Chairman & Managing Director

Dr. Ramanathan

Technical Director

Sameer Hiremath

Executive Director

Sham Wahalekar

Company Secretary

Shankar Gopalakrishnan

Vice President Finance

Dr. Sankar

Vice President Research & Development

S. Jayaraman

Vice President Agrochemicals

Ashok Anand

Vice President Pharmaceuticals