

Transforming for Tomorrow

“Transformation is our pathway to tomorrow. By embracing innovation, sustainability, and resilience, we are building a future-ready Hikal that creates lasting value for all stakeholders.”

Jai Hiremath
Executive Chairman



Dear Stakeholders,

In the past year, we took decisive steps to strengthen our core businesses, streamline operations, and build a solid base for future growth.

We focused on operational excellence, capacity expansion, and differentiated capabilities, delivering steady performance and unlocking new opportunities across segments. This was achieved despite a volatile global environment marked by economic headwinds, geopolitical tensions, and shifting regulatory norms. We continued to invest in R&D, adopt precision practices, and uphold our firm commitment to sustainability, keeping us aligned with key industry trends such as innovation-led outsourcing and the growing demand for sustainable, niche solutions, enabling us to stay ahead of the curve.

Steady Financial Performance

We delivered healthy financial results, closing the year with revenue of INR 18,598 Million, net profit of INR 909 Million, and EBITDA of INR 3,335 Million at a margin of 17.9%. Reflecting our consistent performance, the Board has recommended a total dividend of INR 1.40 per share for the full year, comprising a final dividend of INR 0.80 per share and an interim dividend of INR 0.60 per share, declared in February 2025.

Our strong operating cash flow and improved net debt-to-equity ratio, from 0.67x last year to 0.59x during the reporting year, enabled us to fund capital expenditure largely through internal accruals. We also enhanced our margin profile through operational excellence and focused cost improvement initiatives.

Pharmaceutical Division

Amid a complex backdrop of geopolitical uncertainty, supply chain recalibration and persistent cost pressures, the pharmaceutical industry continued its recovery through 2024-25, gaining renewed momentum.

Notwithstanding these headwinds, our Pharmaceutical business remained our largest and fastest-evolving segment, and this year's performance reaffirmed the strength of our positioning. With revenue of INR 11,681 Million and EBIT of INR 1,374 Million, the business division continued its upward trajectory driven by improved capacity utilisation, product mix and operating leverage.

The API segment witnessed steady volume growth, supported by new customer acquisitions and deeper penetration across geographies. We are now developing a strong pipeline of eight to nine

differentiated products, with two to three scheduled for commercialisation annually. This year, we also made progress on our regulatory pipeline, with eight DMFs filed, and registrations secured in key regulated markets including the EU, Japan, and Australia. Our global footprint continued to expand across Japan, Latin America, Korea, the Middle East, and Southeast Asia.

In the CDMO business, we are witnessing strong demand from global innovators seeking quality-focused partners who possess end-to-end capabilities. Several projects are advancing towards validation and regulatory filings, including key starting materials for two new chemical entities currently in Phase III trials, with commercialisation expected in 2026-27. Our food ingredient project is on track, and we are pursuing 12 to 15 new opportunities, aiming to reach peak revenues over the course of the next two to three years.

I am delighted to share that Hikal is well-positioned to benefit from the industry upcycle, primarily driven by sharp execution, operational excellence, and a strong alignment with evolving market needs. With growing demand for compliant, innovation-led outsourcing, we remain confident of sustaining profitable growth through our technical know-how, enduring customer partnerships and a resolute commitment to quality and compliance, as reflected in several successful customer audits this year.

Crop Protection Division

The Crop Protection sector faced a challenging year globally amid persistent pricing pressures from China. On a positive note, domestic markets have shown encouraging signs of stabilisation with volumes recovering gradually. As the global industry pivots towards portfolio optimisation, sustainability and long-term partnerships, we see opportunities to deepen our engagement with leading innovators.

We are advancing process optimisation, backward integration and life cycle management – areas where we hold proven expertise. Additionally, we are investing significantly in capacity, research and technology to drive long-term value creation.

In 2024-25, our Crop Protection division delivered solid financial results, with revenue of INR 6,917 Million and EBIT of INR 792 Million, registering an EBIT margin of 11.4%. We continue to strengthen our core portfolio while diversifying into specialty chemicals to improve capacity utilisation and operational leverage.

Our CDMO business remains a key growth engine, with eight active projects from both existing and new clients progressing through development and manufacturing stages.





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Animal Health Division

The Animal Health division has gained strong momentum, primarily attributable to our long-standing partnership with leading global innovators. Over the year, we have completed the development and validation of eight products, with further validations scheduled for the coming year. These developments are integral to securing regulatory approvals and making way for commercial launches across key global markets.

Meanwhile, we are expanding our pipeline by engaging with new customers and taking on early-stage development projects focused on complex chemistry and high-value molecules. With global demand for veterinary therapeutics rising and a shift toward innovation-led outsourcing, the Animal Health segment remains a key pillar of our future growth strategy. We have made significant strides in this space, reinforcing our position as a reliable partner for differentiated chemistries.

Enterprise Transformation – Project Pinnacle

Project Pinnacle, our multi-year strategic transformation programme, is delivering tangible results across our diverse business divisions. Initially conceived as a catalyst to navigate the next stage of our business plan, this initiative is helping us build supply chain resilience, de-risk our business, augment our capabilities and expand our global clientele. Moreover, it is strengthening our technology platforms and aligning execution with our broader ambitions, ranging from ESG leadership and manufacturing excellence to research, customer centricity and innovation-led growth. This year, we made meaningful progress across multiple fronts.

We launched two new sub-category brands, HiZenn for Personal Care and HiFend for Biocide, differentiating our portfolio and bringing in better customer engagement. Further, our participation in global forums like CPHI Worldwide, CPHI Japan, CPHI China, Chemspec Europe, and the Agribusiness Summit has boosted visibility and unlocked new growth avenues.

As we transition into the next phase, we are focused on tapping into front-end opportunities, accelerating product launches and building a robust pipeline. With innovation, digitalisation, ESG integration and collaboration embedded into our strategy, we are better equipped to navigate market complexities and deliver sustained value.

Research and Technology

We continue to invest 4-5% of our revenue in R&D – a deliberate choice that reflects our belief in innovation as a lever for growth, differentiation and operational excellence. This year, we setup a new safety system to make our processes safer and enable more precise scale-up, thereby reducing development timelines, outsourcing costs and associated risks.

To minimise our environmental footprint, we commissioned a Zero Liquid Discharge (ZLD) facility at our research and technology (R&T) centre in Pune, achieving enhanced water recycling and lower freshwater consumption. We also inaugurated Sangam, a thoughtfully designed, eco-friendly canteen at the same campus, to promote employee well-being by leveraging sustainable materials.

‘One Hikal’ Spirit

Creating shared value is intrinsic to our culture, and it is best reflected in how we engage our people and contribute meaningfully to the communities around us. Through initiatives such as Values Week, the Chairman's Excellence Awards, Environment Day, and the 21-day Safety Challenge, we are building a workplace that keeps our people engaged.

Safety remains our non-negotiable priority. During the year, we conducted a comprehensive Safety Diagnostic Study with a renowned consultant, complemented by employee-led programmes that brought our safety culture to life on the ground.

Through our flagship CSR programme, Srijan, we continued to drive measurable impact across five key pillars. Highlights included infrastructure upgrades in local schools; career mentoring for underprivileged girls; ambulance and blood donation; and environmental initiatives like watershed development and plastic waste reduction in pilgrimage routes.

Sustainability in Action

We collaborated with a globally renowned consultant to reduce our carbon footprint and optimise our water and waste usage. Additionally, we are working with global rating agencies to align with leading ESG standards and gain international recognition.

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Some of the initiatives we undertook this year include baselining Scope 1, 2, and 3 GHG emissions; becoming a signatory to SBTi; submitting UNGC CoP for 2024-25; integrating renewable energy; and launching an enterprise-wide ESG platform. Further, we are benchmarking our performance against our peers and have made a public commitment to set near term target as per SBTi guideline. These efforts have earned us a Bronze rating from EcoVadis and inclusion in CDP's B List.

The Road Ahead

Going forward, we will continue to strengthen execution by enhancing supply chain resilience and building differentiated capabilities through Project Pinnacle. This enterprise-wide transformation will deepen customer engagement and strengthen our businesses.

The global pharmaceutical industry is entering a period of renewed momentum, fuelled by ongoing innovation, patent cliffs, and an increasing demand for reliable outsourcing partners. In India, favourable policy support, expanding access to healthcare and strong domestic demand are accelerating sectoral growth. At Hikal, we believe our Pharmaceutical business is well-aligned to capitalise on these tailwinds, with multiple projects advancing toward validation and commercialisation.

Animal Health continues to scale steadily, while our Specialty Chemicals segment is gaining traction. Although the Crop Protection segment is facing temporary headwinds, especially from subdued exports and pricing pressures, the long-term fundamentals, both globally and domestically, remain strong.

With a widening international presence, robust scientific capabilities, and a sharp strategic focus, we are well-positioned to navigate challenges and deliver sustainable value for all stakeholders.

Let us continue to embrace change with purpose, celebrate progress in all its forms, and build a brighter, more sustainable future together.

Warm regards,

Jai Hiremath
Executive Chairman