

Chemistry for growth



Hikal was founded on the promise
of growth. Our people chart our growth story.
We respect the environment while we make
progress through chemistry.





Chairman's Message

Dear Shareholders,

The financial year 2015-16 ended on a satisfactory note. We registered revenue growth of 6% to ₹ 9,256 million from ₹ 8,718 million in the previous year, and a 2% increase in our profits compared to the previous year. This growth was achieved in a very challenging year.

The Board of Directors recommends a dividend of 50% for the year.

The first half was slow because of the postponement of supplies by our major clients, but the second-half results made up for the shortfall. Our Pharmaceutical division grew by 6% from ₹ 5,372 million to ₹ 5,692 million and our Crop Protection division grew by 7% from ₹ 3,343 million to ₹ 3,561 million. Though there has been an erosion in prices of some of our major products, we have been able to maintain our EBITDA margin at 20% by operational excellence and other cost-cutting initiatives. Our debt / equity ratio improved to 0.89 compared to 1.02 last year.

In the current financial year 2016-17, we are making significant investments to enhance our capabilities. We are focusing on:

- Upgrading our quality systems and infrastructure to comply with latest US FDA and other regulatory requirements
- Expanding our environmental control systems
- Capacity expansion across all our sites for existing products to meet growing demand from our expanding client base
- New projects for multinational companies, with whom we have signed long-term contracts
- Research and development – Besides undertaking custom / contract manufacturing for major clients, we are also introducing new products for direct market access
- We are also looking at allied businesses in the animal health and biocides sectors
- We are continuing to widen our client and product base in both the Pharmaceutical and Crop Protection divisions, and have appointed experienced marketing personnel to cater to diversified global markets
- To deliver on these initiatives, we have employed more staff in our R&D, Marketing and Human Resources departments.



Jai Hiremath - Chairman and Managing Director

We are changing our business model and organization to achieve these goals. Based on the new strategy and significant capital expenditure, we expect healthy growth in the coming years.

Some of our senior management professionals who retired during the year were replaced by highly qualified personnel.

We have appointed a seasoned scientist to head our R&D division. He will look at new technologies and develop products for our own sales. Last year, we filed four drug master files (DMFs), which is a big improvement compared to previous years. We expect to do better in the coming year, since we now have a robust pipeline.

Several new clients are approaching us based on our past record of delivery and compliance, business ethics and technical capabilities.

We give utmost importance to regulatory compliance and quality to meet US FDA, EU and other regulatory authority requirements. We are also investing in training to improve our work culture.

We take our corporate social responsibility (CSR) seriously and have undertaken several projects across all our sites. We are already seeing the benefits of 'Srijan,' our CSR initiative.

Looking ahead, Hikal is creating a solid foundation in infrastructure, R&D and human resources. We are confident of achieving sustainable growth with the new team and strategy we have put in place.

To manage the expected growth, we have received financing on favourable terms with extended repayment periods at a lower cost. This will be of immense help to us, as we are a capital-intensive company, with long gestation periods due to regulatory approvals.

I would like to express my gratitude and appreciation to our employees, clients, bankers, shareholders and other partners for their support.

We look forward to a successful 2016-17.

With regards,



Jai Hiremath
Chairman and Managing Director



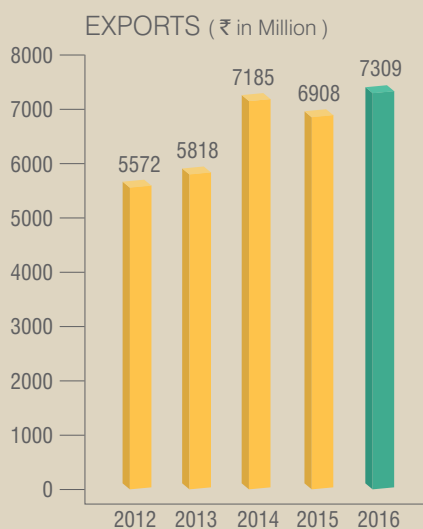
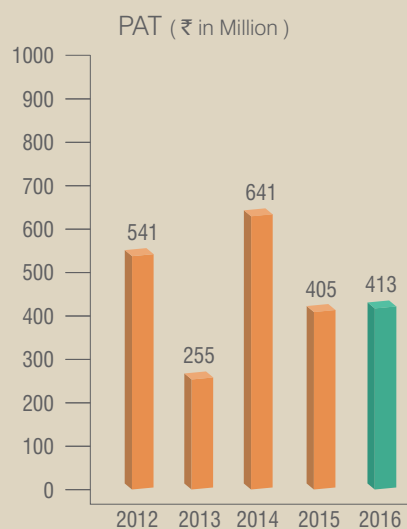
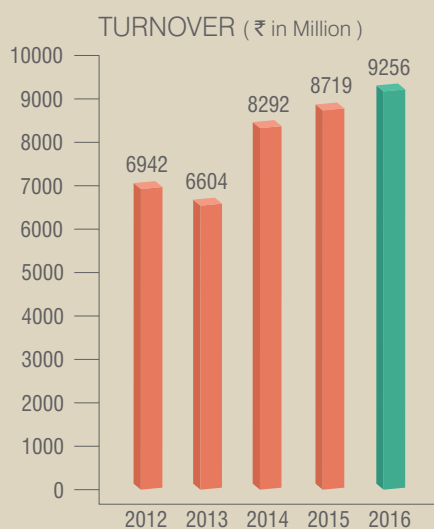
Hikal is exploring allied businesses in the animal health sector.

Performance at a Glance



Sameer Hiremath President and Joint Managing Director

Financial Highlights	₹ in Million		Growth
	March 31, 2016	March 31, 2015	%
Turnover	9,256	8,719	6.16
Operating profit(PBIDT)	1,828	1,841	(0.71)
Finance costs	622	600	-
Gross profit	1,206	1,241	(2.82)
Depreciation and amortisation expenses	673	642	-
Profit after tax	413	405	1.98
Paid-up equity share capital	164	164	-
Earnings per share on face value of Rs. 2/- (EPS) ₹.	5.03	4.93	-
Cash earnings per share on face value of Rs. 2/- (EPS) ₹.	13.22	12.74	-
Dividend per share ₹	1.00	1.00	-
Payout (including tax)	99	99	-



Board of Directors

Jai Hiremath is the Founder and Chairman of Hikal with over thirty five years of experience in the fine chemical and pharmaceutical industry. He is instrumental in building the foundation of Hikal establishing it as one of the leading contract development and manufacturing companies globally. He is a Chartered Accountant from England and Wales and is also a Harvard University, USA alumnus since 2004. His contribution to industry has been recognized on several global forums. He has been awarded Chemtech Business Leader of the Year Award (Chemicals) in 2005. Mr. Hiremath is the past President of the Indian Chemical Council (ICC) and the former Chairman of the Chemical Committee of the Federation of Indian Chamber of Commerce and Industry (FICCI). Mr. Hiremath is a board member of Novartis (India) Ltd and National Safety Council (NSC) of India. He recently retired as a board member of Drug, Chemical and Associated Technology Association (DCAT) headquartered in New Jersey, U.S.A.

Baba Kalyani is the Chairman and Managing Director of Bharat Forge Limited, the flagship company of the US\$ 2.5 billion Kalyani Group. Mr. Kalyani is a Mechanical Engineer from the Birla Institute of Technology & Science, Pilani, Rajasthan. He has done his M.S. from the Massachusetts Institute of Technology, USA. He has been awarded the Padma Bhushan by the Government of India and the Chevalier de l'Ordre National de la Legion d'Honneur (Knight of the National Order) by the French government for his contribution to enhance relations between India and France. Mr. Kalyani is also a member of the Indo-German Chamber of Commerce, Chairman of Indo-Japan Chamber of Commerce and a member of the Advisory Committee of Robert Bosch GmbH, Germany.

Sameer Hiremath is the President & Joint Managing Director of Hikal Ltd. where he oversees the day-to-day operations of the company. His depth of experience spans eighteen years in technical plant operations, business development and corporate strategy. He has held several key positions at Hikal, including Executive Director. He holds a degree in Chemical Engineering from Pune University and an MBA and M.S. degree in Information Technology from Boston University, USA.

Jai Hiremath



Baba Kalyani



Sameer Hiremath

