

Resilient Today. Ready for What's Next.

Dear Stakeholders,

It is always a pleasure to present to you our annual performance report. This year, it, gives us a greater satisfaction, as it reflects a defining period in which our foundation strengthened, resilience enhanced, and we were positioned more confidently for the opportunities ahead.



Jai Hiremath
Executive Chairman

Sameer Hiremath
Vice-Chairman and
Managing Director

Fiscal 2025-26 tested our resilience, demanded operational discipline, and compelled us to build a more agile organisation. Regulatory headwinds in the pharmaceutical sector and sustained pressure in the global crop protection industry weighed on our performance amid geopolitical uncertainty and a challenging global economic environment.

Yet, we not only remained steadfast but also strengthened our resolve to accelerate transformation, sharpen execution, and adapt proactively to an evolving market. Our actions began delivering results from the second half of the year.

Improved execution, better capacity utilisation, and recovering demand across our businesses gave us the confidence that the most challenging phase was behind us and that we were well-positioned to capture emerging opportunities.

Mapping Our Business Performance

Our Pharmaceutical business was on a clear recovery path throughout the year as operations stabilised and customer confidence strengthened. We will continue to focus on enhancing compliance and quality systems while investing in high-value capabilities such as complex chemistries and regulatory filings.

A significant milestone during the year was the commissioning of our High Potency API (HPAPI) Laboratory in Pune. This strategic investment strengthens our capabilities in developing highly potent compounds and complex chemistries while deepening our collaboration with CDMO partners across specialised therapeutic segments. The commissioning of our cGMP Pilot Plant further complements these capabilities by enabling faster process development, seamless production scale-up, efficient technology transfer, and stronger product development capabilities.

Our strategic direction remains centred on building a differentiated portfolio and enhancing our long-term competitiveness. In Crop Protection, while the industry continued to battle pricing pressure, we witnessed steady volume growth and improved momentum during the latter part of the year. We remain focused on strengthening our product mix, improving cost efficiency, and deepening relationships with global customers.

At the same time, we are making steady progress in building growth engines across our Specialty Chemicals, Personal Care, and Animal Health verticals. These businesses represent important strategic adjacencies that diversify our portfolio, expand our addressable markets, and strengthen our long-term earnings potential.

Sustainability at the Core

Sustainability remains embedded in the way we operate and create long-term value. During the year under review, we advanced our ESG journey through meaningful progress across governance, environmental stewardship, and responsible business practices.

We achieved the EcoVadis Gold rating, completed Responsible Care recertification, submitted our UN Global Compact Communication on Progress, and strengthened our climate disclosures through CDP submissions covering climate change and water.

We also initiated product-level carbon footprint assessments and completed Scope 1, 2, and 3 greenhouse gas emission accounting as part of our preparation for submission to the Science Based Targets initiative (SBTi).

Our commitment to transparency and responsible operations was further reinforced through BRSR limited assurance, the successful completion of the SEDEX SMETA audit at our Jigani facility, and our continued focus on strengthening governance across our manufacturing network.

CHAIRMAN AND VICE-CHAIRMAN & MD'S MESSAGE

**Powered by Our People**

None of this progress would have been possible without our committed and skilled workforce. In a year that demanded agility and discipline, our teams rose to the challenge across every level of the organisation.

Strengthening our culture of safety and operational excellence remained a key priority. We conducted Safety Week across Hikal sites, reinforcing our safety-first mindset and embedding industry-best practices across operations.

We further strengthened our safety culture through our partnership with SWASYA, driving organisation-wide safety awareness. Our commitment was recognised with the Safe-Tech Best Process Safety Excellence Award for our Taloja site.

At the same time, we made focused investments in capability building and upskilling, with employees trained across technical, functional, and emerging digital competencies, enabling them to perform more effectively in a dynamic and evolving business environment.

We also launched targeted programmes to build awareness and strengthen capabilities around AI tools and prompt-based learning, equipping our people to enhance productivity, accelerate learning, and make better-informed decisions.

We remain committed to nurturing a culture of continuous learning, safety, and performance excellence, with our people firmly at the centre of this transformation journey.

The Road Ahead

We have complete clarity in our vision for the organisation. Our focus remains firmly on strengthening our core businesses while building engines of sustainable growth for the future. As part of this commitment, we are also aiming to achieve an EcoVadis Platinum rating, further strengthening our sustainability performance and credentials.

Our Crop Protection business will continue to remain a strong and stable pillar of our portfolio. We expect steady volume growth supported by improving demand dynamics and deeper customer engagement, although pricing pressure is likely to persist in a rapidly evolving global business landscape.

In Pharmaceuticals, we are confident of overcoming the challenges encountered during 2025-26. We remain committed to addressing regulatory observations and restoring the business to its growth trajectory. Our strategy is centred on introducing molecules, accelerating the pace of DMF filings, and expanding our presence in niche, high-margin products. These initiatives are expected to drive stronger earnings growth over the medium term.

Our diversification strategy continues to gain momentum, with focused investments in high-value business segments expected to contribute meaningfully to our future growth.

The actions we have taken over the past year have laid a strong foundation for a more resilient and future-ready Hikal. While challenges remain, our confidence in the opportunities ahead is stronger than ever.

We would like to take this opportunity to thank our shareholders, customers, partners, and employees for their continued trust and support. Together, we remain committed to building a stronger, more resilient, and future-ready Hikal while delivering sustainable long-term value for all our stakeholders.

Warm regards,

Jai Hiremath
Executive Chairman

Sameer Hiremath
Vice-Chairman and
Managing Director