



Made by Hikal for the world

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We touch the **lives** of millions around the world everyday. We put a **smile** on people's faces. In the **pharmaceuticals** industry, we help improve the quality of life. Our products in **crop protection** ensure that **food** is made available in abundance. We continue to make a difference to **people** everywhere.

The world is our market

Hikal's growth reads like a chapter from the India story. India is a leading destination for outsourcing and Hikal is emerging as the preferred choice of multinational companies. Our company continues to register steady progress. It is a vindication of our business model and the Hikal Way of partnering with our clients while never competing with them.

Our global operations constituted 88% of total revenues

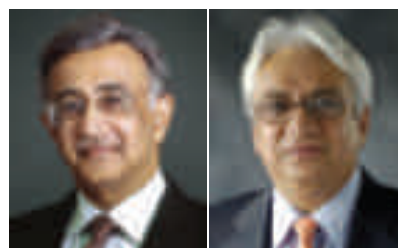
A financial snapshot : Hikal posted a 24% growth in turnover and registered a 21% increase in profits. The pharmaceutical division grew at 68% to Rs. 83.4 crores and the crop protection division grew at 7% to Rs. 147 crores. We achieved exports of Rs. 178 crores, a growth of 16%. Consolidated sales for the year were Rs. 456 crores, up from Rs. 333 crores last year. Sales from our international operations grew to Rs. 403 crores, which constitutes 88% of our total business. Hikal raised US\$ 25 million through FCCBs and Convertible Preference Shares for capital investment.

Health spells growth for us : Our strategic decision to venture into the pharmaceuticals business in 2002 is bearing rich dividends. Today, pharmaceuticals is our flagship division and the biggest profit center. Last year, this division achieved 68% growth. We have introduced a key Active Pharmaceutical Ingredient in the US market. We have signed long-term contracts with pharma majors. We have filed several Drug Master Files in the US and Europe and expect to receive regulatory approvals by the year-end.

Our exports stood at Rs. 178 crores, a growth of 16%

We have over 100 employees in Denmark, Germany, France, Italy and South Africa

A good harvest : Our crop protection business grew at 7%. We made inroads into regulated markets of Europe and US, entered into a Memorandum of Understanding with Japanese firms for technology transfer and increased production capacities at our plants. Significantly, we signed long-term contracts for intermediates and bulk actives with crop protection majors.



Baba Kalyani

Jai Hiremath

Our R&D orientation : Our thrust in Research & Development (R&D) has resulted in tie-ups in both pharmaceuticals and crop protection. We are constructing a state-of-the-art Contract R&D facility at the Biotech Park, Pune. Our R&D focus will set us on the fast track of growth.

Friend of the earth : Our strict adherence to global standards of Environment, Health and Safety has resulted in Hikal becoming the 'supplier of choice' to multinational companies. Our safety record is an industry benchmark. We take pride in completing five million man-hours without lost time accident at our plants.

The cutting edge : We have implemented advanced instrumentation at our plants and commissioned the Oracle E-Business Suite. It enables us to automate operations, reduce lead time and cut costs. Our IT initiative has been recognized by industry. Hikal was awarded the 'ACNielsen CIO Jury Award for Technology Innovation'.

Our global footprint : Hikal acquired a minority stake in Jiangsu Chemstar Industries, a supplier of raw materials and intermediates for pharmaceuticals and agrochemicals. Our presence in China offers us significant cost advantages. We now have a multicultural workforce with more than 100 employees located in Denmark, Germany, France, Italy and South Africa. We have written off significant costs while facilitating better synergies with our subsidiary, Marsing A/S. The benefits of optimizing operations will accrue in 2007-08.

Summing up : We continue to embark on key initiatives that will ensure sustainable growth. We are geared to capitalize on the outsourcing opportunities with our infrastructure and capabilities. We express our gratitude to all our employees who work tirelessly to realize our vision. We take this opportunity to thank our loyal shareholders for their trust and confidence in us.

Baba Kalyani
Chairman

Jai Hiremath
Vice Chairman & Managing Director

Hikal at a glance

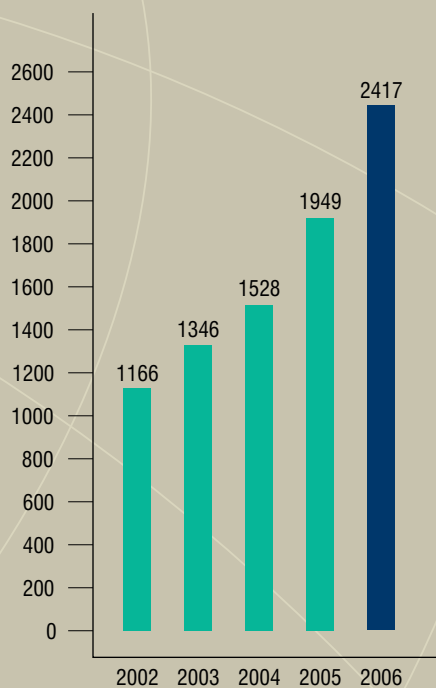
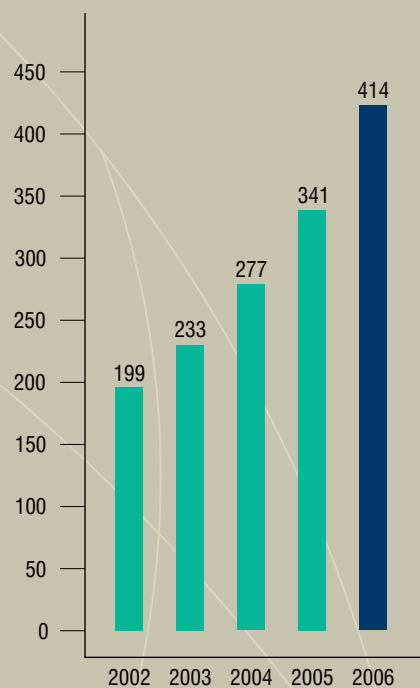
Highlights

- Acquired a stake in Jiangsu Chemstar, China
- Registered 68% growth in pharmaceuticals
- Signed a long-term agreement with a specialty chemicals major
- Won the ACNielsen award for Innovation in IT

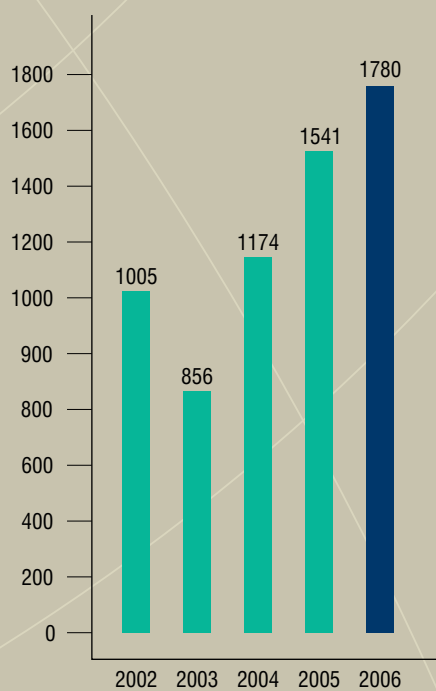
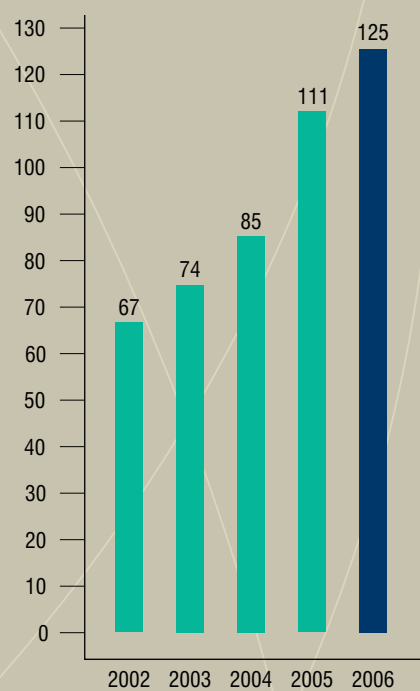
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Financials

	Rs. in Million		Growth
	March 31, 2006	March 31, 2005	%
Turnover	2417	1949	24.0
Operating profit (PBIDT)	654	526	24.5
Interest	125	73	-
Gross profit	529	453	16.7
Depreciation	147	137	-
Profit after tax	414	341	21.4
Paid-up equity share capital	151	151	-
Earnings per share (EPS) Rs.	26.58	22.62	-
Dividend per share Rs.	6.50	6.50	-
Payout (including tax)	125	111	12.6

TURNOVER (Rs. In Million)**PAT** (Rs. In Million)

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EXPORTS (Rs. In Million)**DIVIDEND** (Rs. In Million)

Directors' profile

Baba Kalyani is the Chairman of Hikal Ltd. and Chairman and Managing Director of Bharat Forge Ltd. Mr. Kalyani has an M.E. from Birla Institute of Technology & Sciences, Pilani and an M.S. from Massachusetts Institute of Technology, USA. He has represented the Confederation of Indian Industry (CII) and is currently a member of the National Council. Mr. Kalyani is a member of the World Economic Forum, Switzerland.

Jai Hiremath is the Vice Chairman and Managing Director of Hikal Ltd. and Chairman of Marsing & Co. A/S, Denmark. A Chartered Accountant from England and Wales, Mr. Hiremath has more than 30 years of experience in the chemical and pharmaceutical industry. He has completed an advanced management program from Harvard University, USA. Mr. Hiremath was awarded the 'Chemtech Business Leader of the Year' award (Chemicals) in 2005. He was nominated as a finalist for the Ernst & Young Entrepreneur of the Year award in 2000. Mr. Hiremath is the Chairman of the Western region of the Indian Chemical Manufacturers Association (ICMA). He is a member of the Chemical Committee of the Federation of Indian Chamber of Commerce and Industry (FICCI) and the Confederation of Indian Industry (CII). Mr. Hiremath is a Director on the Board of Novartis India Ltd.

Kannan Unni brings a wealth of experience in crop protection and marketing to Hikal. Mr. Unni is a pioneer in crop protection and increasing the farm yield in India. Mr. Unni is the Chairman of Bilag Industries Pvt. Ltd. Formerly, Mr. Unni was the MD of Aventis CropScience.

Bimal Raizada is a Chartered Accountant from England and Wales. He has more than 30 years of experience in business, accounts, finance and commercial activities. Mr. Raizada is a Director on the Board of several companies.

Prakash Mehta is an Advocate and Solicitor advising Hikal on all legal issues. He has more than 30 years of experience in business, industry and legal matters. Mr. Mehta is a partner in Malvi Ranchoddas & Co., a reputable law firm based in Mumbai, India.

Shivkumar Kheny brings extensive experience in Mechanical Engineering, specifically in steel and infrastructure development. Mr. Kheny is a Director on the Board of several reputable companies and a member of the Governing Councils of prestigious educational institutions.

Sugandha Hiremath has more than 20 years of experience in business and finance. She is a Director on the Board of several companies.

Sameer Hiremath is a Chemical Engineer from Pune University and an MBA and M.S. in Information Technology from Boston University. He is the Executive Director at Hikal and is responsible for operations.

Audit Committee

Kannan Unni, Prakash Mehta, Bimal Raizada and Sugandha Hiremath



(From Left) **Kannan Unni**, **Prakash Mehta**, **Sugandha Hiremath**,
Baba Kalyani – Chairman, **Jai Hiremath** – Vice Chairman & Managing Director,
Shivkumar Kheny, **Sameer Hiremath** – Executive Director, **Bimal Raizada**

