



AIMING HIGHER, REACHING FURTHER



We operate in an environment where rapid change is a constant. The convergence of technology enables us to be a part of the global supply chain of services and manufacturing for the life sciences industry. The flattening world creates both opportunities and challenges. Hikal is geared to convert these challenges into opportunities.

Our global footprint enables us to reach customers worldwide. Our pursuit of excellence and respect for intellectual property rights has made us a preferred long-term partner of global innovator companies.

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CHAIRMAN'S MESSAGE

Hikal's diversified offering backed by robust performance has earned the trust of our global customers. Our sustainable growth is based on a solid foundation of world-class solutions in pharmaceuticals and crop protection.

Our company is witnessing growth and has shown substantial improvement in overall performance. Our turnover has increased by 29% mainly on account of our pharmaceutical division, which has grown by 56%.

Since the creation of our pharmaceutical division in 2001, we have for the first time seen our pharmaceutical sales exceed the crop protection business. We consider it an important milestone for future growth.

Our new state-of-the-art R&D facility at Acoris Research Ltd. in the International Biotech Park Pune, will be operational in the coming months. This will open up an additional avenue of business and bring in new customers in the area of contract research.



Jai Hiremath

Our Crop Protection business grew by 9% in 2008. We have recently commissioned a new multi-purpose plant at our site in Taloja (Mumbai) for the supply of an Active Ingredient for a Crop Protection product to Bayer CropScience AG.

During the year, we have signed several significant deals in both our pharmaceutical and crop protection divisions with leading global companies



Baba Kalyani

such as Pfizer, Bayer and Alpharma. Our ability to deliver the highest standards of products and services over the last few years has enabled us to partner with global innovator companies.

We are proud to announce the re-certification of our USFDA facility in Bangalore. Our focus on EHS and strict adherence to quality standards has enabled us to successfully complete the USFDA audit.

A notable milestone has been the achievement of Rs. 3 billion in turnover for this financial year. With our additional capacity, we are poised to increase our growth prospects for both the Pharmaceutical and Crop Protection business.

Our gain in net worth for the year 2007 was Rs. 367 million. The increase in per-share book value of our stock was Rs. 24. We have increased our dividend to 70% from 65% in the last fiscal year.

The restructuring efforts of our subsidiary Marsing, Denmark is beginning to show positive results. We are in the final stages of divesting the German division Bremer Pharma, which will improve cash flows.

The International Finance Corporation, a member of the World Bank group, has proposed to invest US\$ 15 million in Hikal by way of equity participation. This investment will be used as part of the company's expansion plans.

We take this opportunity to thank all our employees who have worked tirelessly during the year. We are always thankful to our loyal shareholders who have supported Hikal by lending their trust, confidence and support.

Baba Kalyani
Chairman

Jai Hiremath
Vice Chairman & Managing Director

HIKAL AT A GLANCE

HIGHLIGHTS

Hikal has commissioned a new multi-purpose plant at its site in Taloja (Mumbai) for the supply of Active Ingredients for Crop Protection products.

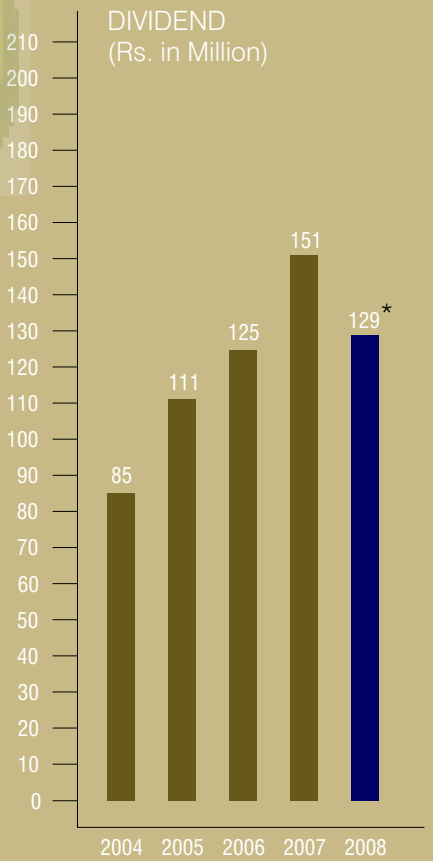
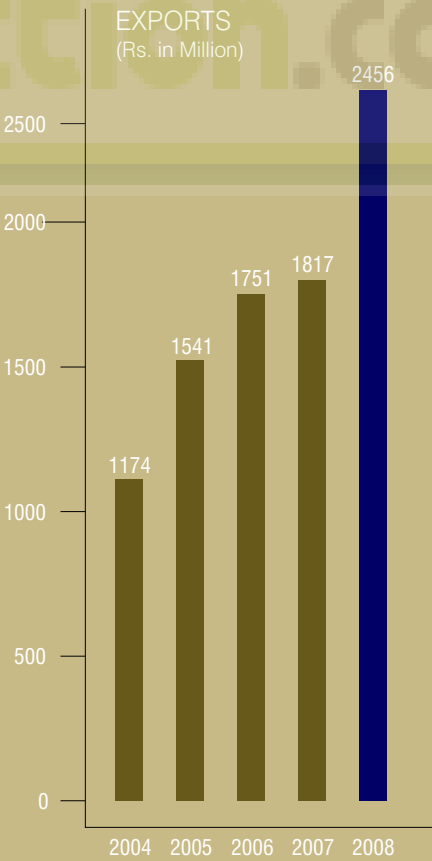
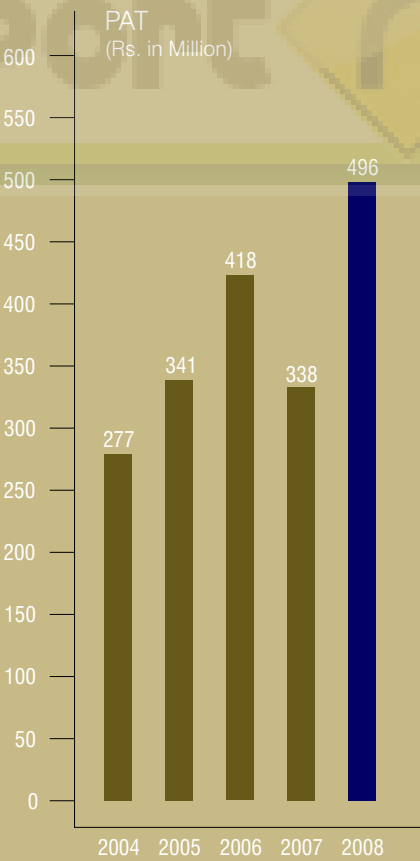
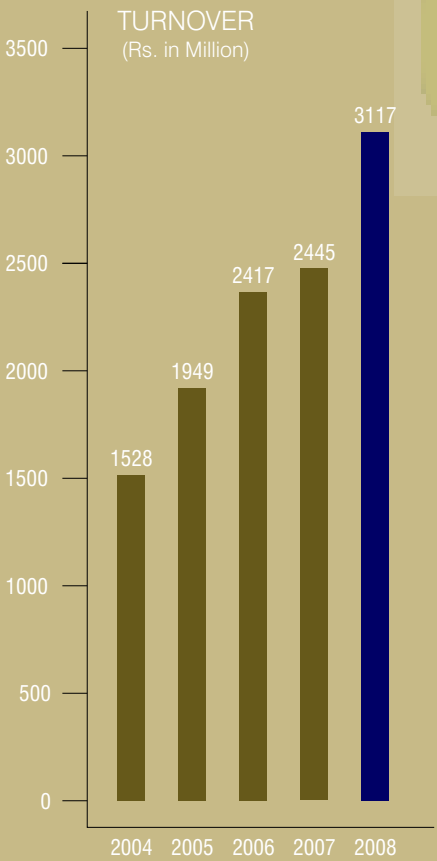
Hikal’s site at Taloja completed 3 million safe man-hours (accident free) in April 2008. It re-emphasizes the fact that safety is one of the highest priorities at Hikal.

Hikal won the ABCI Gold Award for the second time in a row in the Annual Report category and Silver Award for the R&D brochure.

Hikal is a proud recipient of the Suraksha Puraskar Award presented by the National Safety Council for our site at Taloja.

FINANCIAL HIGHLIGHTS

	Rs. in Million		Growth
	March 31, 2008	March 31, 2007	%
Turnover	3117	2445	27.5
Operating profit (PBITD)	826	626	31.9
Interest	120	108	-
Gross profit	706	518	36.2
Depreciation	184	154	-
Profit after tax	496	338	46.8
Paid-up equity share capital	151	151	-
Earnings per share (EPS) Rs.	32.52	19.84	63.9
Cash Earnings per share (EPS) Rs.	44.73	30.05	48.9
Dividend per share Rs.	7.00	6.50	7.7
Payout (including tax)	129	151	(14.5)



* Preference Share Capital amounting to Rs. 469 million repaid during the year.

B O A R D O F D I R E C T O R S



(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**

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 Vice President of the Indian Chemical Council (ICC). 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., a 100% subsidiary of Bayer CropScience. 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 in a major pharmaceutical company. 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.

MANAGEMENT COMMITTEE



Jai Hiremath Sameer Hiremath



Sham Wahalekar Ashok Anand



Satish Sohoni Ravi Khadabadi

Jai Hiremath is the founder of Hikal Ltd. He is the Vice Chairman and Managing Director of Hikal and Chairman of Marsing & Co. A/S, Denmark. During his 15 years of association with Hikal, the company has been honored with awards and certifications for its management, quality, environment and safety control measures. In 2005, Mr. Hiremath received the Chemtech Business Leader of the Year award (Chemicals). He is also a board member of the National Safety Council and Novartis India. Mr. Hiremath is a Chartered Accountant from England and has completed the Owner President Management Program at Harvard University, Cambridge, USA.

Sameer Hiremath joined Hikal in 1996 as Executive, Planning and Coordination. He received training from Merck & Co. in USA. At Hikal, Mr. Hiremath has held varied positions in the areas of Chemicals, Pharmaceuticals Manufacturing, Project Management and Information Technology. In 2003, he was appointed Executive Director of Hikal, responsible for all operational activities of the company. Under his able leadership, the pharmaceutical division was established and it has taken rapid strides. Mr. Hiremath holds a Chemical Engineering degree from the University of Pune and an MBA and M.S. degree in Information Technology from Boston University, USA.

Sham Wahalekar has over 27 years of experience as Head of Secretarial and Legal Operations. An M.Com (Hons), L.L.B and ACS, he has extensive experience in Corporate Law and Financial Management. He has served Hikal since its inception.

Ashok Anand joined Hikal in 2004 as Vice President (Pharmaceuticals). He is responsible for the Pharmaceutical business. He has over 35 years of experience in the pharmaceutical industry. Prior to joining Hikal, Mr. Anand worked with Nicholas Piramal and Johnson & Johnson, India. He is a pharmacy graduate with a post graduate degree in marketing management.

Satish Sohoni joined Hikal in 2007 as Vice President. He is responsible for the Crop Protection business. Prior to joining Hikal, he held senior positions in Hindustan Lever and its parent company Unilever in Central and Eastern Europe; Rallis India and Tata Chemicals. Mr. Sohoni holds a Bachelor's degree in Commerce from Mumbai University and an MBA from Pune University.

Ravi Khadabadi joined the materials department of Hikal in 1997. In 2007, he was appointed as Vice President, Materials. He is responsible for all procurement functions of the company. He possesses a double Masters Degree in Chemistry & Polymers and has over 25 years of experience in industry. Prior to joining Hikal, Mr Khadabadi was an entrepreneur.

S C I E N T I F I C A D V I S O R Y B O A R D



Prof. Goverdhan Mehta Prof. Andrea Vasella Dr. K. Nagarajan

Prof. Goverdhan Mehta is a Professor of Organic Chemistry and Director of the Indian Institute of Science, Bangalore. He is a recipient of the Fellow of the Royal Society, Officier de l'Ordre des Palmes Academiques from the President of France and the Padma Shri, an award for distinguished contribution to science from the Government of India.

Prof. Andrea Vasella is a Full Professor, Laboratory of Organic Chemistry, ETH Zurich. He has several research publications and patents to his credit. He is the recipient of the Werner Award of the Swiss Chemical Society and the Roy L. Whistler Award.

Dr. K. Nagarajan is the recipient of the Bhatnagar Award by CSIR and the Lifetime Achievement Award by the Chemical Research Society of India.

PHARMACEUTICALS



VITAMINS FOR GROWTH

OUR REACH SPANS

THE PHARMACEUTICALS

VALUE CHAIN

Hikal is ideally positioned to capitalize on the opportunities available in the pharmaceuticals industry. Access to world-class medicines at a reasonable price is an imperative given the increased focus on healthcare worldwide. India is emerging as a hub for pharmaceutical majors by offering a vast talent pool and a compelling cost advantage.

Pharmaceuticals continue to be a major growth driver for Hikal. The revenue from our pharmaceuticals division now exceeds our crop protection business. We are making substantial investments in new facilities and upgrading our existing plants to increase capacities and grow our pharmaceuticals business further.

Since inception, we have focused on delivering value across the pharmaceutical value chain. Today, Hikal is the preferred choice of global innovator companies. We have signed long-term agreements with leading pharmaceutical companies. We are poised to engage our customers better, backed by state-of-the-art infrastructure and upgraded facilities.

CROP PROTECTION



BOUNTIFUL HARVEST

OUR INCREASED

CAPACITIES WILL DRIVE

FUTURE GROWTH

The increased food consumption and demand for biofuels is driving growth in the global agrochemicals industry. Hikal is set to convert this market trend into a business opportunity.

Hikal's expertise in new-generation compounds continues to deliver compelling value. We have signed long-term contracts with global crop protection companies for molecules under patent.

We have re-oriented our crop protection business by working on a portfolio of new-generation products. In addition, we have rationalized our product offering and are focusing on the development of high-margin products.

We have invested in a state-of-the-art multi-purpose plant at Taloja, India to manufacture Active Ingredients under patent. The plant will commence commercial production in the second half of 2008.

A buoyant environment, our enhanced focus on next-generation compounds and an increase in our manufacturing capacity will set our crop protection business on a path of steady growth.

C O N T R A C T R E S E A R C H



CUSTOM SOLUTIONS

CONTRACT RESEARCH

ALIGNS US WITH THE NEEDS

OF OUR CUSTOMERS

Hikal partners with innovator companies in end-to-end research. We have established Acoris

Research Limited to focus on customized R&D solutions. Our dedicated R&D facility will be commissioned

in the second half of 2008 at the International Biotech Park, Pune, India.

Our state-of-the-art facility will be the hub of our contract research offerings for discovery and process research. The R&D facility will be equipped with synthetic laboratories, analytical laboratories and Kilolabs, including a cGMP kilolab. Our facility is geared to ensure speed of execution, process safety and scalability.

Acoris will be managed by Dr. Richard Helmut Rupp, a seasoned scientist with global experience in the pharmaceuticals and fine chemicals industries. He will be ably supported by a team of 250 chemists and scientists.

Acoris blends advanced facilities with world-class intellectual capital to meet the specialized R&D needs of innovator companies.



Dr. Richard Helmut Rupp