Annual Report 2025-26

Innovating **What Matters**

Sustaining **What's Next**

Hikal is a trusted life sciences partner delivering high-quality research services, active ingredients, and intermediates to global pharmaceutical, crop protection and specialty chemical companies.

What's Inside

For more information, visit: hikal.com ↗

Innovating **What Matters**

Sustaining **What's Next**

Innovation creates value only when it solves meaningful challenges. At Hikal, we combine scientific expertise, customer-centric innovation and responsible business practices to address the evolving needs of the global life sciences industry. Every solution is designed to deliver lasting value for our customers, society and the environment.

Every breakthrough in research, every investment in advanced technologies and every enhancement in manufacturing capabilities is guided by a commitment to quality, safety and environmental stewardship. During the year, we strengthened our capabilities by expanding our CDMO pipeline, operationalising our High-Potency API (HPAPI) laboratory, commissioning a Kilo Lab to accelerate scale-up, and advancing our presence in animal health and specialty chemicals. Alongside these investments, we reinforced quality, compliance and manufacturing excellence while embedding sustainability across our operations.

Innovation and sustainability are inseparable at Hikal. By integrating scientific progress with operational excellence and environmental responsibility, we are building a business that is more resilient, future-ready and trusted by global partners. Every investment we make today strengthens our ability to create long-term value: **innovating what matters while sustaining what's next**.

Happenings of the Year

Fiscal 2025-26 marked another year of strike-through progress for Hikal across business performance, brand evolution, ESG and cultural priorities.

Financial

INR 17,126 Million
Revenue

INR 3,021 Million
Cash Flow from Operations

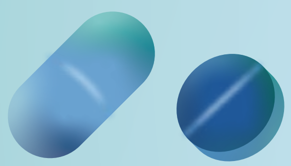
INR 2,328 Million
EBITDA*

13.6%
EBITDA Margin

0.56x
Net Debt to Equity

'A' credit rating
by ICRA
(maintained long-term)

Business Performance



Pharmaceuticals

Our Pharmaceuticals business is driven by improving demand across own products and CDMO, normalised customer ordering patterns and growing global outsourcing opportunities. The operationalisation of the high-potency laboratory at our Pune R&D centre and the Panoli pilot plant further strengthened our capabilities in complex and differentiated chemistries.

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Crop Protection

Our Crop Protection business recorded a steady recovery, supported by improving customer demand, higher Own Product volumes and continued market normalisation following prolonged inventory correction. While pricing pressures persisted, the business remained focused on operational efficiency and portfolio optimisation.

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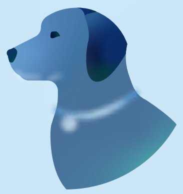

Animal Health

Our Animal Health business gained momentum through increasing customer engagement and an expanding CDMO pipeline, strengthening its position in specialised, innovation-led segments for long-term growth.

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*before exceptional items

Strategic and Operational Initiatives

- Transitioned from remediation to enhanced operational excellence, advancing quality, compliance, manufacturing systems, portfolio diversification and asset optimisation
- Strengthened positioning in complex and high-value chemistries through investments in CDMO capabilities, HPAPIs and advanced R&D infrastructure
- Enhanced supply chain resilience through alternative sourcing, selective backward integration and reduced dependence on single-source geographies
- Continued disciplined deployment of capex towards high-return growth opportunities, regulatory upgrades and debottlenecking initiatives

Brand and Portfolio Evolution

- Expanded into high-growth segments, including Specialty Chemicals and Personal Care, with initial commercial traction and product commercialisation underway
- Increased participation in CDMO and innovator-led programmes, strengthening long-term, high-visibility revenue streams

Cultural Milestones

- Embedded a culture of safety, quality, compliance and continuous improvement, aligned with global standards
- Advanced women's participation across Hikal sites by strengthening workplace safety and facilities and creating greater opportunities for women in leadership
- Reinforced organisational values through employee-led observances, including Safety Week, Values Week and Women's Day

ESG

Environmental

- Initiated product-level carbon footprint assessments for TBZ (Crop Protection) and FEMA (Animal Health)
- Completed Scope 1, 2 and 3 GHG emissions accounting as part of the SBTi target submission roadmap
- Successfully cleared the SEDEX SMETA audit for the Jigani I facility and completed Responsible Care recertification in December 2025

20%
Reduction in water intensity per million rupee of turnover since base year 2022-23

43%
Reduction in GHG emissions (Scope 1 & 2) since base year 2022-23

Social

- Partnered with SWASYA Solutions to enhance workplace and process safety standards across all sites

24,736
CSR beneficiaries

Zero
Fatalities

Governance

- Ranked among the top 5% globally with an EcoVadis Gold Medal for sustainability performance.
- CDP report submitted under the Climate Change and Water categories, with ratings of 'B+' and 'B', respectively
- Submitted the UN Global Compact Communication on Progress (CoP) report
- Received the Safe-Tech Best Process Safety Excellence Award for the Taloja site

30%
Women Directors

94%
Average attendance rate in Board meetings

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.

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

WHO WE ARE

Engineering Solutions Across Life Sciences

We provide integrated, science-led solutions across the life sciences value chain, supported by strong capabilities in complex chemistry, manufacturing excellence and regulatory compliance. Our services include CDMO, CMO and R&D, complemented by high-quality active ingredients and intermediates. We work closely with customers to develop customised solutions that drive innovation, reliability and speed to market, while our focus on quality, sustainability and long-term partnerships creates enduring stakeholder value.

Five
Manufacturing facilities

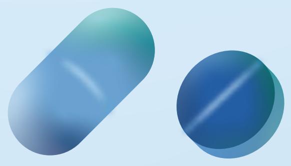
3,000+
Employees

24
Production blocks

Key Business Segments

Our portfolio comprises world-class active ingredients, intermediates, and R&D services, tailored to meet the evolving needs of customers across pharmaceuticals, biotechnology, life sciences, animal health, crop protection, and specialty chemicals.

Pharmaceuticals



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Crop Protection

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Animal Health

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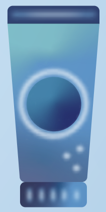
Specialty Chemicals (Personal Care)



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Vision

To be the leading global fine chemical company to the Pharmaceutical, Crop Protection, and Specialty Chemical Industries.

Mission

To create value through superior, chemical products and operate as a responsible company. Building trust and respect of our customers, shareholders and employees using science, technology and sustainable processes in harmony with the environment.

CORE VALUES

- Customer Oriented
- Transparency
- Safety
- Quality Focus
- Integrity
- Innovative

CULTURE PILLARS

- Sustainability
- Ownership
- Flexible
- Reliable
- Teamwork

Our Journey

1988

Founded by Jai Hiremath as a chemical business

1991

First plant set up in Mahad, Maharashtra

1995

Listed on Bombay Stock Exchange & National Stock Exchange

1997

Taloja plant commissioned for CDMO Project with US Innovator

2000

Acquired the manufacturing site from Novartis in Panoli, Gujarat

2001

Acquired R&T and manufacturing site in Bangalore from Wintac Ltd

2009

R&T Centre established & Tokyo office expanded

2014

Co-generation plants and Biomass boilers commissioned at all sites (sustainability initiative)

2021

Signed 10-year multi product contract with the leading Animal Health global innovator

2024

Two multipurpose plants commissioned including the Animal Health Multi-Purpose facility at Panoli, Gujarat

2026

Two DMFs filed - Vonoprazan and Cariprazine

Commissioned:

- HPAPI lab in Pune R&T to develop complex molecules especially in the field of Oncology
- Kilo lab in our Taloja site to enable swift and small-scale production
- Commissioning our cGMP pilot plant in Pune R&T Campus, enabling seamless process development, scale-up, technology transfer and clinical-stage manufacturing

Project Pinnacle

Strategic Transformation Initiative

Pinnacle is our flagship transformation initiative, built on strategic pillars. It aims to build future-ready capabilities, enhance customer value, and drive sustainable, long-term growth across our businesses.

Pillars of Project Pinnacle

- **Leadership in ESG**
- **Manufacturing Excellence**
- **Research and Technology**
- **Customer Centricity**
- **Supply Chain Management**

Pinnacle 1.0

Big Unlocks

Build Capabilities to Differentiate		Take a Few Big Bets

Leadership in ESG

- Awarded EcoVadis Bronze Medal for CSR excellence
- Ranked among the top 5% globally with an EcoVadis Gold Medal for sustainability performance
- Published Sustainability Report
- Carried out BRSR Limited Assurance
- Submitted CDP report under the Climate Change category, assessed with a B rating
- Submitted UNGC Communication on Progress (CoP) report; Scope 3 emissions included
- Initiated product-level carbon footprint assessment
- GHG Scope 1, 2 and 3 emissions accounted for, supporting SBTi target submission in 2026-27

Best-in-class Cost Position

- Integrated operational excellence through multiple HiBEx initiatives
- Implemented a programme for product-specific cost improvement

De-risking Supply Chain

- Expanded alternate supplier base across the product portfolio
- Sustained efforts to reduce dependence on China
- Established backward integration technology of critical KSM with in-house manufacturing capability or through network of local partners

Technology Scale-up

- Completed and commissioned lab set up at R&T scale
- Established dedicated analytical method validation lab in Pune R&T Centre

Advancing into New Frontiers

Animal Health

- Established dedicated animal health facility
- Completed validation of nine new products and several others in progress
- Several new RFPs under discussion among Global Innovators

Two complex chemistry molecules and one NCE developed successfully

Personal Care portfolio

- Six Personal care products under commercialisation
- Constructed a specialty chemical manufacturing block called MPP-6 at Panoli site, Bharuch

Expansion into new therapies

- Two new DMFs filed - Vonoprazan and Cariprazine aiding expansion into newer therapies

Pinnacle 2.0

During the year, the Company continued to advance its Pinnacle 2.0 transformation agenda, with a strong focus on execution and value realisation. The programme enabled deeper customer engagement, strengthened the product and technology pipeline, and improved operational efficiency across manufacturing and the supply chain.

We continued to invest in technology and capability building by strengthening our high-potency capabilities, expanding HPAPI infrastructure and increasing DMF filings, reinforcing our position in complex and regulated markets.

These initiatives enhanced cost discipline, improved customer responsiveness and strengthened supply chain resilience, while integrating sustainability and digital enablement into core operations to support long-term resilience.

Complementary initiatives such as HiBEX further improved operational efficiency across the business.

We remain committed to sustaining this momentum and delivering long-term value through our ongoing transformation journey, driven by the following levers of growth and excellence.

Growth Pillars

Crop Protection

- Grow CMO business
- Unlock relationship value with key strategic partners
- Lifecycle management with innovators
- New technology

Animal Health

- Unlock relationship value with key strategic partners
- Scale and launch product portfolio
- New technology platform
- Develop complex chemistry molecules

Pharmaceuticals

- Scale product portfolio
- Unlock relationship value with key strategic partners
- Lifecycle management with innovators
- Build new technology platform
- Food ingredients and additives

Specialty Chemicals

- Biocides
- Personal care
- UV filter and Haircare

Critical Unlocks in Pinnacle 2.0

- Enhanced customer integration **(bolster business development, smart pricing)**
- Building new business **(animal health, specialty chemicals)**
- Next-gen product portfolio **(new product development, DMFs, portfolio shift to next generation products)**
- Building tech toolbox **(path to scale new technologies)**
- Funding the growth **(best-in-class cost position)**
- Sustainability **(ESG)**
- Resilient back end **(operations, supply chain processes)**

Winning Approach

Leading with Innovation

Our commitment to pioneering solutions is evident in our ongoing investments in research and technology (R&T) for innovative product development and entry into new segments and therapies.

Elevating Customer Satisfaction

We prioritise enhancing customer satisfaction across the life sciences value chain through innovative solutions, prompt resolutions, and continuous improvements, fostering strong relationships, loyalty, and a positive brand image.

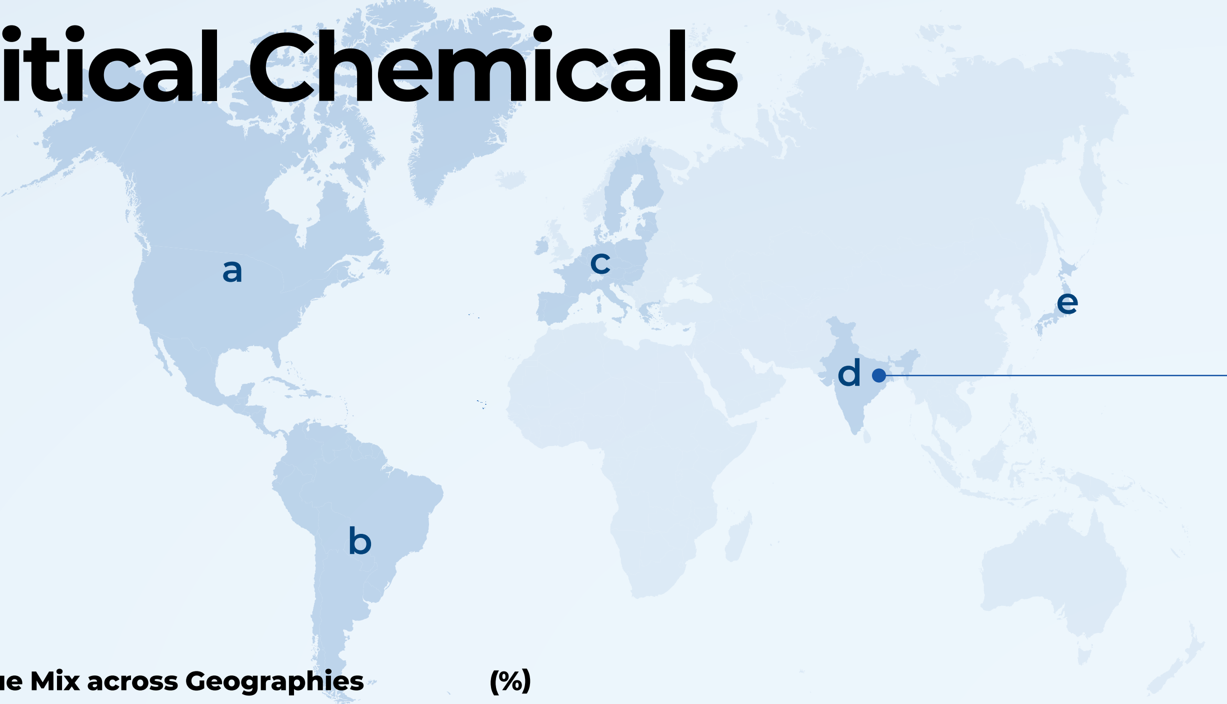
Maximising Stakeholder Value

Our focus is on long-term growth, transparency, responsibility, and delivering value to all stakeholders for sustained success.

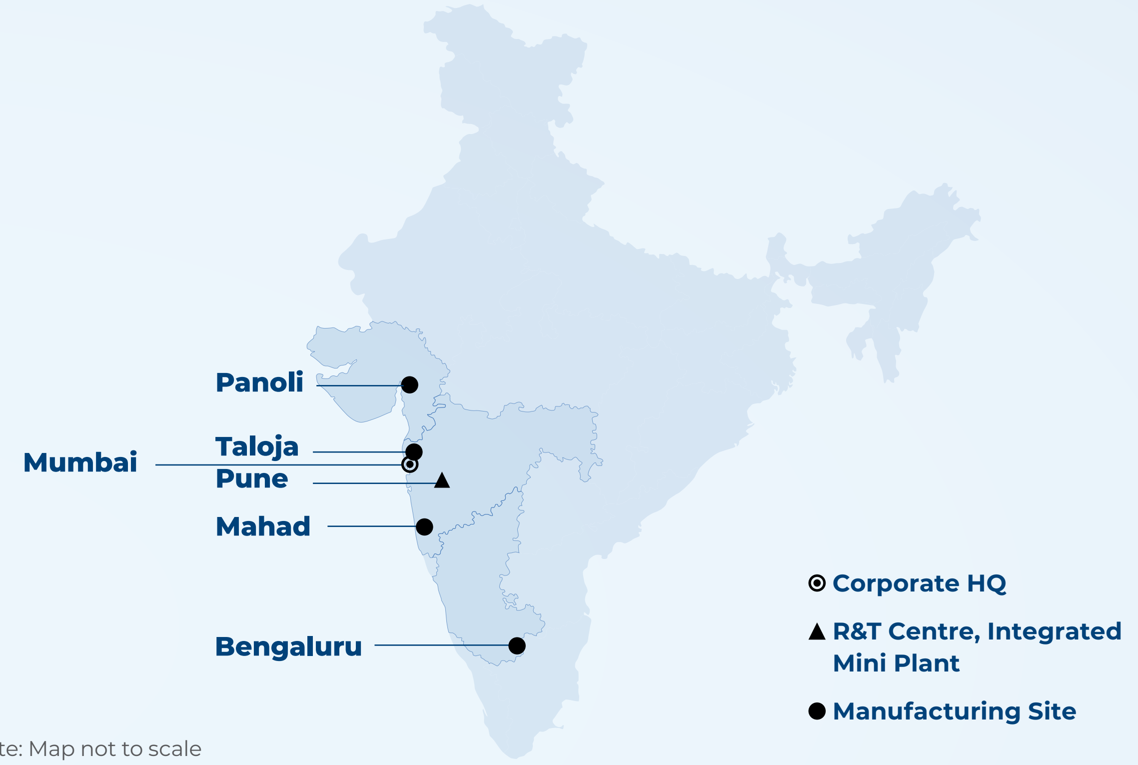
Aligning with Global Frameworks and Standards

We strive to align our operations with internationally recognised standards and frameworks like the Global Reporting Initiative (GRI) Standards, the United Nations Global Compact (UNGC) Principles, and the United Nations Sustainable Development Goals (UNSDGs).

A Global Hub for Critical Chemicals



- Serving customers across the Americas, Europe, Middle East & Africa, Asia-Pacific and Australia
- Offices across the USA, Europe, India and Japan
- Corporate headquarters, R&T Centre and Integrated Mini Plant located in India
- Manufacturing facilities strategically located across India



Note: Map not to scale

Revenue Mix across Geographies (%)

	%
a. North America	35
c. European Union	28
e. Japan	11
b. Latin America	9
d. India	9
Rest of the World	8

Manufacturing Capabilities

Pharmaceuticals

Jigani Unit 1, Bengaluru
- US FDA-approved API and Advanced Intermediates manufacturing site
- cGMP multipurpose API facilities

Jigani Unit 2, Bengaluru
- Scale-up and launch plant
- Multipurpose and multi-product cGMP facility – APIs and Intermediates

Panoli, Gujarat
- Acquired manufacturing site from Novartis in 2000
- US FDA-approved site for KSMs and APIs
- Four multipurpose facilities

	Jigani Unit 1	Jigani Unit 2	Panoli
Total Reactor Volume	615 m^3	93 m^3	737 m^3
Site Area	74,800 m^2	8,000 m^2	84,600 m^2

Crop Protection

Mahad, Maharashtra
- First manufacturing facility of Hikal
- Specialty Chemicals, Fungicides, Herbicides, and Intermediate manufacturing site

Taloja, Maharashtra
- Commissioned in 1997 in technical collaboration with innovator company
- Fungicides, Insecticides, and Intermediates manufacturing site

Panoli, Gujarat
- Acquired manufacturing site from Novartis in 2000
- Specialty Chemicals, Insecticides, Fungicides and Intermediates manufacturing site

	Mahad	Taloja	Panoli
Total Reactor Volume	549 m^3	593 m^3	720 m^3
Site Area	27,000 m^2	60,000 m^2	36,700 m^2

Pharmaceuticals

With strengths in chiral chemistry, custom synthesis, and contract research, we manufacture APIs and intermediates for global partners. Our advanced, compliant facilities support production across scales, from grams to kilograms to tonnes, while long-standing relationships with leading pharmaceutical companies reinforce our delivery and reliability.

Human Capital

2,117
Employees

253
Personnel in R&T and technical services

Financial Capital

INR **10,210** Million
Revenue

INR **328** Million
EBIT

Who We Serve	What We Offer	Who We Partner With
Pharmaceutical companies from early-stage development till commercial launch of chemical entities.	• Contract development and manufacturing • APIs and intermediates • Food ingredients and additives	Global pharmaceutical companies looking for commercial supply, contract research, custom synthesis and custom manufacturing of intermediates and APIs.

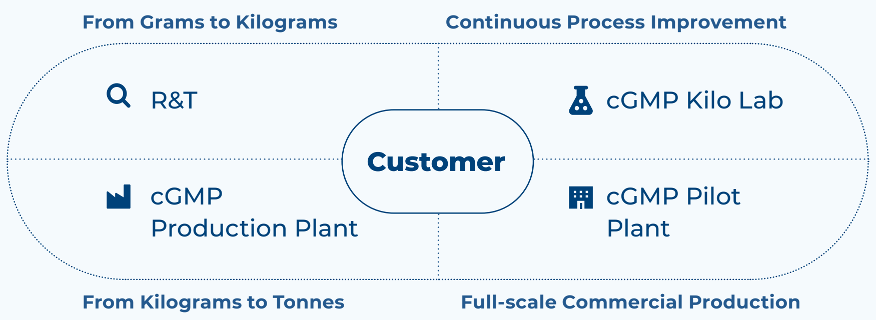
The Hikal Advantage

Proven Expertise
Deep experience in custom synthesis, contract research, and product development, serving global innovator companies.

Strong R&D and Scale-up Capabilities
End-to-end development across the life sciences value chain, supported by lab-to-commercial scale-up capabilities and a high-potency lab at the Pune R&T centre.

Globally Compliant Operations
Operations aligned with leading global regulatory standards, with approvals from US FDA (cGMP), TGA-GMP, KFDA (Korea), PMDA (Japan), AFMPS (Belgium), EDQM, EPA, and COFEPRIS (Mexico), along with GMP-compliant animal health facilities.

Our Capabilities



Our Products

Anti-convulsant, Anti-inflammatory, Analgesic, Anti-parasitic, Anti-lipemic, Anti-histaminic, Anti-depressant, Anti-psychotic, Anti-emetic, Anti-diabetic, Anti-thrombotic, Anti-viral, Haemorheologic

Business Highlights in 2025-26

- Continued with a strong recovery trajectory, with operations normalised, customer ordering patterns stabilised and capacity utilisation improving across key facilities
- Strengthened differentiated CDMO capabilities through the operationalisation of the OEB-5 compliant HPAPI laboratory, expanded Pune R&T Centre and Panoli pilot plant, enhancing development, scale-up and technology transfer capabilities
- Progressed US FDA remediation at the Bengaluru facility, with CAPAs nearing completion, while reinforcing quality systems, manufacturing excellence and business continuity through dual-site validation
- Enhanced manufacturing efficiency at the Mahad site through automation and Value Stream Mapping, improving output with zero production downtime
- Expanded capabilities in high-value and next-generation chemistries, including HPAPIs, ADCs, PROTACs and peptide drug conjugates
- Advanced a robust pipeline of niche APIs and CDMO programmes across development, pilot and commercialisation stages, supported by increasing DMF filings and R&D focused on oncology, CNS, gastroenterology and anti-diabetic therapies
- Strengthened global customer engagement and benefited from increasing China+1 outsourcing opportunities, reinforcing our position as a preferred global CDMO partner

Crop Protection

Our crop protection portfolio spans insecticides, fungicides, herbicides, biocides, and intermediates, built on a strong foundation of science and innovation. With decades of synthesis expertise, advanced manufacturing capabilities, and deep regulatory know-how, we deliver scalable, compliant, and cost-effective solutions to partners across global markets.

Human Capital

835
Employees

88
Personnel in Technical services

Financial Capital

INR **6,916**Million
Revenue

INR **514**Million
EBIT

What We Offer		Who We Partner With
· Contract manufacturing · Intermediates · Insecticides · Fungicides · Biocides	· Specialty chemicals – Personal care products – Biocides – Electronic and battery chemicals – Homecare	Crop protection companies for custom synthesis and custom manufacturing of intermediates and active ingredients.

The Hikal Advantage

Robust Product Pipeline: A strong focus on research and integrated solutions supports a healthy development pipeline aligned with evolving customer needs.

Customer-Centric Approach: Advanced manufacturing capabilities and technical expertise enable end-to-end solutions, fostering long-term, partnership-led growth.

Flexible Asset Base: A multi-use infrastructure enhances adaptability, optimises resource utilisation, and supports sustained performance in dynamic market conditions.

Our Capabilities

From Grams to Kilograms
Continuous Process Improvement

Commercial Production Plants
Kilo Labs
Customer
Pilot Plants
R&T

From Kilograms to Tonnes
Full-scale Commercial Production

Our Products

Algecide, Biocide, Fungicide, Herbicide, Insecticide, Intermediate

Business Highlights in 2025-26

- Delivered a steady recovery as global inventory correction eased, supported by improving customer demand, higher volumes and long-standing customer partnerships
- Improved profitability through operational excellence and the HiBex cost-optimisation programme, focusing on procurement, energy efficiency and yield enhancement
- Expanded CDMO engagements, joint development programmes, NCE projects and long-term supply agreements with global innovators, strengthening medium-term revenue visibility
- Accelerated portfolio diversification through the commercialisation of Personal Care products while expanding Specialty Chemicals and higher-value product offerings
- Strengthened manufacturing and process development capabilities through capacity upgrades, dedicated pilot plant infrastructure and asset optimisation to support future growth

WHAT WE DO

Animal Health

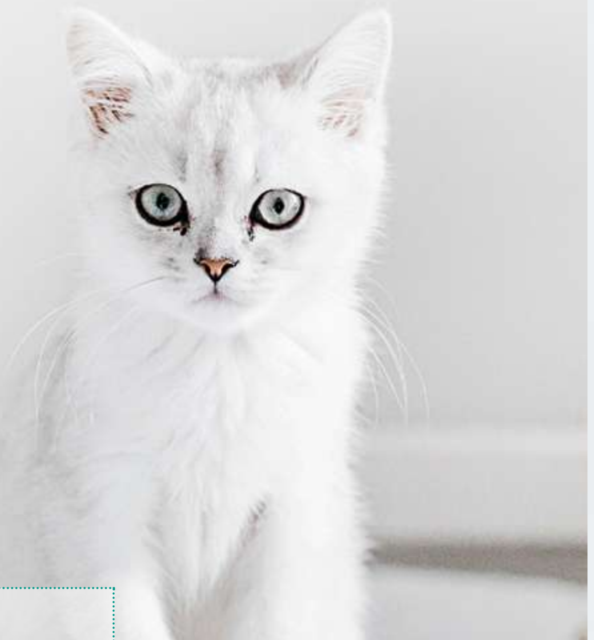
We develop APIs and advanced intermediates for both farm and companion animal health segments. Our cGMP-compliant facilities support both in-house manufacturing and contract production. We continue to strengthen our existing portfolio while expanding our pipeline through early-stage development projects focused on complex chemistry and high-value molecules.

22
Animal Health-focused APIs

Four
Existing relationships with Animal Health innovators

50
Employees

New Animal Health Multipurpose facility commissioned at Panoli, Gujarat



Our Products

Anelgesic, Athelmintic, Anti-parisitic, Dementia

Who We Serve	What We Offer
Companion and farm animal segments globally	• Animal Health APIs and Intermediates • Animal Health Contract Development and Manufacturing

Business Highlights in 2025-26

- Continued building Animal Health as a strategic long-term growth platform, with commercial supplies initiated under long-term customer agreements following successful product validations
- Expanded a robust pipeline of development and commercial programmes, including NCEs, while securing new development contracts from global innovators
- Diversified the customer portfolio through expansion into biotech companies and Tier-2 innovators, supported by advanced HPAPI capabilities and the Pune R&T Centre
- Progressed regulatory filings and commercialisation across multiple global markets, strengthening future revenue visibility
- Reinforced Hikal's position as a preferred global CDMO partner through differentiated process development capabilities, multi-site manufacturing reliability and increasing global outsourcing opportunities

Personal Care

A key pillar of our diversification strategy, Personal Care is an emerging growth business within our Specialty Chemicals division. It leverages our manufacturing, R&D and process chemistry capabilities to address opportunities in high-growth adjacent markets.

USD 900 Billion
Expected market value by 2030

INR 500+ Cr
Our expected revenue by 2029-30

Who We Serve	Where We Operate	We Partner
• Leading domestic and overseas personal care companies • Key markets across India, Asia and Europe	• Second-generation UV filter active ingredients for skin and sun care applications • Differentiated, high-quality and innovative personal care ingredients • Plans to expand the portfolio across additional personal care segments	• Prospective domestic and international personal care customers for product validation and market development

Business Highlights in 2025-26

- Entered the Personal Care business under the Pinnacle 2.0 strategy, setting up a growth pillar within the life sciences portfolio
- Targeted the global personal care market, initially focusing on Beauty & Personal Care chemicals and skin and sun care applications
- Identified priority BPC chemical segments, beginning with first- and second-generation UV filters, with an initial focus on Europe, Latin America and Asia, followed by the US
- Commissioned a dedicated cGMP-compliant multipurpose manufacturing facility at Panoli for personal care ingredients
- Strengthened innovation through the Pune Research & Technology Centre, with a dedicated team developing new products and process technologies
- Successfully validated products with prospective customers and expanded market outreach to establish our presence in the personal care industry
- Commercial operations expected to commence in Q2 2026-27
- Focused on establishing Hikal as a trusted supplier of proprietary personal care products and building market share through differentiated products, technical capabilities and category expansion
- Targeted scaling the Personal Care business to more than INR 500 crore by 2029-30, supported by portfolio expansion and future CDMO opportunities

Science for What's Next

We partner with global innovators and custom-generic companies to solve complex chemistry challenges across key life science sectors. Our Research & Technology Centre develops sustainable, scalable processes for NCEs, generics, and lifecycle extensions. Backed by scientific expertise and a focus on quality, IP protection, and reliability, we deliver integrated solutions aligned with evolving regulatory and environmental standards, while advancing green chemistry for long-term progress.

15
Synthetic Labs

Four
Instrumentation Labs

Six
Process Development Labs

>250
Post Graduates

26
PhD Professionals

Nine
Specialised Laboratories
One each in Process Safety, Effluent Treatability, Kilo Lab (Scale-up & Pilot), Solid State Chemistry, HPAPI, Analytical Method Validation lab, Innovation, Simulation, Pilot Plant and High Pressure.

Differentiated Offerings

- **Route Scouting**
- **Technology Development**
- **Process Engineering**
- **Process Development**
- **Small Molecule Synthesis**
- **Life Cycle Extension**
- **Analytical Method Development and Validation**
- **Scale-up Support**

Differentiated Capabilities

Leadership in ESG

State-of-the-art setup featuring VaporTech and CSTR systems, enabling bi-phasic, liquid-liquid, gas-liquid, and solid-liquid reactions. Enhances process efficiency while reducing effluent and optimising continuous manufacturing operations.

Solid State Lab

Focused on developing physical attributes for commercial readiness, with expertise in polymorph screening, particle size control, and crystallisation development. Equipped with advanced tools such as pXRD, Malvern Mastersizer, DSC, TGA, and hot-stage microscopy.

Biocatalysis

Demonstrated expertise in enzyme-based synthesis at commercial scale, using enzymes such as nitrilase, lipase and transaminase for API manufacturing. Includes capabilities for enzyme recovery and reuse.

Kilo Lab

GMP-compliant pilot plant with 12 KL capacity, supporting scalable production and seamless scale-up through geometrically matched reactors. Equipped for hydrogenation and cryogenic reactions up to -80°C, with high-vacuum fractionation and vapour scrubbing capabilities.

Reaction Calorimetry

Powered by Mettler Toledo RC1mx, enabling safe process development and scale-up through precise measurement of critical thermal parameters, reducing risk, development timelines, and reliance on external testing.

Zero Liquid Discharge (ZLD)

Achieved at the Pune R&T centre and Bangalore manufacturing sites. Supports water recycling, reduces freshwater consumption, and strengthens environmental compliance.

Sangam: New Canteen Facility, Pune R&T

A thoughtfully designed, modern dining space that enhances employee well-being, featuring natural lighting, hygienic infrastructure, and comfortable seating. Built using recyclable materials with energy-efficient design, reinforcing sustainability commitments.

Commissioning Our cGMP Pilot Plant in Pune

The Opportunity

As our pharmaceutical customers advance molecules from laboratory development to clinical programmes, the transition to larger-scale manufacturing demands robust processes, seamless technology transfer and consistent quality. We identified an opportunity to strengthen this critical bridge within our integrated development platform.

What We Did

We commissioned an enhanced cGMP-compliant Pilot Plant at our Pune Research & Technology (R&T) Campus, strengthening our capabilities across process development, scale-up, technology transfer and clinical-stage manufacturing.

Our Capabilities

The facility enables flexible, cGMP-compliant scale-up across a wide range of chemistries, with reactors ranging from 20 litres to 2,000 litres, supported by advanced filtration and distillation systems and specialised process capabilities. Its integration within our R&T Campus enables closer collaboration between scientists and engineers, providing greater process oversight and supporting efficient technology transfer.

The Value We Create

- Accelerate development and scale-up timelines
- Support seamless transition from laboratory to larger-scale manufacturing
- Manufacture and supply preclinical and clinical-stage materials from the same R&T Campus
- Strengthen process robustness through closer development and manufacturing collaboration
- Support customers as they progress towards commercial manufacturing readiness
- Maintain stringent standards of quality, safety and regulatory compliance

Strengthening our Integrated Platform

Process Development → Scale-up → Technology Transfer

↓

Commercial Readiness ← Clinical-stage Manufacturing

Advancing High-Potency API Capabilities

To strengthen our position in complex, high-value pharmaceuticals, we inaugurated a state-of-the-art High Potency Active Pharmaceutical Ingredient (HPAPI) Laboratory at our Integrated Innovation Centre in Pune.

The cGMP-compliant facility is equipped with advanced OEB-5 containment isolators, enabling the safe development of highly potent molecules for specialised therapeutic areas, including oncology. Designed to support next-generation modalities such as Antibody Drug Conjugates (ADCs), Peptide Drug Conjugates (PDCs) and PROTACs, the laboratory enhances our capabilities across route scouting, process optimisation, Quality by Design (QbD), polymorph studies, analytical development, regulatory support and early- to late-phase clinical development.

Integrated with Hikal's existing process safety, solid-state and flow chemistry capabilities, the laboratory provides end-to-end development support at laboratory scale, from milligrams to approximately 200 grams per batch. Dedicated clean-room infrastructure, in-house analytical systems and particle size control further strengthen operational efficiency while minimising contamination risks.

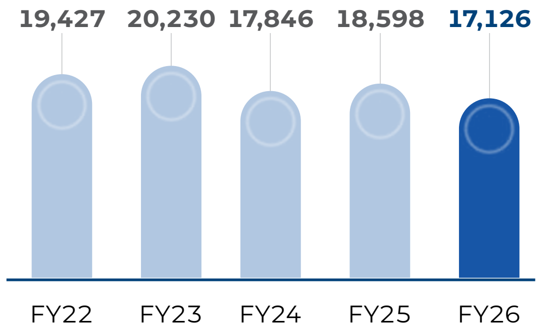
The investment reinforces Hikal's ability to develop differentiated APIs, expand high-value CDMO opportunities and build a future-ready pharmaceutical portfolio driven by innovation and scientific excellence.

Impact at a Glance

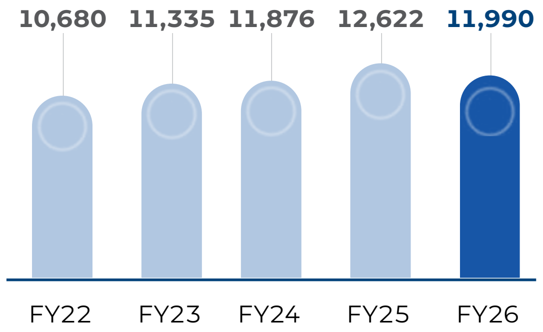
- Strengthened capabilities in high-potency and complex API development
- Enabled development of advanced modalities, including ADCs, PDCs and PROTACs
- Enhanced end-to-end R&D and clinical development capabilities
- Expanded opportunities in specialised therapeutics and high-value CDMO partnerships

Our Scorecard

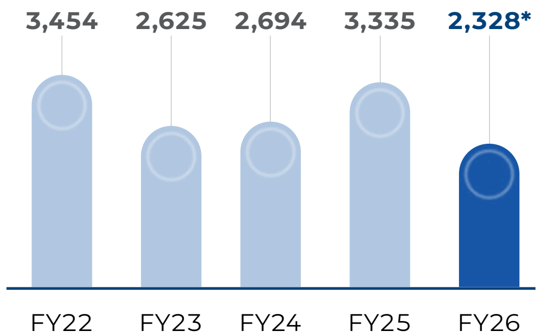
Revenue
(in INR Million)



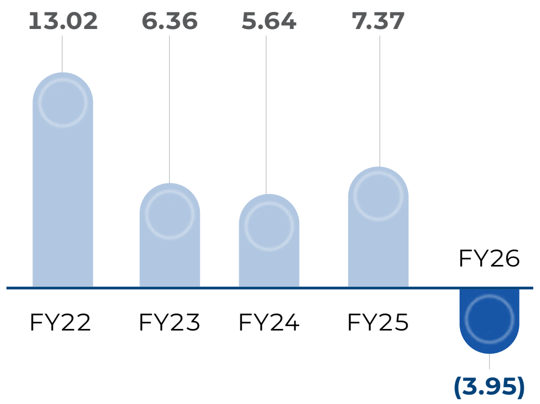
Net Worth
(in INR Million)



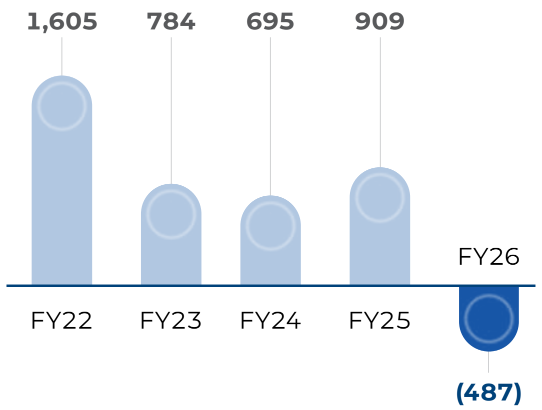
EBITDA
(in INR Million)



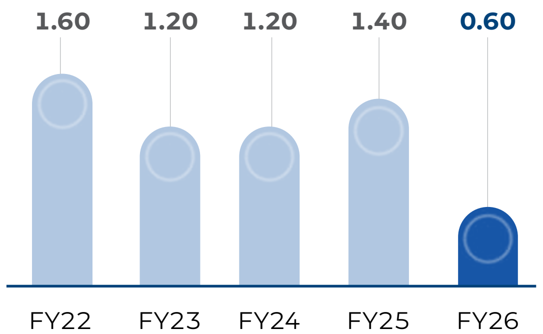
EPS
(in INR)



PAT
(in INR Million)



Dividend
(in INR per share)



*before exceptional items

AWARDS AND RECOGNITION

Our Motivation

TISS Leapvault CLO Awards India 2025

We won two Gold Awards in the categories of Skill Development and Employee Engagement.
This marked the fourth consecutive year Hikal received top honours at this platform.

Great Managers Awards

Hikal was recognised for the fourth consecutive year for excellence in leadership and fostering a 'people-first' culture.

Operational Excellence Recognition

The Mahad team received high praise from a key customer and regulatory authorities for achieving a major capacity breakthrough in the Crop business through automation and Value Stream Mapping without production downtime.

Community and Sports Achievement

Team Hikal won the Corporate Changemaker Cricket Tournament hosted by the Salaam Bombay Foundation, defeating Cipla in the final.

ET Now Best Organisations to Work 2025

We were named among the best organisations to work for in the Manufacturing Edition, recognised for its robust culture and commitment to a world-class workplace.

Individual Academic Excellence (Internal Recognition)

1. Sara Kalamkar (daughter of Pooja Kalamkar) won a Gold Medal and secured 3rd Merit Rank in the 4th Standard International Science Olympiad
2. Arohi Sambhaji Gaikwad (daughter of Shri Sambhaji Gaikwad) achieved a Gold Medal in the 7th Brain Development Scholarship (BDS) Examination 2026, ranking 1st in the Raigad district and 20th All-India

Building Blocks for Our Business

We ensure sustainable growth by managing our capitals inputs and maximising stakeholder value creation.

Our Capitals

Financial	Manufactured	Intellectual
We prioritise disciplined capital allocation to drive sustainable, long-term returns for our stakeholders.	We strengthen our infrastructure by expanding capacity, enhancing efficiency, and advancing safety and sustainability through the adoption of modern technologies and processes.	We remain focused on developing innovative products and processes, supported by digital transformation and strategic partnerships that advance sustainability and drive innovation.
INR **11,990** Million Net worth	**Five** Manufacturing facilities	**Two** new DMFs filed Vonoprazan and Cariprazine, supporting expansion into newer therapies
Linkage with Stakeholders		
Investors Drives shareholder value via disciplined capital use **Customers** Revenue growth through product innovation and reliability **Government & Regulators** Supports fiscal compliance and policy alignment	**Customers** Delivers product quality through robust infrastructure **Employee** Ensures workplace safety and operational efficiency **Value Chain Partners** Enables scalable, seamless production partnerships	**Investors** Innovation-led growth creates long-term competitive advantage **Customers** Addresses evolving needs with differentiated offerings **Value Chain Partners** Drives co-innovation through technical collaboration

Our Capitals

Human	Social & Relationship	Natural
We are committed to fostering an inclusive, performance-driven culture, grounded in a zero-harm philosophy for our people and communities.	We cultivate strong, long-term partnerships with customers, suppliers, and communities through continuous engagement that supports both business growth and broader social progress.	We leverage advanced technologies to adopt cleaner energy, reduce emissions, and minimise waste across our operations.
21,823 Person days of training (non-EHS)	INR **22** Million CSR expenditure	**78**% Renewable energy consumption
Linkage with Stakeholders		
Employee Drives engagement through safety, development, and inclusion **Value Chain Partners** Builds ethical, people-first partner networks **Communities** Extends well-being through local employment and outreach	**Customers** Builds trust through service consistency and engagement **Value Chain Partners** Strengthens reliability through transparent relationships **Communities** Fosters shared value through CSR partnerships **Government & Regulators** Supports public policy through proactive engagement	**Investors** Enhances ESG profile and mitigates environmental risks **Customers** Promotes sustainability awareness and responsibility **Value Chain Partners** Reduces environmental footprint and improves quality of life **Government & Regulators** Meets environmental standards and supports national goals

Creating Impact, Sustainably

Inputs → Value Creation Process → Outcomes

Inputs

Financial Capital

INR **11,990** Million
Net Worth

INR **6,668** Million
Net Debt

Manufactured Capital

~16,000 MT
Production capacity

Intellectual Capital

INR **1,044** Million
R&T expenditure

Human Capital

INR **12.9** Million
L&D investment

Social and Relationship Capital

INR **22** Million
CSR spend

Natural Capital

1,345,295 GJ
Total energy consumption

510,513 KL
Water consumption

Value Creation Process

Manufacturing

Customers

Distribution

Research and Development

Vision

To be the leading global fine chemical company to the Pharmaceutical, Crop Protection, and Specialty Chemical Industries.

Motto

Just the right chemistry

Outcomes

Financial Capital

INR **17,126** Million
Revenue

INR **2,328** Million
EBITDA*

Manufactured Capital

8,600 MT
Active ingredients sold in 2025-26

Intellectual Capital

Five
Publications in academic journals

Human Capital

Zero
LTIFR

73%
Retention rate

Social and Relationship Capital

24,736
Lives impacted through CSR

Natural Capital

35%
Reduction in freshwater in terms physical output intensity (kL/MT) since base year 2022-23

2,17,145 MT CO_2e
GHG emission SCOPE 3 inventory - activity based calculation done for 2025-26

21%
Waste reduction since base year 2022-23

100%
Critical suppliers assessed on ESG

*before exceptional items

Management Discussion and Analysis

Economic Review

Global Economic Review

The global economy showed surprising strength in 2025, though the second half of the year was met with more caution. While early forecasts placed global growth at 3.3%, this was later settled at 3.2% as the year progressed. Global trade dynamics were heavily influenced by the introduction of Trump tariffs, which triggered a massive frontloading of purchases in the first half of the year as businesses sought to mitigate supply chain costs and beat effective dates. Despite these trade pressures and conflicts in West Asia, the economy was supported by a massive wave of investment in Artificial Intelligence. These AI advancements began to demonstrably improve productivity and corporate margins, helping to balance out the uncertainties in global trade.

Global inflation generally moved downward in 2025, but the progress was not uniform across regions. While tighter policies and cooling job markets helped lower prices in many areas, the trend was occasionally interrupted by energy price shocks caused by the conflict in West Asia. These shocks stabilised global headline inflation at approximately 3.5% by the end of 2025, though specific emerging markets saw spikes closer to 4.4%, making the cost of living unpredictable in those regions. Despite these challenges, real household incomes began to improve, driven by a combination of falling inflation and steady wage growth. Central banks reached a turning point during the year. After a long period of high rates, many initiated measured rate cuts to support economic growth while remaining vigilant against a potential inflation rebound.

Global trade saw a healthy rebound in CY 2025, growing by 3.8%, its best performance relative to GDP in nearly a decade. While momentum was weak in the Eurozone and slowing in China, India and the US emerged as the primary drivers of global strength. Despite geopolitical conflicts disrupting energy and supply chains, the global economy remained resilient. India stood out as a top performer with an estimated real GDP growth of 7.7% in 2025-26.

Geopolitical Conflicts and Global Economic Environment

While the global economy remained resilient for most of 2025, the landscape altered dramatically following the escalation of conflict in West Asia on February 28, 2026. This event triggered the most significant energy disruption since the 1970s. The impact on the Strait of Hormuz was immediate: ship transits plummeted from 130 per day in February to just six in March 2026. This 95% collapse effectively blocked 20% of the world's oil and 25% of its liquefied natural gas (LNG), causing a massive shock to global energy prices.

The disruption extended far beyond fuel, hitting essential manufacturing materials and agriculture. The region is a global hub for fertilisers, accounting for roughly 30% of world urea and ammonia exports. With the Strait closed, the supply of methanol, aluminium, and graphite also stalled, threatening both general manufacturing and the transition to green energy.

As a result, the strong trade growth of 4.7% seen in 2025 is expected to drop sharply to between 1.5% and 2.5% in 2026. These energy shocks are driving inflation back up and forcing businesses to become extremely cautious. To protect themselves, companies are now rushing to find alternative supply routes and are holding back on big investments until the situation stabilises.

Outlook

Looking ahead, the global economy is expected to follow a cautiously stabilising but uneven path. According to the IMF, global growth is projected at 3.1% in 2026 and 3.2% in 2027. This represents a slight deceleration from 2025, primarily due to trade and energy disruptions triggered by the West Asia conflict. While advanced economies are expected to grow at a restrained pace, emerging markets led by India will continue to anchor the majority of global output.

While inflation showed signs of cooling in early 2025, global headline inflation is projected to spike to 4.4% in 2026 due to recent energy price shocks. However, as supply routes stabilise and previous interest rate hikes take hold, inflation is expected to resume its downward path to 3.7% in 2027. Advanced economies are likely to reach their targets sooner, while emerging markets face more persistent pressure from high import costs and currency shifts. Consequently, central banks are expected to maintain a balanced approach, gradually adjusting rates to support economic growth while keeping inflation under control.

Structurally, the global economy is being reshaped by two major forces: technological innovation and energy security. The adoption of AI and automation is driving productivity gains that help offset trade-related headwinds. Simultaneously, the recent energy disruptions have accelerated the push for 'green' manufacturing and low-carbon transition planning. While geopolitical volatility remains a key risk, the global economy is broadly positioned for a period of gradual recovery, supported by private sector adaptability and strategic shifts in global supply chain architecture.

Global Growth Forecast (%)

Particulars	2024	2025	2026 (P)	2027 (P)
World Output	3.3	3.4	3.1	3.2
Advanced Economies	1.8	1.9	1.8	1.7
United States	2.8	2.1	2.3	2.1
Eurozone	0.9	1.4	1.1	1.2
Japan	0.1	1.2	0.7	0.6
United Kingdom	1.1	1.3	0.8	1.3
Other Advanced Economies	2.2	3.0	2.6	2.2
Emerging Markets and Developing Economies	4.3	4.4	3.9	4.2
China	5.0	5.0	4.4	4.0
India	6.5	7.6	6.5	6.5
Emerging Markets and Middle-Income Economies	4.3	4.4	3.8	4.1
Low-Income Developing Countries	4.0	4.8	4.8	4.9

Source: World Economic Outlook, IMF, April 2026
Note: (P) stands for projections

Indian Economic Review

India sustained its position as one of the fastest-growing major economies in 2025-26, reinforcing its structural momentum despite a challenging global environment. Real GDP is estimated to grow at 7.7% according to the government estimates, a significant acceleration from the 6.5% recorded in the previous year. Nominal GDP reached INR 357.14 lakh crore, reflecting a growth rate of 8.0%. The services sector remained the primary engine of expansion, growing at 9.1%, while Private Final Consumption Expenditure (PFCE) rose to account for 61.5% of the GDP, its highest share since 2012, reflecting the exceptional resilience and durability of domestic demand.

The macroeconomic environment in 2025-26 was defined by a significant easing of monetary policy. Supported by cooling inflation, the RBI initiated a series of rate cuts throughout 2025, bringing the repo rate down to 5.25% by December 2025. This cumulative reduction of 125 basis points has substantially lowered the borrowing costs, providing a more cost-effective environment for capital-intensive expansions and R&D investments. While the RBI has maintained a 'pause' at 5.25% in its April 2026 review to guard against global energy shocks, the overall lower interest rate regime continues to support industrial momentum and domestic credit flow.

On the fiscal front, the government maintained its consolidation path, with the revised estimate for the fiscal deficit at 4.4%, moving towards the Union Budget 2026-27 target of 4.3%. Despite global volatility, India's Current Account Deficit (CAD) remained manageable at 1.0% of the GDP, bolstered by strong services exports and steady remittance inflows.

India's total exports reached a historic milestone of USD 860.09 billion in 2025-26, growing 4.22% from the previous year despite global volatility. This growth was primarily anchored by the services sector, which rose 7.94% to USD 418.31 billion, while merchandise exports reached USD 441.78 billion. Key sectors like engineering, electronics, and chemicals maintained steady momentum. Specifically, the pharmaceutical sector exports for April–February 2026 reached USD 28.29 billion (up 5.6%), with India now accounting for 20% of the global generic supply. Driving this long-term structural shift is the PLI Scheme, which has now realised investments of INR 1.76 lakh crore across 14 sectors as of March 2025. The scheme has generated INR 16.5 lakh crore in output and created over 12 lakh jobs, positioning India as a globally competitive manufacturing hub.

Outlook

India's economic outlook for 2026-27 remains resilient despite elevated global uncertainties arising from geopolitical tensions, trade fragmentation, volatile energy prices and global financial market volatility. The RBI has projected India's GDP growth at 6.9% for 2026-27, supported by strong domestic demand, sustained public capital expenditure and improving private investment.

Inflation has remained broadly under control, with headline inflation remaining below the 4% target in the recent period. The RBI has projected an average consumer price inflation of 4.6% for 2026-27.

Continued government emphasis on infrastructure creation and capital expenditure is expected to support investment activity across core sectors, including steel, engineering and construction. Improved corporate balance sheets, rising productive capacity and sustained public investments are expected to aid demand momentum across infrastructure-linked industries.

On the external front, foreign exchange reserves remain comfortable with around 11 months of import cover, while gross FDI inflows continue to remain encouraging, supported by increasing greenfield investments across finance and technology sectors.

Going forward, continued policy certainty, fiscal consolidation, structural reforms, ease of doing business and focus on inclusive growth are expected to support India's medium-term growth trajectory despite external challenges.

ICRA has lowered its 2026-27 GDP growth forecast to 6.2% from 7.1% and raised its CPI estimate to 4.5% from 4.0%, assuming an average crude oil price of USD95/barrel for the fiscal. However, these estimates are subject to sizeable risks; a longer conflict with average crude oil at USD105/bbl could drag the growth below 6% and push inflation above 5%.

The International Monetary Fund (IMF) has raised India's growth forecast for 2026-27 to 6.5% from earlier 6.4%, as a sharp cut in US tariffs on Indian goods and a strong 2025-26 growth momentum are expected to offset the drag from the West Asian conflict. The IMF positions India as one of the few resilient economies in a global outlook that is increasingly shadowed by the conflict in West Asia.

A reduction in US tariffs on Indian goods, from 50% to 10%, has improved the trade outlook, and the 'carryover momentum' from a strong 2025-26 is expected to sustain activity into the next fiscal year. These positives, the IMF notes, are sufficient to offset the adverse spillovers from the ongoing war in West Asia.

Industry and Business Review

Global Pharmaceutical Industry

The global pharmaceutical industry is undergoing a structural transformation, supported by sustained innovation, changing disease profiles and broader healthcare access. Despite inflationary pressures and geopolitical uncertainty, healthcare systems have remained resilient, while demand for novel therapies supports industry growth.

Global medicine spending is expected to reach approximately USD 2.4 trillion by 2029, at a projected CAGR of 5–8%, driven by innovative therapies, established brand expansion and improving healthcare access in emerging markets. Growth remains varied, with mature markets experiencing moderation and emerging economies contributing a growing share of incremental demand.

Therapeutic innovation remains a key driver, with more than 1,000 novel active substances launched globally over the past two decades, including 394 in the last five years. However, access remains uneven, with developed markets leading in availability while low- and middle-income countries face greater constraints.

Biologics accounted for approximately 42% of new drug launches over the past five years, while specialty medicines for chronic, complex and rare conditions are expected to capture a growing share of pharmaceutical spending. The increasing adoption of biosimilars is also improving affordability and access.

Oncology, immunology and metabolic disorders remain key growth areas. Oncology leads global pharmaceutical spending, supported by continued innovation and treatment adoption, while rapid uptake of GLP-1 therapies for diabetes and obesity is reshaping metabolic care. Advances in neurology, including Alzheimer's and mental health treatments, are expected to support future growth.

USD 2.4 Trillion
Global medicine spending is expected to reach by 2029, with a projected CAGR of 5–8%

42% of new products are biologics
Biologics accounted for novel drug launches over the past five years, reflecting a growing shift towards advanced and specialty therapies.

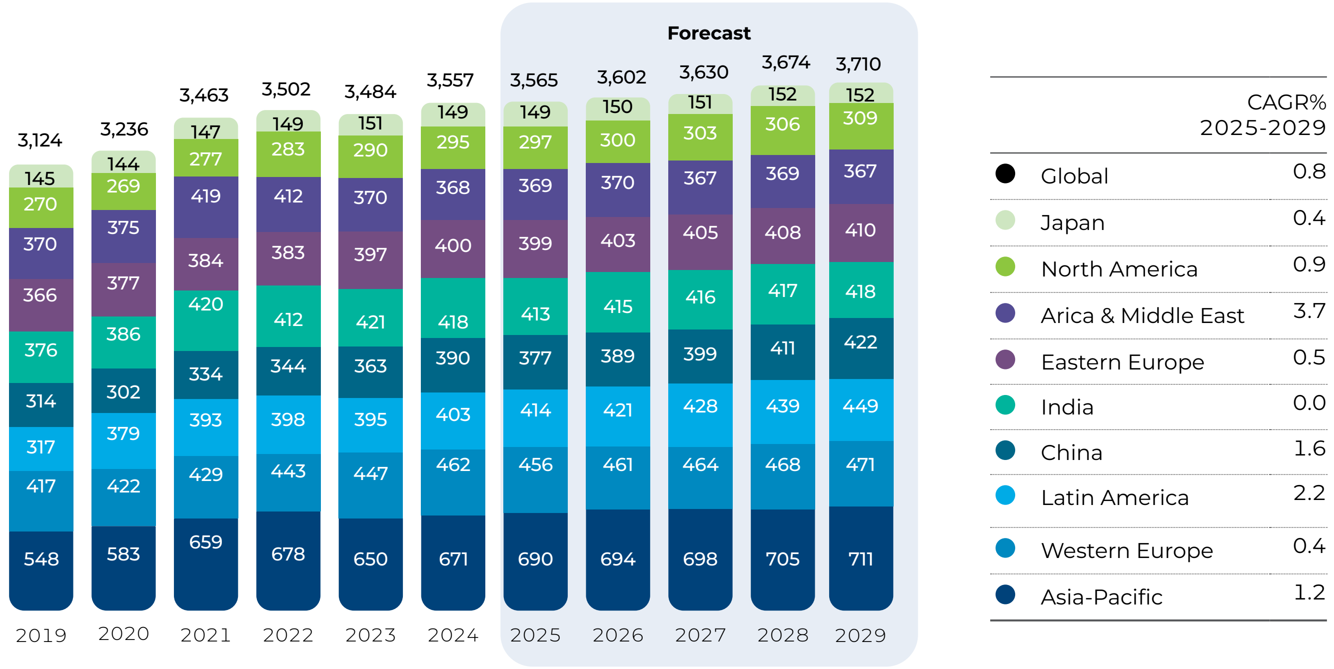
Global medicine volumes have remained broadly stable, growing at approximately 0.8% annually and staying largely flat on a population-adjusted basis. Developed markets have higher per capita consumption, while Asia and Latin America see faster growth as access and healthcare awareness improve. Affordability and infrastructure constraints continue to limit access in parts of Africa and the Middle East.

Spending growth is increasingly shaped by the product mix, with premium and innovative therapies driving value growth, despite moderate volumes. Developed markets benefit from product launches but face loss of exclusivity and pricing pressures, while emerging markets rely more heavily on generics and cost-effective alternatives.

Generics and biosimilars are improving access and helping contain healthcare expenditure, alongside a shift towards value-based pricing and outcome-focused reimbursement. Digital transformation is also reshaping the value chain, with data analytics, artificial intelligence and real-world evidence supporting drug discovery, clinical development, operational efficiency and patient outcomes.

The industry remains positioned for sustained growth, supported by innovation, broader access to novel therapies and evolving healthcare needs. Balancing affordability with therapeutic advancement will remain critical amid an increasingly complex healthcare environment.

Global Pharmaceutical Industry Growth: 2019-2029 (Defined Daily Doses in Billions)



Global Pharmaceutical Market (USD Billion)

Region	2024	2020-2024 CAGR	2029	2025-2029 CAGR
Developed Markets	1,421.5	8.2%	1,945-1,975	5.5-8.5%
Pharmerging Markets	312.2	6.0%	375-405	3.5-6.5%
Other Markets	16.1	1.0%	18-22	2-5%
Global Pharmaceutical Market	1,749.8	7.7%	2,355-2,385	5-8%

Global Pharmaceutical Market: Share by Product Type

Region	Original Brands (%)		Non-original Brands (%)		Unbranded Generics (%)		OTC, Vaccines & Others (%)		Total (USD Billion)	
	2024	2029	2024	2029	2024	2029	2024	2029	2024	2029
Developed Markets	1,091.6	1,555-1,585	120.6	135-165	124.6	120-150	84.7	95-115	1,421.5	1,945-1,975
Pharmerging Markets	88.4	115-135	106.3	120-140	41.1	40-60	76.5	80-100	312.2	375-405
Other Markets	4.4	3-7	8.4	8-12	0.8	0.7-1.1	2.6	2.5-3.5	16.1	18-22
Global Markets	1,184.3	1,685-1,715	235.3	270-300	166.5	170-200	163.7	180-210	1,749.8	2,355-2,385

Developed Markets

Medicine spending in developed markets is expected to reach USD 1,945 to USD 1,975 billion by 2029, driven by new and innovative treatments, even as generics and biosimilars increase competition. Immunology drugs see steady use, with nearly half facing biosimilar competition that is boosting access. Over time, spending is set to rise further, supported by medicines from established brands and new products.

Developed Markets: Pharmaceutical Spending and Growth

(USD Billion)

Region	2024	2020-2024 CAGR	2029	2025-2029 CAGR
Top 10 Developed Markets	1,194.5	8.2%	1,635-1665	5-8%
Other Developed Markets	227.0	7.8%	295-325	5.5-8.5%
Total Developed Markets	1,421.5	8.2%	1,945-1,975	5.5-8.5%

Growth by Region

The global pharmaceutical market is expanding across all major regions, with spending projected to grow 5%–8% annually through 2029. Growth is primarily driven by an aging global population, increased access to complex biologics in pharmerging regions, and a surge in high-value therapies for oncology and obesity.

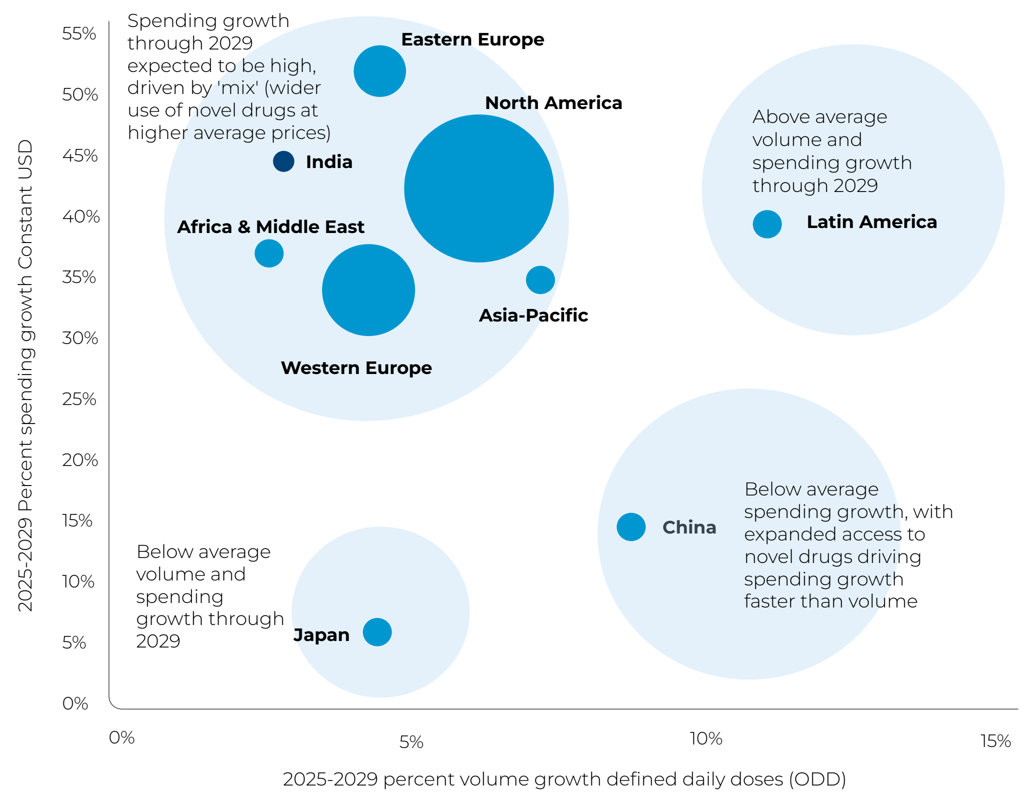
North America, holding a dominant 48% of global market value as of 2024, is led by the US, where robust biopharma investments fuel demand for biologics and rare disease treatments. While the Inflation Reduction Act (IRA) introduces pricing pressures, the region remains the primary hub for innovation, with hospital pharmacies leading and online channels expanding chronic care delivery.

In Europe, steady growth is supported by standardised regulations and increased funding for specialty care. Germany, France, and the UK lead, driven by high demand for specialty treatments and a rapidly maturing biosimilars market, which is increasingly used to balance healthcare sustainability with innovation.

Asia Pacific remains a critical growth engine, led by China, India, and Japan. China, the world's second-largest market, is projected to see spending reach USD 205-235 billion by 2029, as the National Reimbursement Drug List (NRDL) continues to broaden access to novel drugs. Japan's market remains stable, focused on elderly care and metabolic treatments amidst ongoing price revisions.

In Latin America, the Middle East, and Africa, growth is fuelled by healthcare reforms and local production. These regions are expanding through strategic biopharma investments and rising demand for both chronic and infectious disease treatments in underserved populations.

Spending and Volume Growth by Region



Megatrends for the Pharmaceuticals Industry (Global)

Precision Medicine & Biologics Dominance	AI-Driven Drug Discovery & Development	GLP-1 & Metabolic Medicine Revolution
Biologics, gene therapies, and targeted small molecules are redefining treatment across oncology, rare diseases, and immunology, with personalised medicine approaches rapidly displacing traditional one-size-fits-all therapeutic models.	Artificial intelligence is compressing drug discovery timelines, improving clinical trial design, and enhancing patient targeting fundamentally transforming how medicines are identified, developed, and brought to market.	GLP-1 receptor agonists have emerged as one of the most transformative drug classes in decades, reshaping treatment paradigms for obesity and diabetes, with the global obesity medicines market reaching USD 66 billion in 2025.

US Food and Drug Administration Approvals

In 2025, the US FDA's Center for Drug Evaluation and Research (CDER) approved 46 novel drugs and Center for Biologics Evaluation and Research (CBER) cleared 12, a notable increase from the 50 approved in 2024. This cohort was characterised by a surge in precision medicine, particularly in oncology and rare diseases, alongside innovative 'firsts' such as new oral antibiotic classes and advanced mRNA-based therapies. For 2026, approvals are projected to remain robust, with over 60 novel agents under priority review.

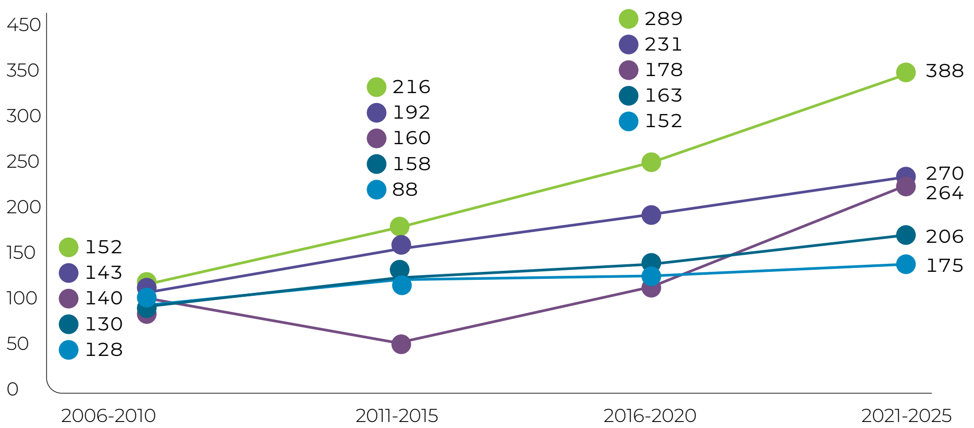
The ten-year period from 2015 to 2024 saw the FDA approve 184 drugs for India's top 20 drugmakers, reinforced by 38 post-approval acquisitions that expanded major pipelines. The US continues to serve as the primary global launchpad; 42% of US-launched Novel Active Substances (NAS) over the last five years are still pending in major European markets, highlighting a widening global access gap. In contrast, only 6% of drugs first launched in Europe have not yet been introduced to the US market.

Regulatory evolution, including the implementation of the Inflation Reduction Act (IRA) pricing frameworks and new CAR-T safety standards, continues to reshape the landscape for both innovation and long-term affordability across global economies.

58

Novel drugs were approved by the FDA in 2025, with 60 approvals expected in 2026

Novel Active Substances Launched Globally and in Selected Countries, 2006–2025



Total launched 2006-2025	
Global	1,045
U.S.	836
China	644
EI4 + I-JK	672
Japan	626

Source: IQVIA Institute, Feb 2026.

Notes: Novel active substance (NAS) is defined as a medicine with at least one novel ingredient and is noted in the year it launches for the first time in the relevant geography. Fixed-dose combinations are NAS if one of the ingredients is novel, but would not be considered NAS if both are previously available alone or in other combinations. Emergency use authorisations (EUA) are counted as NAS in the year the medicine became available to patients and no exclusion is applied for approval type. COVID-19 vaccines are counted as NAS based on which of the 8 subtypes of vaccine technology was used to create them. Launch of NAS in each geography are counted independently, meaning the totals for each geography include different products, and the global is a representation of distinct first global launches.

Report: Global R&D Trends 2026: Advancing Innovation in a Changing Landscape. IQVIA Institute for Human Data Science, March 2026.

Drug Launch Pipeline

The global drug development pipeline has reached unprecedented levels, with over 23,000 active R&D programmes underway. The pipeline remains heavily weighted towards early-stage innovation, with approximately 18% in Phase 1, 16% in Phase 2, and 7% in Phase 3. Oncology and immunology continue to dominate therapeutic focus, now joined by a surge in metabolic health (specifically obesity). There are 72 New Active Substances (NAS) in late-stage development, with the top 20 pharmaceutical companies holding nearly 22% of these high-potential commercial assets.

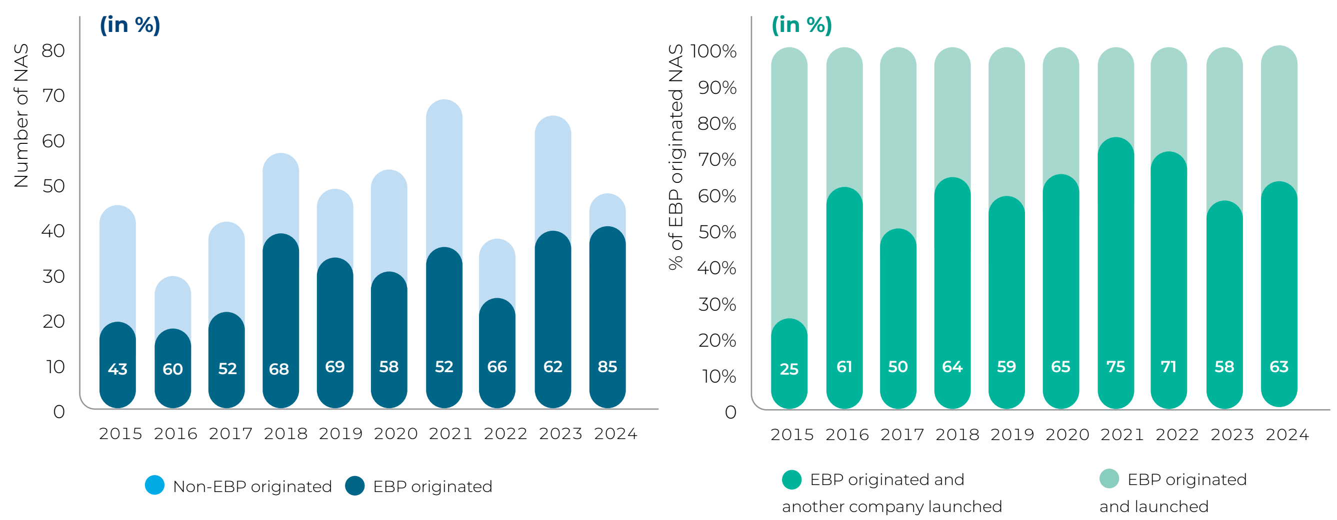
A defining shift in the industry is the rise of Emerging Biopharma (EBP) companies as the primary engines of innovation. In 2025, EBPs originated 85% of the 58 NAS launches, with a record 46 of those assets commercialised directly by the originating company rather than out-licensed to larger firms. Over the 2021–2025 period, EBPs accounted for 65% of all global NAS launches, reflecting their growing capability to navigate complex clinical and regulatory pathways independently.

Despite this robust innovation, global access remains uneven. The US continues to be the dominant 'first-launch' market, accounting for 53% of global pharmaceutical value. In contrast, other developed and emerging markets often face lags of 18 to 24 months due to evolving pricing negotiations (such as the Inflation Reduction Act impacts in the US) and diverse reimbursement hurdles. This geographical disparity remains a critical challenge in ensuring that novel therapies reach patients globally in a timely manner.

85%

Of the 53 NAS launched in 2025 originated from emerging biopharma (EBP) companies

Companies Originating and Filing FDA Regulatory Submissions for NAS and Percent of Launches by NAS Launch Year, 2015-2024



Source: IQVIA Institute. Jan 2025.

Notes: NAS Launches in the U.S. have been segmented by the originator, which is based on the company that filed the first patent. The segmentation laid out in Exhibit 2 is applied based on the revenue or R&D spend at the time of the patent filing. Launch company segmentation has been assessed by the FDA filing company, further verified by the status of that company in relation to acquisitions by other companies as the filing company does not often change retroactively to reflect new ownership.

Report: Global Trends in R&D 2025: Progress in Recapturing Momentum in Biopharma Innovation. IQVIA Institute for Human Data Science, March 2025.

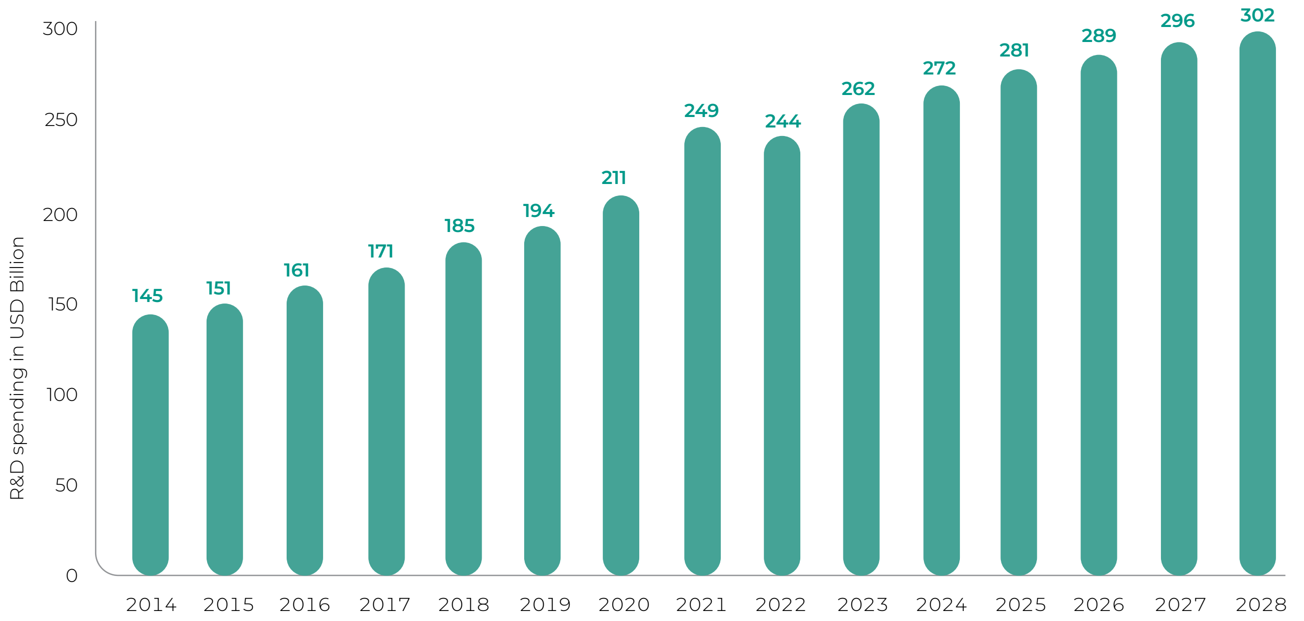
Pharmaceutical R&D

Pharmaceutical R&D maintained its strategic centrality through 2025, with investment and dealmaking increasingly concentrated in high-value science, emerging biopharma, and AI-driven activity. While R&D funding in 2025 moderated slightly from the 10-year high of USD 102 billion recorded in 2024, it remained well above pre-pandemic levels, sustaining the multi-year rebound that has underpinned robust pipeline growth. Strategic partnerships within the biopharma sector intensified, highlighted by record-breaking deal volume between Chinese and international firms, where alliance funding reached USD 48.5 billion in 2025. This trend underscores a fundamental shift towards globalised innovation, where cross-border scientific integration is now a primary driver of R&D success.

The global pipeline continued to expand beyond a record 23,000 active programmes, anchored by oncology, obesity, immunology, and rare diseases as the dominant areas of clinical investment. Based on the current late-stage pipeline and historic success rates, an average of 70–80 NAS are projected to be launched annually over the next five years. However, clinical trial starts recorded a modest decline across most therapeutic areas in 2025, reflecting a softening in global Phase I activity. Furthermore, end-to-end development timelines increased with inter-trial intervals rising by three months reversing efficiency gains seen in prior years and underscoring the persistent productivity challenge plaguing the sector.

Artificial intelligence has emerged as a structurally important enabler across the R&D continuum. AI capabilities are accelerating across discovery research, clinical planning, portfolio decision-making, and regulatory submissions, with AI-driven programmes demonstrating measurably improved success rates in 2025. The industry's increasing integration of AI alongside real-world evidence, adaptive trial designs, and strategic outsourcing reflects a broader commitment to compressing development timelines, improving attrition rates, and managing the rising cost of bringing novel therapies to market.

Total Global Spending on Pharmaceutical Research and Development from 2014 to 2028



Source: Statista

Indian Pharmaceutical Industry

India's pharmaceutical sector continued to strengthen its standing as the world's foremost supplier of affordable medicines through 2025, reinforcing its identity as the 'Pharmacy of the World.' India ranks third in terms of volume, meeting approximately 20% of global generics demand, with pharmaceutical exports to 191 countries in 2024, over 50% of which are directed to highly regulated markets such as the US and Europe. The sector is supported by over 3,000 companies and 10,500 manufacturing units, with an annual turnover of INR 4.72 lakh crore in 2024, and a USD 55 billion domestic market projected to reach USD 130 billion by 2030.

Affordable healthcare is becoming an expanding national reality through targeted government intervention. Under the Pradhan Mantri Bhartiya Janaushadhi Pariyojana (PMBJP), a total of 17,610 Jan Aushadhi Kendras have been set up across the country, with 2,202 centres opened in 2025 alone. Up to November 2025, sales of INR 1,409.32 crore generated estimated savings of approximately INR 5,637 crore for citizens.

The Production Linked Incentive (PLI) scheme continues to serve as a transformative lever for domestic manufacturing. The PLI scheme for pharmaceuticals generated cumulative sales of more than INR 20 lakh crore, including INR 19 lakh crore in exports since inception through September 2025, with actual investments of INR 40,294 crore significantly exceeding the targeted outlay of INR 17,275 crore. The Union Budget 2025–26 allocated INR 5,268 crore for the Department of Pharmaceuticals, a 28.8% increase over previous estimates alongside INR 1,400 crore for mega bulk drug parks and INR 1,460 crore for medical device parks. Complementing these efforts, the Union Budget 2026-27 introduced the Biopharma SHAKTI initiative, positioning India as a future global biopharmaceutical manufacturing hub. Foreign investment flows into drugs and pharmaceuticals reached INR 13,193 crore in 2025 up to September, reflecting sustained international confidence in India's manufacturing base and regulatory framework.

India is globally recognised as the 'Pharmacy of the World', a distinction firmly reinforced through 2025. The country remains the largest global supplier of generic medicines, accounting for 20% of the world's generic drug supply by volume, with exports reaching over 200 countries and 55–60% of UNICEF's vaccine requirements met by Indian manufacturers.

As highlighted in the Economic Survey 2025–26, the industry is actively transitioning from a volume-driven model toward a value-driven approach, with growing emphasis on complex generics, biosimilars, CDMO services, and innovation-led growth supported by India's position as the country with the largest number of USFDA-compliant manufacturing facilities outside the United States. The sector has attracted cumulative FDI inflows of INR 2,10,940 crore from April 2000 to June 2025, with 100% automatic FDI permitted in greenfield ventures and up to 74% in brownfield projects, ranking the sector among India's top 10 most attractive for foreign investment. With the Biopharma SHAKTI initiative, expanding trade agreements, and a deepening biosimilars and API pipeline, India is well-positioned to advance its global pharmaceutical leadership in the years ahead.

Snapshot of Government Policies

Policies

Production Linked Incentive Scheme for Bulk Drugs (PLI 1.0)

Incentives	Eligibility	Scheme Tenure	Progress Update
Fermentation Products • 2022-26: **20%** • 2026-27: **15%** • 2027-28: **54** **Chemically Synthesised Products** • 2021-27: **10%**	Support under the scheme shall be provided only to manufacturers of critical KSMs/DIs and APIs registered in India subject to committed investment and minimum annual production capacity	Tenure of the Production Linked Incentive Scheme is 2020-21 to 2029-30. Base year of the scheme is 2019-20.	• As of March 2026, 38 projects have been commissioned and are operational. • Total realised investment has reached INR 4,814 crore, surpassing the initial commitment of INR 4,330 crore. • Domestic capacity for 28 critical molecules has been established, significantly reducing import dependence for high-volume APIs.

Production Linked Incentive Scheme for Pharmaceuticals (PLI 2.0)

Incentives	Base Year	Scheme Tenure	Progress Update
The total financial outlay is INR 150,000 million allocated among 3 applicant groups based on revenue • Group A **INR 110,000 million** • Group B **INR 22,500 million** • Group C **INR 17,500 million**	Financial Year 2019-20	Financial Year 2020-21 to Financial Year 2018-29.	• Cumulative production by participants has crossed INR 7.5 lakh crore as of early 2026. • The current incentive rate for Category 1 & 2 products has moved to 8% for the April 2026–March 2027 cycle. • The scheme has successfully driven a surge in Biosimilars and mRNA technology investments within the private sector.

Bulk Drugs Park Scheme

Proposer	Incentives	Scheme Tenure	Progress Update
The proposer shall be a state government who can make only one proposal of Bulk Drug Park under the Scheme having a minimum area of 1,000 acres. For north eastern and hilly states the minimum area is 700 acres.	INR 3,000 crore for providing financial assistance for construction of Common Infrastructure Facilities in 3 Bulk Drug Parks with a maximum limit of INR 1,000 crore.	The scheme shall be operational during the period 2020-21 to 2024-25.	• Gujarat Park: Solvent recovery systems and steam generation units are currently in the testing/ commissioning phase. • Andhra Pradesh Park: Secured final environmental clearances in January 2026 for expanded industrial zones. • Himachal Pradesh Park: Civil work for basic utilities (power sub-stations and water supply) is 85% complete.

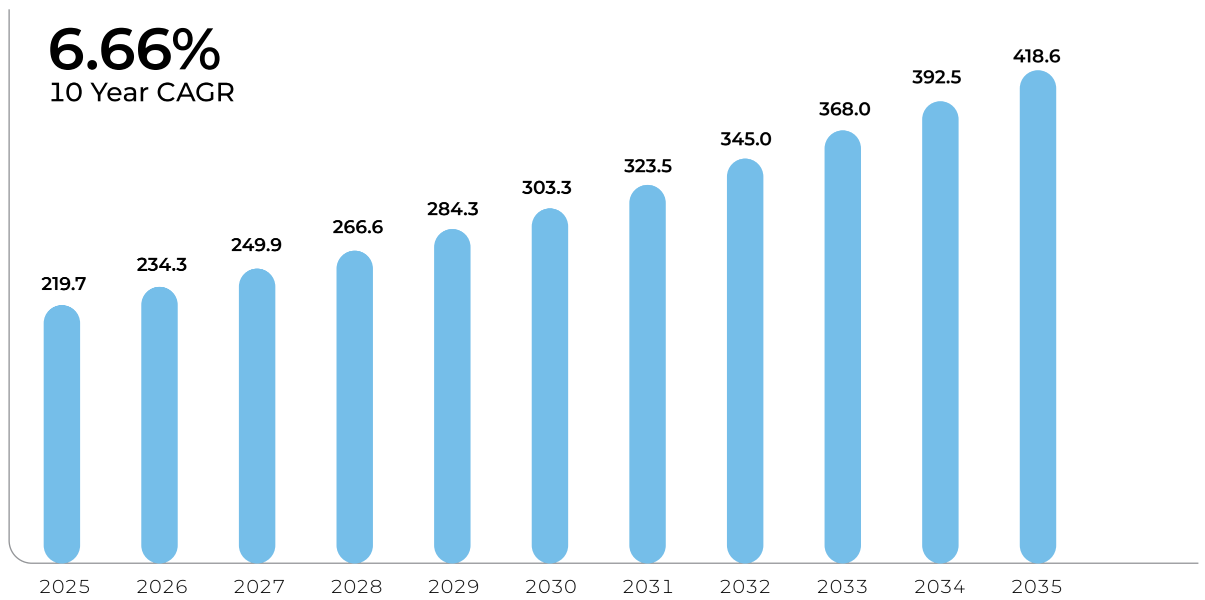
Global Active Pharmaceutical Ingredients (API) Industry

The global active pharmaceutical ingredients (APIs) market is forecast to record a CAGR of 6.66%, from USD 219.7 billion in 2025 to USD 418.64 billion by 2035, over the projection period from 2026 to 2035. The Global Active Pharmaceutical Ingredient (API) market is expanding at a robust pace, with North America alone valued at USD 115.81 billion in 2025, representing 47.22% of the worldwide market, growing to USD 122.74 billion in 2026, at a an average of 7.26% through 2034. This growth is driven by a rising demand for biopharmaceuticals, a strong surge in demand for cost-effective generic drugs, and technological advancements in API production. Increasing incidence of chronic diseases, rising adoption of biological drugs, and expanding government initiatives for innovative drug development continue to underpin the market momentum globally.

Regionally, North America dominated the global API market in 2025, accounting for 47.22% of the market at USD 115.81 billion, driven by the rapid adoption of biological APIs and growing chronic disease burden. Europe represented 23.15% of the global market at USD 56.78 billion in 2025, supported by expanding R&D programmes across pharmaceutical and biopharmaceutical companies. Asia Pacific contributed 21.75% at USD 53.35 billion in 2025 and is projected to outpace North America and Europe, registering the highest CAGR through the forecast period, driven by lower labour costs, raw material availability, and favourable regulatory policies in China and India. Latin America continues to offer significant opportunities for API manufacturers, supported by rising generic drug adoption, increasing healthcare expenditure, and initiatives to strengthen regional pharmaceutical manufacturing. Non-regulated markets across Africa, the Middle East and parts of Asia remain attractive growth avenues, driven by expanding healthcare access, growing drug consumption, and continued reliance on imported APIs.

Growth by Market Segment

Active Pharmaceutical Ingredients Market Size 2025-2035 (USD Billion)



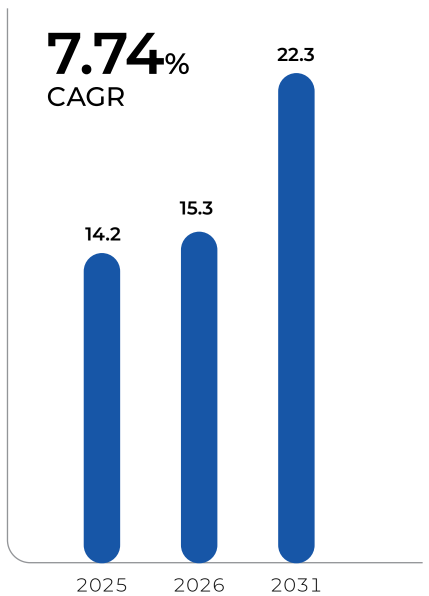
Source: https://www.towardshealthcare.com/insights/active-pharmaceutical-ingredients-market-size

Indian Active Pharmaceutical Ingredients (API) Industry

India's Active Pharmaceutical Ingredient (API) market continued its strong upward trajectory through 2025. The India API market is projected to grow from USD 14.77 billion in 2025 to USD 22.02 billion by 2030, at a CAGR of 8.31%, driven by the government's Production Linked Incentive scheme encouraging local manufacturing of critical APIs and Key Starting Materials, and India's push for self-sufficiency, particularly in antibiotics and cardiovascular drug segments. Synthetic chemistry anchors 72.80% of 2025 revenue, while biotech APIs logging a 9.18% CAGR are capturing incremental value as monoclonal antibodies, recombinant hormones, and mRNA vectors advance through late-stage development. Low- and medium-potency molecules accounted for 85.90% of the Indian API market in 2025, while high-potency APIs are expected to expand of 8.79% every year through 2031, reflecting the rising demand from oncology and complex therapy pipelines. India's cost-competitiveness, regulatory track record, and strategic positioning as a trusted alternative to China continue to attract global pharmaceutical companies seeking to diversify their API sourcing.

Active Pharmaceutical Ingredients Market Size 2025-2035

Market Size in USD Billion



Source: Mordor Intelligence

Megatrends for the API Industry (Global)

Rise of Biologics & High-Potency APIs	Supply Chain Localisation & China+1 Strategy	AI & Advanced Manufacturing Technologies
The rapid ascent of biologics, biosimilars, and high-potency APIs is displacing traditional small-molecule manufacturing as the primary growth frontier. Oncology, immunology, and rare disease pipelines are driving unprecedented demand for complex, precision-engineered active ingredients, with novel modalities such as antibody-drug conjugates, peptides, and oligonucleotides increasingly shaping the next generation of API development.	Geopolitical tensions and pandemic-era vulnerabilities have accelerated a fundamental restructuring of global API sourcing. Governments across India, Europe, and the United States are actively incentivising domestic production through PLI schemes, bulk drug parks, and reshoring subsidies, while global pharmaceutical companies are diversifying manufacturing footprints away from single-source dependency, creating significant opportunities for Indian and Southeast Asian API producers.	Artificial intelligence, continuous manufacturing, green chemistry, and process automation are collectively transforming the economics and operating models of API production. These technologies are compressing development timelines, improving yield efficiency, reducing environmental impact, and enabling more agile, cost-effective production at commercial scale, positioning early adopters to capture a meaningful competitive advantage in an increasingly innovation-driven API marketplace.

Megatrends for the API Industry (Indian)

API Self-Reliance & Import Substitution	Shift from Formulation-Led to API-Led Export Growth	Schedule M GMP Upgradation & Quality Compliance Drive
The rapid ascent of biologics, biosimilars, and high-potency APIs is displacing traditional small-molecule manufacturing as the primary growth frontier. Oncology, immunology, and rare disease pipelines are driving unprecedented demand for complex, precision-engineered active ingredients, with novel modalities such as antibody-drug conjugates, peptides, and oligonucleotides increasingly shaping the next generation of API development.	Historically, India's pharmaceutical export story was driven by finished formulations. The year 2025 witnessed a structural shift, with bulk drugs and drug intermediates accounting for 16.08% of India's total pharmaceutical exports, growing steadily alongside formulations. Indian companies are increasingly filing Drug Master Files with the USFDA for API molecules, building direct supply relationships with global innovators and generic manufacturers, and positioning India as a primary source, rather than a secondary supplier, in regulated API markets across the US and Europe.	The government's revised Schedule M GMP deadline for MSMEs extended to December 2025 is driving a nationwide quality compliance transformation across India's fragmented API manufacturing base. This is accelerating consolidation among smaller players unable to meet upgraded standards, while larger manufacturers are investing in continuous manufacturing, advanced quality control systems, and digital compliance mechanisms. This quality upgrade cycle, though challenging for smaller units, is fundamentally strengthening India's credibility as a globally trusted, regulation-compliant API supplier a critical competitive advantage as regulated market buyers tighten supplier qualification standards.

Global Contract Development and Manufacturing Organisation (CDMO) Industry

The Global Contract Development and Manufacturing Organisation (CDMO) market demonstrated strong momentum through 2025, driven by rising pharmaceutical outsourcing, increasingly complex biologics pipelines, and the growing need for specialised manufacturing capabilities. The global pharmaceutical CRO and CDMO market was valued at USD 254.65 billion in 2025 and is projected to grow from USD 277.16 billion in 2026 to USD 594.07 billion by 2035, registering a CAGR of 8.84% during the forecast period. As pharmaceutical companies continue to prioritise innovation over in-house manufacturing, CDMOs have emerged as indispensable strategic partners offering end-to-end capabilities spanning drug discovery, clinical development, and large-scale commercial production.

The biologics segment remains the most dynamic growth driver within the CDMO landscape. The global biologics CDMO market was valued at USD 25.32 billion in 2025, projected to record a CAGR of 7.14% through 2031, with fill-finish and packaging services accounting for 34.96% of market share and analytical and QC services expected to expand a 12.24% a year, reflecting the growing complexity and regulatory scrutiny associated with biologic drug manufacturing. North America controlled 34.12% of the biologics CDMO market in 2025, while Asia Pacific is set to grow fastest at a CAGR of 10.48% through 2031, underpinned by cost-competitive manufacturing hubs in India and South Korea and rapidly expanding biosimilars capacity. Both pharmaceutical and biotechnology firms are large innovators and emerging biopharmas. They are increasingly leveraging CDMO partnerships to reduce capital expenditure, accelerate time-to-market, and gain manufacturing flexibility across an evolving and diversified therapy pipeline.

7.14%

Expected CAGR through 2031

Asia Pacific

Fastest Growing Market

Growth by Region

The US pharmaceutical CDMO market was valued at USD 39.13 billion in 2025, growing to USD 41.65 billion in 2026, and is projected to reach USD 72.98 billion by 2035 at a CAGR of 6.43% driven by rising R&D outsourcing, strategic mergers and acquisitions, and increasing demand for biologics and oncology therapies. North America retained its leadership position in the global CDMO market, commanding 37.95% of global market share in 2025, anchored by high-value biologics, gene therapy manufacturing, and a robust regulatory and innovation ecosystem.

Asia Pacific recorded the highest CAGR of 7.18%, driven by cost-competitive manufacturing capacity additions in India, China, and South Korea, with the region increasingly attracting complex biologics and sterile injectable manufacturing contracts from global pharmaceutical sponsors.
The US BIOSECURE Act and broader China+1 supply chain diversification strategies are accelerating this reorientation, with India and South Korea emerging as primary beneficiaries of global CDMO capacity realignment. Meanwhile, Europe remains focused on quality compliance and strategic reshoring, with key investments from players including Lonza and Fujifilm reinforcing the region's biologics manufacturing infrastructure.

Indian Contract Development and Manufacturing Organisation (CDMO) Industry

India's CDMO industry continued its rapid expansion through 2025, cementing its position as one of the world's most strategically important pharmaceutical outsourcing destinations. The Indian CDMO market was valued at USD 8.52 billion in 2025 and is projected to reach USD 16.53 billion by 2034, averaging a growth rate of 7.39%, driven by increasing pharmaceutical outsourcing, cost-competitive manufacturing, and strong regulatory compliance credentials across global markets. India's pharma exports neared USD 30 billion through 2025, with CDMOs and Global Capability Centres identified as the primary drivers of the next phase of innovation-led growth.

Contract manufacturing services dominated the Indian CDMO market with a 53.8% share in 2025, driven by established API production capabilities and rising global demand for finished dosage forms and biologics outsourcing, with oncology accounting for 33.2% of the market share. The government's PLI scheme, the newly announced Biopharma SHAKTI initiative, and the INR 1 lakh crore Research, Development and Innovation scheme approved in 2025 are collectively accelerating investments in biologics, high-potency APIs, antibody-drug conjugates, and advanced manufacturing technologies.

Megatrends for the CDMO Industry (Indian)

Biologics & Advanced Therapy Manufacturing	China+1 Strategy & Geopolitical Tailwinds	Government Policy & Innovation Infrastructure
India's CDMO sector is undergoing a decisive shift from small-molecule generics towards high-value biologics, biosimilars, antibody-drug conjugates, and cell and gene therapies. Companies such as Biocon Biologics, Shilpa Medicare, and Zydus Lifesciences are rapidly expanding biomanufacturing capacity, with ADCs recording a CAGR of 25% and cell and gene therapies at 45%. This transition is positioning India as a credible end-to-end biologics partner for global pharmaceutical companies, beyond its traditional identity as a low-cost generics manufacturer.	The sustained implementation of the China+1 supply chain diversification strategy continues to be the single most significant structural tailwind for India's CDMO sector in 2025. Geopolitical tensions, the BIOSECURE Act concerns in the US, and post-pandemic supply chain vulnerabilities have prompted global pharmaceutical majors to actively shift API and CDMO contracts towards India. With over 650 USFDA-approved manufacturing facilities, the highest outside the United States. India is uniquely positioned as the most credible, regulation-compliant alternative to China for long-term outsourcing agreements.	Unprecedented policy support is transforming India's CDMO landscape from a cost-play to an innovation-driven ecosystem. The PLI scheme with a INR 15,000 crore outlay, the newly announced Biopharma SHAKTI initiative, the INR 1 lakh crore Research, Development and Innovation scheme, and purpose-built bulk drug parks in Gujarat, Himachal Pradesh, and Andhra Pradesh are collectively de-risking capital deployment and attracting global partnerships. Indian CDMOs are increasingly transitioning from transactional service providers to integrated co-development partners bundling discovery, clinical development, and commercial manufacturing under a single, end-to-end platform.

Hikal: Business Review of the Pharmaceutical Division

The Pharmaceutical division showed a strong operational recovery across 2025-26, successfully transitioning from early-year demand slumps to robust, technology-driven growth in the second half. For the full year, the division recorded a revenue of INR 10,210 million with an EBIT of INR 328 million, yielding an EBIT margin of 3.2%. Following a relatively soft first half, operating performance rebounded sharply in the final quarter, generating INR 2,916 million in revenue and INR 349 million in EBIT, a 12% margin for Q4.

This financial rebound was anchored by higher production throughput and strengthening demand across both generic APIs and CDMO projects. Average capacity utilisation across the main pharmaceutical manufacturing facilities in Panoli and Bangalore rose progressively, reaching 80% to 85% during the year.

To secure sustainable mid-to-long-term growth, Hikal significantly upgraded its technological and regulatory foundation:

Key capital investments made over the prior 12 to 18 months became active. This includes an expanded R&D infrastructure and Kilo lab in Pune (enabling single-location R&D and clinical trial material supplies), a state-of-the-art High-Potency Laboratory, and a new pilot plant at the US FDA-approved Panoli site designed for complex chemistry scaling.

The company shifted focus towards higher-value, differentiated products, accelerating development targets to five-six Drug Master File (DMF) filings annually, compared to its historical pace of 2–3 filings.

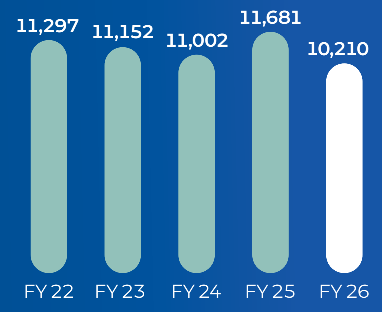
The Hikal management actively broadened its international commercial presence, establishing dedicated leadership and an upcoming office in Brazil, deepening innovator relationships in Japan, and actively pursuing new business streams in South Korea. Key product launches are slated for Japan and Brazil across 2026-27 and 2027-28.

Compliance frameworks saw significant strengthening, with all Corrective and Preventive Action (CAPA) plans regarding US FDA requirements nearing full completion, positioning the business for clear upcoming regulatory engagements.

Pharmaceuticals Performance Trajectory

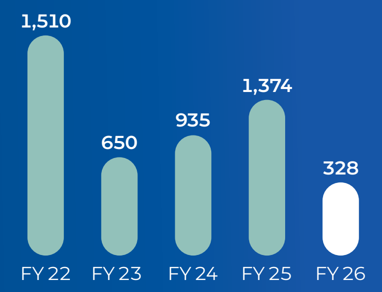
Revenue

(INR in Million)



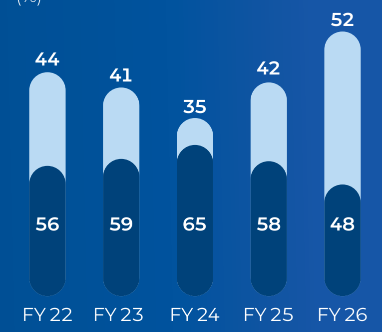
EBIT

(INR in Million)



Revenue Break-up

(%)



API

The API segment showed clear signs of stabilisation and steady demand recovery throughout 2025-26, driven by a return to normal ordering patterns from customers across both regulated and emerging global markets. As industry-wide destocking pressures eased, order volumes picked up, enabling higher plant utilisation rates across Hikal's primary production sites.

To protect margins against raw material volatility and increase long-term competitiveness, Hikal strategically shifted its product portfolio towards specialised, high-margin therapeutic areas. The company deepened its offerings in niche, complex categories, including oncology, central nervous system (CNS), gastroenterology, and antidiabetics.

This transition into complex, high-value chemistries was directly supported by several key infrastructure assets becoming fully operational during the year:

Upgraded laboratories provided the technical bandwidth to handle complex synthetic routes and scale niche molecules.

Located at the US FDA-approved Panoli facility, this pilot plant serves as a bridge between early R&D and commercial production, accelerating the timeline for customer sampling, process optimisation, and scale-up.

Commercial launch preparations were advanced for key API molecules in high-compliance markets, with targeted launches scheduled in Japan and Brazil across 2026-27 and 2027-28.

The API business moved past its normalisation phase, laying a stronger operational foundation to support higher-margin growth in upcoming fiscal years.

CDMO

Our Pharma CDMO segment recorded a notable acceleration in customer engagement throughout 2025-26, driven by global structural tailwinds and internal capability upgrades.

As innovator pharma companies increasingly seek supply chain resilience, cost optimisation, and geographic diversification, Hikal benefited directly from the 'China Plus One' outsourcing trend, which is driving global customers to move business to reliable Indian partners.

This favourable macro environment translated into a healthy surge in Request for Proposal (RFP) activities across different regulated markets. Importantly, several existing customer programs successfully advanced from early-stage development into commercial scale-up phases, providing Hikal with significantly enhanced revenue visibility for the medium to long term.

Key strategic developments and infrastructure milestones in the CDMO business include:

Hikal fully operationalised its state-of-the-art High-Potency Laboratory and expanded R&D center in Pune. The expanded Kilo lab enables Hikal to provide end-to-end CDMO solutions, ranging from initial R&D to the supply of clinical trial materials (CTM), all from a single, centralised location.

The addition of the new pilot plant at the US FDA-approved Panoli facility has strengthened Hikal's ability to handle complex chemistries, rapid process development, and scale-up requests from global innovator clients.

The Company is actively investing in platforms for high-growth, innovation-led therapeutic segments, specifically High-Potency Active Pharmaceutical Ingredients (HPAPIs) and Antibody-Drug Conjugate (ADC) chemistries.

While HPAPI and ADC opportunities represent a 3-to-5-year scale-up trajectory, Hikal has mapped out its next major infrastructure milestone: a planned, dedicated HPAPI manufacturing facility in Pune targeted for commercial readiness over 2027-28.

Case Study

Accelerating Innovation in Specialty Chemicals: Taloja Kilo Lab

The commissioning of the Taloja Kilo Lab marks a significant step in strengthening Hikal's innovation capabilities in crop protection and specialty chemicals. The facility supports the development and scale-up of complex chemistries, bridging laboratory research and commercial manufacturing.

By enabling faster process development and scale-up, the Kilo Lab enhances our ability to serve global innovators seeking technically capable CDMO partners. It also strengthens Hikal's position across crop protection and specialty chemicals, expands access to innovation-driven customers, and establishes a scalable platform for future commercialisation and high-value growth.

Value Created

- Expanded capabilities in complex process development and scale-up
- Strengthened position as a preferred CDMO partner
- Enhanced access to high-growth specialty chemical markets
- Established a scalable platform for future commercial manufacturing

Global Animal Health Industry

The global animal health market sustained strong momentum through 2025, driven by rising healthcare expenditure for both companion and production animals, increasing focus on disease prevention, parasite control, and animal productivity, and accelerating technological adoption and innovation across veterinary care. The global animal health market was valued at USD 40.1 billion in 2025 and is projected to reach USD 51.6 billion by 2034, growing at a CAGR of 2.73%. North America retained its leadership position with a dominant market share of 44.9% in 2025, underpinned by high pet ownership rates, strong regulatory frameworks, and significant R&D investment by leading pharmaceutical companies.

Pharmaceuticals dominate the product type at 57.0% in 2025, spanning parasiticides, anti-infectives, and chronic-disease therapies. Biologicals (21.6%) command premium pricing across vaccines and monoclonal antibodies in fast-growing prevention programmes. Governments implemented stricter regulations and expanded disease surveillance programs to monitor and prevent zoonotic disease transmission, while the livestock sector strengthened biosecurity protocols to prevent outbreaks and safeguard food safety standards. Advances in veterinary diagnostics are enabling early detection and rapid response to emerging zoonotic threats, while pharmaceutical companies continue to develop novel therapeutics and biologics for more effective disease management. Digital transformation spanning AI-driven diagnostics, disease monitoring platforms, and real-time data sharing continued to redefine care standards, while a collaborative One Health approach between veterinary and human healthcare sectors advanced more integrated and effective disease management globally.

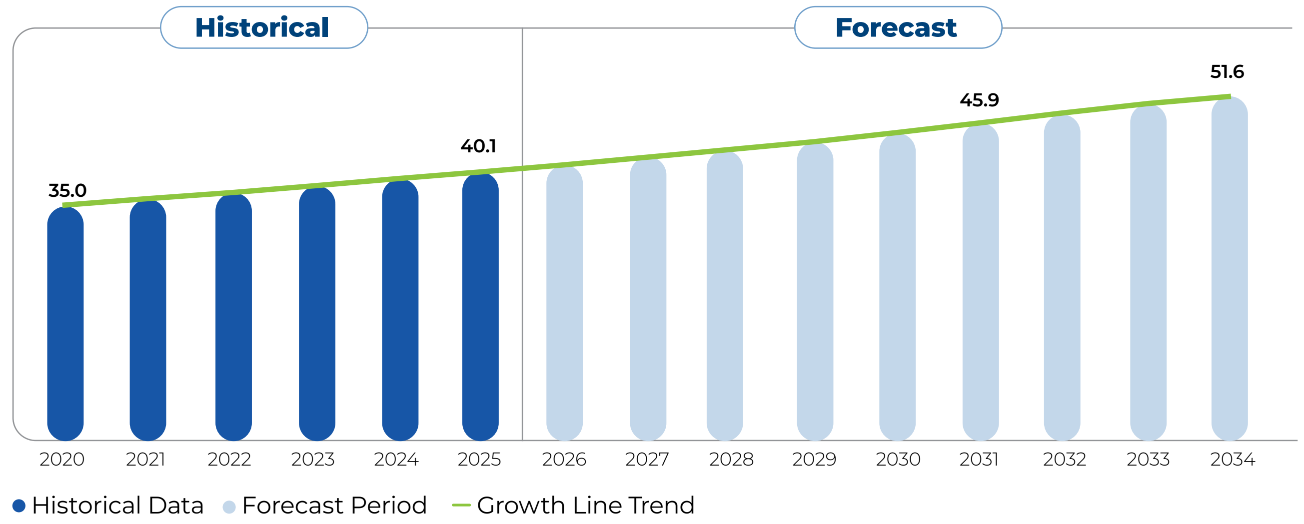
Growth by Regional Market Segment

North America retained its leadership position through 2025, holding a dominant market share of 44.9% in 2025, driven by a growing number of pet parents seeking high-quality veterinary care, heightened awareness of zoonotic diseases, and strong government programmes supporting food safety and disease control. The US continued to anchor the region, supported by robust regulatory frameworks, widespread adoption of advanced veterinary technologies, and significant investment by leading pharmaceutical companies in research and development.

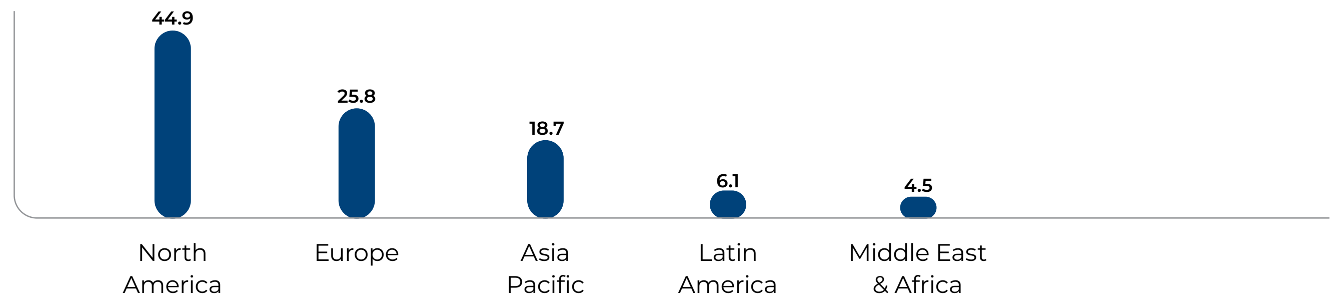
Rising meat and dairy consumption across Southeast Asia and Sub-Saharan Africa is driving biosecurity upgrades, creating demand for vaccines, parasiticides, and feed additives where multinationals have limited penetration.

Latin America, West Asia and Africa are recording steady growth, supported by expanding livestock sectors, rising awareness of zoonotic diseases, and increasing government investments in veterinary care and health products. Demand for livestock products and disease control measures remains a key growth driver across both regions, with healthcare reforms and improved access to veterinary services gradually strengthening market foundations.

Animal Health Market 2020-2034
(USD Billion)



Animal Health Market: Regional Share Distribution (2025)
(USD Billion)



Indian Animal Health Industry

The Indian animal health market generated revenue of INR 92.62 billion in 2025 and is projected to reach INR 171.91 billion by 2034 at a CAGR of 7.11%, driven by a significant expansion in therapeutic treatments, evolving regulatory standards, and a rising focus on livestock productivity. The structural core of the market is heavily dominated by the veterinary pharmaceuticals segment, which accounts for approximately 42.55% of total industry revenue. The segment is further classified into parasiticide, anti-infective, anti-inflammatory, analgesic, and others. Commercial production animals represent 71% of this market, structurally anchored by India's position as the world's largest milk producer and third-largest egg producer.

Managing a national cattle herd exceeding 307.5 million head has created a massive, constant requirement for clinical intervention via small-molecule treatments, particularly anti-infectives and parasiticides, to safeguard yields and treat endemic bacterial and parasitic infestations.

On the product and policy front, the clinical urgency to treat food-borne conditions, mastitis, and zoonotic diseases has prioritised the deployment of potent therapeutic agents. Anti-infectives remain the largest product category within animal pharmaceuticals, serving as the front-line response to production-limiting infections in high-density dairy and poultry clusters. Concurrently, the demand for advanced, broad-spectrum parasiticides, covering both ectoparasites and endoparasites is expanding rapidly to combat climate-driven pest infestations that directly threaten bovine weight gain and milk output. This therapeutic momentum is closely aligned with the government's infrastructure initiatives, including the Pashu Aushadhi scheme, which prioritises the streamlined distribution of affordable generic medicines, essential therapeutic compounds, and anti-infectives through PM-Kisan Samriddhi Kendras to optimise livestock health at the grassroots level.

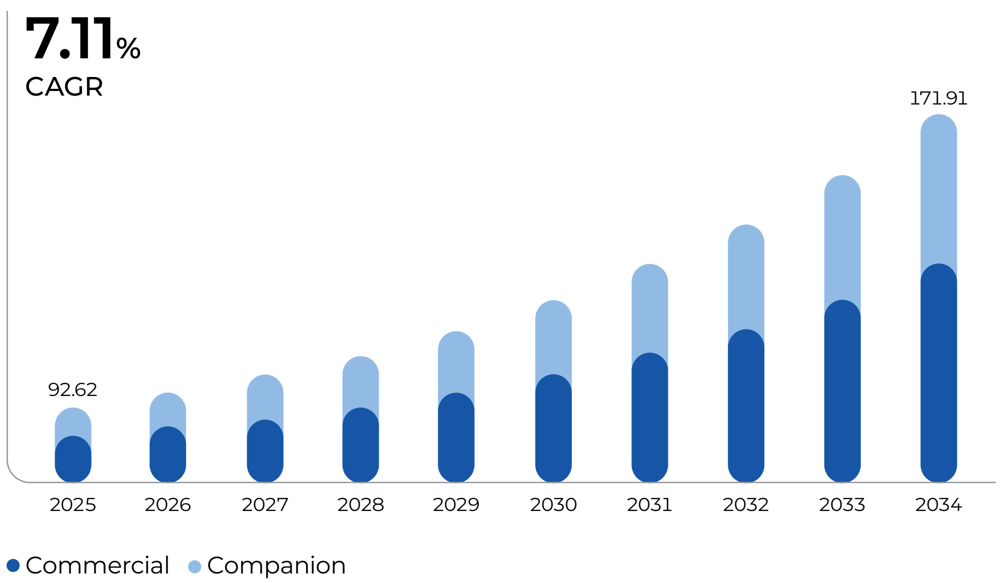
This commercial and clinical shift towards advanced veterinary pharmaceuticals is further amplified by structural changes in urban markets and the companion animal segment. India's pet dog count is projected to reach 51.5 million by 2028, sparking a profound 'pet humanisation' trend that is reshaping veterinary pharmacology. Companion animal owners are increasingly demanding high-end, targeted therapeutics, including specialised oral parasiticides and advanced anti-infectives equivalent to human-grade specifications. This rapidly growing private prescription market, combined with the rising clinical necessity for specialised small-molecule therapies in livestock management, continues to pivot the Indian animal health industry away from generic biologics towards high-value, innovation-driven therapeutic chemistry.

Megatrends for the Animal Health Industry (Indian)

Pet Humanisation & Companion Animal Healthcare Boom	Government-Led Disease Control & Digital Livestock Management	Growing Demand for Parasiticides and Disinfectants
India's companion animal segment is undergoing a structural transformation, driven by rapid urbanisation, rising disposable incomes, and a generational shift towards pet parenting among millennials and Gen Z. Urban pet owners are increasingly treating animals as family members, driving demand for premium diagnostics, speciality nutrition, and advanced therapeutics reshaping what was traditionally a livestock-dominated market into a more diversified, value-driven ecosystem.	India is making unprecedented investments in animal disease control and digital veterinary infrastructure, marking a decisive policy shift from reactive treatment to proactive, technology-enabled prevention. Government-backed programmes are driving large-scale vaccination campaigns, mobile veterinary unit deployment, and digitisation of animal health records enabling real-time disease tracking and strengthening India's preparedness framework in alignment with global One Health standards.	The adoption of parasiticides and disinfectants continues to increase as animal health management and biosecurity practices gain greater importance. These products help control external and internal parasites, support disease prevention efforts, and contribute to improved animal well-being, productivity, and overall cattle health.

India Animal Health Market Forecast

Size, By Animal Type, 2025-2034 (INR Billion)



Hikal: Business Review of the Animal Health Division

The Animal Health business delivered sustained momentum throughout 2025-26, driven by increasing global outsourcing activity and deepening relationships with innovator companies. Global animal health players are actively prioritising supply chain resilience, cost optimisation, and multi-sourcing strategies to reduce their dependence on single geographic locations. This trend has positioned Hikal as a trusted, high-reliability dual-sourcing partner globally.

Key highlights and strategic achievements in the Animal Health division include:

Hikal successfully completed the product validation phase under its major multi-year global multinational contract and transitioned into full commercial production, marking a major milestone for the segment.

Commercial volumes are scaling progressively as Hikal continues to secure customer approvals and product registrations across key regulated markets, including Europe, the US, and Japan. Additional regional approvals are on the cards.

The business received a growing volume of inquiries and RFPs from both large global innovators and emerging, niche biotech companies across API and CDMO opportunities.

Strategically, Hikal is shifting away from commoditised products towards specialised, high-complexity molecules. This segment features lower competitive intensity, stronger customer retention, and higher long-term margin sustainability.

Supported by robust global demand visibility, strong quality compliance, and expanding customer programmes, the Animal Health segment is well-positioned to serve as a key long-term growth driver for the company.

Case Study

Strategic Partner for Complex Animal Health Solutions

Market Context

The global Animal Health (AH) sector is entering a phase of calibrated expansion, shaped by three structural shifts:

Megatrends

Heightened Compliance and Sustainability Mandates	Acceleration in Outsourced Innovation-Led Manufacturing	India Strengthening Its Position in Global Supply Chains
Regulatory frameworks across the US, EU, and emerging markets are becoming more stringent, with a sharper focus on antimicrobial stewardship, environmental impact, and end-to-end traceability, increasing compliance complexity for manufacturers.	Innovator companies are deepening partnerships with specialised CDMOs for complex, low-volume APIs and intermediates, particularly those involving advanced chemistry capabilities, multi-step synthesis, and stringent quality protocols.	India continues to gain strategic relevance as a reliable manufacturing hub, supported by cost competitiveness, technical expertise, and sustained diversification of global supply chains beyond China, especially in the post-pandemic landscape.

Hikal's Differentiated Response

Enhanced Capabilities in Complex Chemistry Platforms

Hikal Limited continues to strengthen its expertise in executing multi-step, complex synthesis with stringent impurity management, enabling it to address the rising demand for high-value, niche animal health APIs.

Global Regulatory Alignment and Compliance Excellence

With sustained investments in quality systems and regulatory infrastructure, Hikal remains well-positioned to cater to highly regulated markets such as the US, EU, and Japan, ensuring consistent compliance with evolving global standards.

Integrated Development and Manufacturing Solutions

Hikal's focus extends beyond manufacturing to include analytical development, process optimisation, and validation capabilities, allowing it to offer end-to-end CDMO solutions aligned with innovator expectations.

Strengthening Supply Chain Resilience through Backward Integration

By expanding in-house production of critical intermediates, Hikal enhances supply reliability, reduces external dependencies, and delivers cost efficiencies key priorities for global customers amid ongoing supply chain realignments.

Commitment to Sustainable and Responsible Manufacturing

The company continues to embed green chemistry principles, focusing on reducing environmental impact through optimised processes, lower solvent consumption, and improved resource efficiency, supporting customer ESG objectives.

Synergies across Business Verticals for Operational Excellence

Hikal leverages cross-functional expertise from its pharmaceuticals and crop protection segments, particularly in advanced chemistry, quality systems, and process innovation, to drive superior performance in its Animal Health business.

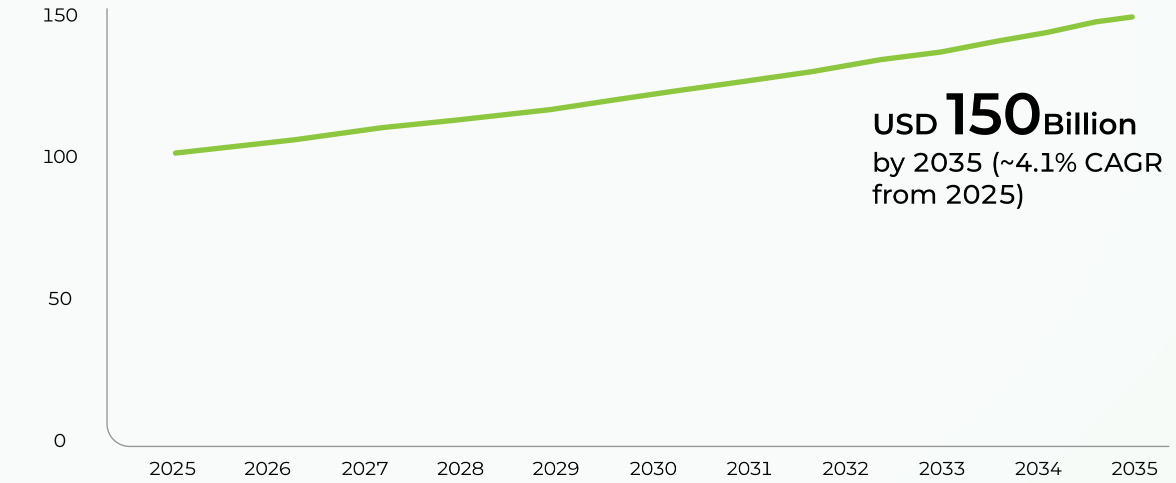
Global Crop Protection Industry

According to industry estimates and company disclosures, the global crop protection chemicals market continued to demonstrate steady growth momentum in 2025-26, supported by resilient agricultural demand and supply chain normalisation. The market is expected to expand at a moderate pace over the medium term, driven by structural factors such as rising food demand and the need to improve farm productivity. North America continues to remain a dominant region, supported by advanced farming practices and high adoption of crop protection technologies. Key drivers of this growth include the increasing global population, projected to approach 9.7 billion by 2050, alongside the pressing need to enhance crop yields from constrained arable land. Challenges such as soil degradation, climate variability, and evolving pest resistance are further accelerating the demand for effective crop protection solutions.

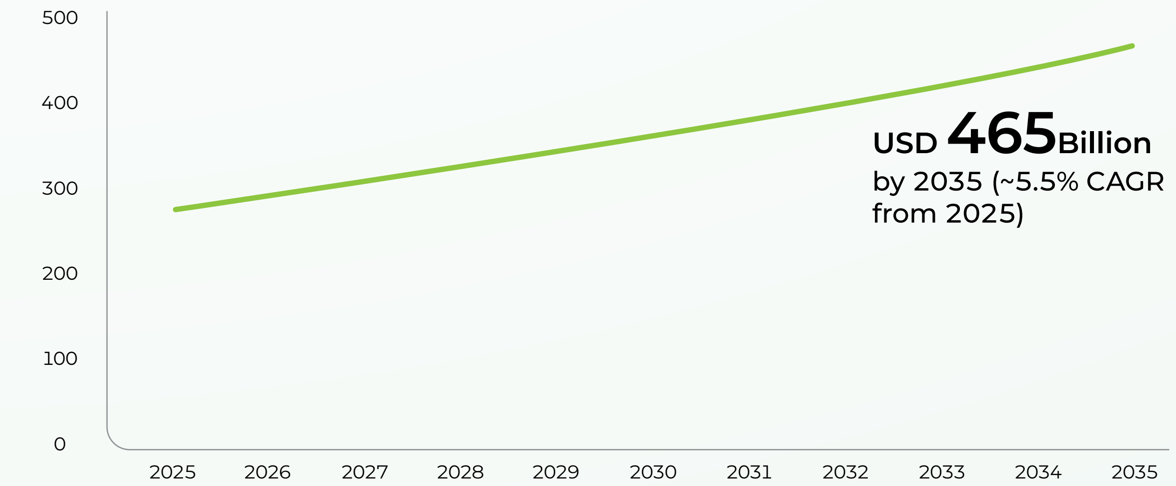
Technological advancements, including precision agriculture, improved formulations, and integrated pest management practices, are supporting industry expansion and efficiency improvements. Increasing policy support, greater farmer awareness, and a gradual shift towards sustainable and bio-based solutions are shaping the long-term trajectory of the sector.

In the United States, strong adoption of advanced agricultural technologies, genetically modified crops, and yield optimisation practices continue to drive demand. Heightened climate variability and pest intensity have reinforced the need for reliable crop protection solutions, supported by ongoing research investments and a progressively evolving regulatory environment.

Crop Protection Chemicals Market Estimate (2025-2035)
(USD Billion)



Agrochemical Market Performance, 2025-2035
(USD Billion)



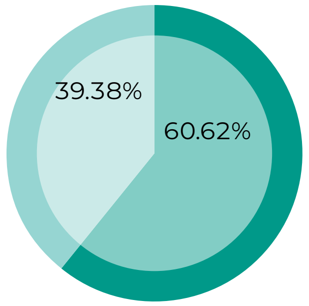
Growth by Product Type

Herbicides continue to dominate the global crop protection market in 2025–26, accounting for 41–43% of total demand. Their strong position is driven by the increasing need for effective weed management, as uncontrolled weeds can reduce crop productivity by nearly 25–30%. Expansion of cultivated land, coupled with the adoption of modern farming practices such as no-till and conservation agriculture, has further strengthened herbicide usage. In addition, the growing prevalence of herbicide-resistant weeds across key agricultural regions is reinforcing the need for advanced and combination herbicide solutions. Their broad-spectrum applicability across crops and geographies continues to make herbicides the preferred choice among farmers.

The herbicide segment is expected to average an annual growth rate of 4.5–5.5% over the medium term, supported by the growing need to enhance farm productivity, reversing weed-related yield losses. Increasing adoption of improved formulations, including selective and low-dosage variants, along with advancements in precision application technologies, is backing this demand further. Rising farmer awareness, coupled with global food security concerns, continues to act as a stimulant for this segment.

Insecticides remain critical for protecting crops from pest infestations, particularly in regions experiencing climate variability and risingpest onslaught. Fungicides play a vital role in managing fungal diseases, especially in high-humidity and intensive farming zones. Molluscicides are used to control snails and slugs in specific crop systems, while nematicides address soil-borne pests that impact root health and crop yields. Collectively, these product categories support integrated pest management practices, enabling improved crop protection, yield stability, and overall agricultural productivity.

Global Crop Protection Chemicals: Market Share, 2026



Growth by Region

North America dominates the global crop protection chemicals market in 2025–26, accounting for 40–42% of the pie. Growth is supported by large-scale mechanised farming, high adoption of advanced crop protection solutions, and a gradual shift towards bio-based products as regulatory scrutiny around chemical usage intensifies. The United States remains the key contributor, with steady growth driven by yield optimisation needs, climate-related pest attacks, and steady investments in agricultural innovation.

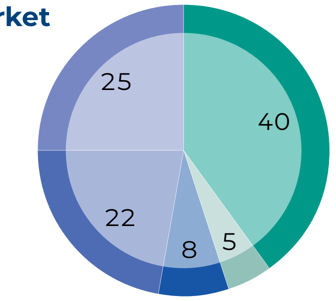
In Europe, the transition towards sustainable agriculture is accelerating, supported by policy initiatives under the EU Green Deal, which targets a significant reduction in chemical pesticide usage by 2030. This is driving increased adoption of biologicals, integrated pest management practices, and environmentally safer formulations across the region.

Asia Pacific remains the fastest-growing market for crop protection products, with a projected CAGR of 3–4%. This growth is driven by expanding agricultural activity in countries such as China and India, rising food security concerns, and continued dependence on crop protection chemicals to enhance productivity. Increasing awareness, government support, and gradual adoption of modern farming practices are further supporting regional demand.

Latin America, led by Brazil and Argentina, sees rapid adoption of precision agriculture technologies, including drones, satellite monitoring, and data-driven application methods. These advancements are helping optimise pesticide usage, improve efficiency, and reduce environmental impact while supporting higher output.

The Middle East and Africa are putting up steady growth, supported by increasing efforts to strengthen food security and agricultural resilience. Countries such as South Africa are adopting specialised crop protection solutions to address challenges of extreme weather conditions, water scarcity, and pest pressures, ensuring more stable and reliable crop production.

Agrochemicals Market Share by Region, 2025-26 (%)



Megatrends for the Crop Protection Industry (Global)

Climate Change Driving Higher Pest and Disease Recurrence

Global warming, erratic rainfall, and extreme weather conditions are leading to more frequent and unpredictable pest and disease outbreaks. These changes are intensifying crop vulnerability and compelling farmers to rely more on crop protection solutions, particularly fungicides and herbicides, to safeguard yields and ensure crop quality.

Increasing Chemical Intensity with Modern Agricultural Practices

The continued expansion of intensive farming practices, including monoculture cultivation and multiple cropping cycles, is driving higher usage of crop protection chemicals per hectare. The growing challenge of resistant pests and herbicide-tolerant weeds is further accelerating demand for effective active ingredients such as glyphosate, cypermethrin, and other advanced formulations.

Shift Toward Sustainable and Bio-Based Crop Protection Solutions

The industry is witnessing a gradual but clear shift towards environmentally sustainable alternatives, including bio-pesticides and low-residue formulations. Regulatory pressures, coupled with increasing consumer awareness and ESG priorities, are encouraging manufacturers and farmers to adopt greener solutions alongside conventional chemicals.

Evolving Pricing Dynamics and Product Differentiation

The crop protection market is experiencing widening price variation across products, driven by differences in efficacy, spectrum, and regulatory compliance costs. Premium, high-efficacy molecules are gaining traction in regions facing severe pest pressures, while cost-effective, widely used chemicals continue to dominate in price-sensitive markets, ensuring broad accessibility.

Technology Integration in Crop Protection Application

Advancements in precision agriculture, including drone-based spraying, satellite monitoring, and data-driven decision-making tools, are transforming how crop protection chemicals are applied. These technologies are improving application efficiency, reducing wastage, and enabling targeted usage, thereby enhancing both economic and environmental outcomes.

Indian Crop Protection Industry

India's crop protection chemicals market maintained demonstrate steady growth in 2025-26, supported by increasing agricultural intensity and evolving farming practices. The market is projected to record a CAGR of 4-5% over the medium term, driven by rising demand for higher crop productivity and improved farm outcomes.

As agricultural practices modernise, Indian farming is progressively adopting advanced and sustainable techniques. A significant share of cultivated land remains focused on oilseeds and commercial crops, creating strong demand for crop protection solutions. Farmers are increasingly adopting precision farming, integrated pest management (IPM), and data-driven approaches, particularly in high-value crops, to optimise yields and reduce input inefficiencies.

Key market trends include the growing adoption of precision agriculture technologies, rising demand for bio-based and environmentally sustainable products, and increased use of insecticides driven by persistent pest pressures across regions. There is also a visible shift towards targeted, technology-enabled crop protection strategies aimed at enhancing productivity and reducing input costs.

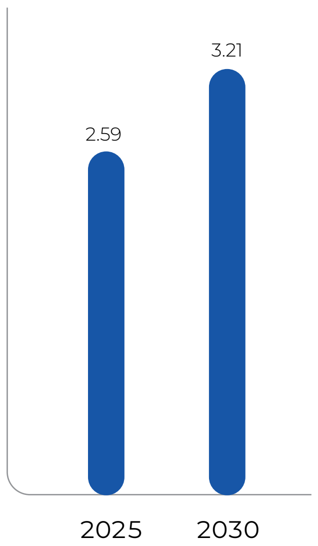
The market continues to face challenges from rising pest-related losses, driven by climate variability and changing pest patterns. Insecticides account for a significant share of overall consumption, as farmers address infestations from pests such as aphids, stem borers, and armyworms. Crop-specific challenges, including nematode infestations in staple crops like rice, continue to impact yields and contribute to economic losses across the agricultural value chain.

Despite these challenges, targeted and scientific interventions are delivering measurable results. The adoption of crop-specific solutions, improved formulations, and region-focused application strategies are helping reduce pest incidence and improve farm productivity. Increasing farmer awareness, supported by government initiatives and industry efforts, is further enabling the adoption of effective crop protection practices across India.

India Crop Protection Chemicals Market

Market Size in USD Billion

4.35%
CAGR



Hikal: Business Review of the Crop Protection Division

The Crop Protection business achieved a solid operational recovery in 2025-26, signalling an end to the severe industry-wide destocking and pricing pressures that had impacted the agrochemical sector over the preceding several years. Management noted that the worst phase of the global downcycle has now passed, leading to a steady rebound in customer order volumes and better capacity utilisation across manufacturing units.

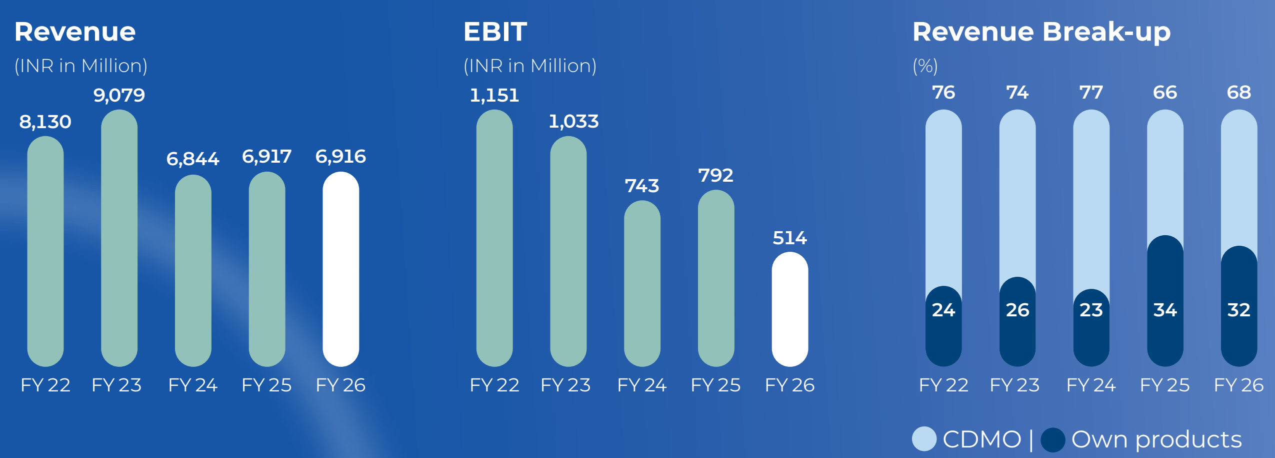
For the full year 2025-26, the Crop Protection division reported a revenue of INR 6,916 million, with Q4 contributing INR 2,278 million to this. Full-year EBIT reached INR 514 million, representing an EBIT margin of 7.4%, while Q4 EBIT rebounded sharply to INR 389 million, delivering an impressive 17.1% margin.

Rebounding product demand and normalised ordering patterns delivered higher volume absorption on the shop floor. Combined with internal business excellence frameworks and operational improvements, this operating leverage helped expand margins despite raw material volatility.

At the same time, Hikal is actively pivoting away from basic commodity manufacturing towards structurally superior, higher-margin business arrangements. This includes securing deep contract manufacturing engagements, co-development R&D projects, and long-term supply agreements with global innovator companies, several of which were successfully onboarded during the financial year.

To optimise asset utilisation and build revenue resilience, Hikal is also leveraging its existing crop protection technology and plant infrastructure to expand into adjacent, high-value market segments, specifically Specialty Chemicals and Personal Care. Overall, the Crop Protection business enters the new financial year with a leaner cost structure, stronger innovator partnerships, and a diversified platform aimed at sustainable growth.

Crop Protection Performance Trajectory



Global Personal Care Industry

The global personal care products market was valued at USD 401.57 billion in 2025 with projection to scale from USD 425.50 billion in 2026 to USD 733.96 billion by 2034, at a CAGR of 7.05%. Asia Pacific dominated the personal care products market with a share of 34.52% in 2025. This growth is increasingly being shaped by the rise of 'conscious consumers' who prioritise sustainability, ethical sourcing, and clean-label preferences. Key market drivers include rapid urbanisation, rising disposable incomes, and an increasing ageing population that is fuelling demand for anti-ageing solutions.

Strategic focus is rapidly shifting towards Green Chemistry, as approximately 68% of manufacturers transition to bio-based and sustainable ingredient solutions to align with global environmental mandates. This shift is particularly evident in the demand for multifunctional ingredients now included in 66% of new formulations, which combine cleansing, moisturising, and protective properties to reduce formulation complexity.

Technological advancements, including AI-driven skin diagnostics, biotechnological active ingredients, and personalised formulation platforms, are fundamentally supporting industry expansion and operational efficiency. Increasing regulatory focus on ingredient transparency, rising consumer grooming awareness, and a decisive shift towards sustainable and bio-based solutions are shaping the sector's long-term trajectory.

In the United States, strong adoption of premium anti-ageing therapies, wellness-oriented skincare, and advanced male grooming practices continues to drive robust demand. Heightened sensitivity to skin health and environmental stressors has reinforced the need for reliable, high-performance personal care solutions, supported by significant research investments from global innovators and a progressively evolving regulatory landscape focused on product safety and sustainability.

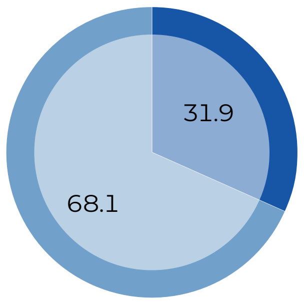
Growth by Product Type

Skin care products continued to dominate the global personal care market in 2025-26, accounting for 31.9%-35% of total demand. Their leading position is driven by an intensified consumer focus on anti-aging, sun protection, and dermatological wellness, particularly among Gen Z and millennial demographics. The integration of advanced bioactive ingredients, coupled with the rise of personalised skincare solutions, has further strengthened segment growth. In addition, the growing awareness of environmental stressors and skin health is reinforcing the need for high-performance and protection-oriented formulations. Their essential role in daily grooming routines across all geographies continues to make skincare the primary choice for consumers and innovators alike.

The skincare segment is expected to maintain its dominance over the medium term, supported by technological advancements in biotechnology and the ongoing shift toward clean-label products. Increasing adoption of multifunctional ingredients, which combine cleansing, moisturising, and protective properties, is further supporting demand by reducing routine complexity for the consumer. Rising hygiene awareness, coupled with a global move towards sustainable and ethically sourced ingredients, continues to act as a key growth driver for this category.

Hair care remains a critical subsegment, witnessing rapid expansion driven by demand for herbal, restorative, and anti-pollution products that target scalp health. Colour cosmetics play a vital role in self-expression, gaining significant traction through inclusive branding and diverse shade ranges that cater to global skin tones. Fragrances and oral care address essential personal grooming and hygiene needs with stable growth fuelled by innovations in long-lasting scents and sensitivity-focused treatments. Collectively, these product categories support holistic self-care practices, enabling improved individual wellbeing, aesthetic appeal, and overall market productivity.

Global Personal Care Products Market Share, by Type, 2026 (%)



Growth by Region

Asia Pacific continues to lead the global personal care products market in 2025-26, accounting for approximately 34.52% of the total share. Growth is supported by a large youthful population, rising disposable incomes, and the rapid westernisation of beauty standards across major economies like China and India. China remains a massive contributor, with steady growth driven by an aging population seeking anti-aging solutions, while India is projected to reach a market valuation of USD 45.53 billion by 2026, fuelled by high grooming demand among its dynamic under-35 demographic.

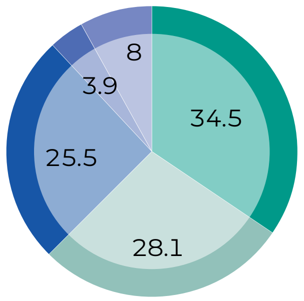
North America remains the second-largest market, valued at USD 120.29 billion in 2025, with an anticipated CAGR of 8.15%. The region's growth is underpinned by a sophisticated consumer base and a strong cultural emphasis on personal appearance and wellness. The United States is the primary driver, where high adoption of premium skincare and a well-developed e-commerce ecosystem accounting for over 16% of retail sales, continue to propel market expansion.

In Europe, the transition toward 'clean beauty' and sustainable consumption is accelerating, with the market projected to reach USD 108.87 billion by 2026. Consumers in key markets such as Germany and the U.K. are increasingly gravitating toward ethically sourced, cruelty-free, and eco-friendly products. This shift is driving manufacturers to innovate in sustainable packaging and bioactive ingredients to meet stringent regulatory standards and environmental expectations.

Latin America, led by Brazil and Argentina, is witnessing steady growth as a rising middle class drives demand for premium personal care products. The region is benefiting from the growing influence of social media, which heavily shapes product choices and accelerates the adoption of new beauty trends.

The Middle East and Africa region is experiencing expanding growth, supported by rising economic power and increased spending on quality personal care goods. Countries such as the UAE are emerging as key markets, where the rise of digital platforms and influencer recommendations is transforming traditional purchasing behaviours and driving sales through online channels.

Market Share (%)



Megatrends for the Personal Care Industry (Global)

Shift Towards Sustainable and Bio-Based 'Clean Beauty'	Technological Integration and AI-Driven Personalisation	Digital Transformation and the Rise of E-Commerce
The industry is undergoing a significant transformation driven by conscious consumers prioritising sustainability and ethical sourcing. Regulatory pressures and rising awareness of the potential adverse effects of synthetic chemicals, such as irritants and allergens are encouraging a decisive shift towards organic, natural, and cruelty-free alternatives.	Advancements such as AI-based skin diagnostics, bio-printed skin models for testing, and customisable beauty platforms are fundamentally transforming R&D and consumer engagement. These technologies allow for more effective delivery of active ingredients and tailored consumer experiences.	The emergence of sophisticated online retailing channels and influencer marketing is accelerating market reach and accessibility. E-commerce now represents approximately 30% of total industry revenue, allowing brands to connect directly with tech-savvy consumers through 24/7 order placement and tailored digital experiences.

Indian Personal Care Industry

India's personal care sector has entered a high-growth phase, characterised by a transition towards specialised hygiene, grooming, and advanced skin and hair health. The market is projected to reach a valuation of USD 45.53 billion by 2026, fundamentally underpinned by a robust personal care ingredients segment valued at USD 700.4 million in 2025 and expected to grow to USD 1,128.7 million by 2035. This expansion is primarily fuelled by the country's unique demographic profile, where approximately 65% of the population is under the age of 35, creating a dynamic and youthful consumer base with an increasing inclination toward premium and natural formulations. Rapid urbanisation and supportive government incentives have further accelerated manufacturing expansion, positioning India as a primary driver of the Asia Pacific region's status as the fastest-growing global market.

The industry is also undergoing a significant digital transformation, with e-commerce and digital platforms driving a 25% year-over-year increase in regional sales. Modern consumption patterns are increasingly defined by a 14% rise in demand for herbal and organic skincare as consumers move away from synthetic chemicals in favour of safer, natural alternatives. Simultaneously, evolving social norms have catalysed a boom in the male grooming segment, which is the fastest-growing frontier with an estimated CAGR of 8.5%. These trends, supported by innovative retail digitisation tools like the Shikhar app, are broadening the market reach and ensuring that Indian consumers remain at the forefront of global personal care innovation.

Hikal: Business Review of the Personal Care Division

The Personal Care business is a key pillar of our diversification strategy, enabling us to expand into adjacent, high-growth markets by leveraging our existing manufacturing, R&D and process chemistry capabilities. We are initially focused on the skin and sun care segment, with a portfolio of second-generation UV filter active ingredients, and plan to expand into additional personal care categories over time.

During 2025-26, we completed our dedicated cGMP-compliant multipurpose manufacturing facility at Panoli, strengthening our ability to manufacture personal care products at scale. This is complemented by our Pune Research & Technology Centre, where a dedicated team of scientists is developing new products and process technologies to support future growth. We also successfully validated products with prospective customers and undertook market outreach initiatives across India, Asia and Europe.

Our immediate priority is to establish Hikal as a trusted supplier of proprietary personal care products and build market share. Commercial operations are expected to commence in Q2 2026–27. Over the medium term, we plan to broaden our product portfolio, enter additional personal care categories and selectively build CDMO opportunities by leveraging our manufacturing and development capabilities alongside our growing market presence.

Hikal: Research and Technology Review

Elevating Capabilities

Hikal Limited continues to strengthen its commercial and technical capabilities to address evolving customer requirements and ensure seamless scalability from laboratory to pilot and commercial production. As a technology-driven partner across pharmaceuticals and crop protection, Hikal consistently invests 4-5% of its annual revenues in Research & Technology (R&T), with a strong focus on developing safe, efficient, and environmentally sustainable processes.

During the year, the company further leveraged its Reaction Calorimeter facility at the R&T Centre, equipped with advanced systems such as Mettler Toledo RC1mx, to enhance safe scale-up capabilities. This infrastructure enables precise evaluation of thermal profiles, including parameters such as MTSR, heat of reaction, and accumulation. The in-house capability has contributed to reduced development timelines, lower external dependency, and improved early-stage risk assessment in process development.

In addition, Hikal has continued to upgrade its laboratory infrastructure and invest in advanced analytical technologies to support complex chemistry requirements, reinforcing its long-term commitment to innovation, quality, and customer-centric development.

Process Improvement

The R&T function remains focused on continuous process optimisation, including reduction of cycle times and improved solvent efficiency. Increased emphasis is placed on solvent recovery and recycling, aiming to minimise waste generation and reduce environmental impact while improving overall process economics.

Filings

The R&T team has maintained strong momentum in regulatory filings, including submissions and updates to US Drug Master Files (DMFs) and Certificates of Suitability (CEPs) aligned with European regulatory standards. Ongoing amendments and compliance enhancements reflect the company's focus on maintaining global regulatory readiness and supporting customer requirements across regulated markets.

Advancing Innovation in Animal Health APIs

Hikal made steady progress in expanding its Animal Health API portfolio. Multiple APIs developed by the R&T team have been successfully validated at the dedicated Animal Health manufacturing facility at Panoli, with additional validations underway. The company has also progressed on intellectual property creation, including patent filings related to novel process innovations, alongside contributions to scientific publications.

Further, development of novel chemical entities (NCEs) in the Animal Health segment is advancing, with one molecule in advanced process development stages and another progressing through early-stage development and customer engagement. These initiatives reflect Hikal's strategic focus on building a differentiated and innovation-led pipeline for long-term growth.

Embedding Green Chemistry in Animal Health API Development

Hikal embeds Green Chemistry principles across its Animal Health API development programmes, strengthening its commitment to sustainable and responsible manufacturing. During 2025-26, multiple APIs were progressed from development to validation, with plant-scale execution carried out at its dedicated Animal Health manufacturing facilities, including Panoli. These developments reflect a continued focus on reducing environmental impact through optimised reaction pathways, lower solvent consumption, and improved process efficiency.

In addition to ongoing API programmes, the company has further strengthened its sustainability-led approach by integrating process intensification techniques, solvent recovery systems, and waste minimisation practices at scale. Continued progress in validation of new APIs, along with advancement of novel chemical entities (NCEs), highlights Hikal's ability to combine innovation with environmental stewardship. The successful scale-up and validation of multiple molecules underscore its technical capabilities and reinforce its position as a reliable partner delivering high-quality, eco-efficient solutions for global Animal Health customers.

CDMO

Hikal Limited continued to strengthen its CDMO operations during 2025-26, with the successful execution of multiple complex batches in specialised reactor systems, including cryogenic conditions for customer projects involving highly reactive chemistries. The team demonstrated strong capabilities in safely handling sensitive and hazardous reagents, reinforcing its expertise in complex process execution. The CDMO business also witnessed continued traction through repeat orders for advanced chemistry projects, including Click Chemistry, with preparations underway for scaling up to larger commercial batches at Unit 2.

Innovation, Safety and Sustainability in Process Development

Scaling Click Chemistry with Safety

The company further advanced its capabilities in Click Chemistry, successfully scaling processes for commercial applications while maintaining stringent safety standards. This achievement underscores Hikal's leadership in adopting advanced chemistries in India, supported by robust safety protocols and engineering controls.

Process Development for a Flavouring Agent

The R&T team developed efficient and scalable synthesis routes for specialty and performance molecules, including flavouring and fine chemical intermediates. These developments are aligned with customer requirements and lay a strong foundation for future commercialisation and scale-up.

Greener Processes for Advanced Intermediates

Hikal continued to focus on sustainable process development by designing greener routes for advanced intermediates. Key improvements include the elimination of hazardous reagents, optimisation of Process Mass Intensity (PMI), and enhanced throughput, reflecting the Company's commitment to environmentally responsible manufacturing.

Strengthening Process Safety Infrastructure

The company further enhanced its process safety capabilities through the operationalisation and utilisation of its dedicated Process Safety Lab at the R&T centre. Equipped with advanced tools such as Reaction Calorimetry, DSC, and gas analysis systems, the facility supports early hazard identification, safe scale-up, and improved process reliability, managed by a specialised team of scientists.

Advancing Environmental Compliance – Zero Liquid Discharge (ZLD)

In line with regulatory requirements and sustainability goals, Hikal continues to maintain and strengthen its Zero Liquid Discharge (ZLD) systems across manufacturing facilities. Advanced effluent treatment infrastructure, including Ultrafiltration (UF), Reverse Osmosis (RO), Mechanical Vapor Recompression (MVR), and drying systems, ensures effective water recovery, minimal discharge, and full compliance with environmental norms.

Outlook

We will continue to align its R&T strategy towards a balanced mix of customer-led and in-house product development initiatives, with a strong emphasis on timely commercialisation. The focus remains on converting contract development engagements into long-term manufacturing partnerships across both the pharmaceuticals and crop protection segments, thereby strengthening revenue visibility and customer stickiness.

To enhance product competitiveness, the Company is intensifying its research and technology efforts towards improving yield per batch, reducing cost per batch and increasing the recovery and reuse of solvents and other supporting materials. These initiatives are supported by process optimisation, productivity enhancement and investments in advanced technologies and digitalisation. Strategic collaborations further strengthen development capabilities and operational performance, enabling the Company to deliver high-quality, cost-effective solutions while maintaining healthy margins in a dynamic market environment.

Hikal remains committed to advancing sustainable manufacturing practices through the adoption of greener technologies and environmentally responsible processes. Ongoing efforts to reduce carbon footprint, improve resource efficiency, and optimise energy and solvent usage will play a key role in enhancing overall process efficiency while aligning with global ESG expectations and customer sustainability goals.

Financial Review

Abridged Consolidated Statement of Profit and Loss

(INR in Million)

Particulars	2025-26	2024-25
Total Revenue	17,126	18,598
EBITDA	2,328*	3,335
PBT	(782)	1,239
PAT	(487)	909

*before exceptional items

Revenue from Operations

Our total revenue registered a decrease of 7.91% YoY, reaching INR 17,126 million compared to the previous year's figure of INR 18,598 million.

EBITDA

Our EBITDA for fiscal 2025-26 stood at INR 2,328 million, marking a degrowth of 30.2% YoY, compared to the previous year's figure of INR 3,335 million, with margins at 13.6%

PAT

In 2025-26, our PAT decreased by INR 1,396 million, from INR 909 million to a loss of INR 487 million.

Commentary

Revenue declined primarily due to subdued Pharmaceuticals performance in the first half, impacted by slower production and shipments following the US FDA-related compliance measures, alongside continued pricing pressure in Crop Protection amid the prolonged industry downcycle.

EBITDA declined in line with the weaker revenue performance, reflecting lower operating leverage, compliance-related production constraints in Pharmaceuticals, and continued pricing pressure in Crop Protection. Margin performance improved towards the end of the year, supported by better product mix, utilisation and operational efficiencies.

The decline in PAT was primarily attributable to exceptional charges during the year, including impairment of a multipurpose manufacturing facility at Panoli and provisions related to the new labour code. Excluding these exceptional items, PBT from operations remained positive at approximately INR 70 million.

Cash Flow Position

As of 31 March 2026, the cash flow position remained strained. The Company generated INR 3,021 million from operating activities, an increase of INR 217 million from the previous year's figure of INR 2,804 million. The Company's investing activities resulted in a cash outflow of INR 1,453 million, primarily towards capacity expansion as part of Hikal's capex programme aimed at realising future business opportunities. Meanwhile, financing activities resulted in a cash outflow of INR 1,601 million, compared with INR 1,436 million in the previous year, reflecting higher financing-related outflows. As of 31 March 2026, the Company's closing balance of cash and cash equivalents stood at INR 96 million.

Commentary

While operating cash generation improved during the year, cash flows remained constrained by continued investments in debottlenecking, regulatory upgrades and capacity expansion, alongside financing outflows. The Company continued to fund its targeted growth initiatives through a mix of internal accruals and debt.

Debt Position	Return on Equity (RoE) and Return on Capital Employed (RoCE)	Capex
In 2025-26, the net-debt equity ratio has decreased to 0.56 compared to 0.59 in the previous year. The interest cost incurred during the current fiscal year was INR 621 million, indicating a decrease from the previous year's interest cost of INR 752 million.	The year 2025-26 saw a decrease in the Return on Equity (RoE) to (3.96%), compared to the previous year's figure of 7.41%. The Return on Capital Employed (RoCE) has also decreased from 9.73% in 2024-25 to 7.82% in 2025-26.	For 2025-26, we have allocated a total of INR 1,481 million towards a capex programme aimed at increasing capitalisation. The funds will be used to create multi-product plants that will benefit both the Pharmaceutical and Crop Protection divisions, as well as upgrade the infrastructure of existing production facilities.

Commentary

The improvement in the net debt-to-equity ratio reflects the Company's continued focus on disciplined capital allocation and balanced funding of growth initiatives through internal accruals and debt. The lower interest cost further supported the reduction in financing burden.	The RoE declined due to the loss recorded during the year, while the RoCE was impacted by subdued profitability against the capital deployed for capacity expansion, regulatory upgrades and new growth platforms. The management expects these investments to support improved returns as the new capacities scale up.	The capex programme focused on debottlenecking, regulatory upgrades and expanding CDMO capabilities, with investments directed towards high-ROI opportunities. The programme also includes retooling existing assets to support Pharmaceuticals and Animal Health, strengthening capacity for future growth.

Consolidated Cash Flow Statement
(INR in million)

Particulars	As on 31 March 2026	As on 31 March 2025
Opening Cash and Cash Equivalents	129	126
Cash flows from:		
(a) Operating Activities	3,021	2,804
(b) Investing Activities	(1,453)	(1,365)
(c) Financing Activities	(1,601)	(1,436)
Closing Cash and Cash Equivalents	96	129

Key Financial Ratios

Particulars	As on 31 March 2026	As on 31 March 2025	Variance (%/bps)
Debtor Turnover	3.54	3.46	2
Inventory Turnover	2.20	2.62	16
Interest Coverage Ratio	2.86	4.00	(29)
Current Ratio	1.30	1.26	3
Net Debt Equity Ratio	0.56	0.59	5
Net Profit Margin (%)	(2.85)	4.90	(158)
Net Worth	11,990	12,622	(5)

Strategic Review

Project Pinnacle

Hikal Limited continues to drive its business transformation journey through Project Pinnacle, aimed at strengthening long-term growth visibility and operational resilience. Progressing through its advanced phase, the initiative is delivering sustained outcomes by enhancing supply chain agility, accelerating de-risking strategies, building differentiated capabilities, expanding global customer engagements, and strengthening the technology platform. The programme remains a key enabler in improving execution efficiency, supporting scalable growth, and aligning operations with evolving global market dynamics.

Our Strategic Ambitions

- Leadership in ESG
- Manufacturing Excellence
- Research and Technology
- Customer Centricity
- Supply Chain Management

Hikal Achieves

EcoVadis Gold Rating

GOLD | Top 5%
ecovadis
Sustainability Rating
JUL 2026

SCORE
84/100
Outstanding Performance

TOP
5%
Of Companies Globally

COMMITTED TO
Sustainable Practices. Responsible Growth

Link to EcoVadis recognition

Leadership in ESG

Hikal Limited remains committed to embedding sustainability across all aspects of its operations, in line with its purpose of improving lives and serving the community. As part of its ESG framework, the Company continues to identify improvement areas, strengthen governance practices, and actively engage with global rating agencies to benchmark and enhance performance.

Its sustainability efforts continue to be recognised through reputed global platforms, including EcoVadis and CDP, reflecting strong progress in environmental and social performance. ESG remains a core strategic priority, supported by a structured roadmap focused on reducing environmental impact, improving resource efficiency, and driving long-term value creation for stakeholders.

Manufacturing Excellence

The Company continues to invest in its manufacturing operations to optimise resource utilisation, enhance operational efficiency, and expand capacities through targeted capital expenditure and technology upgrades.

Competitive Advantage	We Use it
Its advanced GMP and non-GMP manufacturing facilities enable the Company to cater to diverse customer requirements across pharmaceutical, crop protection, and animal health segments.	• To ensure reliable and on-time delivery to customers • To sustain profitability while maintaining quality and ESG commitments

Case Study

HIBEX Productivity Challenge

The Company continues to drive operational excellence through the HIBEX Productivity Challenge, a company-wide capital efficiencyinitiative focused on delivering sustainable outcomes. The programme fosters organisation-wide participation and continues to deliver measurable improvements in:

- Enhanced asset utilisation and throughput
- Sustained profitability improvements
- Better asset returns through efficient and sustainable operations

Initiatives Undertaken

Capacity

Commissioned

Continued ramp-up and stabilisation of the animal health multi-purpose cGMP facility at Panoli

Addition of

Ongoing debottlenecking initiatives and targeted capex investments to enhance capacity and operational efficiency

INR **1,517** Million
Total capex

Capability

HIBEX

- Strengthening of process safety capabilities through enhanced utilisation of the process safety lab
- Continued implementation of self-managed teams (SMTs) across operations
- Productivity improvements driven by automation and better material handling systems
- Ongoing cost optimisation initiatives across key product categories

Compliance

Regulatory Excellence

- Manufacturing facilities continue to maintain high compliance standards with global regulatory requirements
- Sustained focus on audit readiness and adherence to international quality benchmarks

Sustainability

- Continued implementation and optimisation of Zero Liquid Discharge (ZLD) systems across facilities, reinforcing commitment to environmentally responsible operation.

Research and Technology

Hikal Limited continues to leverage science and technology to deliver high-quality products and solutions while enhancing site productivity and overall business profitability. To support this, the Company is further strengthening its R&T capabilities through capacity expansion, investments in advanced laboratories, and deployment of sophisticated analytical and process development equipment.

Competitive Advantage	We Use it
R&T capabilities are anchored in a strong culture of innovation, research excellence, and cross-functional collaboration across business segments.	• To diversify the product portfolio through development of high-value and complex molecules • To improve profitability through process optimisation and efficiency enhancement • To create a differentiated value proposition by strengthening capabilities in complex chemistries and scalable technologies

Customer Centricity

At the core of the Company's strategy is a strong customer-centric approach focused on delivering superior experiences and long-term value. By combining custom manufacturing with development capabilities, the Company offers an integrated and differentiated value proposition supported by technical expertise and execution reliability.

Competitive Advantage	We Use it
Customer orientation is driven by a commitment to being a reliable, responsive, and innovation-led partner to global customers.	• To build long-term, value-accretive partnerships with customers • To deliver consistent service excellence and co-create solutions based on customer requirements • To strengthen customer engagement through continuous feedback and innovation-led interactions

Initiatives Undertaken

Key Account Management (KAM) Systems

The Company continues to strengthen its Key Account Management approach across strategic customers to deepen engagement and enhance delivery excellence. As part of this initiative, the Company has:

- Identified and prioritised key accounts based on current business scale and long-term potential
- Defined structured roles and responsibilities to ensure seamless account management and execution
- Established mechanisms to enhance customer satisfaction and ensure consistent service delivery

Customer Roadshow

The Company continues to expand its global customer engagement through targeted interactions and strategic outreach initiatives across key markets including Japan, South Korea, Europe, the United States, and Latin America. These engagements provide opportunities to strengthen relationships with existing customers while building new partnerships with prospective clients, supporting long-term business growth and market expansion.

Supply Chain Management

Hikal Limited continues to strengthen its supply chain resilience amid ongoing geopolitical uncertainties, geo-concentration risks, and increasing ESG expectations. The Company is actively de-risking its supply chain through a combination of backward integration, diversified sourcing, strategic partnerships, localisation initiatives, and progressive digitisation, ensuring continuity and reliability across operations.

Competitive Advantage	We Use it
A resilient and de-risked supply chain enables the Company to effectively navigate global disruptions while ensuring uninterrupted supply to customers across key markets.	• To de-risk production processes while maintaining supply chain reliability • To sustain competitiveness during periods of global volatility and supply disruptions

Case Study

Reducing our Dependence on Imports

India continues to play a critical role in the global pharmaceutical ecosystem; however, reliance on imports for key starting materials (KSMs) and intermediates remains a structural challenge, particularly from concentrated geographies such as China. Strengthening domestic capabilities and improving supply chain transparency have therefore become key strategic priorities.

Aligned with this objective, the Company has continued to reduce dependency on single-source geographies by developing local vendor ecosystems and expanding sourcing partnerships. For select products, successful localisation efforts have improved supply chain flexibility and reduced exposure to external disruptions. These learnings are being scaled across the organisation to build a more robust, diversified, and future-ready supply chain.

Initiatives Undertaken

Backward Integration	Alternate Sources and Partnerships	Localisation	Digitised and Integrated Supply Chain
The Company continues to expand backward integration for key starting materials, while increasing multi-sourcing across geographies to mitigate supply risks and enhance reliability.	The Company continues to build strategic partnerships with suppliers across India, Europe, Japan, and Korea to ensure supply security and reduce geographic concentration risks.	Efforts to strengthen domestic sourcing have been accelerated through development of local vendor partnerships, supporting supply chain flexibility and reducing import dependence.	The Company is enhancing supply chain visibility through digitisation initiatives, including identification of critical risk areas, improved inventory planning, and development of real-time monitoring systems to strengthen responsiveness and operational efficiency.

Regulatory Compliance

Hikal Limited continues to uphold strong regulatory and compliance standards, with a sustained focus on green chemistry, safe engineering practices, and responsible manufacturing. The Company remains committed to investing in processes, systems, and infrastructure that enable safe, efficient, and environmentally responsible operations in alignment with evolving global regulatory requirements.

Competitive Advantage	We Use it
Its manufacturing facilities continue to maintain compliance with leading international regulatory agencies, including the US FDA, PMDA (Japan), European authorities, and other global regulatory bodies, reinforcing its credibility as a trusted partner.	• To create shared value while ensuring long-term business sustainability • To align operational practices with global standards and broader societal and environmental well-being

Key Regulatory Approvals

Integrated Management Systems across All Sites

Risk Management

Hikal Limited ('Hikal' or 'the Company') operates across research services, active ingredients and intermediates for global pharmaceutical, crop protection, animal health and specialty chemicals companies. With multi-site GMP and non-GMP manufacturing operations, a growing CDMO pipeline and expanding global customer relationships, the Company operates in a complex and dynamic risk environment.

The Company's Enterprise Risk Management (ERM) framework provides a structured approach to identifying, assessing, mitigating, monitoring and reporting risks across its business divisions and functional areas. The framework is aligned with ISO 31000:2018, the COSO ERM Framework (2017 edition) and applicable Indian regulatory requirements, supporting risk-based decision-making and the achievement of sustainable growth objectives.

Risk Management Objectives

The Risk Management Policy is designed to support risk-based decision-making by providing the organisation with a clear view of its overall risk exposure and enabling it to define its risk appetite. The framework considers events both within and outside the Company that could affect its business and is aligned with its current business profile, future growth objectives and potential new business opportunities.

Identify and manage material risks

Ensure that all current and future material risk exposures are identified, assessed, quantified, appropriately mitigated and managed through adequate and robust risk management systems.

Ensure regulatory compliance

Ensure compliance with applicable regulations, including those related to ESG, through the adoption of best practices.

Strengthen business continuity

Ensure business continuity and sustainable growth with financial stability.

Risk Management Process

Hikal follows a continuous and consistent risk management process encompassing assessment, mitigation, monitoring and reporting across the organisation. Senior executives, under the guidance of the Vice Chairman and Managing Director, are responsible for monitoring management processes and outcomes relating to the identification, assessment and management of risks. The process is tailored to the Company's business requirements and draws on the ISO 31000 and COSO ERM frameworks.

Key Risk Areas

The Company's risk management framework focuses on mitigating risks across the following key areas:

- Financial Risk
- Environment, Health & Safety (EHS), including Natural Disasters
- Regulatory Risk
- People Risk, including employee skill retention, succession and fraud
- Supply Chain and Vendor Management Risks
- Cybersecurity and Technology Risks
- Business Strategy and Product Risks, including IPR, Quality and R&D risks
- Reputation Risks
- Geopolitical Risk, including war risk
- Business Continuity and Disaster Recovery (BCP & DR)

Stages of Risk Management

Broadly, the risk management process comprises the following stages:

Risk Appetite Statement

A formal Risk Appetite Statement (RAS), approved by the Board, establishes the level of risk the Company is willing to accept in pursuit of its objectives. The RAS is reviewed annually.

Risk Assessment: Identification, Analysis and Evaluation

Risks and their probable causes are identified based on their potential to affect the Company's objectives. Identified risks are evaluated against predefined risk weightages to assess their potential impact and probability of occurrence. The resulting risk assessment provides a prioritised list of risks for further action by Risk Owners. A structured emerging-risk identification exercise is also conducted at least annually.

Risk Treatment: Mitigation Plan

Appropriate mitigation measures are developed and implemented based on the Company's defined risk appetite. Risk Owners coordinate the implementation of mitigation plans to reduce and manage identified risks.

Monitoring, Review and Reporting

Identified risks and the effectiveness of mitigation measures are continuously monitored. Risk movement is assessed through a probability-impact risk matrix, supported by critical Leading Indicators, including Key Risk Indicators (KRIs), and Lagging Indicators, including Key Performance Indicators (KPIs). Risks and risk management initiatives are reported to the Risk Management Committee.

Communication, Consultation, Training and Awareness

The Chief Risk Officer, together with Risk Owners and Risk Champions, conducts regular risk management training to strengthen awareness and encourage employees to contribute to effective risk management. External experts may be engaged where required. The Company is also strengthening its risk-aware culture through mandatory risk induction for new employees and contract workers, annual risk refresher programmes, specialised training on emerging risk areas and recognition of risk-aware behaviour.

Risk Governance

Hikal has established a structured risk governance framework with clearly defined responsibilities across the organisation. The framework follows the Three Lines of Defence model:

First Line: Business Units, Operations, Functional Teams and Site Heads

Responsible for day-to-day risk identification, assessment, control operation and mitigation.

Second Line: Chief Risk Officer, ERM Function, Compliance, EHS, Quality Assurance and IT/Cybersecurity

Responsible for establishing frameworks and methodologies, monitoring and challenging the first line, and providing risk analytics.

Third Line: Internal Audit and, where applicable, External/ Statutory Auditors

Provides independent assurance on the effectiveness of risk management and internal controls.

Risk Evaluation

Risk Evaluation Matrix (Likelihood x Impact)

The Company evaluates risks based on their probability and potential impact. The resulting risk score determines the risk category and corresponding level of ownership and oversight.

Almost Certain (5)	5	10	15	20	25
Likely (4)	4	8	12	16	20
Possible (3)	3	6	9	12	15
Unlikely (2)	2	4	6	8	10
Rare (1)	1	2	3	4	5
Probability/ Impact	Very Low (1)	Low (2)	Medium (3)	High (4)	Very High (5)

Risk Score	Risk Category	No. of Risk	Risk Owner
20-25	Catastrophic	9	Board of Directors/ Management Committee
15-19	Significant	3	
10-14	Moderate	2	Management Committee/ Functional Heads
4-9	Low	4	Functional Heads
1-3	Negligible	2	

Risk Score Mapping

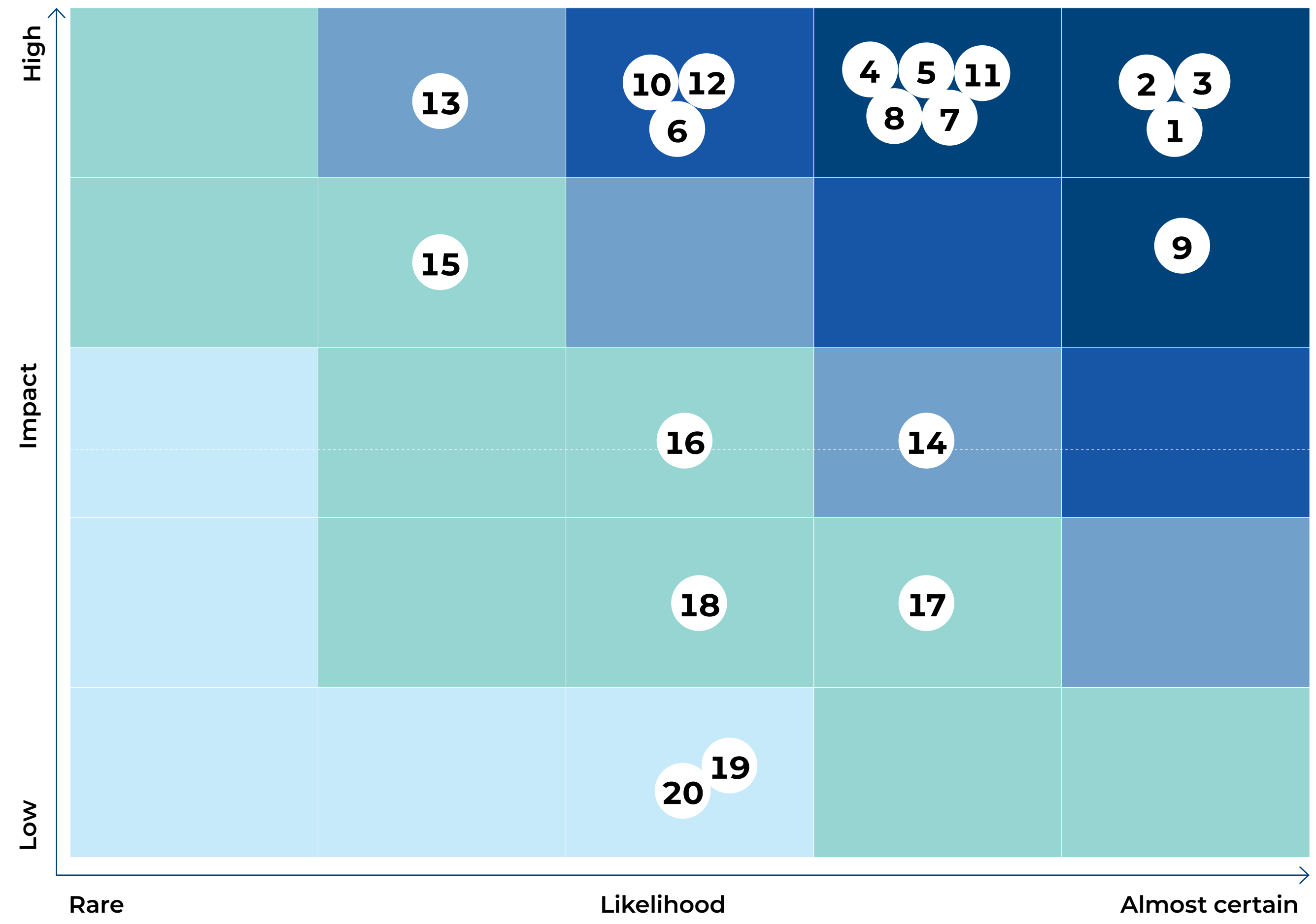
Very High (5)	5	10	15	20	25
High (4)	4	8	12	16	20
Medium (3)	3	6	9	12	15
Low (2)	2	4	6	8	10
Very Low (1)	1	2	3	4	5
Likelihood / Impact	Rare (1)	Unlikely (2)	Possible (3)	Likely (4)	Almost Certain (5)

Risk Profile

Hikal Limited continues to strengthen its risk monitoring framework using Key Risk Indicators (KRIs) and Key Performance Indicators (KPIs). Regular reviews are conducted in collaboration with Risk Champions to assess emerging risks and ensure continuous dialogue on mitigation strategies. The Company also incorporates inputs from the Management Committee to reassess and prioritise risks dynamically.

As a result of this structured and ongoing evaluation process, the Company maintains a comprehensive risk register comprising multiple identified risks across business functions. These risks are categorised based on their potential impact and likelihood, enabling focused mitigation and effective resource allocation to safeguard business continuity and long-term growth.

Hikal Risk Map



1 Geopolitical
2 Frequent USFDA updates
3 Capital project cost and schedule overruns
4 Increasing competition
5 Key products and customers' dependence
6 PCB consents and hazardous waste guidelines
7 Crisis and Risk Management
8 High employee attrition rate
9 R&T project timeline and budget
10 Unsafe practices
11 Regulatory non-compliance
12 Dependence on China
13 Cyber attack
14 Monopoly and limited suppliers
15 Geopolitical
16 Natural disaster
17 Increasing interest rate
18 IT-DRP
19 Unutilised GST input credit
20 Foreign exchange volatility

Risk Descriptions and Profile

S. No.	Risk Description	Risk Profile
1	A US-Iran conflict could disrupt energy supply chains, raise feedstock prices, and create macroeconomic instability, affecting costs, logistics, and business profitability	
2	Issues arising from USFDA inspection may adversely impact company revenue, reputation etc.	↔
3	Capital investment may not yield the anticipated outcomes	↔
4	Challenge in achieving revenue growth from non-Gaba and new products (Pharma division)	↔
5	Difficulty in achieving revenue growth from existing products and meeting budgeted targets for new products (Crop division)	↔
6	Non-complying with PCB consent and hazardous waste guidelines	↓
7	Ineffective Crisis Management leading to business disruption, reputational damage, and financial loss	↔
8	Attrition level is high in junior & middle management cadre due to high demand	↔
9	Risk of underutilisation of R&T facilities and resources, resulting in disproportionate cost allocation to a limited number of active projects and potentially impacting the long-term sustainability and growth of the business	↔
10	Unsafe practices and deployment of workforce (Company and Contractor) in non-specified areas leading to accidents	↔
11	Delays in regulatory approvals and meeting compliance requirements pose challenges to the rapid growth of the business	↑
12	Any geographic risk in China may significantly affect Hikal's operation, as 35% of sales depend on Chinese supplies	↔
13	Exposure to a cyber-attack in the absence of updated security measures	↓
14	Relying on monopoly or limited suppliers for raw materials may lead to increased purchase prices and disrupted supplies	↔
15	Business uncertainty or loss of receivables due to transacting business in countries where political and economic conditions threaten trade	↓
16	Business disruption or loss arising from natural disasters (such as floods, earthquakes, cyclones, fire, or other extreme events) that may damage facilities, disrupt the supply chain, or halt production	↔
17	Increase in interest rates may adversely impact profitability due to higher borrowing cost	↔
18	Failure or inadequacy of the IT Disaster Recovery Plan (DRP) may result in the organisation's inability to restore critical IT systems and data within acceptable timelines following a disaster, leading to operational disruption, financial losses, and reputational damage	↔
19	Unutilised GST input credit in Maharashtra	↔
20	The adverse impact due to Foreign Exchange volatility	↔

Risk Profile: ↑ Increase in Risk Profile ↓ Decrease in Risk Profile ↔ Same as last year

Human Resources

Hikal Limited recognises its people as a key driver of long-term growth and operational excellence. During 2025-26, the Company further strengthened its human capital through focused initiatives across inclusion, employee well-being, capability building, and workplace safety.

The Company maintained a strong emphasis on diversity and equal opportunity through structured platforms such as employee engagement forums, leadership connect initiatives, and inclusive workplace programmes. Employee wellness remained a priority, supported by ongoing health and well-being initiatives and engagement platforms designed to promote physical and mental wellness across locations. Recognition frameworks continue to reward high-performing individuals and teams, fostering a culture of performance and excellence.

Capability development remained a core focus area, with continued investments in training across technical, behavioural, and digital domains. Learning initiatives, including digital platforms, were leveraged to enhance functional expertise, leadership capabilities, and compliance awareness across all levels. Safety performance was further strengthened through structured interventions, periodic drills, and enhanced monitoring systems to ensure a safe working environment.

The Company continues to uphold its commitment to human rights through robust governance practices, awareness programmes, and strict adherence to policies on ethics, anti-discrimination, and fair labour practices. Grievance redressal mechanisms and employee engagement processes remain integral to fostering a transparent and inclusive work environment.

Internal Controls and their Adequacy

The Company is dedicated to maintaining an independent and objective internal audit function that operates across all sites and business units. The mission of Hikal's Internal Audit Department is not just a function but a crucial pillar of the Company's success. It plays a vital role in assisting management and the Board in achieving their objectives by employing a systematic and disciplined approach to evaluate and enhance the effectiveness of Hikal's governance, risk management, and internal control processes.

Objectives of Hikal's Internal Audit Department

- Assist the organisation in fulfilling its governance responsibilities
- Ensure the adequacy of controls within Hikal's systems and activities and bring any deficiencies to the attention of operational management and, ultimately, the Audit Committee or relevant authorities
- Advise management on cost-effective controls for new or modified systems and activities
- Identify opportunities to reduce costs through improved efficiency within systems and activities
- Examine whether employees' actions comply with policies, standards, procedures, and applicable laws and regulations
- Support management in developing risk management strategies for business risks
- Assist management in standardising departmental processes
- Stay updated with industry best practices and emerging trends

The Internal Audit Department assesses the adequacy and effectiveness of internal control systems using a systematic and disciplined approach. It collaborates with management to challenge and enhance existing and proposed practices while suggesting ideas for process improvements.

The Management Committee ensures the establishment of internal controls that effectively comply with relevant laws and regulations. Procedures are in place for the timely detection of errors and fraud. Management is accountable for taking prompt and appropriate actions to address any control issues or risks that exceed acceptable limits.

The Internal Audit Department has completed all audits as per the audit plan for the fiscal year 2025-26. Audit reports were discussed with the management committee and audit committee on a quarterly basis, and appropriate actions were taken to address all audit findings.

Additionally, the Company has implemented an internal control system that includes entity-level controls, Information Technology General Controls, and financial and operating controls. Operational effectiveness testing of these controls over financial reporting was performed for the fiscal year 2025-26, as mandated by SEBI Regulations and the Companies Act, 2013, with satisfactory performance noted for all these controls.

Committed to Tomorrow

Targets and Roadmap

Climate Protection

- Scope 1 and 2 emissions: 30% by 2027-28 (vs 2022-23)
- Activity based inventory calculation by 2025-26, SBTi application by September 2026
- Share of RE: 80% by 2027-28 (vs 2022-23: 56.4%)
- Product-level carbon footprint calculators for minimum 10 products by 2026-27

Material Circularity

- Total waste recycle: 80% by 2027-28 (vs 2022-23)

Water Usage

- Freshwater Consumption intensity on physical output basis 15% reduction from base year 2022-23

Diversity and Inclusion

- 30% representation of women in total employee strength by 2031-32, compared to the 2022-23 baseline
- 25% representation of women and diverse talent in managerial and senior roles by 2031-32

EcoVadis Gold Medal

84/100 | 97th percentile | Top 5% globally

Recognised by EcoVadis for our performance across Environment, Labour & Human Rights, Ethics and Sustainable Procurement, reinforcing our commitment to responsible growth.

Environment

78%
Total renewable energy consumption

43%
CO_2 emission reduction over base year 2022-23

35%
Reduction in freshwater intensity on physical output

76%
Waste recycled and reused in the reporting year

Strategic Priorities

- Decarbonisation
- Water Management
- Material Circularity

Social

36,534 hours
EHS training

Zero
Loss time injury frequency rate (LTIFR)

50,712 hours
Total training hours of employees

Zero
Numbers of Complaints reported on Sexual Harassment

Strategic Priorities

- Diversity and Inclusion
- Health and Safety
- Employee-Customers
- Community Relations

Governance

100%
Suppliers evaluated through Sustainability (ESG) assessments

100%
Operational sites covered by internal audit and risk assessment concerning business ethics

100%
Relevant workforce covered by formal collective agreements

Zero
Confirmed corruption incidents

Strategic Priorities

- Governance and Anti-corruption
- Transparency and Risk Management
- Fair Sourcing

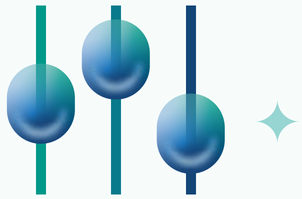
Strengthening Relationships through Responsible Engagement

We build long-term relationships through quality, reliability, compliance, and responsible operations, while engaging with our stakeholders across the value chain. Our interactions help us understand and integrate stakeholder insights into decision-making process and strategic priorities.

Stakeholder Engagement Process

Stakeholder Classification

We classify stakeholders into internal (e.g., employees, management) and external (e.g., customers, investors, regulators) groups based on their relationship with our organisation.



Stakeholder Identification

We identify stakeholders as individuals, groups, or institutions that can influence, or be influenced by, our operations.

Engaging with Stakeholders

We engage with our stakeholders through approaches tailored to each group.

Channels of Communication	Purpose and Scope of Engagement	Frequency of Engagement
Customers		
• Customer meetings • Official channels: advertisements, publications, website, social media • Conferences and events • Customer feedback and satisfaction surveys	• Timely delivery • Wide range of high-quality products meeting requirements • Competitive pricing • Availability through a wide distribution network • Post-sales support	Ongoing; annual satisfaction survey **Vulnerable and Marginalised Group (Yes/No)** No
Employees		
• Internal communications • Capability-development programmes • Performance appraisal • Grievance-redressal mechanisms • Wellness programmes • Town Hall meetings • MD & CEO Connect • Women's Forum	• Job satisfaction and motivation • Fair wages and rewards • Work-life balance • Training and skill development • Career growth • Safe, secure and healthy workplace	Ongoing; quarterly Town Halls **Vulnerable and Marginalised Group (Yes/No)** No

Mode of Engagement	Stakeholder Expectations and concerns	Frequency of Engagement
Investors and Shareholders		
• Analyst meets • Quarterly earnings calls, financial results and presentations • AGM and Annual Report • Official channels: website, publications	• Sustainable growth and returns • High standards of corporate governance and risk management	Quarterly (results); annually (AGM); need-based **Vulnerable and Marginalised Group (Yes/No)** No
Community		
• CSR partnerships and welfare programmes • Meetings and briefings • Training, workshops and impact-assessment surveys • Official channels; advertisements, publications, website, social media • Complaints and grievance mechanism	• Infrastructure development • Funding for community development • Training and livelihood programmes • Contribution to the local economy	Ongoing / need-based **Vulnerable and Marginalised Group (Yes/No)** Yes
Suppliers and Value-Chain Partners		
• Supplier-development initiatives • Vendor assessment and review • Training workshops and seminars • Supplier audits • Official channels	• Timely payment • Continuity of orders • Capacity building • Transparency and responsible sourcing	Ongoing; periodic audits / onboarding **Vulnerable and Marginalised Group (Yes/No)** No

Mode of Engagement	Stakeholder Expectations and concerns	Frequency of Engagement
Government and Regulators		
• Statutory compliance filings and meetings • Regulatory audits and inspections • Phone, email and meetings • Official channels	• Alignment with government priorities to support economic development • Continued contribution to the exchequer • Regulatory compliance	As required / need-based **Vulnerable and Marginalised Group (Yes/No)** No
Institutions and Industry Bodies		
• Conferences and industry forums • Joint R&D initiatives • Internship opportunities for students	• Exchange of knowledge • Collaboration in R&D • Industry exposure for students	Need-based / periodic **Vulnerable and Marginalised Group (Yes/No)** No
Media and Analysts		
• Press releases, media interviews and email advisories • Website management • Social-media posts and updates	• Effective communication • Accountability and transparency • Brand-image building	Event-based; quarterly (results) **Vulnerable and Marginalised Group (Yes/No)** No

Assessing Stakeholder Priorities

We conducted a comprehensive materiality assessment in 2023-24 to identify the ESG issues most significant to our operations and value chain. Each issue was evaluated for its impact on our business, as well as its broader implications for the environment, society, and communities. The assessment also enabled us to identify emerging risks and opportunities, align strategic priorities with stakeholder expectations, and support effective resource allocation.

Materiality Assessment Process

Creating a Pool of Material Issues

Identifying material issues in alignment with national and international frameworks and standards and peers present trends

Identification of internal and external stakeholders

Stakeholder Identification

Referring to international standards, including SASB and GRI, specifically for Chemicals, Biotechnology, and Pharmaceuticals sectors

- Benchmarking of peers
- Internal data review
- Stakeholder survey
- Media analysis for understanding trends /issues

Prioritise Material Topics

Finalised 20 material topics by focusing on common themes from industry peers and pressing ESG issues relevant to our business aligned with SASB and GRI standards

Stakeholders Considered

- Investors
- Customers
- Employees
- Communities
- Government and Regulators
- Suppliers and Value Chain Partners

Materiality Matrix

1- Energy efficiency and carbon emissions
2- Air pollution
3- Waste management
4- Water and effluent management
5- Biodiversity protection
6- Green chemistry
7- Diversity, inclusion, and equal opportunities
8- Employee well-being, benefits and retention
9- Occupational Health and Safety
10- Skill development
11- Human rights and community relations
12- Ethical business practices and governance
13- Risk management and business continuity
14- Sustainable supply chain
15- Data integrity and security
16- Product quality, safety, and labelling
17- Sustainable financial performance
18- Research and innovation
19- Regulatory compliance
20- Customer engagement

Environment

Why it's Material	Strategic Initiatives	Stakeholder Impacted
Energy Efficiency and Carbon Emissions		
It poses both risks and opportunities. Inaction to reduce emissions can lead to regulatory penalties and reputational harm, while proactive efforts to reduce emission and increase efficiency can enhance our brand reputation, increase competitiveness, reduce costs.	• Optimisation of production processes to enhance efficiency • Upgradation of equipment and machinery to minimise energy wastage • Power Purchase Agreements with solar power developers • Signing agreements for hybrid renewable energy project	UN SDGs: 7, 11, 12, 13

Environment

Air Pollution

Why it's Material	Strategic Initiatives	Stakeholder Impacted
Air pollution invites regulatory pressures, fines, and reputational damage. Reducing emissions offers opportunities to enhance brand value, attract eco-conscious customers, increases competitiveness, and support environmental commitments.	• Using advanced technologies to reduce emissions at the source • Engaging approved laboratories to conduct regular air quality assessments	UN SDGs

Waste Management

Why it's Material	Strategic Initiatives	Stakeholder Impacted
Inadequate waste management can cause environmental damage, health hazards, and regulatory non-compliance, leading to penalties and reputational harm.	• Adhering to the R3 principle of waste management • Handing over e-waste & plastic waste to authorised recyclers • Disposing of hazardous waste responsibly • High calorific value incinerable hazardous waste diverted to co-processing and pre-processing	UN SDGs

Water and Effluent Management

Why it's Material	Strategic Initiatives	Stakeholder Impacted
Insufficient water availability can disrupt our operations, increase costs. Effective water management offers financial and environmental benefits.	• Implementing Zero Liquid Discharge (ZLD) systems • Enhancing steam recovery processes to improve water efficiency • Operating Effluent Treatment Plants (ETPs) at all manufacturing facilities	UN SDGs

Green Chemistry

Why it's Material	Strategic Initiatives	Stakeholder Impacted
Reduce the environment foot print of the product sustainable product. Embracing green chemistry opens doors to new markets, reduces risks associated with hazardous substances.	• Incorporating green chemistry across product development • Investing in safe and responsible operations • Collaborating with industry partners to drive green chemistry innovations	UN SDGs

Social

Diversity, Inclusion and Equal Opportunities

Why it's Material	Strategic Initiatives	Stakeholder Impacted
Diversity and inclusion present a key opportunity, driving innovation, widening talent pools, boosting engagement, and enhancing reputation, leading to long-term success.	• Empowering women through dedicated platforms • Ensuring merit-based promotions • Hosting the Hikal Women's Forum to support women	UN SDGs

Employee Well-being, Benefits and Retention

Why it's Material	Strategic Initiatives	Stakeholder Impacted
Focusing on employee well-being, benefits, enhances satisfaction, retention, increases the engagement and drives productivity.	• Conducting training programmes • Offering various employee benefit schemes • Hosting employee wellness programmes • Providing medical health camps	UN SDGs

Social

Why it's Material	Strategic Initiatives	Stakeholder Impacted
Employee Training and Skill Development		
Training and skill development increases the satisfaction level, attracts top talent, leading to talent retention and long term success.	• Organising regular town hall meetings • Conducting training programmes for employee upskilling • Targeted training for skill development	UN SDGs
Occupational Health and Safety		
Neglecting OHS compliance can lead to accidents, injuries, and illnesses, affecting employee well-being and can attract legal liabilities and reputational damage.	• Implementing proactive safety measures • Conducting regular HIRA assessments • Deploying dedicated EHS teams at all sites	UN SDGs
Human Rights and Community Relations		
Respecting human rights, and addressing grievances are crucial. Community development initiatives, such as education and skills training, enhance reputation, foster community support.	• Conducting human rights due diligence with support from an independent agency • Establishing a formal grievance redressal mechanism • Organising awareness sessions on human rights for employees	UN SDGs

Governance

Why it's Material	Strategic Initiatives	Stakeholder Impacted
Ethical Business Practices and Governance		
Ethical business practices build trust, enhance reputation, ensure compliance, and promotes stakeholders trust leading to accountable growth.	• Training for employees on business ethics • Ensuring board independence • Implementing the Code of Conduct, Whistle-blower Policy, and other governance policies	UN SDGs
Risk Management and Business Continuity		
Poor risk management may result in operational disruptions. Risk assessment, and management increases resilience reduces incidents, and loss. Efficient business continuity planning ensures long term growth.	• Dedicated Risk Management Committee • Regularly assessing key risks • Developing and monitoring risk mitigation plans	UN SDGs
Sustainable Supply Chain		
Prioritising supply chain sustainability boosts competitiveness, meets consumer demand, cuts environmental impact, ensures compliance, and builds long-term supplier partnerships.	• Implementing a Responsible Sourcing Policy across our value chain • Evaluating suppliers based on ESG performance criteria • Prioritising local procurement	UN SDGs

Governance

Why it's Material	Strategic Initiatives	Stakeholder Impacted
Data Integrity and Security		
Protecting data integrity and security is critical to safeguarding assets and trust. Breaches can lead to financial losses, reputation damage, and legal issues.	• Implementing multi-layered cybersecurity solutions across IT systems • Providing data security training to employees	UN SDGs
Product Quality, Safety and Labelling		
Ensuring product quality, safety, and labelling prevents defects, legal risks, and reputational harm while building compliance and consumer trust.	• Labelling all products with detailed, accurate information • Providing comprehensive product information • Training employees on product safety	UN SDGs
Sustainable Financial Performance		
Integrating sustainability into financial strategies offers reputation enhancement, and investor attraction. It ensures long-term viability competitiveness while creating value for stakeholders.	• Investing in clean energy solutions • Identifying opportunities to reduce environmental impact and investing in them	UN SDG

Why it's Material	Strategic Initiatives	Stakeholder Impacted
Research and Innovation		
Investing in research and innovation boosts efficiency, creates business opportunities, enhances our technological edge, and meets evolving market demands.	• Integrating research and innovation to develop sustainable products • Focusing on environmentally sustainable practices • Incorporating green chemistry in product and process development	UN SDG
Regulatory Compliance		
Regulatory compliance avoids legal risks and penalties, while enhancing trust, operational stability, market access, and long-term sustainable business growth.	• Aligning with national and international standards, laws, and regulations • Partnering with government bodies to support regulatory initiatives	UN SDGs
Customer Satisfaction		
Failing to meet customer expectations risks loss of business and reputation. Meeting their expectations strengthens trust, drives growth, and builds long-term strategic partnerships.	• Maintaining open communication with customers • Adapting to evolving customer needs • Collecting regular customer feedback for improvement	UN SDGs

ENVIRONMENT

Our Planet, Our Tomorrow

At Hikal, sustainability is embedded into the way we operate, guiding our efforts to reduce environmental impact across the value chain. By advancing green chemistry practices, optimising resource use, conserving energy and water, managing emissions, and minimising waste, we aim to create measurable environmental value while supporting a healthier planet for all.

Material Topics Covered

Energy Efficiency and Carbon Emissions	Waste Management
Air Pollution	Green Chemistry
Water and Effluent Management	Biodiversity Protection

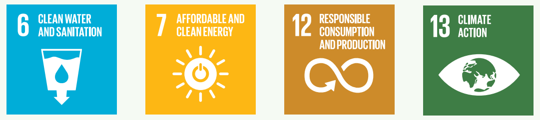
Highlights for 2025-26

1,050,176 GJ
Total renewable energy consumption

INR **22.17** Million
Annual savings attributable to energy efficiency investments

21%
Reduction in Waste Generation as compared to 2022-23 baseline

Contribution to UNSDGs



Energy Efficiency and Carbon Emissions

Our integrated energy management approach is centred on maximising efficiency, minimising waste, and expanding the use of renewable energy. By advancing solar and wind projects, upgrading boiler burners, and enhancing chiller performance, we are reducing our carbon footprint while strengthening operational efficiency and long-term sustainability.

Energy Efficiency

Guided by our Corporate-level Energy Conservation Committee (EnCon), we continued to advance energy efficiency initiatives across our operations. Through process optimisation, strategic equipment upgrades, and the adoption of advanced energy management systems, we enhanced our ability to monitor, manage, and optimise energy consumption in real time. These initiatives helped improve operational efficiency, reduce energy wastage, and deliver measurable energy savings.

During 2025-26, our total energy consumption from renewable and non-renewable sources was 1,345,295 GJ, of which 1,050,176 GJ was derived from renewable sources. Renewable energy contributed 78% of our overall energy consumption, reflecting our sustained focus on integrating cleaner energy sources and advancing our decarbonisation journey.

INR **0.62** Million
Yearly investments in energy efficiency and process optimisation measures

50,294,842 kWh
Total Non-Renewable Electricity Consumption

58,370,759 kWh
Total Renewable Electricity Consumption

40,820 MT CO_2e
Net absolute scope 1 & 2 emission reduction from 2022-23 baseline

Measures

Crop Protection Division

- Use of turbine for cogeneration of electricity using high pressure steam from briquette boiler resulted into saving of 91,880 kWh & INR 1,088,488 in 2025-26
- Elimination of CHW supply pump (P-155018) which resulted into stoppage of one pump and yearly saving of 79,368 kWh energy & INR 682,565
- Power saving of 291,060 kWh achieved through compressed air supply from crop utility to MPAH Plant resulting in saving of INR 2,791,858
- Briquette boiler Steam Fuel Ratio (SFR) was improved through briquette quality and temperature control in the boiler operation which resulted in the briquette quantity saving of 62,124 kg annually and corresponding saving was INR 589,564

Pharmaceutical Division

- Efficiency improvement of brine chilling plants BRU-1114 and BRU-1402 in utility-01 & BRU-1111 and BRU-1113 in utility-02 which resulted into 603,900 kWh & INR 4,465,714 savings
- VFD installed for PB 02 exhaust blower, that achieved 129,600 kWh and INR 1,010,880 savings
- Energy efficient motion sensor installation at employee canteen, OHC and EHS office, that achieved 4,723 kWh and INR 64,471.68 savings

Pune Research and Technology (R&T)

- Replaced 100 nos. of 36W CFL lights with 18W LED lights, reducing annual energy consumption by 6,480 kWh and resulting in savings of INR 64,800
- Trimmed the hot oil circulation pump impeller size from 160 mm to 141 mm to achieve the desired flow, reducing annual energy consumption by 4,608 kWh and resulting in savings of INR 46,080

Carbon Emissions

Across our manufacturing locations, we continue to deploy cleaner technologies and efficiency-led initiatives, including biofuel-based boilers, solvent recovery systems, and real-time emissions tracking, to reduce our carbon footprint and enhance environmental performance.

For 2025-26, Scope 1 emissions were 11,261.57 $MTCO_2e$, Scope 2 emissions were 42,449 $MTCO_2e$, and Scope 3 emissions were 217,145 $MTCO_2e$ with our emissions reduction initiatives contributing to a reduction of 40,820 $MTCO_2e$ in scope 1 & 2 emissions during the reporting year from 2022-23 baseline.

Decarbonisation Roadmap

We are committed to reduce Scope 1 and Scope 2 emissions by 30% by 2027-28 from the base year 2022-23. We have developed a structured decarbonisation roadmap anchored to our baseline emissions. The roadmap prioritises energy efficiency improvements, greater renewable energy integration, and enhanced waste heat recovery to lower our carbon footprint.

Decarbonisation Plan

GHG Scope 1 and 2 Decarbonisation Levers

1. Increasing renewable energy adoption and implementing energy efficiency measures are critical to achieving decarbonisation and emissions reduction targets
2. Conducting detailed energy maturity assessments is essential to identify, evaluate, and prioritise the feasibility of available decarbonisation levers for Scope 1 emissions reduction
3. Transitioning boilers to cleaner fuels or electrification will further accelerate decarbonisation efforts and remains critical from a long-term perspective. Currently, boilers account for approximately 75% of total Scope 1 emissions

GHG SCOPE 3 Decarbonisation Levers
Identify Key Suppliers

- Identify Tier 1 suppliers for material sub-categories
- Prioritise suppliers based on available spend data, emissions contribution, and their maturity

Assess Maturity of Suppliers

- What are your Tier 1 suppliers' sustainability ambitions and emission reduction targets?
- Can you expect their Scope 1, 2, and 3 emissions from the suppliers?
- To be assessed based on publicly available information

Calculate Scope 3 Emissions

- Calculate an accurate Scope 3 footprint for top sub-categories/ products, based on supplier-specific information (and industry-average information where needed)
- This will make the emissions inventory more precise

Identify Scope 3 Reduction Levers

- Low-carbon alternatives such as green products
- Ask suppliers for EPD with carbon profile of products/equipment
- Supplier emission reduction targets
- Select high-efficiency devices and equipment
- Integrate sustainability aspects into the tendering/ procurement process

Renewable Energy

We strengthened our renewable energy portfolio through PPAs and hybrid wind-solar projects at the manufacturing sites. Renewable energy continues to power operations across our Mahad, Taloja and Panoli Jigani plants, supporting our transition to a cleaner energy mix. We are also advancing the conversion of our LSHS boiler to renewable biomass fuel using briquettes made from agricultural residues and wood waste, further reducing our reliance on conventional fuels and supporting our decarbonisation journey.

Panoli site outsourced 46,298 MT of steam, that is produced from briquettes made of agricultural residue, to increase the share of renewable energy by 128,695 GJ.

We switched steam generation from CNG to biofuel based steam to increase renewable energy in our operation at Panoli. We signed agreement with common utility company in 2024-25 to supply steam at Panoli site which is generated from biofuel.

2.9MW
Renewable energy capacity at Panoli unit

8MW
Renewable energy capacity at Taloja unit

3MW
Renewable energy capacity at Mahad unit

3.5MW
Renewable energy capacity at Jigani unit

INR 153.57 Million
Total cost savings

Air Pollution

We manage air emissions through a technology-driven framework built on real-time monitoring, robust control systems and continuous process improvements. Ozone-depleting substances are included in our GHG calculations, strengthening the accuracy and completeness of our emissions inventory.

During 2025–26, air emissions included 3.96 MT of NOx, 4.68 MT of SOx and 6.33 MT of particulate matter (PM). Our efforts remain focused on reducing emissions through cleaner technologies and operational efficiencies.

- Real-time emissions and air quality monitoring supported by independent assessments from MoEF-approved laboratories
- Advanced emission control systems, including scrubbers, bag houses and electro static precipitator deployed across key operations
- Continuous air quality monitoring at pharmaceutical facilities and regular ambient air monitoring at Crop Protection sites
- Reduced reliance on diesel generators through the implementation of express feeder systems, lowering associated emissions while ensuring reliable power supply

Metric	2025–26
Scope 1 Emissions (MT CO_2e)	11,261.57
Scope 2 Emissions (MT CO_2e)	42,448.85
Scope 3 Emissions (MT CO_2e)	217,144.57
GHG Emission (scope 1+2) intensity (MT CO_2e / INR million Revenue)	3.14
GHG Emission (scope 1+2) intensity (MT CO_2e / MT of Production)	4.75

Waste Management

We follow a disciplined and compliant approach to managing hazardous, non-hazardous, e-waste and biomedical waste. We have corporate guideline for effective waste management at all operation, maximum of our waste is sold under rule 9 of hazardous waste management rule 2016, incinerable waste is diverted to pre-processing and co-processing. Plastic waste generated from raw material packaging is decontaminated at the reused or recycled through authorised vendors. We continuously improve waste management practices, drive resource efficiency and reduce our environmental footprint across operations.

74%
Waste recycled

2.5%
Waste reused

Waste Generated

During 2025–26, we generated 0.55 MT of e-waste, 310.87 MT of plastic waste, 0.022 MT of biomedical waste, 4,989.97 MT of other non-hazardous waste and 42,896.80 MT of hazardous waste. In line with our circularity objectives, 1,203.77 MT of waste was reused and 35,516.45 MT recycled safely disposed through approved treatment and recovery methods such as pre-processing.

As a result, only 20% of waste was sent to landfill during the year, reflecting our continued focus on resource efficiency, responsible waste management and circular economy principles.

Waste Collection and Disposal

At Hikal, waste management is anchored in the principles of reduce, reuse and recycle, supported by responsible segregation, treatment and disposal practices. Through our 'Wealth from Waste' initiative, we recover and reuse organic solvents and co-process suitable waste streams with the cement industry.

A dedicated laboratory drives waste treatability studies and supports the conversion of select by-products into useful intermediates, strengthening circular resource use. E-waste and plastic waste are routed to authorised recyclers, while the adoption of ISO-standard tankers in place of drums has enhanced logistics efficiency and reduced environmental impact.

We also maintain compliance with EPR requirements and ensure that hazardous waste is managed through authorised recyclers and CHW-TSDFs, supporting safe and environmentally sound disposal practices.

Water and Effluent Management

Recognising water as a vital input to our manufacturing processes, we focus on responsible water management through efficient sourcing, conservation and reuse. We procure water through authorised industrial bodies and comply with all applicable groundwater regulations. Technologies such as Zero Liquid Discharge (ZLD) and steam recovery help reduce freshwater dependence and support our commitment to sustainable water stewardship.

Water audit was conducted in 2024-25 to identify the risks and opportunities that includes reduction of fresh water consumption, reduction the wastage of waste, and enhancement of recycling and rainwater harvesting.

510,513kL
Freshwater consumption

32%
Absolute reduction in freshwater consumption compared to 2022-23 baseline

35%
Reduction in freshwater intensity in terms of physical output (KL/ MT) from baseline 2022-23

20%
Reduction in freshwater intensity in terms of economic output (kL/ INR Million) from baseline 2022-23

Water Consumption

Responsible water stewardship remains a key priority across our operations. During 2025-26, total water consumption was 5,10,513 kL, sourced through authorised third-party suppliers, including industrial estates such as MIDC, KIADB, and GIDC. Through focused conservation and efficiency initiatives, we continued to optimise water use across our facilities.

Our water intensity for the year stood at 29.81 kL per INR million of revenue from operations, underscoring our commitment to efficient and sustainable water management.

Water Conservation and Recycling Initiatives

- Leveraged Multi-Effect Evaporators (MEEs) at pharmaceutical sites to improve water recovery and reuse
- Recycled process water for washing applications at Crop Protection facilities
- Operated Zero Liquid Discharge (ZLD) systems to maximise water circularity at our three sites ZLD
- Utilised reverse osmosis (RO) systems to recover and reuse treated water from ETP outlets
- Optimised manufacturing processes to reduce water consumption per batch
- Expanded water conservation efforts through rainwater harvesting initiatives
- Improved water-use efficiency by reducing boiler and cooling tower blowdown through enhanced treatment practices
- Strengthened water stewardship through employee training and awareness programmes

Zero Liquid Discharge

Our water stewardship efforts are centred on reducing freshwater dependence through ZLD systems, steam recovery and advanced wastewater treatment. The Pune R&T, Jigani 1 and Jigani 2 facilities operate ZLD plants, while ETPs and STPs function across other locations, supporting extensive water recovery and reuse.

Real-time monitoring of effluent quality is enabled through Online Continuous Emission and Effluent Monitoring Systems installed at ETPs. We also utilise Mechanical Vapour Recompression (MVR) technology to recover water from condensate streams, improving recycling efficiency while significantly lowering evaporation-related energy consumption.

Green Chemistry

Green chemistry is integral to our innovation approach, shaping the development of safer, more efficient and sustainable manufacturing processes. At our R&T Centre, Green Chemistry Principles, supported by Design of Experiments (DoE), simulation and mechanistic analysis, help improve yields, enhance process efficiency and strengthen effluent treatability.

Waste treatability assessments are conducted during the laboratory stage to support sustainable process design before commercialisation. We are championing sustainable pharmaceutical practices, driving product differentiation, reducing environmental impact and enhancing supply chain resilience.

We continue to expand our sustainable product portfolio, optimise manufacturing processes and strengthen green chemistry metrics to advance transparency and sustainable growth.

Biodiversity Protection

Biodiversity conservation remains an important aspect of our sustainability agenda. We support this commitment through green belt development, environmental assessments and ongoing stakeholder engagement, ensuring responsible growth alongside environmental stewardship.

Our manufacturing sites are situated within designated industrial zones, away from sensitive ecological areas, and are supported by continuous environmental monitoring. At our Jigani facility near Bannerghatta National Park, we maintain all required regulatory approvals and engage regularly with local stakeholders. Green belt development across our facilities further contributes to enhancing biodiversity and ecological balance in surrounding areas.

845
Trees planted by sites in 2025-26

CASE STUDY

Nurturing a Culture of Environmental Stewardship
World Environment Day 2025: Turning Awareness into Action

At Hikal, environmental responsibility extends beyond compliance—it is embedded in our culture and reflected in the collective actions of our employees. To commemorate World Environment Day 2025, all Hikal locations came together to celebrate, educate and inspire meaningful environmental action.

The celebrations commenced with employees taking a pledge to protect and preserve the environment, reaffirming their commitment to sustainable practices. Interactive quizzes and awareness activities highlighted the significance of environmental conservation and encouraged participants to reflect on their role in creating a greener future.

Greening our Campuses

Tree plantation drives formed a key part of the celebrations across locations. In Pune, employees actively participated in planting saplings and contributed to enhancing the site's green cover. The initiative was complemented by the distribution of plants to employees under the 'Plant Parent' programme, encouraging them to nurture and care for nature beyond the workplace.

Similarly, at Mahad, employees participated in a tree-planting activity near the residential area, planting a variety of saplings and reinforcing the importance of biodiversity and ecological restoration.

Engaging Employees Through Environmental Awareness

At Taloja, the 53rd World Environment Day was observed over two days, from June 5–6, 2025, with a series of activities designed to deepen environmental awareness among employees and contractors. The programme included environment-themed banners, badge distribution, pledge-taking ceremonies and tree plantation activities.

To encourage participation and creativity, environmental poster, slogan and elocution competitions were organised across departments. The response was overwhelming, with 213 employees actively participating throughout Environment Week. The enthusiasm and quality of entries reflected a strong sense of ownership towards environmental protection. Winners were recognised and rewarded for their contributions.

Upcycling Waste into Opportunity

As part of the ongoing #PledgeForGreenChange campaign, we launched the 'Upcycle with Hikal' initiative across all locations. Plastic waste collection kiosks were installed to encourage responsible waste disposal and recycling. The collected plastic waste was channelled to EcoKari, where it was transformed into durable and colourful pencil pouches.

The initiative successfully demonstrated the potential of circular economy practices by converting waste into useful products while promoting environmental awareness among employees.

Creating Impact Beyond our Boundaries

Extending the initiative's impact to the community, employees at Mahad visited a local Zilla Parishad school under Hikal's CSR programme and distributed the upcycled pencil pouches to students. The initiative not only provided useful educational supplies but also introduced young learners to the importance of recycling and sustainable living.

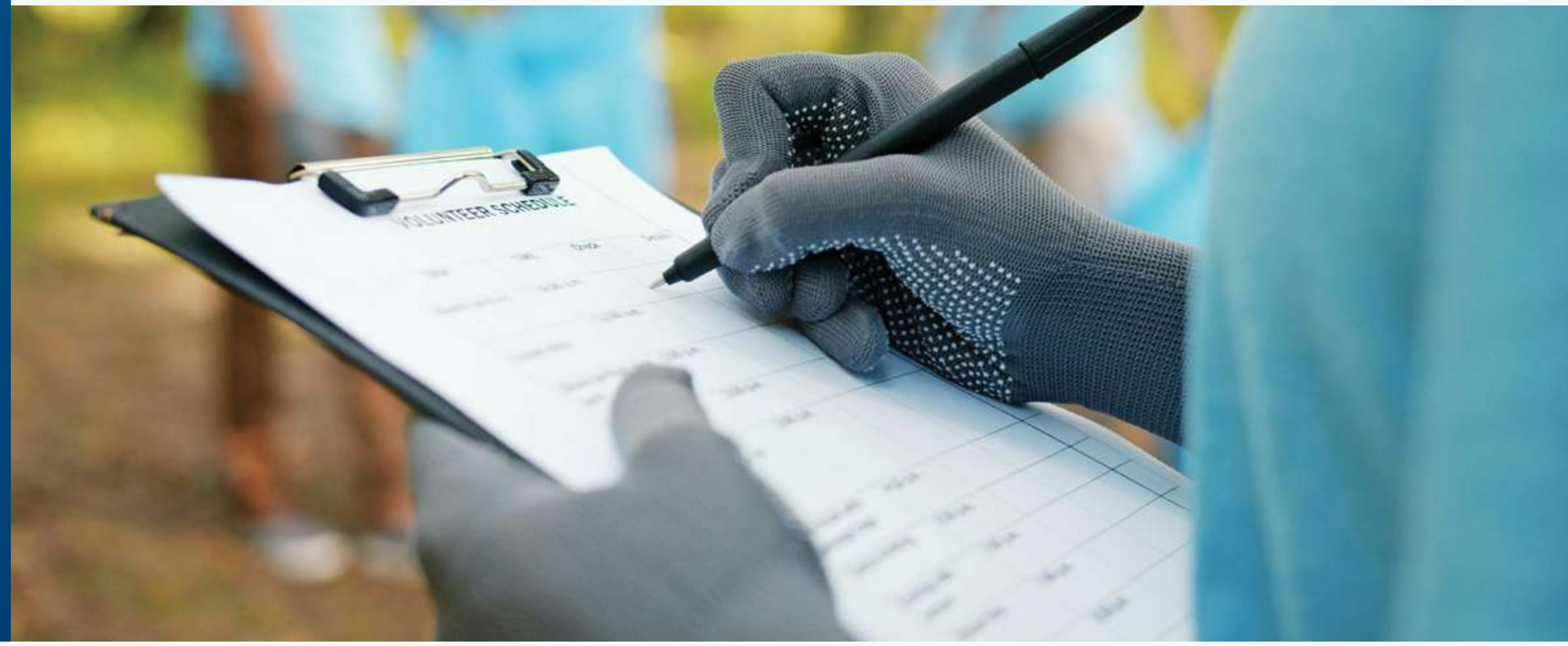
Impact at a Glance

- World Environment Day celebrated across all Hikal locations
- Tree plantation drives conducted at all manufacturing sites
- 'Plant Parent' initiative encouraged employees to nurture plants at home
- 213 employees participated in environmental competitions during Environment Week at Taloja
- Plastic waste collection kiosks installed across locations
- Recycled plastic transformed into pencil pouches through partnership with EcoKari
- Upcycled school supplies distributed to students through a CSR outreach programme

Through these initiatives, we strengthened environmental awareness, fostered employee engagement and demonstrated how small collective actions can create a meaningful and lasting impact on communities and the environment.

Advancing through Shared Purpose

Our people-centric culture is built on inclusion, respect and equal opportunity. We are committed to supporting employee growth and well-being, recognising performance and fostering a workplace free from discrimination. Through our Srijan initiative, we also extend our commitment beyond the workplace, creating lasting value for the communities we serve.



Material Topics Covered

- Diversity, Inclusion and Equal Opportunities
- Occupational Health and Safety
- Employee Well-being, Benefits and Retention
- Human Rights and Community Relations
- Employee Engagement, Training and Skill Development

Highlights for 2025-26

14,178 Hours
Skill upgradation trainings

24,736
CSR beneficiaries

Zero
Number of complaints reported on child labour/ forced labour / human trafficking

Zero
Fatalities

36,534
Hours
EHS training

INR **22** Million
CSR expenditure

Contribution to UNSDGs

Diversity, Inclusion and Equal Opportunities

We strive to build a workplace where diversity is embraced, inclusion is embedded and every individual has the opportunity to thrive. We value the diverse perspectives, experiences and capabilities that people across genders, age groups and backgrounds bring to our organisation. Initiatives such as the Women's Forum reflect our ongoing commitment to strengthening gender diversity, fostering inclusion and creating an environment where everyone can contribute and grow.

160
Women employees in total workforce

0.14%
People with disability within the organisation

Zero
Sexual harassment complaints registered

Embracing Diversity

Diversity and inclusion are deeply embedded in Hikal's culture and way of working. Our Pune R&T Centre exemplifies this commitment, with strong representation of women across the workforce. Guided by our Code of Conduct, we foster a workplace built on fairness, respect and integrity, with zero tolerance for any undue influence on decision-making.

Hikal's Women's Forum

Our Women's Forum supports the growth and wellbeing of female employees through mentorship, learning opportunities and regular engagement activities that foster collaboration and inclusion.

Through our Women's Forum, we continue to create platforms that support employee well-being, inclusion and engagement. During the year, a cervical cancer awareness session at Jigani Unit 1, led by Dr. Suguna M. from Kaveri Hospital, helped raise awareness about prevention, early detection and treatment, while encouraging open conversations around women's health.

The Women's Forum also hosted interactive sessions at Panoli and Jigani, where the Chairman engaged directly with women employees. These discussions provided a valuable space for sharing experiences, addressing challenges and exploring aspirations, strengthening confidence, inclusion and a sense of belonging across our workforce.

Women's Day Celebration

Women's Day 2025 at Hikal was celebrated through a week of inspiring conversations, employee engagement activities and shared experiences across locations, reflecting our commitment to inclusion, empowerment and growth.

The celebrations featured leadership perspectives on advancing gender diversity, creating meaningful opportunities for women and fostering an equitable workplace. Discussions highlighted the importance of representation, financial independence, wellbeing and leadership development.

Across sites, women employees participated in outings, appreciation events and interactive activities that encouraged connection and camaraderie. In Pune, a practical self-defence workshop equipped participants with useful personal safety techniques.

The week concluded with a Company-wide Diversity & Inclusion webinar, reinforcing Hikal's commitment to building a workplace where every individual can thrive.

Highlights

- Week-long Women's Day celebrations across locations
- Leadership discussions on inclusion and empowerment
- Multi-site employee outings and engagement activities
- Self-defence training programme for women employees
- Diversity & Inclusion webinar reinforcing Hikal's inclusive culture

International Men's Day

In 2025, we marked the occasion through engaging activities celebrating men and their contributions to the organisation. The celebrations provided opportunities for participation, connection and reflection, reinforcing our commitment to an inclusive and supportive workplace.

Sexual Harassment Policy

Hikal is committed to maintaining a workplace free from harassment, discrimination and inappropriate conduct. Guided by the PoSH Act, our Internal Complaints Committee (ICC) provides a structured and confidential mechanism for addressing concerns, supporting a culture of respect, fairness and inclusion.

During the year, we conducted a virtual PoSH awareness programme led by our in-house trainer to educate employees on workplace conduct, reporting channels and the key provisions of the PoSH Act, reinforcing our zero-tolerance stance towards sexual harassment. PoSH & Code of Conduct, Ethics & Corporate Governance Training E-learning was rolled out to all Hikalites.

Employee Well-being, Benefits and Retention

We are committed to fostering a workplace that supports the health, well-being and development of our employees. Through focused wellness programmes and awareness initiatives, we continue to strengthen a positive, inclusive and healthy work environment for our people.

100%
Of employees covered under well-being measures

100%
Of our units with an employee engagement plan

Employee well-being and engagement initiatives

Ojas
Employee Wellness Programme

Parigyaan
Employee Recognition Programme

Uday
Employee Engagement Programme

Parichay
Employee Orientation and Integration Programme

Ojas – Employee Wellness Programme

Ojas is our employee wellness initiative designed to promote holistic well-being across the organisation. Through activities such as yoga, Zumba, stress management workshops and health awareness programmes, it encourages healthier habits, enhances resilience and supports a positive and productive work environment.

Initiatives under Ojas during 2025-26

Building Awareness and Encouraging Prevention

Throughout the year, employees participated in health awareness sessions covering topics such as nutrition, fatty liver disease, heatwave preparedness, monsoon-related illnesses, cancer prevention and women's health. These programmes encouraged informed lifestyle choices, early detection and proactive health management.

To further support preventive care, Hikal organised health services including annual and half-yearly health check-ups, eye and dental screening camps, flu vaccination drives and an eye care initiative at Taloja that benefited nearly 200 employees.

Promoting Fitness and Healthy Lifestyles

Regular yoga and Zumba sessions were conducted across locations to encourage physical activity, stress management and overall well-being. These initiatives helped employees adopt healthier habits while supporting fitness, flexibility and work-life balance.

Strengthening Health and Safety Preparedness

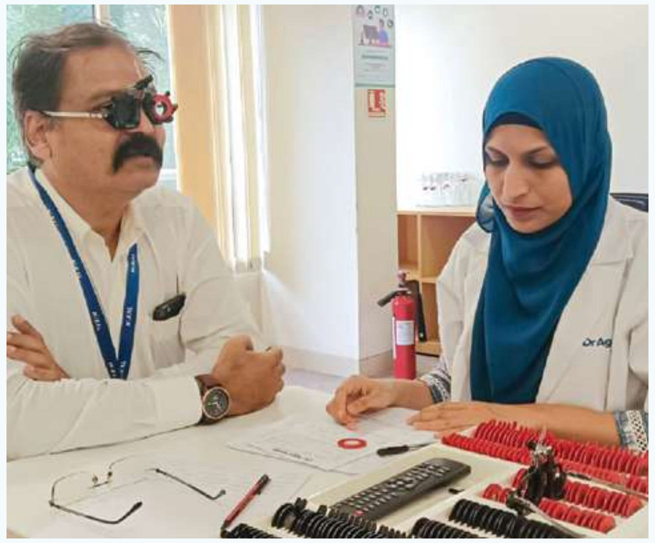
A CPR training programme equipped employees with essential life-saving skills and enhanced preparedness to respond effectively in emergency situations. Additional initiatives such as electrolyte distribution drives during summer months helped employees stay safe and healthy in challenging weather conditions.

Supporting Holistic Well-being

Hikal's commitment to employee welfare extends beyond physical health. We also provide comprehensive annual health check-ups and extend Mediclaim coverage to our employees and their parents, along with group personal accident insurance and term life insurance benefits, reinforcing healthcare security for employees and their families.

Impact at a Glance

- Health awareness sessions on nutrition, cancer prevention, women's health and seasonal health risks
- Annual and half-yearly health check-ups across locations
- Eye, dental and flu vaccination initiatives, including an eye care camp benefiting nearly 200 employees
- Regular yoga and Zumba sessions promoting fitness and stress management
- CPR training and seasonal wellness initiatives supporting employee safety
- Mediclaim coverage for employees and their parents, group personal accident insurance and term life Insurance benefits to employees



Uday
Employee Engagement Program

Uday – Employee Engagement Programme

Uday brings employees together through meaningful engagement and shared experiences. Through festive celebrations, sports activities, town halls and recreational events, the programme strengthens team connections, enriches workplace culture and reinforces alignment with Hikal's values and aspirations.

Key Uday Initiatives during 2025-26

Celebrating Togetherness

Festivals such as Gudi Padwa, Ganesh Chaturthi, Independence Day, Dussehra and Diwali were celebrated across locations through cultural activities, traditional décor and community gatherings, fostering camaraderie and a shared sense of belonging.

Town Hall Meetings

Town halls continued to serve as an important platform for open communication, providing updates on business performance, key initiatives and organisational priorities. These sessions also recognised employee achievements, strengthening engagement and inclusivity across the workforce.

Movie Day

Employees from the Taloja and CBD sites, along with their families, came together for a Movie Day experience. The event provided an opportunity to unwind, connect beyond the workplace and strengthen interpersonal relationships.

Sports Week 2025

Sports Week brought employees across locations together in a spirited celebration of teamwork and healthy competition. Featuring a range of indoor and outdoor activities, including cricket and tug-of-war, the event fostered collaboration, unity and the enduring spirit of 'One Hikal'. Triumphant Win at the Salaam Bombay Foundation Cricket Tournament.

Parigyaan: Employee Recognition Programme

Parigyaan recognises and celebrates employees who go above and beyond in driving performance, innovation and organisational success. As our flagship recognition platform, it fosters a culture of appreciation and excellence while strengthening engagement across the workforce. During 2025-26, employees across locations were honoured for their outstanding contributions and commitment to Hikal's values and objectives.

- **Spot Award**
- **Department of the Month**
- **Employee of the Month**
- **Innovation Award**
- **Lab of the Year**
- **Safety Champion of the Month**
- **Rising Star of the Month**
- **Team of the Month**

Initiatives under Parigyaan in 2025–26

Chairman's Excellence Awards

Chairman's Excellence Award: Celebrating Excellence, Values and Collective Achievement

The Chairman's Excellence Awards 2025 brought together employees across Hikal's locations in a hybrid celebration that recognised outstanding contributions, strengthened connections and reinforced the Company's culture of excellence.

Designed to ensure participation across sites, the event combined in-person and virtual experiences, enabling employees from all locations to come together as one Hikal community and celebrate achievements that drive organisational success.

Recognising Performance and Values

The awards honoured individuals and teams who demonstrated exceptional performance, collaboration and commitment to Hikal's values. Recognition was conferred across multiple categories, celebrating excellence at every level of the organisation.

Highlights:

- 19 Individual Excellence Awards
- 18 Team Excellence Awards
- 11 Cultural Pillar Brand Awards recognising employees who exemplified Hikal's values
- Introduction of the Safety Employee of the Year category, with seven employees recognised for their commitment to workplace safety
- Hero Awards honouring promising junior employees for their dedication and potential
- The prestigious Best Site Award presented to the Taloja site for outstanding performance and innovation

Inspiring Conversations and Leadership Connect

A key highlight of the event was an interactive leadership conversation that provided employees with valuable insights into leadership, growth and the future direction of the organisation. The session encouraged open dialogue and strengthened engagement between employees and senior leadership.

Strengthening a Culture of Appreciation

Beyond recognising achievements, the event reflected Hikal's belief that appreciation is a powerful driver of engagement and performance. By celebrating contributions across functions, locations and levels, the Chairman's Excellence Awards continue to foster a culture where excellence is acknowledged, values are reinforced and employees are inspired to achieve their full potential.

Awards at Town Hall Meetings

Town hall meetings across sites provided a platform for dialogue, collaboration and organisational updates. Through our Parigyaan recognition programme, employees were honoured for exemplary contributions with awards including Rising Star, Innovation Award, Safety Champion and Team Excellence. At select locations, employees achieving Lean Six Sigma Yellow Belt certification were also recognised, highlighting our commitment to continuous improvement and capability development.

Employee Benefits

Employee well-being remains a key priority at Hikal. We provide a range of benefits that support the health, safety and overall well-being of our workforce, including medical insurance, transport facilities and other welfare programmes.

All employees are covered under applicable welfare and social security benefits, with health, term life and accident insurance available to 100% of the workforce. Eligible women employees receive statutory maternity benefits, while eligible male employees are entitled to paternity leave, reflecting our commitment to creating a supportive and inclusive workplace.

Employee Retention

Talent retention and succession planning remain key priorities at Hikal. Through structured talent assessments and continuous learning opportunities, we help employees develop their skills, realise their potential and prepare for future responsibilities.

Regular feedback mechanisms enable us to strengthen the work environment, promote continuous improvement and support employee development. Together, these efforts foster an inclusive, collaborative culture that drives individual growth and long-term organisational success.

Employee Hour

Employee Hour provides a platform for open and informal interactions between employees and senior leadership. The initiative helps new joiners understand Hikal’s culture and priorities, while encouraging feedback, engagement and collaboration across the organisation.

Talent Evaluation and Development

Structured talent assessments conducted by the Business Excellence and HR teams help evaluate technical capabilities, identify development needs and support continuous learning. The programme forms an integral part of our broader talent development and succession planning efforts.

Employee Referral Scheme

Through regular awareness sessions, employees are encouraged to participate in the referral programme by recommending qualified candidates from their networks. The initiative supports talent acquisition while strengthening employee involvement in building a high-performing workforce.

CASE STUDY

Value Week 2025

For the tenth consecutive year, Hikalites across locations came together to celebrate Values Week, reaffirming the cultural pillars that shape our organisation. Centred on the theme 'Values Drive Excellence', the week highlighted how shared values inspire collaboration, innovation, customer focus, integrity and continuous improvement in everything we do.

The celebrations began with a company-wide leadership session, where senior leaders reflected on the role of values in driving sustainable growth and organisational success. Throughout the week, employees participated in a range of activities designed to strengthen engagement, foster teamwork, encourage community involvement and bring Hikal's values to life through action.

Glimpse from our Site Offices

CBD Belapur

The site celebrated Values Week through employee recognition initiatives, interactive engagement activities and community outreach. Employees participated in the Hikal-O-Pedia Quiz and the Cheers from Peers recognition programme, while also extending support to children with special needs through a visit to a local NGO under the Srijan Sampark initiative.

Taloja

Values Week at Taloja focused on sustainability, creativity and collaboration. Employees participated in a Wealth from Waste competition, a tree plantation drive and team-building activities that encouraged innovation, teamwork and environmental responsibility.

Pune R&T

The Pune R&T team celebrated the week through knowledge sharing, collaboration and social impact initiatives. Value Champions shared personal experiences of living Hikal's values, while employees participated in team-building workshops, tree plantation activities, blood donation drives and voluntary contribution programmes.

Jigani

At Jigani, the celebrations emphasised teamwork, engagement and environmental stewardship. Employees came together for tree plantation activities and team-building programmes that strengthened collaboration and fostered a strong sense of belonging across teams.

Panoli

Panoli marked Values Week through a blend of employee engagement and community service initiatives. Activities included team-building programmes, creative competitions such as Hikal's Got Talent and Wealth from Waste, as well as an outreach visit to an old-age home organised by the Women's Forum.

Mahad

Employees at Mahad participated in environmental and recognition-focused activities during the week. Tree plantation drives reinforced the site's commitment to sustainability, while a felicitation ceremony celebrated competition winners and recognised long-serving employees for their dedication and contributions.

Impact at a Glance

- 10th consecutive year of celebrating Values Week
- Participation from employees across all Hikal locations
- Community outreach, environmental stewardship and employee engagement initiatives
- Long Service Awards recognising employees with 10–35 years of service
- Activities reinforcing Hikal's culture of collaboration, responsibility and excellence

Employee Engagement, Training and Skill Development

Continuous learning is central to our people development strategy. Through a range of upskilling and reskilling initiatives, we help employees strengthen technical, functional and behavioural capabilities, preparing them for evolving business needs and future opportunities. These programmes support individual growth, enhance organisational capability and contribute to building a resilient, future-ready workforce.

124%*
Employees received training on skill upgradation

123%*
Employees received training on health and safety

*The training data exceeds 100% because it includes all employees trained during the year—covering both those who have left the organization and newly joined staff.

Employee Training and Development

At Hikal, we prioritise capability building through structured learning interventions that support career progression and enhance employee satisfaction.

Our development framework includes access to platforms such as LinkedIn Learning, enabling employees to deepen functional expertise and strengthen leadership competencies, aligned with evolving business needs and individual growth aspirations.

Training and Development Programmes during 2025-26

Interpersonal Effectiveness and Productivity Training

Employees participated in a site-wide programme focused on strengthening communication, time management, conflict resolution and collaborative working skills.

Speech Crafters Programme

Launched by the L&OD team at CBD, this initiative helped employees enhance public speaking and presentation skills, with structured feedback and recognition supporting their development journey.

Knowledge Sharing Sessions

Bi-monthly sessions led by DQA covered key topics such as regulatory compliance, ALCOA+ principles and nitrosamines, fostering continuous learning and technical excellence.

Neev – Employee Orientation Programme

Neev welcomed new employees into the organisation through interactive onboarding sessions that introduced Hikal's culture, values and expectations while encouraging engagement, feedback and collaboration.

Learning and Development – LinkedIn Learning

At Hikal, we invest in continuous learning to strengthen workforce capabilities and support long-term growth. Through our collaboration with LinkedIn Learning, employees gain access to curated courses tailored to business needs, spanning technical, functional and behavioural skills. These learning opportunities help address skill gaps, enhance professional capabilities and prepare employees to meet evolving industry requirements with confidence and agility.

91,125
Total video views

3,278
Course completions

CASE STUDY

Accelerated Development Programme (ADP) 2025: Building Future-Ready Leaders at Hikal

We launched the Accelerated Development Program (ADP) across our Bangalore, Pune and Panoli sites as part of our commitment to building a strong and future-ready talent pipeline. Designed for Officers, Junior Officers, Trainees and GETs, the programme reflects our focus on structured capability building aligned with long-term organisational growth.

The six-month blended learning journey comprises 12 fortnightly sessions combining classroom workshops, e-learning modules, coaching, cross-functional exposure and applied project work. The programme is built around five key learning pillars: Safety & Quality, Personal Development, Productivity & Financial Literacy, Personal Well-being and Digital Fluency, supported by customised technical inputs and industrial exposure at site level.

Bangalore

The programme was inaugurated with a strong leadership message highlighting the role of young professionals in shaping Hikal's innovation and growth journey. The launch set an aspirational tone, encouraging participants to take ownership of their development and contribute meaningfully to organisational goals.

Pune

At Pune, the launch focused on customer centricity and innovation, with leaders emphasising the importance of thinking beyond boundaries. The session energised participants to view the programme as a platform to build capabilities that directly contribute to business impact.

Panoli

The Panoli launch was marked by high enthusiasm, with leadership reinforcing how ADP will accelerate both individual and organisational growth. The programme was positioned as a key enabler in strengthening future leadership capability within Hikal.

Programme Design and Learning Approach

ADP integrates structured learning with real-world application through mentorship support, monthly coaching circles and a capstone project presented at the end of the programme. This ensures participants not only acquire knowledge but also apply it in practical, cross-functional business contexts.

Recognition and Rewards

On successful completion, participants are eligible for structured career progression and recognition, including a fixed monthly salary increase, potential long-term performance-linked rewards and a Certificate of Excellence presented in the presence of leadership.

Impact at a Glance

- Launch of ADP across Bangalore, Pune and Panoli
- Six-month structured blended learning programme
- Five core learning pillars covering technical, behavioural and digital skills
- Mentorship, coaching circles and capstone project-based learning
- Structured recognition and career progression framework

Through the ADP, Hikal reinforces its commitment to nurturing young talent, strengthening leadership pipelines and building a capable, agile and future-ready workforce.

Employee Recognition and Retention Initiatives

Site Heroes Reward Programme

Hikal's Site Heroes Reward Programme recognises and rewards top-performing employees across its sites for outstanding contributions. Eligible employees in the Junior Officer, Officer and Executive grades are evaluated through the Performance Management System, with Site Management Committees selecting top performers across functions.

The programme recognises 30 employees annually across Jigani 1, Jigani 2, Panoli, Mahad, Taloja and Pune R&T through three achievement categories:

- **Golden Achiever:** 8 recipients, awarded a motorcycle worth up to INR 1 lakh
- **Silver Star:** 11 recipients, awarded a mobile phone worth up to INR 40,000
- **Bronze Excellence:** 11 recipients, awarded a smart watch worth up to INR 20,000

Recipients receive certificates signed by the Managing Director and are recognised through site-level celebrations and company-wide communication, with social media recognition where applicable.

Hikal's Emerging Stars Scheme (HESS)

HESS is a four-year, tenure-based retention scheme for employees in the Junior Officer and Officer grades. Effective June 1, 2025, the scheme combines tenure and performance-based recognition, with employees accumulating Stars annually. Each Star has a monetary value of INR 10,000 and is monetised upon completion of four years.

Employees receive four Stars in the first year, followed by two Stars annually in Years 2–4, subject to performance. Employees rated below 3 on a five-point scale are not eligible for Star allocation for that year. Up to two Bonus Stars may also be earned annually for exceptional performance, recognition in Innovation, Safety, Productivity or Quality, and successful completion of the Accelerated Development Program (ADP) Certification.

The scheme offers a potential accumulation of up to 18 Stars over four years, equivalent to INR 1.8 lakh. HESS is over and above employees' CTC and complements the annual Performance Management process. The accumulated amount is payable at the end of four years, subject to scheme conditions, with provisions for early payout in specified cases such as promotion above Officer grade, retirement or certain Company-initiated separations.

Popular Technical Courses and Participation

Construction Safety – Helped employees strengthen their understanding of safety standards, compliance requirements and workplace risk management.

Construction Management: Safety and Health – Provided advanced safety management capabilities that support operational excellence.

Occupational Safety and Health – Enhanced awareness of workplace safety practices, reinforcing a culture of prevention, compliance and well-being.

Building Soft Skills for Holistic Development

To complement technical capability building, we introduced programmes in Public Speaking, Quality Management and Project Management aimed at enhancing communication, leadership and professional skills. These programmes were well received by participants, although participation levels were lower than technical courses, highlighting employees' stronger inclination towards technical learning and development.

Our LinkedIn strategy has delivered strong results, achieving an engagement rate significantly above the benchmark since April 2023. This performance has been supported by a diverse content mix spanning business updates, CSR initiatives and leadership stories.

Engagement declined from September due to lower posting frequency. To address this, we will increase content cadence, strengthen CSR storytelling and introduce leader-led video content to sustain engagement and enhance brand visibility.

Occupational Health and Safety

Safety excellence is a fundamental priority at Hikal. We regularly conduct training and awareness programmes to address workplace hazards and reinforce compliance with safety protocols. Routine audits further strengthen our safety framework, with all recommendations promptly implemented to sustain a strong culture of safety and compliance.

Zero
LTIFR

36,534
Hours of EHS training to employee and contract employee

Zero
Total recordable work-related injuries

Ensuring Employee Health and Safety

Our safety culture has been strengthened through a series of high-impact initiatives. The behaviour-based programme Surakshapath has helped reduce behavioural risks, while One Minute for Safety talks, EHS inductions and weekly wet drills have reinforced awareness and proactive safety practices across operations. MySetu EHS portal has been switched over for better user friendliness to the SunBPM EHS portal.

SunBPM EHS Portal
Our Platforms/Systems

Ensuring Employee health and Safety

One Minute Safety Programme
Our Initiatives

Strengthening Safety through Risk Evaluation

At Hikal, workplace safety is anchored in rigorous risk identification and assessment through HIRA and HAZOP studies across all activities. Dedicated EHS teams ensure the implementation of safety protocols at site level, while collaboration with accredited laboratories and the expertise of our R&T Centre further strengthen compliance with applicable safety and regulatory standards.

Strengthening Digital Safety Reporting

We have enhanced our safety framework through the company-wide rollout of the SunBPM digital platform, enabling timely reporting of hazards, near misses and incidents. Each case is systematically analysed for root cause, with corrective and preventive actions tracked to closure, driving continuous improvement and strengthening incident prevention across operations.

Strengthening Preventive Healthcare

Employee well-being is supported through comprehensive non-occupational healthcare measures, including 24/7 access to on-site medical support and trained personnel. Regular preventive health check-ups and annual health camps are conducted, and all employees are covered under group medical and accident insurance, ensuring a holistic and preventive approach to workplace health and safety.

Strengthening Safety Awareness through Training

Regular training interventions are conducted to reinforce safety awareness, particularly for shop floor teams. Toolbox talks, safety briefings and One Minute for Safety sessions help strengthen understanding of critical safety protocols, encourage proactive behaviour and embed a strong safety culture across operations.

- **Fire Safety Training:** At the Jigani site, employees were trained to identify fire hazards, adopt preventive measures and follow safe evacuation procedures. The session enhanced confidence in the use of fire extinguishers and improved overall emergency preparedness.
- **ERT Training & Mock Drill:** A fire safety drill conducted at all sites including the CBD office, led by the EHS Head, provided hands-on training to Emergency Response Team members and employees in rescue and evacuation procedures, reinforcing organisational readiness for emergency situations.
- **One Minute Safety Programme:** Conducted at all the sites, the programme focuses on unsafe acts, unsafe conditions, near misses and incident learnings. Specific work related risk topics are covered for one minute for safety to enhance awareness competence to minimise risks at our sites to make the operation inherently safe.

CASE STUDY

Core Values at Hikal: Elevating Safety to the Heart of Our Culture

At Hikal, our values guide everyday actions across the organisation. This year marked a key milestone with the formal elevation of Safety as a Core Value, reaffirming our belief that protecting our people is fundamental to everything we do.

Announced on 19 September, this decision reflects the recognition of Safety as something already deeply embedded in Hikal's way of working, now formally strengthened as a core value.

From Priority to Core Value

Over the past year, Safety has been reinforced through multiple initiatives, including Safety Talks at the start of meetings, Safety Month celebrations, Safety Awards at the Chairman's Excellence Awards, and the rollout of Safety communication tools such as videos and booklets.

A Safety Diagnostic Survey conducted with SWASYA- external safety consultant, further helped strengthen systems and identify areas for continuous improvement, marking a shift from safety as a programme to safety as a culture.

Leadership Perspective

Leaders across the organisation emphasised that safety is shaped by daily choices and behaviours, not just systems and processes. They reaffirmed that employee safety will always take priority over business outcomes, while also highlighting the importance of embedding safe practices into everyday operations across sites.

What It Means for Hikal

Elevating Safety to a Core Value reinforces a shared commitment across all Hikalites. It calls for safety to be embedded in daily decision-making, strengthened through consistent habits, and recognised as a driver of quality, trust and performance.

As leadership reiterated, true excellence is achieved only when every employee feels safe and returns home safely every day.

A Defining Step Forward

With Safety now a Core Value, Hikal strengthens its foundation for sustainable growth. This milestone marks the beginning of a deeper cultural journey where every action and decision reflects an uncompromising commitment to people and their well-being.

Building Capability, Safety and Inclusive Growth

At Hikal, continuous learning and capability building remain central to strengthening a culture of safety, excellence and growth. Across sites, structured training and engagement programmes were conducted to enhance employee and contractor competence, reinforce compliance and embed safe behaviours in daily operations.

Strengthening Safety Capability

Training programmes focused on critical operational areas including permit-to-work systems, safe handling of hazardous chemicals, PPE usage, audit preparedness and first-aid response. Dedicated contractor safety management sessions reinforced shared accountability and compliance discipline across the value chain.

Leadership development initiatives under the SWASYA 'SAFETY CULTURE TRANSFORMATION' Programme further strengthened safety ownership by enabling participants to build proactive risk awareness and embed safer ways of working within their teams.

Embedding Behavioural and Functional Excellence

Employees participated in targeted sessions on behaviour-based cGMP practices, influencing without authority, and audit readiness. These programmes combined practical learning with real-world application, strengthening collaboration, communication and operational discipline.

Safety Week: From Responsibility to Ownership

Safety Week 2026, observed across all locations, reinforced the shift from compliance to ownership. The week began with a leadership webinar emphasising safety as a daily habit, followed by site-level safety oath ceremonies.

Employees actively engaged in hazard hunts, emergency drills, SCBA demonstrations, safety quizzes and fire safety exercises. Creative initiatives such as posters, skits and safety badges further strengthened awareness and participation.
A dedicated session on near-miss reporting through the SunBPM system highlighted the importance of early intervention in preventing incidents.

Leadership Alignment and Cultural Reinforcement

Across all engagements, leaders reinforced a unified message that safety is driven by everyday behaviour, discipline and accountability. The organisation's shared aspiration of achieving zero harm was strongly reiterated, with emphasis on moving from awareness to full ownership.

Impact at a Glance

- Comprehensive safety and compliance training across employees and contractors
- SWASYA- Safety culture transformation programme- strengthening leadership driven safety culture
- Behaviour-based cGMP, audit readiness and first-aid capability building
- Safety Week 2026 observed across all sites with high participation
- Hazard hunts, drills, SCBA training and interactive safety engagements
- Strong focus on near-miss reporting and proactive risk prevention

Through these initiatives, Hikal continues to strengthen a culture where safety is not just practiced but owned—ensuring a more capable, responsible and resilient workforce.

Human Rights and Community Relations

We uphold dignity, fairness and inclusion across our operations, with zero tolerance for discrimination, harassment or forced labour.

Through our CSR programme Srijan, we extend this commitment to communities by supporting initiatives in education, healthcare, environmental sustainability, cultural heritage and employee engagement.

72%
Total permanent employees have been provided training on human rights

100%
Permanent workers are associated with a union

Respecting Human Rights

At Hikal, safeguarding human rights across all our operations is a responsibility we take with the utmost seriousness. Working alongside an independent agency, we conduct thorough human rights due diligence to identify and address potential risks. Annual audits, led by our Internal Audit and EHS teams, ensure sustained compliance and enable timely, effective corrective action where required.

Freedom of Association

We uphold the right to freedom of association and collective bargaining in line with international labour standards. We recognise the role of employee unions in representing worker interests and strengthening dialogue within the organisation.

Child Labour, Forced and Compulsory Labour

We maintain a strict zero-tolerance policy towards discrimination, harassment, child labour and forced or compulsory labour. Our No Child or Forced Labour Policy ensures that no individual under the age of 18 is employed across any of our sites, and that all employment is freely chosen. We also ensure equal opportunity across recruitment, training, promotion and remuneration, reinforcing fairness and inclusion in all aspects of employment.

Mechanism to Address Grievances

Our grievance redressal framework provides employees and stakeholders with a transparent and fair mechanism to raise concerns. Supported by policies such as the Prevention of Sexual Harassment (PoSH) Policy and Whistle-blower Policy, it helps maintain a safe, respectful and accountable workplace.

Training on Human Rights

We are committed to building awareness and understanding of human rights across the organisation. Through focused training programmes, employees are sensitised to our values of dignity, equality and respect, fostering a culture grounded in integrity and shared responsibility.

Community Relations

Our CSR approach is centred on creating shared value for communities around our operating locations and beyond. Through Srijan, our flagship programme, we focus on five key pillars, environment and sustainability, education and skill development, healthcare and sanitation, art and heritage, and employee contribution. Working with NGO and community partners, we seek to address local needs, strengthen access to essential resources and create meaningful, sustainable impact.

10,000+
School children across Taloja, Mahad, Pune and CBD have been reached through Upcycle with Hikal, learning the value of upcycling through pencil pouches made from recycled materials

INR 22 Million
CSR expenditure

5,000+
Patient's lives impacted

CSR Programme and Intervention Areas

Anahat Environment and ecology protection	**Sampark** Employee contribution
Medha Education and skill development	**Rachna** Protection of national heritage, art, and culture
Kaushalya Healthcare and sanitation	

Our Contribution to UNSDGs

Anahat

Upcycle with Hikal Initiative

Through the Upcycle with Hikal initiative, we partnered with IAHV to promote environmental awareness and responsible plastic waste management among school children across communities near our plants in Mahad, Pune, Taloja and Belapur. Conducted over five months from August to December 2025, the programme brought together students, educators and employees to encourage responsible resource use, recycling and upcycling.

More than 10,000 students from 12 government schools participated in the campaign. Plastic waste collected through active employee participation was sent to EcoKari, a social enterprise specialising in upcycling, where it was converted into 2,500 pencil pouches and distributed to school children. Students also expressed their learning through speeches, songs and exhibitions featuring recycled plastic products created by them. The initiative strengthened environmental awareness while encouraging students to adopt responsible consumption and reuse practices.

Sustainable Support for Pilgrims

During the Ambaji Padyatra, we partnered with GPCB Gandhinagar to set up a sustainability kiosk for pilgrims. Used plastic bottles were exchanged for reusable steel bottles, promoting responsible consumption and reducing single-use plastic. The collected plastic waste was channelled for recycling, combining environmental stewardship with community support.

Strengthening Community Water Security

We supported the development of ponds to increase water availability for local communities in Pune. The initiative aims to improve water availability for agriculture, livestock and domestic use, while strengthening sustainable water resource management and long-term access to water for local communities.

Promoting Renewable Energy

We supported the deployment of solar panels in Mangnur village, contributing to renewable energy adoption and strengthening sustainable community infrastructure. The initiative forms part of our broader focus on responsible resource use and community resilience.

Medha

Improving School Infrastructure

We continued to strengthen learning environments in underserved communities through infrastructure development at government and rural schools.

At ZP School, Nere (Dattawadi), Pune, earlier interventions included a water tank, handwash station and tin shed. The tin shed serves as a dedicated dining space for children and an area for extracurricular activities. Building on this support, a new classroom was constructed in 2024–25 to further enhance the school's facilities and address its growing educational needs. The school serves 203 students, predominantly from marginalised communities.

Infrastructure improvements were also undertaken at Zila Shikshan Parishikshan Sanstha, Raigad, including renovation of training-room roofs and upgrades to urinals and toilets. Completed between May and September 2025, the project was aimed at creating a safer, more hygienic and conducive environment for beneficiaries and supporting uninterrupted training sessions.

We also supported infrastructure development at government schools in Maharashtra, including ZP School Kamble Tarf Birwadi and ZP School Chochinde, Mahad, helping strengthen basic facilities and learning environments for students.

Empowering Students with Future-ready Skills

As part of the skills@school Programme, we supported 3D Printer Exposure Education & Training to introduce students to emerging technologies through hands-on learning. The programme is designed to benefit 150 students annually across three centres, providing exposure to 3D printing concepts, applications and basic training while encouraging curiosity, creativity, innovation, design thinking and practical problem-solving.

Supporting Inclusive Education

We supported initiatives aimed at improving access to education and care for underserved and vulnerable students. These included teacher remuneration at a nearby government school in Karnataka, sponsorship of students and special-teacher support through Aai Day Care Sanstha, and assistance to organisations working with children with special needs.

Kaushalya

Supporting Children with Special Needs

We extended support to Sneha Bharti Education Society by providing grocery assistance for students with special needs. The initiative helped support day-to-day care, nutrition and wellbeing, reinforcing our commitment to inclusive care and dignity for vulnerable communities.

Menstrual Health and Hygiene Awareness

Through our partnership with IAHV, we continued menstrual health and hygiene awareness programmes for adolescent girls in Taloja and Mahad. The initiative focused on building awareness, dispelling myths and encouraging informed conversations around health, dignity and self-care. It helped strengthen hygiene practices and confidence among young beneficiaries while contributing to inclusive health and well-being.

Sampark

Employee Participation

Employee participation remains an important enabler of our CSR efforts. Through initiatives such as Upcycle with Hikal, employees actively supported plastic collection across plant locations and engaged with students and educators to promote sustainability awareness. Their involvement strengthened ownership of the initiative and encouraged responsible action beyond the workplace.

Supporting Local Communities

Our community-focused interventions also included support for public infrastructure and local development needs, including improvements to a Bharuch police station and school shade infrastructure. These initiatives reflect our continued focus on responding to local needs and strengthening community infrastructure.

Creating Meaningful Impact

During the year, our CSR portfolio covered education, healthcare, environment, community infrastructure, women empowerment, culture and heritage, and local community support. Collectively, these initiatives benefited more than 24,000 people. While the overall beneficiary count was lower than the previous year, we continued to prioritise the quality, continuity and sustainability of impact over scale alone, with a focus on embedding interventions within communities and creating lasting value.

Rachna

We continued to support institutions and initiatives that promote India's art, literature, music and cultural heritage.

Zirad Art & Heritage Foundation (ZAHF)

Our CSR support to ZAHF contributed to the development of the Vismaya Museum at Zirad, Alibaug, an immersive learning and research ecosystem bringing together Indian art, archaeology, history, museology, sustainability and community participation.

During the year, the museum attracted more than 1,900 visitors through strong organic outreach and word-of-mouth engagement. The initiative enabled six curated events, five educational workshops and four research and artist residencies, creating opportunities for students, scholars, teachers, artists, architects, museology experts and local communities to engage with India's artistic and civilisational heritage.

The museum incorporates 147 solar panels, natural ventilation, watershed management practices, green architecture and 14 culturally significant plant varieties within its landscape. Multilingual workshops for Zilla Parishad school students and continued participation of local communities in museum operations and outreach further strengthen its role as a sustainable, community-rooted cultural institution.

Literature Live! The Mumbai LitFest

We supported Literature Live! The Mumbai LitFest, helping widen public access to literary conversations, ideas and cultural dialogue. The initiative provided a platform for writers, thinkers, artists and audiences to engage with contemporary issues, storytelling and creative expression.

Saundarya Natya Kala Foundation

Support to the Saundarya Natya Kala Foundation contributed to promoting access to theatre and cultural performances, enabling artists and audiences to connect through creative expression and supporting the continuity of India's performing arts traditions.

Mehli Mehta Music Foundation

Support to the Mehli Mehta Music Foundation contributed to music and cultural education, widening access to cultural learning and encouraging engagement with music and the performing arts.

We also supported the Anglo-Scottish Education Society and other cultural and community institutions as part of our continued commitment to social enrichment and the preservation of India's cultural fabric.

GOVERNANCE

Shaping Every Decision with Dignity

Strong governance underpins Hikal's commitment to responsible and ethical business conduct. Guided by fairness, transparency and integrity, our governance framework supports effective stakeholder engagement, sound decision-making and long-term value creation, while ensuring resilience in a dynamic operating environment.

Material Topics Covered

Ethical Business Practices and Governance	Data Integrity and Security
Regulatory Compliance and Skill Development	Product Quality, Safety, and Labelling
Sustainable Financial Performance	Research and Innovation
Sustainable Supply Chain	Customer Satisfaction

Highlights for 2025-26

54.5% Independent Directors

Zero Corruption incidents reported

30% Women Directors

Zero Cases of Conflict of Interest

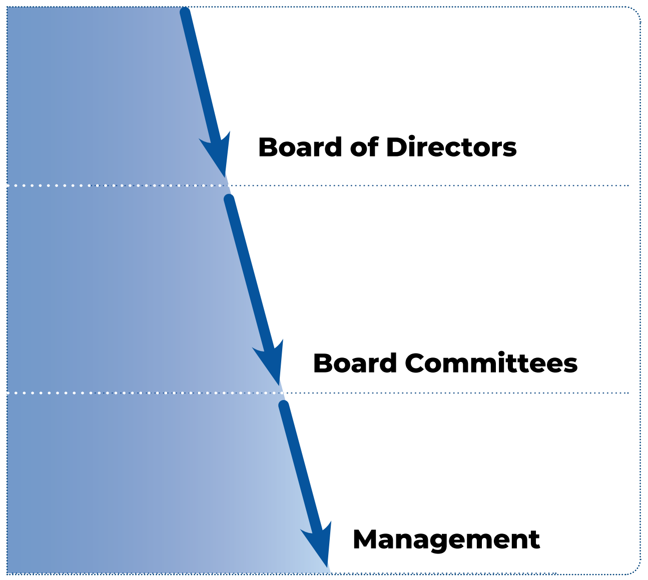
Contribution to UNSDGs

Ethical Business Practices and Governance

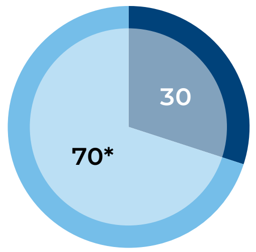
We are committed to integrity, transparency and accountability across all operations, embedding strong ethical principles into our systems to build stakeholder trust and support responsible decision-making and long-term value creation.

Governance Structure

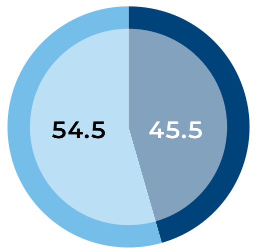
Our Board of Directors ensures strong oversight through transparency, integrity and accountability, while the Management Committee drives execution of the value-creation strategy focused on sustainable and inclusive outcomes.



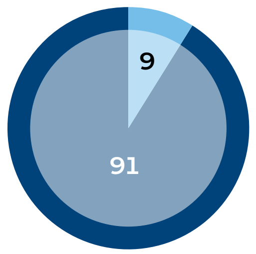
Board Diversity (%)



Board Independence (%)



Board Age Profile (%)



*Board composition changed from 11 Directors (27.27% women representation) to 10 Directors (30% women representation) from October 2025 onwards due to resignation of 1 Director.

Board Committees

The Board Committees contribute meaningfully to the discharge of governance responsibilities by providing strategic perspectives, strengthening oversight practices, and submitting regular reports to the Board of Directors. At present, the Board operates through five specialised committees.

Audit Committee AC

Chaired by Independent Director

4 | 6 | 75%

Stakeholder's Relationship Committee SRC

Chaired by Independent Director

3 | 1 | 66.67%

Nomination and Renumeration Committee NRC

Chaired by Independent Director

5 | 3 | 80%

Corporate Social Responsibility Committee CSR

Chaired by Non-Independent Director

4 | 2 | 25%

Risk Management Committee RMC

Chaired by Non-Independent Director

5 | 2 | 40%

- Members
- Meetings
- % Independent
- Chairman
- Member

Board of Directors

Jai Hiremath

Executive Chairman

Founder and Executive Chairman with over 43 years of experience in the fine chemicals and pharmaceuticals industry.

Qualifications: Chartered Accountant England and Wales, Owner President Management Programme, Harvard University, USA

NRC CSR RMC

Sameer Hiremath

Vice Chairman and Managing Director

Qualifications: BE (Chem), MBA & MS (I.T.) – Boston (USA)

CSR RMC

Sugandha Hiremath

Non-Executive Director

Qualifications: B. Com

AC SRC CSR

Amit Kalyani

Non-Executive Director

Qualifications: Mechanical Engineering from Bucknell University, Pennsylvania, USA, Owner President Management Programme, Harvard University, USA.

Shivani Sachdeva

Independent, Non-Executive Director

Qualifications: MBA from the Wharton School, University of Pennsylvania, B.A. in Economics from Mount Holyoke College (Phi-Beta-Kappa, Magna Cum Laude, Sarah Williston Scholar)

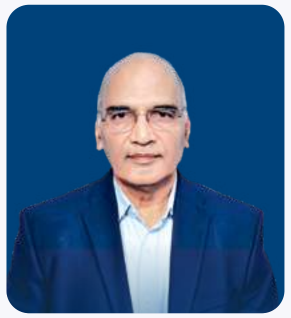
NRC

Shrikrishna Adivarekar

Independent, Non-Executive Director

Qualifications: Chartered Accountant & Commerce Graduate

NRC



Ramachandra Kaundinya

Independent, Non-Executive Director

Qualifications: Undergraduate in agricultural sciences from Andhra Pradesh Agricultural University and PG Diploma in Management from IIMA

AC NRC RMC

Berjis Desai*

Independent, Non-Executive Director

Qualifications: LLB, University of Bombay & LLM Cambridge University, UK and Solicitor

AC NRC

*Mr. Berjis Desai resigned as an Independent Director w.e.f. October 01, 2025.

Ravi Kapoor

Independent, Non-Executive Director

Qualifications: Alumnus of the Mumbai University

AC SRC NRC RMC

Ranjana S. Salgaocar

Independent, Non-Executive Director

Qualifications: Master of Management Studies from Jamnalal Bajaj Institute of Management, Bombay University and Gold Medallist in Bachelor of Social Work, Bombay University

AC SRC CSR

Sarangan Suresh

Whole Time Director

Qualifications: Postgraduate in Chemical Engineering from Indian Institute of Science Bangalore

Sandip Parikh*

Independent, Non-Executive Director

Qualifications: FCA, B.Com. and LL.B.

*Appointed as an Independent Director w.e.f. May 27, 2026.

Management Committee

Jai Hiremath

Executive Chairman

Founder and Executive Chairman with over 43 years of experience in the fine chemicals and pharmaceuticals industry

Sameer Hiremath

Vice-Chairman and Managing Director

Anish Swadi

Senior President – Animal Health and Business Transformation

Kuldeep Jain

Chief Financial Officer

Manoj Mehrotra

President – Pharmaceuticals

Ravi Khadabadi

Business Head – Crop Protection & Specialty Chemical

Ratish Jha

President – Human Resources

Qualifications

	Qualifications
Jai Hiremath	Chartered Accountant England and Wales, Owner President Management Programme, Harvard University, USA
Sameer Hiremath	BE (Chem), MBA and MS (I.T.) – Boston (USA)
Anish Swadi	Bachelor's degree in international business and finance from Ithaca College, New York, USA and Management Development Programme from the Wharton School
Kuldeep Jain	Chartered Accountant and Member of the Institute of Chartered Accountants of India, New Delhi
Manoj Mehrotra	B.Tech (Hons) in chemical engineering from IIT-Kharagpur and an MBA from XLRI, Jamshedpur
Ravi Khadabadi	A postgraduate in Chemistry and Polymer Science from the University of Mumbai and the University of Massachusetts Lowell, USA
Ratish Jha	Alumnus of TISS Mumbai. Took business certifications programme from IMD Switzerland, University of Michigan, AOTS Japan, ISB, IIM-A

Ethics and Business Practices

Our leadership has established a strong policy framework to promote ethical conduct, transparency and sustainability across the organisation, aligned with international standards of corporate governance.

All employees undergo annual online training and assessment to reinforce understanding of governance principles. Our Code of Conduct and key policies are also publicly available on our corporate website, reinforcing transparency and accountability.

Our Policies

- Whistle Blower Policy
- Code of Conduct
- CSR Policy
- Community Grievance Redressal Policy
- Code of Conduct for Board Members and Senior Management
- Dividend Distribution Policy
- Risk Management Policy
- Policy for Determining Material Subsidiary
- Related Party Transactions Policy
- Remuneration Policy
- Hikal's Fair Ethics Policy

↗ Click on policies for more details

Regulatory Compliance

Regulatory compliance is central to Hikal's operations, with strong alignment to domestic and international standards. We engage with stakeholders and participate in public consultations to support a transparent and evolving regulatory environment.

Navigating Regulatory Complexity

Our governance framework spans company law, securities regulation, taxation, labour, environmental and data protection requirements. We adopt a structured compliance approach with defined internal responsibilities to manage overlaps and ensure consistency. Cross-jurisdictional regulations are continuously monitored to prevent regulatory arbitrage and maintain full compliance.

Membership with Associations

We Hold Memberships in the Following Associations

- CII Confederation of Indian Industry
- IMC Chamber of Commerce and Industry
- Indian Chemical Council
- CCFI
- FICCI
- National Safety Council
- PMFAI Pesticides Manufacturers & Formulators Association of India
- ACFI Agro Chem Federation of India

Sustainable Financial Performance

At Hikal, sustainable financial performance is central to our long-term strategy. We view sustainability investments as value-generating opportunities that enhance both environmental outcomes and financial performance.

Over the past two years, we invested INR 4 million in clean energy initiatives, achieving a reduction of 49,265 $MTCO_2e$ and cost savings of INR 153.57 million in the reporting year. These results demonstrate the dual benefit of sustainability, environmental impact and financial efficiency.

We remain focused on identifying further opportunities that reduce our environmental footprint while improving cost efficiency, reinforcing the alignment between sustainability and profitability.

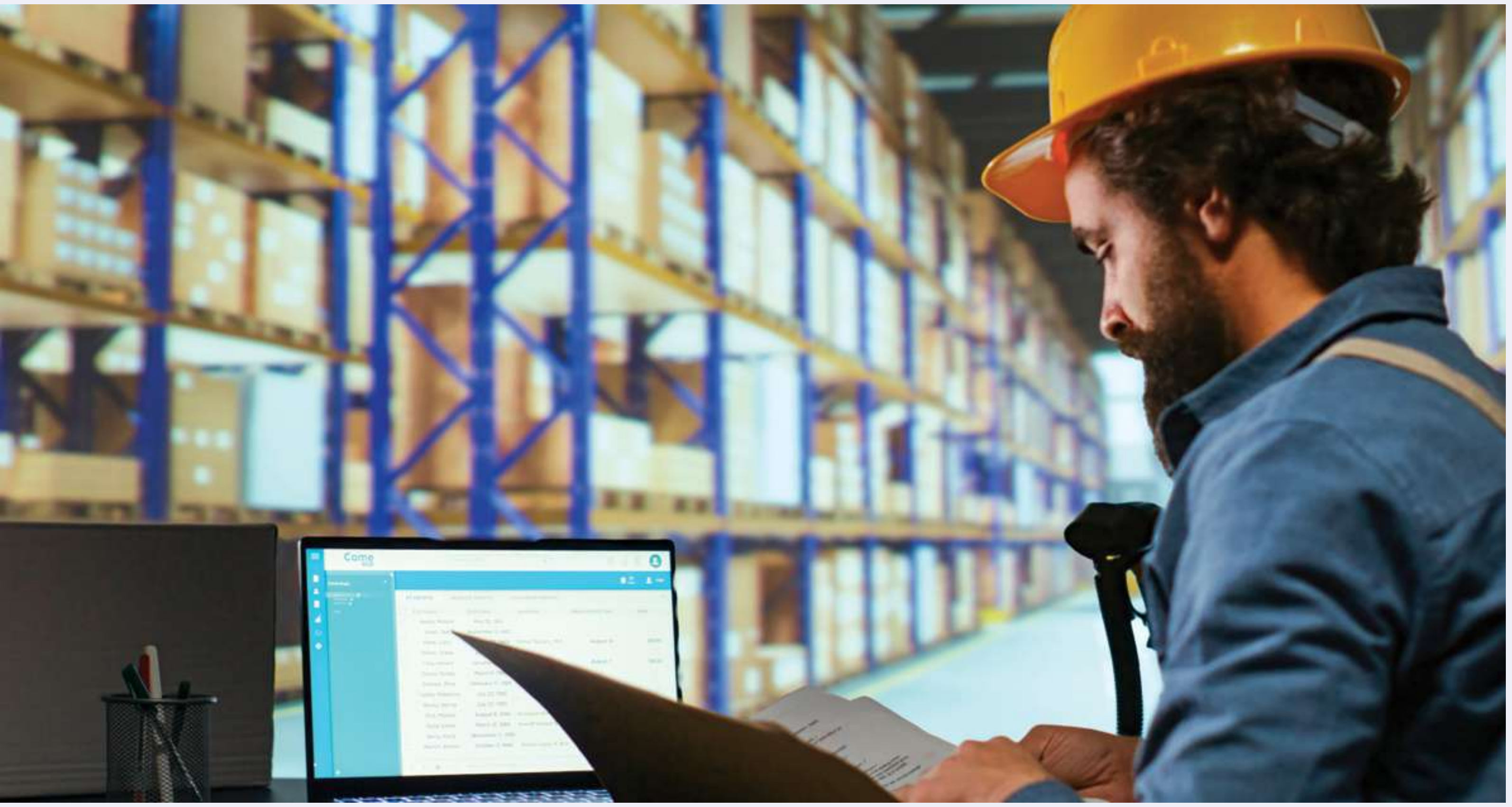
Sustainable Supply Chain

Our Responsible Sourcing Policy extends across all value chain partners, reinforcing our commitment to sustainable sourcing. Suppliers are required to meet defined ESG criteria to ensure alignment with our sustainability standards. We also prioritise local sourcing where possible, supporting environmental stewardship and contributing to the development of surrounding communities.

Responsible sourcing policy has been reviewed and updated with target KPI and defined responsibility for effective implementation across the value chain.

Strategy for Sustainable Supply Chain

Backward Integration	Outsourcing / Partnership	Local Vendor Development
• End-to-end process development • Technology solution for KSM manufacturing • Capacity deployment	• Strategic tie-ups • Technology transfer • Operational and financial support	• Identification of the right vendors • Compliance support • Process support • ESG support



Supplier Assessment

We apply stringent supplier evaluation standards across our critical value chain partners in India, focusing on EHS, quality and regulatory compliance. Supplier ESG performance, human rights adherence and workplace safety practices are assessed through on-site and remote audits.

No significant actual or potential adverse social impacts have been identified in the reporting year, reinforcing our commitment to ethical sourcing and responsible supply chain practices.

100%
Critical value chain partners assessed for health and safety practices

Assessment of Value Chain Partners (%): Human Rights Criteria (For critical suppliers)

Human Rights Criteria	2023-24	2024-25	2025-26
Child labour	100	100	100
Forced labour/involuntary labour	100	100	100
Sexual harassment	100	100	100
Discrimination at workplace	100	100	100
Wages	100	100	100

100%
Value chain partners assessed for safe working conditions

Data Integrity and Security

We have deployed multi-layered security solutions across our IT infrastructure to safeguard against direct exposure and vulnerabilities to cyber threats.

- Email gateway, antivirus, and anti-phishing measures to strengthen email security
- Real-time monitoring and defence against known and zero-day attacks through an Endpoint Detection and Response (EDR) solution featuring Advanced Threat Protection (ATP) engines
- Protection against zero-day attacks for all end-user devices and servers via antivirus solutions
- An additional security layer for server access through multi-factor authentication utilising OTP
- Reliable and safe internet access secured through best-in-class web security solutions

Zero
Data breaches during 2025-26

Product Quality, Safety, and Labelling

Product quality, safety and accurate labelling remain a top priority at Hikal, supported by strict protocols and regular employee training to ensure full compliance and transparency. Each product is labelled in line with statutory and customer requirements and is accompanied by detailed safety instruction sheets.

We maintain quality agreements with customers and actively seek feedback to strengthen service delivery. This feedback is regularly reviewed to drive continuous improvement and align with evolving customer expectations.

Research and Innovation

Innovation is central to Hikal's growth strategy and competitive positioning. We invest in advanced technologies and manufacturing capabilities to stay ahead of industry evolution. Initiatives such as HiBEX and Project Pinnacle enable the development of customer-focused products and cost-efficient solutions. These efforts have strengthened our presence in global markets, including Japan, Latin America and the West Asia.

Customer Satisfaction

Our business teams engage in regular customer review meetings to address feedback, enhance service delivery and strengthen collaboration. This ongoing dialogue builds transparency and trust, helping us align with evolving customer needs and industry dynamics. Continuous engagement ensures our solutions remain relevant, value-driven and aligned with customer priorities.

Board's Report

To,
The Members,

The Directors are pleased to present the 38th Annual Report with the Audited Standalone & Consolidated Financial Statements for the financial year ended March 31, 2026.

1. Financial Results

The Company's financial performance for the year ended March 31, 2026 is summarised below:

(₹ in million)

Particulars	2025-26	2024-25
Total Revenue	17,249	18,648
Profit before interest & depreciation	2,328	3,335
Interest	621	752
Profit before depreciation	1,707	2,583
Depreciation	1,638	1,344
Profit before taxation	69	1,239
Exceptional items	(851)	-
Profit/(loss) before taxation and after exceptional items	(782)	1,239
Provision for taxation		
- Current tax	(20)	300
- Deferred tax	(275)	30
Profit/(Loss) after tax	(487)	909
Reserves and surplus	11,743	12,375
Earnings Per Share	(3.95)	7.37
Dividend paid on equity share	123	148

2. Company Performance

During FY 2025-26, the Company achieved total revenue of ₹ 17,249 million, compared with ₹ 18,648 million in the previous year, reflecting a decline of 8%. Within the business segments, Pharmaceutical sales decreased by 13% to ₹ 10,210 million, while Crop Protection sales stood at ₹ 6,916 million.

The EBIDTA margins deteriorated by 302 bps due to product mix and lower operating profitability and stood at around 13%, decreased from ₹ 3,335 million in the previous year to ₹ 2,328 million in 2025-26. Absolute EBITDA also decreased by ₹ 1,007 million. The Profit Before Tax (PBT) before exceptional items, decreased by 94% from ₹ 1,239 million in the previous year to ₹ 69 million in 2025-26.

Exceptional items in 2025-26 include incremental effect due to change in labour code by ₹ 380 million and ₹ 471 million due to impairment charge.

Profit After Tax (PAT) decreased from ₹ 909 million in the previous year to a loss of ₹ 487 million in 2025-26, primarily due to lower operating profitability and exceptional items recognised during the year. Consequently, Earnings Per Share (EPS) declined from ₹ 7.37 in the previous year to ₹ (3.95) in 2025-26.

The Company is incurring substantial capital expenditure for growth in the Pharmaceutical and Crop Protection businesses to augment capacities for existing products and to create capacities for new products, as well as investments in Research & Technology.

The Company has prudently been funding the growth Capex with a mix between internal accruals and long-term loans. In doing so, the Company ensures that it maintains a healthy liquidity position and that its financial gearing and debt service coverage are at comfortable levels.

The Current Ratio of the Company is at 1.30 for 2025-26, as against 1.26 in the previous year. The Net Debt to Equity Ratio improved from 0.59 in March 2025 to 0.56 in March 2026, while the Debt Service Coverage Ratio (DSCR) declined from 1.45 in the previous year to 0.80 in 2025-26

3. Exports

Exports for the year 2025-26 were ₹ 11,452 million (67% of total sales) as compared to ₹ 11,471 million (62% of total sales) in the previous year. The increase in exports was due to diversifying our product portfolio.

4. Dividend & Reserves

The Company declared an Interim Dividend of 10% (₹ 0.20 per equity share of face value of ₹ 2 each) in February 2026, which was paid in March 2026, for the Financial Year 2025–26. Further, the Board has recommended a Final Dividend of 20% i.e. ₹ 0.40 per equity share of face value of ₹ 2/- each. The Payment of Final Dividend is subject to the approval of shareholders at the ensuing Annual General Meeting of the Company. If the Final Dividend is approved by the shareholders, the total dividend for the Financial Year 2025-26 shall aggregate to 30% i.e. ₹ 0.60/- per equity share of face value of ₹ 2/- each.

As per the Income Tax Act, 2025, dividends paid or distributed by the Company shall be taxable in the hands of the shareholders. The Company shall, accordingly, make the payment of the final dividend after deduction of tax at source.

The dividend recommended is in accordance with the Company's Dividend Distribution Policy. The Policy is available on the Company's website and can be accessed at https://www.hikal.com/uploads/documents/HIKAL-DividendDistributionPolicy.pdf

During the year under review, the Company has not transferred any amount to any of the reserves maintained by the Company.

5. Share Capital

There has been no change in the Company's paid-up share capital during the current financial year. The paid-up equity share capital as on March 31, 2026, stood at ₹ 246.60 million. During the financial year, the Company did not issue shares with differential voting rights nor granted any stock options or sweat equity. As on March 31, 2026, none of the Company's Directors held instruments convertible into equity shares of the Company.

6. Particulars of Loans, Guarantees and Investments by the Company

The details under Section 186 of the Companies Act, 2013 are given in Note No. 55 to the notes to the financial statements.

7. Deposits

The Company did not accept any deposits and as such there were no overdue deposits outstanding as on March 31, 2026.

8. Material Changes and Commitments

In terms of Section 134(3)(l) of the Companies Act, 2013, except as disclosed in this Annual Report, no material changes and commitments which could affect the Company's financial position have occurred between the end of the financial year of the Company and the date of this Annual Report.

9. Significant and Material Orders Passed by the Regulators or Courts

The United States Food and Drug Administration (US FDA) conducted an inspection of the Company's manufacturing facility at Jigani, Bengaluru, Karnataka in February 2025. Subsequently, in May 2025, the Company received communication from the US FDA classifying the inspection outcome as "Official Action Indicated" (OAI). Further, in August 2025, the Company received a warning letter from the US FDA in respect of the said facility.

The Company has taken cognisance of the observations and is in the process of implementing remediation measures. Corrective and preventive actions (CAPA) have been implemented in alignment with applicable international regulatory standards.

Operations remain supported by other regulatory approvals catering to markets such as Latin America, Mexico, Japan, among others. As part of its risk mitigation strategy, the Company has transitioned certain operations from the Jigani facility to the Panoli facility, which is US FDA compliant.

Except as above the Company has not received any significant or material orders from any regulators or courts or tribunals impacting the going concern status of the Company and its future operations.

10. Annual Return

The Annual Return of the Company, as required under Section 92 of the Companies Act, 2013, read with the Rules framed thereunder, in the prescribed Form MGT-7, is available on the website of the Company at www.hikal.com/documents/agm.

11. Subsidiaries

The Company has two subsidiaries viz. Acoris Research Limited and Hikal LLC, USA. A statement containing the salient features of the Financial Statements of Subsidiaries in the prescribed Form AOC-1, is attached as **"Annexure A"** to this Report. The Company will provide the Financial Statements of the subsidiaries and the related information to any member of the Company who may be interested in obtaining the same. The Financial Statements of the subsidiaries will also be available for inspection in electronic mode. Members who wish to inspect the same are requested to write to the Company by sending an email to secretarial_agm@hikal.com. The Consolidated Financial Statements of the Company, forming part of this Annual Report, include the Financial Statements of Subsidiaries. The Financial Statements of Subsidiaries are also hosted on the website of the Company at www.hikal.com/documents/annual-reports

12. Directors and Key Managerial Personnel

Board of Directors

As on March 31, 2026, the Board of Directors comprised of ten Directors, five of which are Independent Directors (including two woman Independent Directors), two Non-Executive Directors (including a women Non-Executive Director), three Executive Directors comprised of Executive Chairman, Vice-Chairman and Managing Director and Whole-Time Director.

In accordance with the provisions of Section 152 of the Companies Act, 2013, and the Company's Articles of Association, Mr. Sarangan Suresh (DIN - 10562713), Director, retires by rotation at the ensuing Annual General Meeting (AGM). The Board of Directors of the Company, based on the recommendation of the Nomination and Remuneration Committee, have recommended his re-appointment.

Mr. Berjis Desai (DIN: 00153675), Non-Executive Independent Director of the Company, resigned from the Board with effect from October 01, 2025 and, consequent to his resignation, ceased to be a member of the Audit Committee and Nomination and Remuneration Committee.

Nomination and Remuneration Committee and the Board of Directors approved the appointment of Mr. Sandip Parikh (DIN: 00030990) with effect from May 27, 2026 as an Independent Director of the Company for a period of 5 (Five) consecutive years, which has been approved by the Members through Postal Ballot on July 04, 2026. Mr. Sandip Parikh is a Fellow Chartered Accountant and a Law Graduate with extensive experience in taxation, audit & assurance, transaction advisory, corporate restructuring and corporate governance.

The Board of Directors, at its meeting held on August 26, 2026, proposed the appointment of Mr. Sameer Hiremath (DIN: 00062129) as the Chairman and Managing Director of the Company, effective October 01, 2026, along with the remuneration payable to him, subject to the approval of the Members at the ensuing Annual General Meeting.

In the opinion of the Board, all Independent Directors possess the integrity, requisite qualifications expertise and experience (including proficiency) required to contribute to the quality and better governance of the Board processes.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013, and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") as amended.

Details of the number of board meetings, held during the financial year 2025-26, are mentioned in the Corporate Governance Report, which forms an integral part of this Annual Report.

Key Managerial Personnel

Mr. Jai Hiremath, Executive Chairman and Whole-Time Director, Mr. Sameer Hiremath, Vice-Chairman & Managing Director, Mr. Sarangan Suresh, Whole Time Director, Mr. Kuldeep Jain, Chief Financial Officer and Mr. Rajasekhar Reddy, Company Secretary, are the Key Managerial Personnel ("KMP") of the Company in accordance with the provisions of Section 2(51) and 203 of the Companies Act, 2013.

During the year, there were no changes in the KMP.

13. Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and SEBI Listing Regulations, as amended, a structured questionnaire was prepared after taking into consideration various aspects of the Board's functioning, like composition of the Board and its Committees, culture, execution and performance of specific duties, obligations and governance.

The performance evaluation of the Independent Directors was carried out in accordance with the applicable provisions of the Companies Act, 2013 and SEBI Listing Regulations. In a separate meeting of Independent Directors held on March 17, 2026, performance of Non-Independent Directors, the Board as a whole and the Chairman of the Company was evaluated, taking into account the views of Executive Directors and Non-Executive Directors. The Nomination and Remuneration Committee has reviewed the implementation and compliance of effective evaluation of performance of the Board, its committees and individual directors. The Board of Directors expressed their satisfaction with the evaluation process.

14. Whistle-Blower Policy

The Company has a Whistle Blower policy to report genuine concerns or grievances. The Whistle Blower Policy is posted on the Company's website https://www.hikal.com/uploads/documents/HikalWhistleBlowerPolicyRev2024.pdf

15. Nomination & Remuneration Policy

The Company has a policy which lays down a framework in relation to remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. The Nomination and Remuneration Policy of the Company is attached as **"Annexure B"** to this Report. This policy also lays down criteria for selection and appointment of Board members. The details of this policy are explained in the Corporate Governance Report and uploaded on the Company's website https://www.hikal.com/uploads/documents/RemunerationPolicy.pdf

16. Related Party Transactions

All related party transactions entered during the financial year, were at an arm's length basis and in the ordinary course of business. There were no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons, which may have a potential conflict with the Company's interest at large. The disclosure of Related Party Transactions as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC-2 is attached as **"Annexure C".**

All related party transactions were placed before the Audit Committee for approval.

The policy on Related Party Transactions, as approved by the Board, is uploaded on the Company's website https://www.hikal.com/uploads/documents/RelatedPartyTransactionPolicy.pdf

17. Risk Management

The Company has a robust business risk management framework in place to identify and evaluate all business risks. The Company recognises risk management as a crucial aspect of the Company's management and is aware that identification and management of risk effectively is instrumental in achieving its corporate objectives.

The Company has identified the business risks, and the business heads, who are termed as risk owners, assess, monitor and manage these risks on an ongoing basis. The risk owners assess the identified risks and continually identify any new risks that can affect the business. Different risks such as technological, operational, maintenance of quality, reputational, competition, geopolitical, environmental, foreign exchange, financial, human resource and legal compliances, among others, are assessed on a continuous basis.

The risks mentioned in the risk register are reviewed by the Risk Management Committee at regular intervals to assess and mitigate the risk from time to time. The findings of the Risk Management Committee along with the actions taken to mitigate the risks are sent to the Board for its reference.

The strategies are reviewed, discussed and allocation of appropriate resources is done as and when necessary. The risk management programme, internal control systems and processes are monitored and updated on an ongoing basis. A built-up mechanism has been established to identify, measure, control, monitor and report the risks. Business heads are responsible for rolling out the risk assessment and management plan within the organisation.

18. Internal Control Systems and their Adequacy

The Company has an internal control system, commensurate with the size, scale and complexity of its operations. To maintain its objectivity and independence, the Internal Audit Function reports to the Vice Chairman and Managing Director of the company.

The Internal Audit Department monitors and evaluates the efficacy and adequacy of the internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company and its subsidiaries. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby, strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee.

The Audit Committee actively reviews the adequacy and effectiveness of the internal control systems and suggests improvements to strengthen them. The Company has a robust management information system, which is an integral part of the control mechanism.

Your Company implemented proper Internal Financial Controls, and these financial controls were adequate and effectively operated during FY 2025-26.

19. Director's Responsibility Statement

Your Directors state that:

(i) In the preparation of the annual accounts, the applicable accounting standards read with requirements set out under Schedule III to the Companies Act, 2013, were followed and there are no material departures from the same;

(ii) The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2025-26, and of the loss for the year;

(iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) The annual accounts have been prepared on a going concern basis;

(v) The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and

(vi) The Directors have devised a proper system to ensure compliance with the provision of all applicable laws and that such systems are adequate and are operating effectively.

20. Statutory Auditor

M/s S R B C & CO. LLP has been re-appointed as the Statutory Auditors at the 36th Annual General Meeting of the Company held on September 17, 2024 for a second term of 5 consecutive years to hold the office from the conclusion of 36th Annual General Meeting till the conclusion of 41st Annual General Meeting to be held in the year 2029. The Auditors have confirmed that they are not disqualified from continuing as the Auditors of the Company.

The Auditor's report does not contain any qualification, reservation, adverse remark or disclaimer, however, has an emphasis of matter paragraph. The observations made by the Auditors in their Report are self-explanatory and, therefore, do not call for any further comments. The notes to the financial statements referred in the Auditors' Report are self-explanatory and do not call for any further comments.

21. Cost Auditor

The Company has maintained cost accounts and records as specified by the Central Government under Section 148(1) of the Companies Act, 2013. For FY 2025-26, M/s. V. J. Talati & Co., (FRN: R00213), Cost Accountants conducted the audit of the cost records of the Company.

The Company has re-appointed M/s. V. J. Talati & Co., (FRN: R00213) as the Cost Auditor to carry out the audit of cost accounts for the financial year 2026-27. The requisite resolution for ratification of remuneration payable to Cost Auditors for the financial year 2026-27, by the shareholders has been set out in the Notice of AGM. The cost audit report for the financial year 2024-25 was filed with the Ministry of Corporate Affairs, Government of India, on September 04, 2025.

22. Secretarial Auditor

M/s Dhrumil M. Shah & Co. LLP, Practicing Company Secretaries, were appointed as the Secretarial Auditors of the Company, for a period of 5 (Five) consecutive financial years, commencing from the financial year 2025-26 to 2029-30, at the 37th AGM held on September 23, 2025.

The Secretarial Audit Report in Form MR 3 for the financial year ended March 31, 2026, is annexed to this report as **"Annexure D"** and forms an integral part of this Report. The Secretarial Audit Report does not contain any qualifications, reservations or adverse remarks.

The Secretarial Compliance Report issued by the Secretarial Auditor in terms of Regulation 24A of the SEBI Listing Regulations has been submitted to the Stock Exchanges and is available on the website of the Company https://www.hikal.com/documents/corporate-governance.

M/s Dhrumil M. Shah & Co. LLP has confirmed that they are not disqualified from continuing as the Secretarial Auditor of the Company.

23. Corporate Social Responsibility (CSR)

Based on the recommendation of the Corporate Social Responsibility Committee (CSR Committee) the Board has adopted a CSR Policy that provides guiding principles for selection, implementation and monitoring of CSR activities and formulation of Annual Action Plan. The CSR Policy may be accessed on the Company's website https://www.hikal.com/uploads/documents/corporate-social-responsibility-polic-srijan.pdf

The Annual Report on CSR activities is annexed herewith marked as **"Annexure E"** and forms an integral part of this Report.

24. Prevention of Sexual Harassment of Women at Workplace

Pursuant to the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, ("POSH Act"), the Company adopted a 'Policy on Appropriate Social Conduct at Workplace'. The policy is applicable for all employees of the organisation, which includes corporate office and manufacturing units. The policy is applicable to non-employees as well, i.e. business associates, vendors and trainees, among others.

An Internal Complaints Committee, as required under the provisions of the POSH Act has also been set up to redress complaints received on sexual harassment as well as other forms of verbal, physical, written or visual harassment.

During the financial year 2025-26, the Company did not receive any complaints of sexual harassment and no cases were filed under the POSH Act.

a. Number of complaints filed during the financial year 2025-26: NIL

b. Number of complaints disposed off during the financial year 2025-26: NIL

c. Number of cases pending for more than 90 days: NIL

25. Particulars of Employees and Related Disclosures

The Company considers its human capital an invaluable asset. The Company continued to have cordial relationships with all its employees. Management and employee development programmes and exercises were conducted at all sites. The Company has conducted various in-house skill developmental programmes and also has sponsored for various external seminars for other developmental programmes to enhance the skill set of the employees at various levels. The total workforce of the Company stood at 3133 as on March 31, 2026, including 2152 permanent employees.

The statement containing particulars of employees as required under Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, forms part of this Report and is annexed as **"Annexure F"**.

A statement providing details of the employees in terms of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 has been provided in a separate annexure which forms part of the Directors' Report. In terms of Section 136 of the Companies Act, 2013, the Reports and Accounts are being sent to the shareholders, excluding the information required under Rule 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Any shareholder interested in obtaining the same may write to the Company Secretary & Compliance Officer at secretarial@hikal.com.

26. Transfer to Investor Education and Protection Fund ("IEPF")

- **Transfer of Unclaimed Dividend to IEPF**

  During the financial year, final dividend relating to the year ended March 31, 2018, sales proceed of fractional bonus shares issued on June 22, 2018 and the interim dividend for the year ended March 31, 2019, amounting to ₹ 2,39,728/- that had not been claimed by the shareholders were transferred to the Account of IEPF as required under Sections 124 and 125 of the Companies Act, 2013.

- **Unclaimed dividend as on March 31, 2026**

  The Shareholders are requested to lodge their claims with the Registrar and Share Transfer Agent of the Company i.e. MUFG Intime India Pvt. Ltd., for unclaimed dividend.

  Pursuant to the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on March 31, 2026, on the website of the Company https://www.hikal.com/documents/dividend-shares. The same are also available on the website of the IEPF Authority www.iepf.gov.in.

- **Transfer of Equity Shares**

  As required under Section 124 of the Companies Act, 2013, during the financial year, 28,327 Equity Shares, in respect of which dividend has not been claimed by the members for seven consecutive years or more, were transferred by the Company to the IEPF Authority. Details of such shares transferred have been uploaded on the website of the Company https://www.hikal.com/documents/dividend-shares. The same are also available on the website of the IEPF Authority www.iepf.gov.in.

27. Conservation of Energy, Research & Development, Technology Absorption and Foreign Exchange Earnings and Outgo

In accordance with the requirements of Section 134(3)(m) of the Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts) Rules, 2014, a statement showing particulars with respect to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo, forming a part of the Board's Report, is given in the enclosed **"Annexure G"** which forms a part of this Report.

28. Compliance with Secretarial Standards

The Company has followed the applicable Secretarial Standards with respect to Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India.

29. Maternity Benefit

During the year under review the Company has complied with the applicable provisions relating to Maternity Benefits Act, 1961.

30. Safety and Environment

The Company continues to strengthen its commitment to operational excellence through a robust culture of safety and environmental stewardship. During FY 2025–26, focused initiatives such as the "Safety Culture Transformation" programme were implemented in collaboration with SWASYA Solutions, leveraging global expertise from organisations like Shell and DuPont. Senior leadership underwent intensive training on safety leadership principles to drive visible commitment and influence workforce behaviour. Safety has now been formally elevated as a Core Value, reaffirming the Company's belief that protection of its people is fundamental and deeply embedded in its way of working.

On the environmental front, the Company made notable progress by achieving an approximate reduction of 18% in Scope 1 emissions and 3% in Scope 2 emissions. Continued efforts were directed towards waste minimisation, circularity, and water conservation. The Company maintained transparency in disclosures by submitting its Climate Change and Water reports to CDP, securing ratings of B+ and B- respectively, with a clear target for improvement. Progress towards science-based targets (SBTi) is underway, with approval expected by September 2027. The Company has also commenced Product Carbon Footprint (PCF) assessments, achieving a 38% reduction in PCF for its flagship product Thiabendazole over the past three years. A structured roadmap for further emission reduction and expansion of PCF assessment to additional products has been established to support long-term climate objectives.

31. Management Discussion and Analysis

Management Discussion and Analysis Report for the year under review, as per the SEBI Listing Regulations, is presented in a separate section, which forms part of this Annual Report.

32. Business Responsibility and Sustainability Report

The Company's Business Responsibility and Sustainability Report, in terms of Regulation 34 of the SEBI Listing Regulations, is provided in a separate section and forms part of this Annual Report.

33. Corporate Governance

The Company is committed to maintain the highest standards of governance and has also implemented several best governance practices. A report on Corporate Governance, along with a certificate from M/s Dhrumil M. Shah & Co. LLP, Practicing Company Secretaries, regarding the compliance of the requirements of Corporate Governance, as stipulated under the provisions of Regulation 34 of the SEBI Listing Regulations, is provided in a separate section and forms part of this Annual Report.

34. Awards & Recognitions

The details of the Awards and Recognitions earned by the Company during the financial year 2025-26 have been provided as part of this Annual Report.

35. General

Your Directors state that no disclosure or reporting is required in respect of the following matters as there were no instances of these matters during FY 2026:

i. There has been no change in the nature of business of the Company.

ii. There were no applications made or proceeding pending under the Insolvency and Bankruptcy Code, 2016.

iii. There was no instance of one-time settlement with any bank or financial institution.

36. Acknowledgments

The Board of Directors place on record their appreciation of the contribution and sincere support extended to the Company by our bankers, financial institutions and valued customers and suppliers.

The Board also places on record its appreciation for the impeccable service and generous efforts rendered by its employees at all levels, across the Board, towards the overall growth and success of the Company.

37. Cautionary Statement

Statements in the Board's Report and the Management Discussion and Analysis describing the Company's objectives, expectations or forecasts may be forward looking within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include global and domestic demand and supply conditions affecting selling prices of finished goods, input availability and prices, changes in Government regulations, tax laws, economic developments within the country and other factors such as litigation and industrial relations.

For and on behalf of the Board of Directors

Jai Hiremath
Executive Chairman
DIN: 00062203

Date: August 26, 2026
Place: Mumbai

"ANNEXURE – A"

Form No. AOC-1

Statement containing the salient features of the financial statements of subsidiaries

[Pursuant to the first proviso to sub section (3) of Section 129 of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014]

Part A: Subsidiaries

1. Details of Subsidiaries

(₹ in million)

Number of subsidiaries		**2**	
CIN/any other registration number of Subsidiary company		U72100MH2000PLC127909	File No 5821482
Name of the subsidiary		Acoris Research Limited	Hikal LLC
Date since when subsidiary was acquired		February 03, 2005	April 07, 2021
Provisions pursuant to which the Company has become a subsidiary (Section 2(87)(i)/ Section 2(87)(ii))		Section 2(87)(ii)	Section 2(87)(ii)
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	From	01/04/2025	01/04/2025
	To	31/03/2026	31/03/2026
Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	Reporting Currency	-	USD
	Exchange Rate	-	₹ 92.47
Share Capital		151	-
Reserves & Surplus		(151)	-
Total Assets		-	10
Total Liabilities		-	10
Investments		-	-
Turnover		-	118
Profit/(loss) Before Tax		-	(0)
Provision for Tax		-	-
Profit/(loss) After Tax		-	(0)
Proposed Dividend		-	-
% of Shareholding		100%	100%

2. Number of subsidiaries which are yet to commence operations: NIL
3. Number of subsidiaries which have been liquidated or have ceased to be a subsidiary during the year: NIL

Part B: Associates and Joint Venture:

4. Number of Associate/Joint Ventures: NIL
5. Number of associates or joint ventures which are yet to commence: NIL
6. Number of associates or joint ventures which have been liquidated or have ceased to be associate or joint venture during the year: NIL

For and on behalf of the Board of Directors

Jai Hiremath
Executive Chairman
DIN: 00062203

Date: August 26, 2026
Place: Mumbai

"ANNEXURE – B"

Nomination and Remuneration Policy of the Company

Hikal Limited
Remuneration Policy

Preamble

This policy shall be called the Nomination and Remuneration Policy ("Policy") of Hikal Limited ("the Company") and is framed as per the statutory requirements prescribed under the Companies Act, 2013 ("the Act") read with the Rules framed thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations"), as amended from time to time.

The composition of the Nomination and Remuneration Committee (NRC) of the Company is in compliance with Section 178 of the Companies Act, 2013, read along with the applicable rules thereto and the Listing Regulations.

This Policy applies to the Company's Directors, Senior Management, including its Key Managerial Personnel (KMP) and other employees.

The Board of Directors/Nomination and Remuneration Committee (NRC) will have the powers to make deviations from this Policy in extraordinary circumstances as and when felt necessary in the interest of the Company and on reasonable grounds within the regulatory/legal framework.

All the words and expressions used in this Policy, unless defined hereafter, shall have the meaning respectively assigned to them under the Act and the Listing Regulations or the Rules, Notifications and Circulars made/issued thereunder, as amended, from time to time.

Objectives

The objective of this Policy is to attract, motivate, and retain the best talent in the industry, create a congenial work environment and offer appropriate remuneration packages and retirement benefits and include:

1. Laying down criteria for and identification of persons who are qualified to become Directors and who may be appointed in senior management of the Company.
2. Specification of the manner for effective evaluation of performance of Board, its committees and individual Directors, to be carried out either by the Board, by the NRC or by an independent external agency and review the implementation and compliance of the process of evaluation of performance.
3. To lay down criteria for appointment, removal of Directors, Key Managerial Personnel and Senior Management and determination of their remuneration structure keeping in view integrity, qualifications, expertise and experience of the person.
4. To ensure Board diversity, development of a succession plan for the Board and regularly review of the plan.
5. To formulate the criteria for determining qualifications, positive attributes, and independence of a Director.

The Nomination and Remuneration Committee

The Company has a Nomination and Remuneration Committee in place as per the composition specified under the Listing Regulations.

The charter or the terms of reference of the NRC shall be as prescribed under the Act and the Listing Regulations and may be amended by the Board from time to time, without deviating from the statutory requirements.

NRC may consider delegating any of its powers to one or more of its members or the Secretary of the Committee. The Company Secretary of the Company shall act as Secretary of the Committee.

Directors

As per the policy followed by the Company since inception, the Non-Executive Directors shall be paid remuneration in the form of sitting fees for attending Board and Committee meetings as approved by the Board of Directors from time to time, subject to statutory provisions. The Non-Executive Directors may also be paid commission of the profits of the Company, subject to the approval of the Board of Directors and the members of the Company. The terms of appointment and tenure, will be subject to the provisions of the Act and the Listing Regulations, in force, at that time.

Remuneration of Executive Directors, including Managing Director, reflects the overall remuneration philosophy and guiding principle of the Company. When considering the appointment and remuneration of Executive Directors, the NRC shall consider pay and employment conditions in the industry, merit and seniority of the person and the paying capacity of the Company.

The NRC, while designing the remuneration package, shall consider the level and composition of remuneration to be reasonable and sufficient to attract, retain and motivate the person to ensure the quality required to run the Company successfully.

The term of office and remuneration of Executive Directors shall be subject to the approval of the Board of Directors, shareholders and the limits laid down under the Act and the Listing Regulations from time to time. No severance fees shall be paid to any Directors, unless otherwise specified in their terms of appointment.

Evaluation of Performance

The evaluation of performance of the Board, its Committees and individual Directors shall be carried out either by the Board or an independent external agency. The NRC shall specify the manner for effective evaluation of performance of Board and review its implementation and compliance.

The Independent Directors shall, in a separate meeting carry out, the evaluation of performance of Non-Independent Directors, the Board as a whole and the Chairman of the Company after taking into account the views of Executive Directors and Non-Executive Directors. The evaluation of performance of Independent Directors shall be carried out by the entire Board, excluding the Director being evaluated.

The evaluation shall be carried out broadly based on the following criterion:

1. Director's background, knowledge and skills are relevant to the Board and business of the Company.
2. Attendance of Directors in the meetings and whether the Director devotes sufficient time for Board matters and actively participates in the matters that are being discussed at the meetings.
3. Whether the Director is available for any discussions/inputs outside of Board/Committee meetings.
4. Whether the Director helps in bringing an independent judgement to bear on the deliberations especially on strategy, risk management and performance of the Company.
5. Whether the Director works towards safeguarding the interest of all stakeholders in the Company.
6. Whether the Director brings quality and value in Board discussions.
7. Whether the Director is cordial towards his fellow Directors and is reasonable and objective in his views without obstructing the flow of the board process.

Board Diversity and Succession Planning

As prescribed under the Act and the Listing Regulations, the Board shall have an optimum combination of executive, non-executive, independent directors and woman Directors.

The Company believes that a truly diverse Board is essential to the achievement of its strategic and commercial objectives. A diverse Board will bring in a comprehensive skill-set from various fields like finance, leadership, information technology, corporate restructuring, sales & marketing, environment health social & governance matters and will bring an edge to the growth of the Company.

The NRC shall assist the Board in reviewing the composition of the Board and assessing and identifying the necessary skill set, experience and expertise required on the Board and shall make recommendation to the Board towards identification and appointment of candidates possessing the desirable competencies.

The NRC shall periodically review to assess the possible vacancies on the Board, well in advance to ensure continuity in the smooth functioning of the Board process. In case of foreseen vacancies the NRC shall assist the Board in identifying suitable candidates, well in advance, to maintain the equilibrium on the Board with regard to competencies, experience and expertise. In case of any unforeseen vacancies the NRC shall assist the Board to identify a suitable candidate to fill such vacancies as soon as possible and at all times within the statutory timeframe prescribed for the same.

For the purpose of identifying suitable candidates, the Committee may:

a. use the services of an external agencies, if required;
b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
c. consider the time commitments of the candidates.

Remuneration

The Company's Remuneration Policy is guided by principles and objectives as more fully and particularly envisaged under the Act and the Listing Regulations, inter alia, principles pertaining to determining qualifications, positive attributes, integrity, and independence. Remuneration packages for Executive Directors are designed subject to the limits laid down under the Companies Act, 2013 and the Listing Regulations, to remunerate them fairly and responsibly. The Executive Directors' remuneration comprises salary, perquisites and performance-based commission on profits of the Company/reward apart from retirement benefits such as PF, Superannuation, and Gratuity, among others, as per the Company Rules.

Remuneration also aims to motivate personnel to deliver Company's key business strategies, create a strong performance-oriented environment and reward achievement of meaningful targets over the short and long term. While designing remuneration packages, industry practices and cost of living are also taken into consideration.

The Executive Directors are entitled to customary non-monetary benefits such as company cars, furnished accommodation, healthcare benefits, leave travel, and communication facilities, among others. The severance payments are governed by the prevalent provisions of the Act.

Removal

Due to reasons for any disqualification mentioned in the Act or the Listing Regulations or under any other applicable Act, rules and regulations thereunder, the Committee may recommend to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the Act, rules and regulations.

Retirement

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the Listing Regulations and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

Key Managerial Personnel and Senior Management

Appointment of KMP & senior management and cessation of their service are subject to the approval of the NRC and the Board of Directors. Remuneration of KMP and other Senior Management Personnel is decided by the Chairman and Managing Director, broadly based on the Remuneration Policy in respect of Executive Directors, the total remuneration comprises:

1. **A fixed base salary:** Set at a level aimed at attracting and retaining executives with professional and personal competence, showing good performance towards achieving Company goals.
2. **Perquisites:** In the form of house rent allowance/accommodation, business/professional development allowance, reimbursement of medical expenses, conveyance, telephone, and leave travel, among others.
3. **Retirement benefits:** Contribution to PF, other retirement benefits, and gratuity, among others as per Company Rules.
4. **Motivation/Reward:** A performance appraisal is carried out annually and promotions/increments/rewards/variable pay are decided by Chairman and/or Managing Director based on the appraisal and recommendation as applicable.
5. **Severance payments:** In accordance with terms of employment, and applicable statutory requirements, if any.

Other Employees

The remuneration of other employees is fixed from time to time as per the guiding principles outlined above and considering industry standards and cost of living. In addition to basic salary, they are also provided perquisites and retirement benefits as per schemes of the Company and statutory requirements, where applicable. Policy of motivation/reward/severance payments are applicable to this category of personnel as in the case of those in the management cadre.

Disclosure of Information

Information on the total remuneration of members of the Company's Board of Directors, Executive Directors and KMP/Senior Management Personnel may be disclosed in the Company's Annual Report and other returns and publications as per statutory requirements.

Dissemination

This Policy will be published on the Company's website.

"ANNEXURE – C"

FORM NO. AOC-2

[Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8 (2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1.	**Details of contracts or arrangements or transactions not at arm's length basis:**	
(a)	Number of contracts or arrangements or transactions not at arm's length basis	Nil
(b)	Corporate identity number (CIN) or foreign company registration number (FCRN) or Limited Liability Partnership number (LLPIN) or Foreign Limited Liability Partnership number (FLLPIN) or Permanent Account Number (PAN)/ Passport for individuals or any other registration number	
(c)	Name(s) of the related party	
(d)	Nature of relationship	
(e)	Nature of contracts/arrangements/transaction	
(f)	Duration of the contracts/arrangements/transactions	
(g)	Salient terms of the contracts or arrangements or transactions including actual/expected contractual amount	
(h)	Justification for entering into such contracts or arrangements or transactions	
(i)	Date(s) of approval by the Board	
(j)	Amount paid as advances, if any	
(k)	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	
(l)	SRN of MGT-14	

2.	**Details of material contracts or arrangement or transactions at arm's length basis:**	
(a)	Number of material contracts or arrangements or transactions at arm's length basis	1
(b)	Corporate identity number (CIN) or foreign company registration number (FCRN) or Limited Liability Partnership number (LLPIN) or Foreign Limited Liability Partnership number (FLLPIN) or Permanent Account Number (PAN)/ Passport for individuals or any other registration number	PAN: AAEPS5561N
(c)	Name(s) of the related party	Mr. Anish Swadi
(d)	Nature of relationship	Relative of Directors
(e)	Nature of contracts/arrangements/transactions	Appointment as Senior President – Animal Health & Business Transformation (Office of Profit)
(f)	Duration of the contracts/arrangements/transactions	Five years commencing from October 01, 2021
(g)	Salient terms of the contracts or arrangements or transactions including actual/expected contractual amount	As per the Resolution passed at Item no. 7, at the 33rd AGM held on September 02, 2021.
(h)	Date(s) of approval by the Board	May 06, 2021
(i)	Amount paid as advances, if any	N. A.

For and on behalf of the Board of Directors

Jai Hiremath
Executive Chairman
DIN: 00062203

Date: August 26, 2026
Place: Mumbai

"ANNEXURE – D"

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2026

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Hikal Limited
CIN: L24200MH1988PTC048028
717/718 Maker Chamber V,
Nariman Point, Mumbai - 400 021

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Hikal Limited** (hereinafter called **"the Company"**). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31 March, 2026** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **31 March, 2026** according to the provisions of:

i) The Companies Act, 2013 (the Act) and the rules made thereunder;

ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment;

v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): -

   a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **Not applicable as there was no reportable event during the financial year under review**

   d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; **Not applicable**

   e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; **Not applicable as there was no reportable event during the financial year under review**

   f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 2025; **Not applicable**

   g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; **Not applicable as there was no reportable event during the financial year under review**

   h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **Not applicable as there was no reportable event during the financial year under review**

   i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; and

   j) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;

vi) We further report that, having regard to the compliance system prevailing in the Company and on the examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has generally complied with the following law applicable specifically to the Company:

- Drugs and Cosmetics Act, 1940;
- Factories Act, 1948;
- Environment Protection Act, 1986;
- Air (Prevention and control of pollution) Act, 1981
- Water (Prevention and control of pollution) Act, 1974
- Legal Metrology Act, 2009;
- Information Technology Act, 2000; and
- Insecticides Act, 1968

We have also examined compliance with the applicable clauses of the followings:

i) Secretarial Standards issued by the Institute of Company Secretaries of India;

ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited read with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied, with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Woman Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all the Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting;

All decisions at Board Meetings and Committee Meetings were carried out as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

We further report that based on the review of the compliance mechanism established by the Company and on the basis of Compliance certificate(s) issued by various departments and taken on record by the Board of Directors at their meetings, we are of the opinion that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that no events having a major bearing on the Company's affairs in pursuance of the Laws, Rules, Regulations, Guidelines Standards etc. referred to above.

For **Dhrumil M. Shah & Co. LLP**
Practicing Company Secretaries
ICSI URN: L2023MH013400
PRN: 6459/2025

Dhrumil M. Shah
Partner
FCS 8021 | CP 8978
UDIN: F008021H001202126

Place: Mumbai
Date: August 26, 2026

*This Report is to be read with our letter of even date which is annexed as **Annexure – I** and forms an integral part of this report.*

Annexure – I

(To the Secretarial Audit Report)

To,
The Members,
Hikal Limited

Auditor's responsibility

Based on audit, our responsibility is to express an opinion on the compliance with the applicable laws and maintenance of records by the Company. We conducted our audit in accordance with the auditing standards CSAS 1 to CSAS 4 (**"CSAS"**) prescribed by the Institute of Company Secretaries of India (**"ICSI**"). These standards require that the auditor complies with statutory and regulatory requirements and plans and performs the audit to obtain reasonable assurance about compliance with applicable laws and maintenance of records.

Our report of even date is to be read along with this letter.

1) Maintenance of Secretarial record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these Secretarial Records based on our audit.
2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in the Secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company and for which we relied on the report of statutory auditor.
4) Wherever required, we have obtained the Management representation about the compliance of Laws, Rules and Regulations and happening of events etc.
5) The compliance of the provisions of Corporate and other applicable Laws, Rules, Regulations, standards is the responsibility of Management. Our examination was limited to the verification of procedures on test basis.
6) The Secretarial Audit report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **Dhrumil M. Shah & Co. LLP**
Practicing Company Secretaries
ICSI URN: L2023MH013400
PRN: 6459/2025

Dhrumil M. Shah
Partner
FCS 8021 | CP 8978
UDIN: F008021H001202126

Place: Mumbai
Date: August 26, 2026

"ANNEXURE – E"

THE ANNUAL REPORT ON CSR ACTIVITIES

1. Brief outline on CSR Policy of the Company:

Policy Statement:
As a socially responsible corporate member, we believe that the future of our business is best served by respecting the interests of society at large. Through our efforts, we shall strive to improve the living standards of the community. Our CSR activities shall aim to make a difference to the lives of the needy, underprivileged members of society, including children, women and senior citizens, and the environment.

The key philosophy of all CSR initiatives of the Company is guided by three core commitments of scale, impact and sustainability. The Company has identified six focus areas of engagement which are as under:

- Health: Affordable solutions for healthcare through improved access, awareness and sanitation.
- Education: Access to quality education, training, skill enhancement, enhancement of vocation skills.
- Environment: Environmental sustainability, ecological balance, conservation of natural resources.
- Protection of national heritage, art and culture: Protection and promotion of traditional art, culture and heritage.
- Overall development activities in surrounding areas of Hikal's manufacturing sites for the benefit of society.
- Contribution to Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development or welfare.

Implementation of the CSR Program:

a. Project activities identified under CSR are to be implemented either by personnel of the Company or through a registered trust or a registered society.
b. The duration of each project/programme shall depend on its nature and intended impact.

The Company will also undertake other need-based initiatives in compliance with Schedule VII of the Act. During the year, the Company has spent ₹ 22.38 million on CSR activities as against the obligation of ₹ 21.70 million (being 2% of the average net profits of the last three financial years), during the financial year 2025-26. The Company has spent an excess amount of ₹ 0.68 million during the previous financial years that can be carried forward for set-off against any shortfall in spending, for a period of three financial years.

2. The composition of the CSR Committee:

Sr. No.	Name of the Director	Designation/Nature of directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Jai Hiremath	Executive Chairman	2	2
2	Mr. Sameer Hiremath	Vice Chairman and Managing Director	2	2
3	Mrs. Ranjana S Salgaocar	Independent Director	2	2
4	Mrs. Sugandha Hiremath	Non-Executive Director	2	2

3. Web-link where composition of CSR Committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company:

Composition of CSR Committee	https://www.hikal.com/uploads/documents/Details-of-various-Hikal-Committees.pdf
CSR Policy	www.hikal.com/uploads/documents/corporate-social-responsibility-polic-srijan.pdf
CSR projects approved by the Board	www.hikal.com/uploads/documents/corporate-social-responsibility-polic-srijan.pdf

4. The executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable: **Not applicable.**

5. (a) Average net profit of the Company as per sub-section (5) of section 135: **₹ 1083 million**

(b) Two percent of average net profit of the Company as per sub-section (5) of section 135: **₹ 21.70 million**

(c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: **Nil**

(d) Amount required to be set off for the financial year, if any: **Not Applicable**

(e) Total CSR obligation for the financial year [(5b)+(5c)-(5d)]: **₹ 21.70 million**

6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): **₹ 22.38 million**

(b) Amount spent in Administrative Overheads: **Nil**

(c) Amount spent on Impact Assessment, if applicable: **Not Applicable**

(d) Total amount spent for the Financial Year [(6a)+(6b)+(6c)]: **₹ 22.38 million**

(e) CSR amount spent or unspent for the financial year:

Total amount spent for the financial year (in ₹ million)	Amount Unspent (in ₹ million)				
	Total amount transferred to unspent CSR account as per sub-section (6) of section 135		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
₹ 22.38	Not applicable		Not applicable		

(f) Excess amount for set off, if any

Sr. No.	Particular	Amount (in ₹ million)
(1)	(2)	(3)
(i)	Two percent of average net profit of the Company as per sub-section (5) of section 135	21.70
(ii)	Total amount spent for the Financial Year	22.38
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0.68
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set-off in succeeding financial years [(iii)-(iv)]	0.68

7. Details of unspent CSR amount for the preceding three financial years:

(1)	(2)	(3)	(4)	(5)	(6)		(7)	(8)
Sr. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (in ₹)	Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (in ₹)	Amount Spent in the Financial Year (in ₹)	Amount transferred to a fund specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any		Amount remaining to be spent in succeeding financial years (in ₹)	Deficiency, if any
					Amount (in ₹)	Date of transfer		
1	2022-23	-	-	-	-	-	-	-
2	2023-24	-	-	-	-	-	-	-
3	2024-25	-	-	-	-	-	-	-

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: No

If Yes, enter the number of Capital assets created/ acquired: **Not Applicable**

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Sr. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pin code of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/Authority/beneficiary of the registered owner		
(1)	(2)	(3)	(4)	(5)	(6)		
					CSR Registration number, if applicable	Name	Registered Address
-	-	-	-	-	-	-	-

9. Specify the reason(s), if the Company has failed to spend two percent of the average net profit as per sub-section (5) of section 135: Not Applicable

For and on behalf of the Board of Directors

Sameer Hiremath
Vice Chairman and
Managing Director
DIN: 00062129

Jai Hiremath
Executive Chairman and
Chairman of CSR Committee
DIN: 00062203

Date: August 26, 2026
Place: Mumbai

"Annexure – F"

Particulars of Remuneration

Statement of Disclosure of Remuneration

[Pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

A. Ratio of the remuneration of each Director to the median remuneration of all the employees of the Company for FY 2025-26 and % increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, of the Company for FY 2025-26 are as under:

S. No.	Name of Director/ KMP	% Increase/ Decrease in remuneration over previous year	Ratio of remuneration of each Director to median remuneration of the employees
1.	Mr. Jai Hiremath, Executive Chairman	(79.68)	22.16
2.	Mrs. Sugandha Hiremath, Non-Executive, non-Independent Director	(27.84)	2.31
3.	Mr. Amit Kalyani, Non-Executive, non-Independent Director	(67.74)	0.66
4.	Mrs. Ranjana S. Salgaocar, Independent Director	(20.73)	2.15
5.	Mrs. Shivani Bhasin Sachdeva, Independent Director	(51.22)	1.32
6.	Mr. Shrikrishna K. Adivarekar, Independent Director	(51.22)	1.32
7.	Mr. Ramchandra Kaundinya Independent Director	(24.11)	2.81
8.	Mr. Ravi Kapoor Independent Director	(25.23)	2.65
9.	Mr. Sameer Hiremath, Vice Chairman and Managing Director	(77.83)	22.16
10.	Mr. Sarangan Suresh, Whole-Time Director	9.39	9.44
11.	Mr. Kuldeep Jain, Chief Financial Officer	13.78	30.21
12.	Mr. Rajasekhar Reddy Company Secretary	28.66	24.98

B. The percentage increase/(decrease) in the median remuneration of employees in the Financial Year 2025-26: 8%

C. The number of permanent employees on the rolls of Company as on March 31, 2026: 2152

D. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

a. **Other than Managerial position:** 10%

b. **Managerial position:** 9%

E. Affirmation: It is affirmed that the remuneration paid to the Directors, Key Managerial Personnel and other employees is as per the Remuneration Policy of the Company.

"Annexure – G"

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

[Pursuant to Section 134(3)(m) of the Companies Act, 2013 ("the Act") read with Rule 8(3) of the Companies (Accounts) Rules, 2014]

I. CONSERVATION OF ENERGY:

a) Steps taken for conservation of energy:

Hikal Ltd. has been following a systematic approach towards energy conservation program. EnCon (Energy Conservation) committee has been constituted at the corporate level in the year 2021 and Energy Conservation Policy is reviewed regularly. The EnCon Committee drives the initiatives for conservation of energy and natural resources across the Company for achieving long-term sustainability.

CROP Business

The following energy saving initiatives have been implemented at Taloja, Mahad and Panoli site of Crop Business

- Taloja Plant
  - Use of solar electrical power through open access. Solar units consumed in FY2025-2026 are 1,13,84,382 kWh which resulted in savings of ₹ 1,81,31,719.
  - Increase in share of briquette fuel and reduced use of LSHS: Reduction in LSHS consumption for year 2025-26 was approx. 5,19,499 kg which resulted in saving of ₹ 86,91,021.
  - Use of turbine for cogeneration of electricity using high pressure steam from briquette boiler resulted in saving of 91,880 kWh & ₹ 10,88,488 in FY 2025-26
- Panoli Plant
  - Elimination of CHW supply pump (P-155018) which resulted in stoppage of one pump and yearly saving of 79368 kWh energy & ₹ 6,82,565.
  - Power saving of 291060 kWh achieved through compressed air supply from crop Utility to MPAH Plant resulting in saving of ₹ 27,91,858.
- Pune R&T Facility
  - Replacement of 100 CFL lights with LED lights. 36W CFL lights replaced with 18W LED lights reduced to 6480 kWh for year which resulted in saving of ₹ 64,800.
  - Hot oil circulation pump impeller size trimmed from 160mm to 141mm to achieved desired flow reduced 4608 kwh for year which resulted saving of ₹ 46,080
- Mahad Plant
  - Briquette boiler Steam Fuel Ratio (SFR) was improved through briquette quality and temperature control in the boiler operation which resulted in the briquette quantity saving of 62124 Kg annually and corresponding saving was ₹ 5,89,564.
  - Use of Solar electrical power through open access for Mahad Unit. Solar units consumed in FY 2025-2026 are 49,12,612 kWh which resulted in saving of ₹ 206 lacs.

Crop Business (Total Investment and Savings):
Total Investment – No capex investment in FY2025-2026. Total Yearly Savings - ₹ 128.64 lakh

PHARMA Business

The following energy saving initiatives have been implemented at Panoli and Jigani 1 & 2 sites of Pharma Business:

- Jigani 1
  - Site renewable power consumption increased to 86 % [Solar, Wind power, and Cogen boiler power (73% v/s 86%)]
  - Used turbine for cogeneration of electricity using high pressure steam from briquette boiler resulted into 4382422 kWh & ₹ 41,63,514 saving in this year – Jigani 1
  - Increased the efficiency of brine chilling plants BRU-1114 and BRU-1402 in utility-01 & BRU-1111 and BRU-1113 in utility-02 which resulted in 603900 kWh & ₹ 44,65,714 saving.

- Jigani 2
  - Discounted Energy Rate/Rebate Scheme Benefit achieved ₹ 3758870 saving in FY 2025-2026
  - VFD installed for PB 02 exhaust blower achieved 129600 kWh and ₹ 10,10,880 saving.
  - Energy efficient motion sensor installation at employee canteen, OHC and EHS office achieved 4723 kWh and ₹ 64471 saving.

Pharma Business (Total Investment and Savings):
Total Investment - ₹ 6.17 lakh and Total Yearly Savings - ₹ 92.99 lakh

b) Steps taken by the Company for utilising alternative sources of energy:

In FY 2025 we invested ₹ 41 million in M/s FPEL Ujwal private limited, which is in generation of solar and wind power and catering to our Jigani site near Bangalore in Karnataka state.

Hikal continued its journey to use clean fuel and energy in its operations at Mahad, Taloja and Panoli plant. CAPEX contract agreement has been made with M/s Radiance Renewables Pvt Ltd for supply to Taloja and Mahad. OPEX contract has been made with M/s Cleanmax - hybrid power green energy supply for our Panoli. These contracts were made in year 2023, hence there is no CAPEX investment in current financial year.

There is significant cost saving due to use of alternative sources of energy at our Panoli, Taloja, Mahad and Jigani location.

Total Cost saved is as follows.

Panoli – ₹ 24.83 million

Taloja – ₹ 19.22 million

Mahad – ₹ 20.60 million

Jigani 1 – ₹ 88.92 million

We have OPEX contract with M/s PR Eco energy for steam supply to our Panoli site. Briquette is used for steam generation which eliminates use of natural gas in our boiler. Total 19697 MT of CNG could be avoided by use of the steam generated from the biofuel. There was saving of ₹ 460 lacs saving.

c) Capital investment in energy conservation:

HIKAL has ENCON committee organization level, which reviews and approve technically feasible and viable projects. There are various energy conservation projects that have been identified and implemented during last two years. There is a total of ₹ 0.62 million invested for pharma energy conservation initiatives during FY 2025-26 from revenue budget.

Brief details of various projects are as below.

Division		million	Lacs	Site	Energy Saving Project
Crop	Energy Saving Initiatives	2.79	27.92	Panoli	Air Compressor saving
		0.68	6.8	Panoli	CHW pump elimination
		8.69	86.91	Taloja	LHS consumption reduction
		0.06	0.65	Pune	100 Nos 36W CFL lights replaced with 18W LED lights
		0.05	0.46	Pune	Hot oil Circulation Pump impeller size trimmed from 160mm to 141mm which reduces power consumption
		0.6	5.9	Mahad	Boiler Steam Fuel Ratio (SFR) improvement
	Total Saving	**12.87**	**128.64**		
	Alternative Source Energy Saving	18.13	181.31	Taloja	Solar Energy Usage
		1.09	11	Taloja	Cogeneration of electricity by steam generated from briquette
		20.60	206	Mahad	Solar Energy Usage
	Total Saving	**39.82**	**398.19**		

Division		million	Lacs	Site	Energy Saving Project
Pharma	Energy Saving Initiatives	2.67	26.72	Jigani 1	Brine Plant Efficiency Improvement
		1.79	17.93	Jigani 1	Brine Plant Efficiency Improvement
		3.76	37.59	Jigani 2	Discounted Energy Rate/Rebate Scheme Benefit for the year of 2025-2026
		0.06	0.64	Jigani 2	Motion sensor installation at Employee canteen, OHC and EHS office achieved
		1.01	10.11	Jigani 2	VFD installed for PB 02 exhaust blower
	Total Saving	**9.30**	**92.99**		
	Alternative Source Energy Saving	88.92	889.24	Jigani 1	Solar Energy Usage
		4.16	41.6	Jigani 1	Cogeneration of electricity by steam generated from briquette
		46.00	460.00	Panoli	Steam Outsourced
		24.83	248.3	Panoli	Solar Energy Usage
	Total Saving	**163.91**	**1639.14**		
	Total Investment	0.60	6		Pharma Jigani 1 Brine Plant Capex
		0.02	0.17		Jigani 2 Motion Sensor installation
	Total Investment	**0.62**	**6.17**		

II. TECHNOLOGY ABSORPTION:

a) The efforts made towards technology absorption.

1. **Sludge Paddle Dryer:** *Installed in Effluent treatment plant of Jigani 1 site for reducing quantity of solid waste disposal.*
   It is an industrial thermal drying system that reduces the moisture content of heavy, sticky wastewater and bio-sludge by transferring heat indirectly.

2. **Electrically expansion valves:** *Installed electrically operated expansion valves in Utility-3 of Jigani 1 site 75 TR brine chiller.*
   An "electrically pneumatic expansion valve" typically refers to an **Electronic Expansion Valve (EEV)** paired with a pilot solenoid or an electrically actuated pressure regulator, rather than a traditional pneumatic (compressed air) valve. For brine chillers, these advanced electronic valves often using stepper motors are the gold standard for achieving precise, low-temperature superheat control.

3. **ATEX-certified Air-Operated Double Diaphragm (AODD) pumps:** *Installed in production Block – 2 & Block 6 of Jigani site.*
   ATEX Pumps offer several advantages including explosion-proof compliance, safe solvent transfer, minimized contamination risks, and an air-driven mechanism. They are also known for their ability to run dry without damage and handle volatile, flammable, and corrosive materials safely. These pumps are particularly useful in hazardous environments requiring reliable fluid transfer with minimal maintenance, zero heat generation, and enhanced operational safety.

4. **Agitated Thin Film Evaporator:** *Installed in Taloja for effective solvent removal where product is thermally unstable at higher temperature in conventional Distillation Set up.*
   The Agitated Thin Film Evaporator is a highly efficient separation device that uses rotor and wiper blades to spread liquid into a thin, turbulent film against a heated cylindrical wall, it is primarily used for continuous concentration, distillation, and drying of heat sensitive and highly viscous liquids.

5. **Wet Milling Technology:** *Bead Mill installed in plant for Particle size reduction with wet milling technology for 50 SC formulations.*

6. **Powder Handling System:** *Powder Handling system with design capacity of 2000 Kg/hr received in plant to avoid manual handling of Powder.*

7. **The pocket filter (a small, laboratory-scale filter with a typical area of around 20 cm²):** It is an essential tool in scale-up studies for generating critical filtration, washing data efficiently. This data is then used to design and optimize full-scale production processes, avoiding expensive large-scale trials. The Pocket Filter performs fast, safe demonstrations and tests of filtration, washing and drying.

8. **Wet Grinding, milling process instead of Dry milling & Grinding:** Dry grinding creates a lot of dust which causes the need for proper filtering systems. This can be of particular importance during grinding of substances whose dust, when mixed with aerial oxygen, can result in explosive mixtures. Elaborate technical solutions such as systems for dust removal and inert gas overlay are often necessary to achieve the required level of safety. The cost for these filtration machines often significantly exceeds that of the actual mill.

   The magic LAB® is a unique and multi-functional small-scale laboratory machine. It is designed for mixing, dispersing, wet milling and incorporation of powders into liquids. The magic LAB® is most frequently used for the development of new products or for optimizing existing process techniques, particularly in the chemical, cosmetic, pharmaceutical and food industries. It is an ideal machine for continuous, circulating and batch processing with interchangeable modules. The basic in-line machine is equipped with the single-stage dispersing module ULTRA-TURRAX® UTL. The IKA Wet mill/ homogenizers use the principle of the rotor-stator where the shaft comprises of two components, the internal rotor which rotates at very high speeds during the operation of the disperser surrounded by the stationary stator. This mechanism creates the force results into generation of fine particles from coarser / homogenization of powdered material in slurry form

b) Benefits derived from product improvement, cost reduction, product development or import substitution.

1. **Sludge Paddle Dryer:** *Installed in Effluent treatment plant for reducing solid waste disposal.*
   - **In Direct Heating:** Steam enters the hollow rotating shafts, paddles, and the external jacket to heat the equipment without directly exposing the product to flames or hot gases The automated system cycles rapidly, minimizing downtime and maximizing throughput.
   - **Material Feeding:** Wet feed (such as ETP sludge, filter cakes, or crystalline paste) is fed continuously or in batches into the dryer chamber.
   - **Agitation and Shearing:** Counter-rotating shafts equipped with wedge-shaped or hook-shaped paddles mix, squeeze, and move the material forward along the trough. This action breaks down lumps and provides a self-cleaning mechanism, so the sticky product does not cake onto the heated surfaces.
   - **Vapor Evaporation:** As the material touches the hot walls and paddles, surface moisture rapidly boils off and turns into vapor.
   - **Vapor Removal and Discharge:** The evaporated moisture is drawn out of the system by an exhaust or vapor-handling setup (such as an ID fan and condenser). The dry product continues moving to the discharge port, where it drops out as a uniform powder or granule.
   - **Reduction in solid disposal quantity:** Reduced the moisture content from 85-90% to below 10%, the solid waste which directly reduces from 110-120 MT to 25 MT.
   - **Reduction in Operating cost:** The operating cost reduced from ~ 15 lakh / month to ~4 lakh / month which is a direct benefit of 75% in cost incur for selling solid disposal.

2. **Electrically expansion valves:** *Installed electrically operated expansion valves in Utility-3 75 TR brine chiller.*
   - Precision & operational convenience: Unlike older mechanical thermal expansion valves (TXVs), the electronic controller measures pressure and temperature to adjust the valve opening in real-time. This ensures the brine temperature stays exact, which is critical for industrial or pharmaceutical processes requiring narrow deadbands.
   - Energy Savings: By maintaining the optimum refrigerant superheat, the evaporator is utilized to its maximum potential. This increases overall cooling efficiency and can reduce compressor energy consumption by ~2%.

- Compressor Protection: Precise superheat control ensures that no liquid refrigerant flows back into the compressor (liquid slugging), heavily reducing wear-and-tear and extending compressor life.
- Excellent Part-Load Performance: Brine chillers often experience dynamic, changing loads. EEVs adapt better to varying loads than capillary tubes or TXVs, maximizing cooling output when needed and curbing it when loads drop.

3. **ATEX-Certified AODD Pumps:** *(Implemented in Block API-2 & API-6)*
   - **Safe Handling of Hazardous Materials**
     - Explosion-proof compliance: ATEX certification ensures safe operations in explosive atmospheres by preventing sparks and static electricity buildup.
     - Flawless solvent transfer: Specifically engineered to handle highly volatile, flammable, and corrosive solvents and chemicals safely.
     - Minimized contamination risks: The seal-less, leak-free design eliminates the risk of toxic emissions or chemical spills in the workspace.
   - **Enhanced Operational Safety**
     - Air-driven mechanism: Powered entirely by compressed air, eliminating electrical risks and the need for expensive explosion-proof electric motors.
     - Zero heat generation: The inherently safe operation prevents thermal buildup, protecting temperature-sensitive fluids and hazardous materials.
   - **Process Efficiency & Flexibility**
     - Variable flow control: Simple air pressure adjustments allow operators to manage flow rates and discharge pressures smoothly.
   - **Reduced Maintenance & Costs**
     - Simplified architecture: A minimal number of moving parts reduces wear and tear, leading to longer service intervals.
     - Lower upkeep costs: High durability and a breakdown-resistant design, significantly lower operational and replacement expenses.
     - Longer diaphragm life: Upgraded material builds resist chemical erosion, reducing downtime for parts replacements.
4. **Agitated Thin Film Evaporator at Taloja:**
   - Short Residence Time: The fluid spends only seconds to minutes in the system preventing thermal degradation of temperature sensitive materials.
   - High Viscosity Handling: Unlike traditional Falling Film Evaporators, the mechanical wipers physically push highly viscous substances down the wall without clogging.
   - High Evaporation Rates: The Thin Film creates a high surface area to volume ratio, maximizing evaporation efficiency.
   - High Solvent Recovery with use of DVP: With use of Dry Vacuum pump for Solvent recovery in ATFE system, the recoveries can be more than 90 % against conventional pump, as solvent can be recovered post Dry Vacuum pump.
5. **Wet Milling at Mahad**
   - Particle size reduction: It reduced particle size of D90 < 10 Micron. Quality: Developed quality 50 SC formulation product with better bacterial & fungal growth regulation
   - High viscosity: It handles viscosity up to 3000 cPs.
   - No dusting in work environment: This technology eliminates dust hazards.
6. **Powder Transfer System Powder Handling at Mahad:**
   - Closed powder transfer system: Conventional method (of handling powder by unloading from Dryers in open trolleys & then manually handling to ACM machine) is eliminated by closed handling of powder from Dryers to unloader then stored in Silos and transferred in closed loop to ACM Machine.
   - Eliminate hazards in Manual handling of powder: It eliminates hazards from manual handling & storage of Diuron powder in work environment.
   - Eliminate dust Hazards: It eliminates dust hazards in work environment.
7. **Pocket Filter Benefits at Pune R&T:**
   - Ease of filter media changes out to speed testing.
   - Simple and easy to operate and maintain.
   - Cost effective testing using reduced product volumes.
   - Full scalability of deep bed filtration and washing.
   - Small and easily transported.
   - Pressures to 90 PSIG/FV in alloy construction.
   - Heating jacket standard on alloy units and optional on borosilicate glass units.
8. **Wet grinding technology Pune R&T:**
   - Benefits derived like product improvement, cost reduction, product development or import substitution:
   - Flexibility and ease of use: one machine suits many applications and variety of processes.
   - Easy and quick exchange of the modules as well as conversion to a complete working plant.
   - User-friendly operation via the magic LAB® controller.
   - By creating this technology in-house, we will be able to develop sensitive products (with respect to either environmental conditions like moisture or involve safety concerns like low MIE). IKA dispersing machines can be directly integrated into the synthesis process. This allows for the wet milling process to occur simultaneously with other processes and enables the elimination of subsequent process steps. In addition to saving time, the number of required systems and the size of the surfaces (that come in contact with the product) can be significantly reduced. Wet milling with IKA's inline machines is a safe and efficient alternative to dry grinding.

c) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year

The Company has not imported or licensed any technology over the last three years.

d) Expenditure on R&D

(₹ in millions)

Particulars	2025-26	2024-25
(i) Capital	98	47
(ii) Recurring	946	775
Total	**1,044**	**822**

Total R&D expenditure as a percentage of total turnover 6.05% in FY 25-26 and 4.42% in FY 24-25.

III. FOREIGN EXCHANGE EARNINGS & OUTGO

(₹ in millions)

Particulars	2025-26	2024-25
Foreign exchange earned in terms of actual inflows	11,891	11,557
Foreign exchange outgo in terms of actual outflows	2,468	2,928

For and on behalf of the Board of Directors

Jai Hiremath
Executive Chairman
DIN: 00062203

Date : August 26, 2026
Place : Mumbai

Report on Corporate Governance

I. OUR CORPORATE GOVERNANCE PHILOSOPHY

Corporate governance is an ethically driven business process that is committed to values, aimed at enhancing an organisation's wealth generating capacity. This is ensured by conducting business with a firm commitment to values, while at the same time, meeting stakeholders' expectations.

At Hikal, it is imperative that business is conducted in a fair and transparent manner. The corporate governance framework ensures effective engagement with various stakeholders and helps the Company evolve with changing times. It oversees business strategies and ensures fiscal accountability, ethical corporate behaviour and fairness to all stakeholders comprising regulators, employees, customers, lenders, vendors, investors and society at large. The guiding principles and practices are summarised in this Corporate Governance Report. These are articulated through the Company's Code of Conduct for Board of Directors and Senior Management, Policies and Charters of various Committees of the Board and Company's Disclosure Policies. These policies seek to focus on enhancement of long-term shareholder value without compromising on Ethical Standards and Corporate Social Responsibilities.

II. BOARD OF DIRECTORS

The composition of Board of Directors, as on March 31, 2026 is given below:

A. Composition and Category:

Name	Category	Relationship with other Directors
Jai Hiremath DIN: 00062203	Chairman & Executive Director, Promoter	Spouse of Sugandha Hiremath and Father of Sameer Hiremath
Sugandha Hiremath DIN: 00062031	Non-Executive Director, Promoter	Spouse of Jai Hiremath, Mother of Sameer Hiremath.
Amit Kalyani DIN: 00089430	Non-Executive Director	-
Shivani Bhasin Sachdeva DIN: 00590500	Independent, Non-Executive Director	-
Shrikrishna K. Adivarekar DIN: 06928271	Independent, Non-Executive Director	-
V. Ramachandra Kaundinya DIN: 00043067	Independent, Non-Executive Director	-
Ravi B. Kapoor DIN: 01761752	Independent, Non-Executive Director	-
Ranjana S. Salgaocar DIN: 00120120	Independent, Non-Executive Director	-
Berjis Minoo Desai* DIN: 00153675	Independent, Non-Executive Director	-
Sameer Hiremath DIN: 00062129	Vice Chairman & Managing Director, Promoter	Son of Jai Hiremath and Sugandha Hiremath
Sarangan Suresh DIN: 10562713	Whole Time Director	-

*Mr. Berjis Minoo Desai resigned as an Independent Director of the Company with effect from October 01, 2025.

The attendance of each Director at Board Meetings, last Annual General Meeting and number of other Directorship and Chairmanship/Membership of Committees of each Director in various Companies as on March 31, 2026, is as under:

Attendance at Board Meetings and last Annual General Meeting:

Name	Board Meeting					Held during the year	Attended	% of attendance	37th AGM on Sept 23, 2025
	2025				2026				
	1	2	3	4	5				
	May 14	Aug 07	Nov 13	Dec 26	Feb 11				
Jai Hiremath	Attended	Attended	Attended	Attended	Attended	5	5	100	Attended
Sugandha Hiremath	Attended	Attended	Attended	Attended	Attended	5	5	100	Attended
Amit Kalyani	Leave of Absence	Attended	Attended	Attended	Attended	5	4	80	Attended
Shivani Bhasin Sachdeva	Attended	Attended	Attended	Attended	Attended	5	5	100	Leave of Absence
Shrikrishna K. Adivarekar	Attended	Attended	Attended	Attended	Attended	5	5	100	Attended
V. Ramachandra Kaundinya	Attended	Attended	Attended	Attended	Attended	5	5	100	Attended
Ravi B. Kapoor	Attended	Attended	Attended	Attended	Attended	5	5	100	Attended
Ranjana S. Salgaocar	Attended	Attended	Attended	Attended	Attended	5	5	100	Attended
Berjis Minoo Desai*	Attended	Leave of Absence	Not Applicable	Not Applicable	Not Applicable	2	1	50	Attended
Sameer Hiremath	Attended	Attended	Attended	Attended	Attended	5	5	100	Attended
Sarangan Suresh	Attended	Attended	Attended	Leave of Absence	Leave of Absence	5	3	60	Attended

Attended | Leave of Absence | Not Applicable

*Mr. Berjis Minoo Desai resigned as an Independent Director of the Company with effect from October 01, 2025.

Directorship, category of directorship and committee position as on March 31, 2026:

Name of the Director	Directorship#	Committee position##		Directorship in other listed companies	
		Membership	Chairmanship	Company	Category of Directorship
Jai Hiremath	1	-	-	-	-
Sugandha Hiremath	-	-	-	-	-
Amit Kalyani	5	2	-	Bharat Forge Limited	Executive Director
				Kalyani Steels Limited	Non-Executive, Non-Independent Director
				BF Utilities Limited	Non-Executive, Non-Independent Director
				Kalyani Investment Company Limited	Non-Executive, Non-Independent Director
				BF Investment Limited	Non-Executive, Non-Independent Director
Shivani Bhasin Sachdeva	3	2	-	-	-
Shrikrishna K. Adivarekar	4	5	2	Kalyani Steels Limited	Non-Executive, Independent Director
				BF Utilities Limited	Non-Executive, Independent Director
				Kalyani Investment Company Limited	Non-Executive, Independent Director
V. Ramachandra Kaundinya	2	3	2	-	-
Ravi B. Kapoor	1	-	-	Alkyl Amines Chemicals Limited	Non-Executive, Independent Director
Ranjana S. Salgaocar	-	-	-	-	-
Sameer Hiremath	1	-	-	-	-
Sarangan Suresh	-	-	-	-	-

#The Directorship and Committee position held by Directors (other than Hikal) as mentioned above, excludes directorship and membership/chairmanship in Private Limited Companies, Foreign Companies and Section 8 Companies.

##The Committee position held by Directors (other than Hikal) as mentioned above, includes only Membership/Chairmanship in Audit Committee and Stakeholders' Relationship Committee and Membership includes Chairmanship.

Mr. Berjis Minoo Desai resigned as an Independent Director of the Company with effect from October 01, 2025.

The Chart/Matrix setting out the skills/expertise/competence of the Board of Directors.

The list of core skills/expertise/competencies identified by the Board of Directors as required in the context of Company's businesses and sectors for it to function effectively and those available with the Board are as follows:

Name	Age (as on March 31, 2026)	Qualifications	Skills, Expertise, Competencies
Jai Hiremath	77	Chartered Accountant India, Chartered Accountant England and Wales, Owner President Management Program, Harvard University, USA	Financial Acumen, Strategic Expertise, Knowledge of Industry especially in which Company operates, Vision.
Sugandha Hiremath	74	Bachelor of Commerce	Finance, Investments
Amit Kalyani	50	Mechanical Engineering from Bucknell University, Pennsylvania, USA, Owner President Management Program, Harvard University, USA.	Strategic Planning, Business Operations, Technology, Sales and Marketing, Finance Acumen, Governance and Risk Management.
Shivani Bhasin Sachdeva	52	MBA from the Wharton School, University of Pennsylvania, B.A. in Economics from Mount Holyoke College (Phi-Beta-Kappa, Magna Cum Laude, Sarah Williston Scholar)	Business, Finance & Investments.
Shrikrishna K. Adivarekar	43	Chartered Accountant & Commerce Graduate	Industry knowledge & experience, strategy and planning, financial skills, legal and regulatory knowledge, corporate governance and risk management.
V. Ramachandra Kaundinya	70	Undergraduate in agricultural sciences from Andhra Pradesh Agricultural University and PG Diploma in Management from IIMA	Strategic expertise, Planning, Industry Knowledge, Business Operations, Technology, Sales and Marketing, Finance Acumen, Corporate Governance & Risk Management, Business Strategy, Operational Efficiency, Intellectual Property Expertise, Investments, Innovation & Vision.
Ravi B. Kapoor	65	Alumnus of the Mumbai University	Strategic expertise, Planning, Industry knowledge, Business Operations, Technology, Sales, Marketing, Finance acumen, Corporate Governance & Risk Management, Legal expertise, Integrity, Business Strategy, Operational efficiency, Intellectual Property expertise, Investments, Innovation & Vision.
Ranjana S. Salgaocar	71	Master of Management Studies from Jamnalal Bajaj Institute of Management, Bombay University and a Gold Medalist in Bachelor of Social Work, Bombay University	Mining, trading, financial services, mining consultancy, mining and metals accelerator, strategic investment portfolios, real estate, health, agricultural, sports, community welfare and pharmaceuticals.
Sameer Hiremath	52	BE (Chem), MBA & MS (I.T.) – Boston (USA)	Building High Performance Teams, IT-Digital Acumen, Projects Implementation, Strategic Planning.
Sarangan Suresh	62	Graduate in Chemical technology from ICT Mumbai (UDCT), Postgraduate in Chemical Engineering from Indian Institute of Science Bangalore	Project management, Strategic and domain expertise, Planning, Operational efficiency, Industry knowledge and Risk Management.

The Board of Directors hereby confirms that in its opinion, the Independent Directors of the Company fulfil the conditions as specified in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are independent of the management. The remuneration of Non-Executive Directors is determined by the Board based on the time dedicated by them and contribution made by them.

During the year under review, Mr. Berjis Minoo Desai, Independent Director of the Company, resigned from the Company effective October 01, 2025, due to preoccupation with unplanned professional and personal assignments. He also confirmed that there are no material reasons for his resignation, other than those stated above.

B. Succession Plan:

The Nomination and Remuneration Committee works with the Board on the leadership succession plan and prepares contingency plans for succession in case of any exigencies.

C. Details of Board of Director Meetings held during the Year:

The Board met 5 (five) times during the financial year, details of which are as follows:

(1) May 14, 2025, (2) August 07, 2025, (3) November 13, 2025, (4) December 26, 2025, (5) February 11, 2026.

The maximum interval between any two meetings held during the financial year did not exceed 120 days, as prescribed under the Companies Act, 2013, and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

D. Remuneration of Directors:

Remuneration to Directors for the year ended March 31, 2026:

i) Remuneration to Non-Executive Directors:

The Non-Executive Directors are paid sitting fees for each meeting of the Board and Committees thereof attended by them. They also receive commission on net profits of the Company as determined by the Board of Directors on an annual basis within the overall limit approved by shareholders of the Company.

(₹ in million)

Director	Sitting Fees	Commission on net profits	Total
Sugandha Hiremath	1.40	-	1.40
Amit Kalyani	0.40	-	0.40
Shivani Bhasin Sachdeva	0.80	-	0.80
Shrikrishna Kiran Adivarekar	0.80	-	0.80
V. Ramachandra Kaundinya	1.70	-	1.70
Ravi B. Kapoor	1.60	-	1.60
Ranjana S. Salgaocar	1.30	-	1.30
Berjis Minoo Desai	0.30	-	0.30
Total	**8.30**	**-**	**8.30**

ii) Remuneration to Executive Directors:

(₹ in million)

Name of the Director	Salary and Perquisites	Commission	Total
Jai Hiremath	13.40	-	13.40
Sameer Hiremath	13.40	-	13.40
Sarangan Suresh	5.71	-	5.71
Total	**32.51**	**-**	**32.51**

Shareholding of Non-Executive Directors in the Company:

Name of the Director	Number of shares held
Sugandha Hiremath	9,667,500
Amit Kalyani	Nil
Shivani Bhasin Sachdeva	Nil
Shrikrishna Kiran Adivarekar	Nil
V. Ramachandra Kaundinya	Nil
Ravi B. Kapoor	17,000
Ranjana S. Salgaocar	Nil

The tenure of the office of the Managing Director and Whole-Time Directors is for 5 (Five) years. There is no separate provision for payment of severance fees.

The Executive and Non-Executive Directors were not granted stock option during the year under review.

The details of familiarisation programme of Independent Directors are uploaded on the Company's website at https://www.hikal.com/uploads/documents/Familiarization-ProgrammeForIndependentDirectors.pdf

III. COMMITTEES OF THE BOARD

Currently, the Board has five committees, Audit Committee, Stakeholders' Relationship Committee, Nomination & Remuneration Committee, Corporate Social Responsibility Committee and Risk Management Committee.

A. Audit Committee

Committee composition and meetings held during the year

The Audit Committee met 6 (Six) times during the financial year, the details of which are as under:

(1) May 14, 2025, (2) August 07, 2025, (3) November 13, 2025, (4) December 24, 2025, (5) February 10, 2026, (6) March 17, 2026.

The composition and number of meetings attended by members of the Committee are given below:

Name	Category	Audit Committee Meetings						Held during the year	Attended	% of attendance
		2025				2026				
		1	2	3	4	5	6			
		May 14	Aug 07	Nov 13	Dec 24	Feb 10	March 17			
V. Ramachandra Kaundinya	Chairman	Attended	Attended	Attended	Attended	Attended	Attended	6	6	100
Ravi B. Kapoor	Member	Attended	Attended	Attended	Attended	Leave of Absence	Attended	6	5	83
Ranjana S. Salgaocar#	Member	Not Applicable	Not Applicable	Attended	Attended	Attended	Attended	4	4	100
Berjis Minoo Desai*	Member	Attended	Leave of Absence	Not Applicable	Not Applicable	Not Applicable	Not Applicable	2	1	50
Sugandha Hiremath	Member	Attended	Attended	Attended	Attended	Attended	Attended	6	6	100

Attended | Leave of Absence | Not Applicable

#Mrs. Rajana S. Salgaocar was appointed as member of the Audit Committee with effect from August 07, 2025.

*Mr. Berjis Minoo Desai ceased to be a member of the Audit Committee with effect from October 01, 2025, upon resignation as an Independent Director of the Company.

The terms of reference of the Committee are as follows:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
   a) Matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013,
   b) Changes, if any, in accounting policies and practices and reasons for the same,
   c) Major accounting entries involving estimates based on the exercise of judgement by management,
   d) Significant adjustments made in the financial statements arising out of audit findings,
   e) Compliance with listing and other legal requirements relating to financial statements,
   f) Disclosure of any related party transactions,
   g) Modified opinion(s) in the draft audit report,
5. Reviewing with the management, the quarterly financial statements before submission to the board for approval.
6. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue or preferential issue or qualified institutional placement, and making appropriate recommendations to the board to take up steps in this matter.
7. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process.
8. Approval or any subsequent modification of transactions of the Company with related parties.
9. Scrutiny of inter-corporate loans and investments.
10. Valuation of undertakings or assets of the Company, wherever it is necessary.
11. Evaluation of internal financial controls and risk management systems.
12. Reviewing with the management, performance of statutory and internal auditors adequacy of the internal control systems.
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
14. Discussion with internal auditors of any significant findings and follow up there on.
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
18. To review the functioning of the whistle blower mechanism.
19. Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate.
20. Carrying out any other function as is mentioned in the terms of reference of the audit committee.
21. Reviewing the utilisation of loans and/or advances from/investment by the holding company in the subsidiary exceeding ₹ 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/advances/investments.
22. Consider and comment on rationale, cost benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders.

B. Stakeholders' Relationship Committee

Committee composition and meetings held during the year

The Stakeholders' Relationship Committee met 1 (One) time on August 07, 2025, during the financial year.

The composition and number of meeting attended by members of the Committee are given below:

Name	Category	Stakeholders' Relationship Committee Meeting 2025 1 August 07	Held during the year	Attended	% of attendance
Ravi B. Kapoor	Chairman	Attended	1	1	100
Ranjana S. Salgaocar	Member	Attended	1	1	100
Sugandha Hiremath	Member	Attended	1	1	100

Attended

The terms of reference of the Committee are as follows:

1. Resolving the grievances of the security holders of the Company, including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
2. Review of measures taken for effective exercise of voting rights by shareholders.
3. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.
4. Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.
5. Resolving grievances of debenture holders related to creation of charge, payment of interest/principal, maintenance of security cover and any other covenants.

Number of shareholders' complaints received during the financial year

The Committee looks into redressing of shareholders/investors' complaints. Details of shareholders' complaints received during the financial year 2025-26 is given below:

Number of shareholders' complaints received during the financial year 2025-26	2
Number of complaints not solved to the satisfaction of shareholders	0
Number of pending complaints as on March 31, 2026	0

Compliance Officer

The Board has designated Mr. Rajasekhar Reddy, Company Secretary & Compliance Officer, of the Company as the Compliance Officer.

C. Nomination and Remuneration Committee

Committee composition and meetings held during the year

The Nomination and Remuneration Committee met 3 (Three) times during the financial year, the details of which are as under:

(1) May 14, 2025, (2) August 07, 2025, (3) February 10, 2026.

The composition and number of meetings attended by members of the Committee are given below:

Name	Category	Nomination and Remuneration Committee Meetings			Held during the year	Attended	% of attendance
		2025		2026			
		1	2	3			
		May 14	Aug 07	Feb 10			
V. Ramachandra Kaundinya	Chairman	Attended	Attended	Attended	3	3	100
Shivani Bhasin Sachdeva	Member	Attended	Attended	Leave of Absence	3	2	67
Shrikrishna Kiran Adivarekar	Member	Attended	Attended	Attended	3	3	100
Ravi B. Kapoor	Member	Attended	Attended	Leave of Absence	3	2	67
Berjis Minoo Desai*	Member	Attended	Leave of Absence	Not Applicable	2	1	50
Jai Hiremath	Member	Attended	Attended	Attended	3	3	100

Attended | Leave of Absence | Not Applicable

*Mr. Berjis Minoo Desai ceased to be a member of the Nomination and Remuneration Committee with effect from October 01, 2025, upon resignation as an Independent Director of the Company.

The terms of reference of the Committee are as follows:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy relating to the remuneration of the directors, key managerial personnel and other employees.
2. For every appointment of an Independent Director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
    a. use the services of an external agencies, if required;
    b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
    c. consider the time commitments of the candidates.
3. Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors.
4. Devising a policy on diversity of Board of Directors.
5. Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board of Directors their appointment and removal.
6. Whether to extend or continue the term of appointment of the Independent Director on the basis of the report of performance evaluation of Independent Directors.
7. Recommend to the board, all remuneration, in whatever form, payable to senior management.

Nomination and Remuneration Policy and performance evaluation criteria for Independent Directors:

The Nomination and Remuneration Policy of the Company is uploaded on the website of the Company.

https://www.hikal.com/uploads/documents/RemunerationPolicy.pdf

The Board of Directors have approved the following criterion for performance evaluation of Independent Directors:

1. Director's background, knowledge and skills are relevant to the Board and business of the Company.
2. Whether the Director devotes sufficient time for Board matters and actively participates in the matters that are being discussed at the meetings.
3. Whether the Director is available for any discussions/inputs outside of Board/Committee meetings.
4. Whether the Director helps in bringing an independent judgement to bear on the deliberations especially on strategy, risk management and performance of the Company.
5. Whether the Director works towards safeguarding the interest of all stakeholders in the Company.
6. Whether the Director brings quality and value in Board discussions.

D. Corporate Social Responsibility Committee

Committee composition and meetings held during the year

The Corporate and Social Responsibility Committee met 2 (Two) times during the financial year, the details of which are as under:

(1) May 14, 2025, (2) February 11, 2026.

The composition and number of meetings attended by members of the Committee are given below:

Name	Category	Corporate Social Responsibility Committee Meetings		Held during the year	Attended	% of attendance
		2025	2026			
		1	2			
		May 14	Feb 11			
Jai Hiremath	Chairman	Attended	Attended	2	2	100
Sugandha Hiremath	Member	Attended	Attended	2	2	100
Ranjana S. Salgaocar	Member	Attended	Attended	2	2	100
Sameer Hiremath	Member	Attended	Attended	2	2	100

Attended

E. Risk Management Committee

Committee composition and meetings held during the year

The Risk Management Committee met 2 (Two) times during the financial year, the details of which are as under:

(1) October 16, 2025, (2) March 31, 2026.

The composition and number of meetings attended by members of the Committee are given below:

Name	Category	Risk Management Committee Meetings 2025 1 Oct 16	Risk Management Committee Meetings 2026 2 March 31	Held during the year	Attended	% of attendance
Jai Hiremath	Chairman	✔	✔	2	2	100
Sameer Hiremath	Member	✔	✔	2	2	100
V. Ramachandra Kaundinya	Member	✔	✔	2	2	100
Ravi B. Kapoor	Member	✔	✔	2	2	100
Anish Swadi	Member	✔	✔	2	2	100

✔ Attended

The terms of reference of the Committee are as follows:

1. To formulate a detailed risk management policy which shall include:
   a. A framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
   b. Measures for risk mitigation including systems and processes for internal control of identified risks.
   c. Business continuity plan.
2. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company.
3. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems.
4. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity.
5. To keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken.
6. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

The Risk Management Committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the board of directors.

F. Senior Management

Sr. No.	Name	Designation	Change since close of previous financial year
1.	Anish Swadi	Senior President – Animal Health & Business Transformation	-
2.	Kuldeep Jain	Chief Financial Officer	-
3.	Rajasekhar Reddy	Company Secretary and Vice President Legal & Secretarial	-
4.	Manoj Mehrotra	President - Pharmaceuticals	-
5.	Vimaldeep Kulshrestha	President - Crop Protection	Superannuated on April 14, 2026
6.	Ratish Jha	President - Human Resources	-
7.	Anil Ajmera	Head - Internal Audit	-
8.	K Suresh Babu	Head - Quality	-
9.	Parasuram Chavakulla	Head – Supply Chain Management	-
10.	Mansukh Gokalbhai Patel	Head - Sustainability & Corporate EHS	-
11.	Dr. Raghavendar Rao Morthala	Head – CDMO R&T Pharma & Animal Health BU	-
12.	Pankaj Sharma	Assistant Vice President – Information Technology	-
13.	Ravi Khadabadi	President – Crop Protection & Specialty Chemicals	Appointed with effect from May 27, 2026

IV. GENERAL BODY MEETING

Financial Year	Location	Day, Date & Time	Special Resolutions Passed
2022-2023	Held through video conferencing and was deemed to have been held at the Registered Office	Tuesday, September 26, 2023 11.30 A.M.	1) Appointment of Mr. Berjis Minoo Desai (DIN: 00153675), as an Independent Director of the Company for a period of 5 (Five) years in accordance with provisions of Section 149, 150, 152 and 160 of the Companies Act, 2013, read with Companies (Appointment and Qualifications of Directors) Rules, 2014, and Schedule IV to the Companies Act, 2013, and relevant applicable provisions of Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015. 2) Appointment of Mr. V. Ramachandra Kaundinya (DIN: 00043067), as an Independent Director of the Company for a period of 5 (Five) years in accordance with provisions of Section 149, 150, 152 and 160 of Companies Act, 2013, read with Companies (Appointment and Qualifications of Directors) Rules, 2014, and Schedule IV to the Companies Act, 2013, and relevant applicable provisions of Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015.
2023-2024	Held through video conferencing and was deemed to have been held at the Registered Office	Tuesday, September 17, 2024 11.30 A.M.	Re-appointment of Mr. Shrikrishna Kiran Adivarekar (DIN: 06928271), as an Independent Director of the Company for second term of 5 (Five) years with effect from December 22, 2024 to December 21, 2029 (both days inclusive), in accordance with provisions of Section 149, 150, 152 of Companies Act, 2013, read with Companies (Appointment and Qualifications of Directors) Rules, 2014, and Schedule IV to the Companies Act, 2013, and Regulation 17, 25 and other applicable provisions of Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015.
2024-2025	Held through video conferencing and was deemed to have been held at the Registered Office	Tuesday, September 23, 2025 11.30 A.M.	Nil

Postal Ballot

Special resolution or ordinary resolution passed through Postal Ballot during FY 2025-26:

There was no special resolution or ordinary resolution passed through Postal Ballot during the financial year 2025-26.

Details of the special resolution proposed to be conducted through postal ballot:

The Board, based on the recommendations of the Nomination and Remuneration Committee, approved the appointment of Mr. Sandip Parikh (DIN: 00030990), as an Additional Director in the category of Independent Director of the Company for a period of five years with effect from May 27, 2026. Pursuant to the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the approval of shareholders for appointment or re-appointment of a Director is required to be taken at the next General Meeting or within a time period of three months from the date of appointment, whichever is earlier. Accordingly, approval of shareholders is proposed to be taken through a postal ballot.

The Board of Directors has, in its meeting held on May 27, 2026, accorded their approval to conduct a Postal Ballot through electronic mode (i.e. through remote e-voting) for obtaining Shareholders' approval by a Special resolution for appointment of Mr. Sandip Parikh (DIN: 00030990) as an Independent Director of the Company for a period of five years with effect from May 27, 2026.

Consequent upon the Postal Ballot exercise launched by the Company, the Shareholders have approved by way of Special Resolution, the appointment of Mr. Sandip Parikh, as an Independent of the Company for a period of 5 (Five) years from May 27, 2026.

Procedure for Postal Ballot:

All postal ballots are carried out as per the provisions of Section 108, Section 110 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 20 and 22 of the Companies (Management and Administration) Rules, 2014, Circulars issued by Ministry of Corporate Affairs ("MCA Circulars") from time to time, Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

V. DISCLOSURES

(i) The Company has entered into related party transactions as set out in the Notes to Accounts, which are not likely to have a conflict with the interest of the Company. The details of all significant transactions with the related parties are periodically placed before the Audit Committee.

(ii) Details of non-compliance by the Company, penalties or strictures imposed on the Company by Stock Exchange or SEBI or any Statutory Authority on any matter related to capital markets during the last three years:

No penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other authority on any matter relating to capital market during the last three years.

(iii) The Company has a code of conduct for Board members and senior management of the Company, which is posted on the Company's website https://www.hikal.com/uploads/documents/CodeofConduct-BODandSr.Mgt.pdf. The employees covered by code of conduct affirm on annual basis the compliance with the said code. The Company has a whistle blower policy which is also available on the website of the Company https://www.hikal.com/uploads/documents/HikalWhistleBlowerPolicyRev2024.pdf. No personnel of the Company have been denied access to the grievance redressal mechanism and Audit Committee of the Board of the Company.

(iv) The Company has duly complied with all the mandatory Corporate Governance requirements including those specified in Regulation 17 to 27 and Regulation 46 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). The Company has also complied with non-mandatory requirements as specified in Part E of Schedule II of the Listing Regulations and continues to follow the regime of financial statements with unmodified opinion, and the internal auditors reporting directly to the Audit Committee.

(v) Material Subsidiaries:

The Company does not have any Material Subsidiaries as defined under Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Policy for determining material subsidiaries is posted on the website of the Company at https://www.hikal.com/uploads/documents/PolicyfordeterminingMaterialSubsidiary.pdf.

(vi) The Company has in place a Policy on dealing with Related Party Transactions and on Materiality of Related Party Transactions, which has been posted on the website of the Company https://www.hikal.com/uploads/documents/RelatedPartyTransactionPolicy.pdf.

(vii) The Company's operational activities involve purchase and sale of active ingredients, whose prices are exposed to the risk of fluctuations over short periods of time. Commodity price risk exposure is evaluated and managed through procurement and other related operating policies. International trade is primarily in USD and Euro which are major convertible currencies, and to that extent the exposure to forex exchange risk exists. However, the Company exports and imports in same currencies and there is a natural hedge for these currencies, and the Company enters into forward contracts for open positions wherever deemed necessary.

(viii) There was no Preferential Allotment or Qualified Institutions Placement during the financial year 2025-26 as specified under Regulation 32 (7A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(ix) A Certificate from Dhrumil M. Shah & Co LLP, Practicing Company Secretaries, certifying that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as Directors of Companies by SEBI/Ministry of Corporate Affairs or any such Statutory Authority, is enclosed to this Report.

(x) There were no instances of non-acceptance of recommendations of any committee by the Board of Directors during the financial year 2025-26.

(xi) Details of fees for all services paid by the Company, to the Statutory Auditor and all entities in the network firm/network entity of which the Statutory Auditor is a part, are mentioned in Note No. 54 on Payments to Auditors in the standalone financial statements.

(xii) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

Number of complaints filed during the financial year 2025-26	0
Number of complaints disposed of during the financial year 2025-26	0
Number of complaints pending as on end of the financial year 2025-26	0

(xiii) There were no instances of non-compliance with any requirement of corporate governance report.

(xiv) The Company has in place a Dividend Distribution Policy, which has been posted on the website of the Company at https://www.hikal.com/uploads/documents/HIKAL-DividendDistributionPolicy.pdf.

(xv) Credit Rating:

Particulars	Rating agency	Rating assigned	Previous rating	Date of revision
Long term borrowing	ICRA Limited	[ICRA] A (Stable)	[ICRA] A+ (Stable)	November 24, 2025
Short term borrowing	ICRA Limited	[ICRA] A2+	ICRA A1	November 24, 2025

The Company does not have any fixed deposit programme or any scheme or proposal of the listed entity involving mobilisation of funds, in India or abroad during the financial year ended March 31, 2026.

(xvi) Loans and advances, by Company and Subsidiary, in the nature of loans to firms/companies in which directors are interested.

Sr. No.	Name of the Entity	₹ in million
1.	Acoris Research Limited	0.33

VI. MEANS OF COMMUNICATION

The quarterly, half yearly and yearly financial results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board. These are published in leading financial/non-financial newspapers viz: Business Standard and Mumbai Lakshadeep, in terms of Regulation 47 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The results are simultaneously posted on the website of the Company www.hikal.com.

The press releases and the presentations made to the institutional investors or the analysts are also posted on the website of the Company www.hikal.com.

VII. GENERAL SHAREHOLDERS INFORMATION

(A) Annual General Meeting:

Day and Date	:	Wednesday, September 23, 2026
Time	:	11:30 A.M.
Venue	:	Through VC/OAVM

(B) Financial Year:

April 01, 2025, to March 31, 2026

(C) Tentative Financial Calendar 2026-27:

1st Quarter results	:	On or before August 14, 2026
2nd Quarter results	:	On or before November 14, 2026
3rd Quarter results	:	On or before February 14, 2027
4th Quarter results	:	On or before May 30, 2027

(D) Record date:

Friday, September 04, 2026

(E) Dividend payment date:

Dividend will be paid within 30 days from the date of declaration.

(F) Listing of Shares:

The Equity Shares are listed on the Stock Exchanges at BSE Limited, Mumbai, and National Stock Exchange of India Limited, Mumbai. The Company has paid the listing fees for FY 2026-27 to these Exchanges.

(G) Stock Code:

Stock Exchange	Scrip Code
BSE Limited (BSE) P J Towers, Dalal Street Fort, Mumbai - 400 001	524735
National Stock Exchange of India Limited (NSE) Exchange Plaza, Bandra Kurla Complex Bandra (East), Mumbai - 400 051	HIKAL

Demat ISIN number in NSDL & CDSL	:	INE475B01022
Corporate Identification Number (CIN)	:	L24200MH1988PTC048028

(H) Share Transfer Agents:

MUFG Intime India Private Limited
C 101, Embassy 247, L.B.S. Marg, Vikhroli (West), Mumbai - 400 083
Tel: +91 81 0811 6767; Toll-free number: 1800 1020 878;
Email: investor.helpdesk@in.mpms.mufg.com;
Website: in.mpms.mufg.com

(I) Share Transfer/Transmission system:

Trading in equity shares of the Company is permitted only in dematerialised form. In terms of Regulation 40(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, transfer, transmission and transposition of securities shall be effected only in dematerialised form. Accordingly, shareholders holding equity shares in physical form are urged to have their shares dematerialised to be able to freely transfer them and participate in various corporate actions.

Pursuant to SEBI Circular dated January 25, 2022, the listed companies shall issue the securities in dematerialised form only, for processing any service requests from shareholders viz., issue of duplicate share certificates, endorsement, transmission, transposition, etc.

After processing the service request, a letter of confirmation will be issued to the shareholders and shall be valid for a period of 120 days, within which the shareholder shall make a request to the Depository Participant for dematerialising those shares.

If the shareholders fail to submit the dematerialisation request within 120 days, then the Company shall credit those shares in the Suspense Escrow Demat account held by the Company. Shareholders can claim these shares transferred to Suspense Escrow Demat account on submission of necessary documentation.

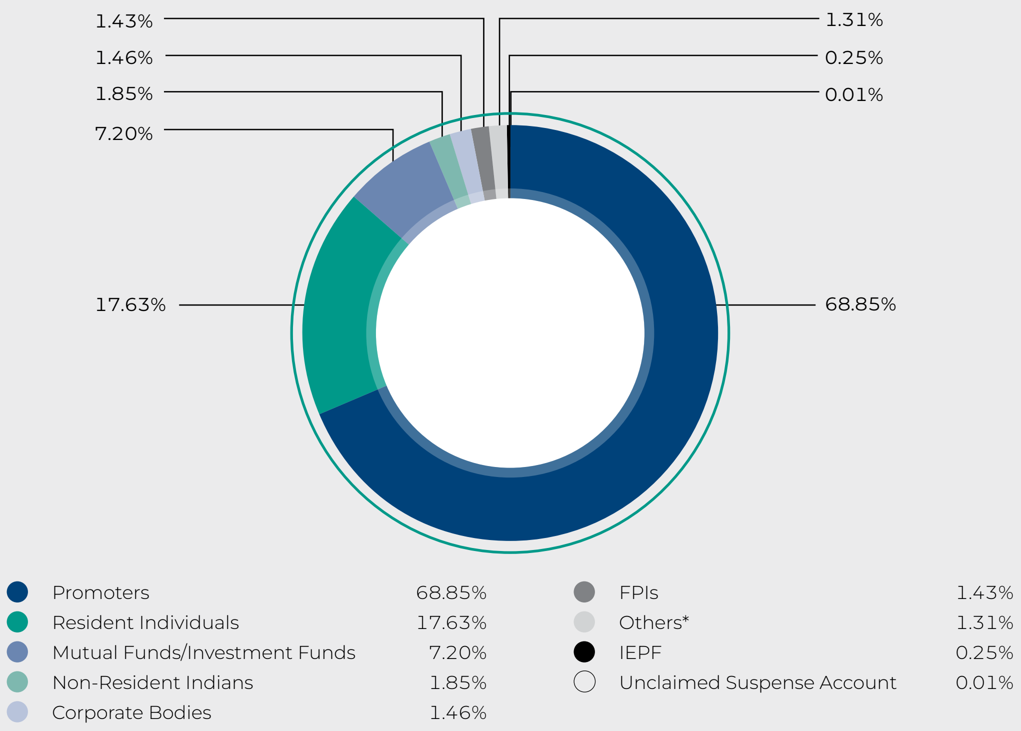
(J) Distribution of Shareholding (Equity) as on March 31, 2026

Shareholding nominal value of		Shareholders		Shareholdings	
₹	₹	Number	% to Total	Number	% to Total
1	500	68691	90.5652	5605793	4.5464
501	1000	3430	4.5223	2641316	2.1422
1001	2000	1799	2.3719	2662842	2.1596
2001	3000	767	1.0112	1894871	1.5368
3001	4000	275	0.3626	983151	0.7974
4001	5000	215	0.2835	1004503	0.8147
5001	10000	375	0.4944	2735772	2.2188
10001	10001 and Above	295	0.3889	105772502	85.7842
Total		**75847**	**100**	**123300750**	**100**

(K) Shareholding Pattern as on March 31, 2026 is as under:

Category of Shareholders	Number of Equity Shares	Percentage
Promoters	84892764	68.85
Resident Individuals	21740846	17.63
Mutual Funds/Investment Funds	8878028	7.20
Non-Resident Indians	2281636	1.85
Corporate Bodies	1801771	1.46
FPIs	1765980	1.43
Others	1620857	1.31
IEPF	310982	0.25
Unclaimed Suspense Account	7886	0.01
Total	**123300750**	**100**

Shareholding pattern as on March 31, 2026



*Others include Trusts, Body Corp-ltd Liability Partnership, Hindu Undivided Family, Clearing Member, Trust (Employees), Central Government/President of India.

(L) Dematerialisation of shares

As on March 31, 2026, 99.91 % (123,191,475 shares) of the total equity capital is held in dematerialised form, out of which 90.41% (111,470,493 shares) is held with NSDL and 9.51% (11,720,982 shares) is held with CDSL.

(M) Outstanding global depository receipts, etc.

The Company has not issued any Global Depository Receipts or American Depository Receipts or warrants or any other convertible instruments and therefore no such instruments are outstanding as on March 31, 2026.

(N) Plant Locations:

a) MIDC, Taloja, Dist. Raigad, Maharashtra

b) MIDC, Mahad, Dist. Raigad, Maharashtra

c) GIDC, Panoli, Dist. Bharuch, Gujarat

d) KIADB, Jigani, Bengaluru, Karnataka

e) R & D Division at Hinjewadi, Pune, Maharashtra

(O) Investor Correspondence

i. MUFG Intime India Private Limited

C 101, Embassy 247, L.B.S. Marg, Vikhroli (West), Mumbai - 400 083
Tel: +91 81 0811 6767; Toll-free number: 1800 1020 878;
Email: investor.helpdesk@in.mpms.mufg.com;
Website: in.mpms.mufg.com

ii. Investors Relation Centre

Mr. Rajasekhar Reddy – Company Secretary & Compliance Officer
603-A, Great Eastern Chambers, 6th Floor, Sector 11, CBD Belapur, Navi Mumbai - 400 614
Tel: 91 22 6277 0299; Email: secretarial@hikal.com; Website: www.hikal.com.

(P) Disclosures with respect to demat suspense account/unclaimed suspense account

Sr. No.	Particulars	Details
a)	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year;	34 shareholders & 28511 shares
b)	Number of shareholders who approached Company for transfer of shares from suspense account during the year;	0
c)	Number of shareholders to whom shares were transferred from suspense account during the year;	0
d)	Shares transferred to shareholders from Suspense account during the year	0
e)	Number of shares transferred from suspense account to Investor Education and Protection Fund, during the year;	20625
f)	Aggregate number of shareholders whose shares are lying in the suspense account at the end of the year;	12
g)	Aggregate number of outstanding shares in the suspense account lying at the end of the year;	7886

The Company confirms that the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

For and on behalf of the Board of Directors

Jai Hiremath
Executive Chairman
DIN: 00062203

Place: Mumbai
Date: August 26, 2026

CEO/CFO CERTIFICATION ISSUED PURSUANT TO THE PROVISIONS OF REGULATION 17(8) READ WITH PART B OF SCHEDULE II OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

The Board of Directors,

Sub: CEO/CFO Certificate

(a) We have reviewed financial statements, read with the cash flow statements of Hikal Ltd. for the year ended March 31, 2026, and to the best of our knowledge and belief:

  (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.

  (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

(c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the Auditors and the Audit Committee of the Company, wherever applicable:

  (i) significant changes in internal control over financial reporting during the year;

  (ii) significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements; and

  (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For Hikal Limited

Sd/-
Sameer Hiremath
Vice Chairman and Managing Director
DIN: 00062129

Sd/-
Kuldeep Jain
Chief Financial Officer

Place: Mumbai
Date: May 25, 2026

DECLARATION OF COMPLIANCE WITH THE CODE OF CONDUCT

To the Members,
Hikal Limited

As required under Regulation 17 read with Schedule V (D) of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015, I hereby declare that all the Members of Board of Directors and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct for Board of Directors and Senior Management for the financial year ended March 31, 2026.

For Hikal Limited

Sd/-
Sameer Hiremath
Vice Chairman and Managing Director
DIN: 00062129

Place: Mumbai
Date: August 26, 2026

CERTIFICATE ON CORPORATE GOVERNANCE

[Pursuant to Regulation 34(3) and Schedule V Para E of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The Members,
Hikal Limited
CIN: L24200MH1988PTC048028
717/718, Maker Chamber V,
Nariman Point, Mumbai - 400 021

We have examined all the relevant records of **Hikal Limited** (hereinafter referred to as **"the Company"**) for the purpose of certifying compliance with the conditions of Corporate Governance under Chapter IV to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**"Listing Regulations"**) for the year ended March 31, 2026.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation process adopted by the Company for ensuring compliance with the conditions of Corporate Governance. This certificate is neither an audit nor an expression of opinion on the Financial Statements of the Company.

In our opinion and to the best of our information and according to the explanations and information furnished to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the said Listing regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **Dhrumil M. Shah & Co. LLP**
Practising Company Secretaries
ICSI URN: L2023MH013400
PRN: 6459/2025

Sd/-
Dhrumil M. Shah
Partner
FCS 8021 | CP 8978
UDIN: F008021H001202412

Place: Mumbai
Date: August 26, 2026

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The Members,
Hikal Limited
CIN: L24200MH1988PTC048028
717/718, Maker Chamber V,
Nariman Point, Mumbai - 400 021

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Hikal Limited** having **CIN:** L24200MH1988PTC048028 and having registered office at 717/718, Maker Chamber V, Nariman Point, Mumbai – 400021 (hereinafter referred to as **'the Company'**), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2026 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authorities.

Sr. No.	Names of Director	DIN	Date of Appointment in Company
1.	Mr. Jai Vishwanath Hiremath	00062203	22-02-1991
2.	Mrs. Sugandha Jaidev Hiremath	00062031	05-02-1992
3.	Mr. Amit Babasaheb Kalyani	00089430	09-02-2012
4.	Mrs. Shivani Bhasin Sachdeva	00590500	01-08-2019
5.	Mr. Shrikrishna Kiran Adivarekar	06928271	22-12-2021
6.	Mr. V Ramachandra Kaundinya	00043067	01-10-2023
7.	Mr. Berjis Minoo Desai[1]	00153675	01-10-2023
8.	Mr. Ravi Kapoor	01761752	11-01-2024
9.	Ms. Ranjana Shivanand Salgaocar	00120120	23-03-2024
10.	Mr. Sameer Jai Hiremath	00062129	26-05-1999
11.	Mr. Sarangan Suresh	10562713	01-04-2024

[1]Mr. Berjis Minoo Desai ceased to be an Independent Director of the Company with effect from October 1, 2025.

Ensuring the eligibility for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Dhrumil M. Shah & Co. LLP**
Practising Company Secretaries
ICSI URN: L2023MH013400
PRN: 6459/2025

Sd/-
Dhrumil M. Shah
Partner
FCS 8021 | CP 8978
UDIN: F008021H001202291

Place: Mumbai
Date: August 26, 2026

Business Responsibility and Sustainability Report

SECTION A: GENERAL DISCLOSURES

I. Details of the listed Entity

1.	**NSE Symbol**	HIKAL
2.	**BSE Scrip Code**	524735
3.	**MSEI Symbol**	NOT LISTED
4.	**ISIN**	INE475B01022
5.	**Corporate Identity Number (CIN) of the Listed Entity**	L24200MH1988PTC048028
6.	**Name of the Listed Entity**	Hikal Limited
7.	**Date of incorporation**	08th July 1988
8.	**Registered office address**	717/718, Marker Chambers V, Nariman Point, Mumbai, 400021
9.	**Corporate address**	Great Eastern Chambers, Sector-11, 6th Floor, CBD Belapur, Navi Mumbai – 400614
10.	**E-mail**	secretarial@hikal.com
11.	**Telephone**	+91 22 6277 0299
12.	**Website**	www.hikal.com
13.	**Financial year for which reporting is being done**	1 April 2025 to 31 March 2026
14.	**Name of the Stock Exchange(s) where shares are listed**	BSE Limited (BSE) National Stock Exchange of India Limited (NSE)
15.	**Paid-up Capital**	₹ 24.66 crore
16.	**Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report**	Name: Jai Hiremath Designation: Executive Chairman DIN number: 00062203 Telephone number: 022 6277 0299 E-mail ID: secretarial@hikal.com
17.	**Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its**	Disclosures made in this report are on a consolidated basis
	Whether the company has undertaken assessment or assurance of the BRSR Core?	Yes
18.	**Name of assessment or assurance provider**	Sustain Right
19.	**Type of assessment or assurance obtained**	Reasonable assurance

II. Products/services

20. Details of business activities (accounting for 90% of the turnover):

S. No.	Description of Main Activity	Description of Business Activity	Percentage of Turnover of the entity
1	Manufacturing	Manufacturing of pharmaceuticals, animal health, crop protection and specialty chemicals	100%

21. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

S. No.	Product/Service	NIC Code	% of total Turnover contributed
1	Manufacture of Basic Chemical Elements	20116	40%
2	Manufacture of Pharmaceutical Products	21001	60%

iii. Operations

22. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	6*	3	9
International	0	3	3

Note: *Hikal Limited has five manufacturing facilities and one Research and Technology (R&T) centre in India.

23. Markets served by the entity:

a. Number of locations

Locations	Number
National (No. of States)	Pan-India
International (No. of Countries)	1. Overseas office in Japan 2. Overseas office in USA 3. Representation in Europe

b. What is the contribution of exports as a percentage of the total turnover of the entity?

Total contribution of exports as a percentage of the turnover is 69%.

c. A brief on types of customers

Hikal caters to a diversified global customer base across the pharmaceuticals, crop protection, personal care and specialty chemicals sectors. The Company primarily supplies to pharmaceutical companies, generic pharmaceutical manufacturers, agrochemical innovators, crop protection formulators, and specialty chemical companies through long-term manufacturing partnerships, custom synthesis, contract development and manufacturing (CDMO), and supply of active ingredients, intermediates, and specialty products.

IV. Employees

24. Details as at the end of Financial Year:

a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
EMPLOYEES						
1.	Permanent (D)	2044	1890	92%	154	8%
2.	Other than Permanent (E)	33	27	82%	6	18%
3.	**Total employees (D + E)**	**2077**	**1917**	**92%**	**160**	**8%**
WORKERS						
4.	Permanent (F)	108	108	100%	108	100%
5.	Other than Permanent (G)	948	880	93%	880	93%
6.	**Total workers (F + G)**	**1056**	**988**	**94%**	**988**	**94%**

b. Differently abled Employees and workers:

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
DIFFERENTLY ABLED EMPLOYEES						
1.	Permanent (D)	3	3	100%	-	-
2.	Other than Permanent (E)	0	0	0	-	-
3.	**Total differently abled employees (D + E)**	**3**	**3**	**100%**	**-**	**-**
DIFFERENTLY ABLED WORKERS						
4.	Permanent (F)	-	-	-	-	-
5.	Other than Permanent (G)	-	-	-	-	-
6.	**Total differently abled workers (F + G)**	**-**	**-**	**-**	**-**	**-**

25. Participation/Inclusion/Representation of women

	Total (A)	No. and percentage of Females	
		No. of Females (B)	% (B/A)
Board of Directors	11*	3	30%
Key Management Personnel	7	0	0%

Note: Board composition changed from 11 Directors (27.3% women representation) to 10 Directors (30% women representation) from October 2025 onwards due to resignation of 1 Director.

26. Turnover rate for permanent employees and workers

	Turnover rate in FY 2025-26			Turnover rate in FY 2024-25			Turnover rate in FY 2023-24		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	29%	2%	31%	29%	2%	31%	24%	2%	26%
Permanent Workers	6%	NA	6%	6%	0%	6%	4%	0%	4%

V. Holding, Subsidiary and Associate Companies (including joint ventures)

27. (a) Names of holding/subsidiary/associate companies/joint ventures

S. No.	Name of the holding/ Subsidiary/associate companies/Joint ventures (A)	Indicate whether holding/Subsidiary/ Associate/Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	Acoris Research Limited	Subsidiary	100%	No
2	Hikal LLC	Subsidiary	100%	No

VI. CSR Details

28. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: Yes

(ii) Turnover (in ₹): 17,12,60,00,000

(iii) Net worth (in ₹): 11,99,00,00,000

VII. Transparency and Disclosures Compliances

29. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No)	FY 2025-26			FY 2024-25		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes	Nil	Nil	Nil	Nil	Nil	Nil
Investors (other than shareholders)	Yes	Nil	Nil	Nil	Nil	Nil	Nil
Shareholders	Yes	2	0	Nil	Nil	Nil	Nil
Employees and workers	Yes	Nil	Nil	Nil	Nil	Nil	Nil
Customers	Yes	20	1	Under Investigation	34	4	Resolved
Value Chain Partners	Yes	Nil	Nil	Nil	Nil	Nil	Nil
Others	NA	NA	NA	NA	NA	NA	NA

Weblink to Grievance Redressal Policy: https://www.hikal.com/documents/corporate-governance

30. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format.

The material issues below were identified through our materiality assessment, drawing on stakeholder consultation, industry benchmarks and global sustainability standards (GRI). For each issue, the rationale sets out the risk and/or opportunity, and the mitigation column summarises the Company's approach; outputs feed directly into our policies, targets and strategic planning.

S. No.	Material issue identified	Risk/ Opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications (positive/ negative)
1	Energy efficiency and carbon emissions/air pollution	R/O	· **Risk:** inadequate management of energy use, emissions and air pollutants can expose the Company to regulatory pressure, penalties and reputational harm. · **Opportunity:** improving energy efficiency and reducing emissions strengthens brand value, attracts environmentally conscious customers, lowers operating cost and enhances competitiveness.	· Dust collectors, electrostatic precipitators, bed scrubbers and continuous flue-gas monitoring · Dedicated green belt and an Environmental Management Cell for ongoing monitoring and compliance · Adoption of energy efficient equipment and technologies · Investment in clean-energy technologies (cogeneration turbines, flash-steam recovery, solar and wind)	Negative/ Positive
2	Water and effluent management/ waste management	R/O	· **Risk:** Water scarcity and pollution can disrupt operations, raise costs and affect stakeholder well-being · Improper waste handling risks environmental harm, health hazards, non-compliance, and penalty and reputational risk exposure · **Opportunity:** Recycling of treated wastewater reduces the freshwater consumption, lowering operational costs, enhances business continuity and attracts environmental conscious customers.	· Secure storage and disposal of waste containers and packaging material via authorised recyclers · Safe disposal of specific waste streams through authorised incinerators · Reprocessing of spent solvents using environmentally sound technology and government-approved recyclers · As of FY 2025-26, 50% of Hikal sites are ZLD, recycling treated wastewater.	Negative/ Positive
3	Biodiversity protection	Risk	· Operations can affect species diversity and ecological balance; pollution and contamination may compound these impacts · Managing this is essential to safeguard biodiversity and maintain a responsible licence to operate	· Green belt around manufacturing facilities providing a species refuge and buffer zone · Reduced pollution impact and improved ambient air and water quality · Green infrastructure managed as an environmental asset that strengthens ecological resilience	Negative

S. No.	Material issue identified	Risk/ Opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial impli-cations (positive/ negative)
4	Green chemistry	Opportunity	• Cleaner, safer and more efficient processes demonstrate sustainability leadership and support compliance • Differentiation through sustainable products opens new markets and customers, reduces hazardous-substance risk and strengthens supply-chain resilience	• Redesign of a core process to eliminate hazardous materials, cut emissions and improve efficiency • Better resource utilisation, lower environmental impact and cost savings • Designing of the low PMI (process mass index) products	Positive
5	Diversity, inclusion and equal opportunities	Opportunity	• Fosters innovation, broadens the talent pool and improves decision-making • Strengthens engagement, retention and reputation, and supports regulatory compliance	• Comprehensive diversity and inclusion policies and inclusive workplace practices • Fair access, representation and a sense of belonging across all levels • Targets established for improving the DEI KPIs at Hikal	Positive
6	Employee well-being, benefits and retention/skill development	Opportunity	• A supportive, safe workplace with competitive benefits and continuous skill-building improves satisfaction, retention and engagement, and attracts talent • Builds a culture of continuous learning that supports productivity and long-term performance	• Fully equipped Occupational Health Centres at each site with full-time medical staff and 24x7 ambulance cover • Annual medical check-ups and counselling by the Factory Medical Officer • Mental-wellness support via yoga, zumba and structured wellness programmes	Positive
7	Occupational health and safety	Risk	• Unsafe conditions can cause accidents, injuries and illness, harming well-being, morale and productivity • Non-compliance can create legal liabilities, penalties and reputational damage	• Regular hazard identification and mitigation planning • Ongoing safety training for employees and workers • Holistic, continuous approach to safety and well-being • Hikal launched a safety culture transformation program in FY 2025-26, by engaging SWASYA consultants as external safety experts	Negative
8	Human rights and community development	R/O	• **Risk:** actual or perceived human-rights violations can cause reputational damage, legal consequences and loss of stakeholder trust; failure to uphold labour rights can drive dissatisfaction, unrest and penalties. • **Opportunity:** community development through education, skills training and infrastructure builds relationships, enhances reputation and creates positive social impact, supporting goodwill, market access and long-term sustainability.	• Established policy frameworks and systems securing the human rights of internal and external stakeholders • CSR initiatives creating positive social impact and fostering sustainable development	Negative/ Positive
9	Product quality, safety and labelling	Risk	• Inadequate controls can lead to product defects or hazards, with legal liability and reputational damage • Inaccurate labelling may cause consumer misuse	• Rigorous quality control across production; adherence to safety protocols and standards • Comprehensive product testing and certification; accurate, compliant labelling • Ongoing monitoring for continuous improvement	Negative
10	Research and innovation	Opportunity	• Keeps the Company ahead of technological change and responsive to market needs • Improves operational and production efficiency; differentiates the Company and attracts partners and investors	• In-house R&D-driven upgrades (high-efficiency pumps, automated lighting, process optimisation)	Positive
11	Sustainable supply chain	R/O	• **Risk:** Supply chain disruptions, supplier ESG non-compliance and resource constraints affecting business continuity, compliance and reputation. • **Opportunity:** Enhances competitiveness, reduces risk and aligns with stakeholder and customer preferences • Minimises environmental impact, conserves resources and strengthens supplier relationships and continuity	• Formal Responsible Sourcing Policy • Applies to all value-chain partners across environmental, social and governance dimensions	Negative/ Positive

S. No.	Material issue identified	Risk/ Opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial impli-cations (positive/ negative)
12	Sustainable financial performance	Opportunity	• Reduces cost, enhances reputation, attracts investors and supports long-term viability • Anticipates market trends and regulatory requirements, building trust and competitiveness	• Alignment of investment with long-term environmental and social priorities • Resource-efficient practices, support for green innovation and ESG considerations in capital planning	Positive
13	Regulatory compliance/ ethical business practices and governance	R/O	• **Risk:** non-compliance or ethical lapses can create legal exposure, penalties and reputational damage, eroding stakeholder trust. • **Opportunity:** strong compliance and ethics enhance reputation, attract responsible investors and customers, and reinforce accountability, resilience and sound governance.	• Robust Code of Conduct for all employees, directors, consultants and business partners • Clear expectations on conflicts of interest, insider trading, asset safeguarding and legal compliance • Whistle-blower Policy enabling confidential reporting and resolution	Negative/ Positive
14	Data integrity and security	Risk	• Breaches or unauthorised access can cause financial loss, reputational damage and legal liability • Data-integrity issues can undermine decision-making and operational efficiency	• Encryption, strict access controls and authentication; regular backups • Continuous monitoring of network and system vulnerabilities; firewalls and intrusion detection • Comprehensive employee training on data-security best practices	Negative
15	Risk management and business continuity	R/O	• **Risk:** inadequate management can lead to accidents, operational disruption, non-compliance and reputational damage • **Opportunity:** robust risk assessment, emergency planning and supply-chain resilience minimise incidents, protect stakeholders, enhance trust and support long-term continuity.	• Proactive risk assessments; safety protocols and emergency-response plans • Business-continuity plans and supply-chain resilience • Regular review of strategies and risks at the Board level	Negative/ Positive
16	Customer engagement	Opportunity	• Provides insight into customer needs, preferences and challenges • Enables development of products and services that meet specific requirements	• Bi-weekly meetings with key suppliers and regular customer interactions • Feedback used to strengthen relationships and improve products and services	• Positive

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Policy and management processes									
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Y	Y	Y	Y	Y	Y	N	Y	Y
b. Has the policy been approved by the Board? (Yes/No)	Y	Y	Y	Y	Y	Y	NA	Y	Y
c. Web Link of the Policies, if available	The policies can be viewed on Company's website: https://www.hikal.com/page/sustainability								
2. Whether the entity has translated the policy into procedures. (Yes/No)	Y	Y	Y	Y	Y	Y	NA	Y	Y
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes, we expect all our value chain partners to comply with Hikal's Responsible Sourcing Policy and Supplier Code of Conduct.								
4. Name of the national and international codes/certifications/labels/standards (e.g., Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	• ISO 9001: 2018 • ISO 14001: 2015 • ISO 45001: 2018 • ISO 50001: 2018 • Responsible Care Certification • SMETA for two sites • ISO 20400:2017								

Specific commitments, goals and targets set by the entity with defined timelines, if any.

Key Performance Indicator	Current (FY 2025-26)	Target (FY 2027-28)
ENVIRONMENT (E)		
Scope 1 GHG emissions ($MTCO_2e$)	11,261.57[1]	18,755[2]
Scope 2 GHG emissions ($MTCO_2e$)	42,448.85	47,416[2]
Scope 3 GHG emissions ($MTCO_2e$)	2,17,144.57	1,24,624[2]
GHG intensity, Scope 1+2 ($MTCO_2e$/INR mn)	3.14	3.27[2]
Renewable energy share of total energy (%)	78	80
Energy intensity (GJ/ INR million)	78.5	75
Total energy consumption (GJ)	1,345,295	12,75,000
Total water consumption (KL)	5,10,513	8,05,887
Raw material locally sourced (%)	49	≥ 50
SOCIAL (S)		
Employees above living wage (%)	95	100
Local hiring in workforce (%)	81	88
LTI frequency rate – employees	0	0
LTI frequency rate – subcontractor workers	0	0
Work-related accidents (no.)	0	0
Operational sites assessed for human-rights impact (%)	16%	100
Women on board (%), as of end of FY 2025-26	30	≥ 1 independent woman director
Lives impacted by CSR initiatives (no.)	24,736	27,500
GOVERNANCE (G)		
Workforce trained on anti-corruption & ethics (%)	28.5	100
Suppliers ESG-evaluated (%)	100	100
Customers covered in product-safety training (%)	Not tracked	50

[1] Hikal achieved 43% reduction in its scope 1& 2 emissions in FY 2025-26, as compared to FY 2022-23 baseline. This is more than the 30% target set for FY 2027-28.

[2] Target derived from the roadmap's stated reduction against baseline: Scope 1 & 2 and GHG intensity = 30% reduction on FY 2022-23; Scope 3 = 10% reduction on FY 2023-24.

5. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	We have defined Key Performance Indicators (KPIs) across ESG parameters, and the performance is evaluated regularly. Hikal's ESG KPI Roadmap is available on the website: https://www.hikal.com/page/sustainability
Governance, leadership, and oversight	
6. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements Refer to page no. 4 of the annual report – Message from the Chairman's desk.	
7. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	**Name: Jai Hiremath** **Designation: Executive Chairman** **DIN number: 00062203**
8. Does the entity have a specified Committee of the Board/Director responsible for decision making on sustainability related issues? (Yes/No). If yes, provide details.	Hikal's Corporate Social Responsibility Committee is responsible for decision making on sustainability-related issues. Executive Chairman and the Managing Director are a part of this committee.

Sr. No.	Director	Designation	DIN Number
1	Jai Hiremath	Executive Chairman	00062203
2	Sameer Hiremath	Vice Chairman and Managing Director	00062129
3	Sugandha Hiremath	Non-Executive Director	00062031
4	Ranjana S. Salgaocar	Independent, Non-Executive Director	00120120

10. Details of Review of NGRBCs by the Company:

Subject for Review	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Performance against above policies and follow up action	Y	Y	Y	Y	Y	Y	N	Y	Y	Annually and need basis								
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	Y	Y	Y	Y	Y	Y	N	Y	Y	Ongoing basis								

	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
11. Has the entity carried out independent assessment/evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.	Y	Y	Y	Y	Y	Y	N	Y	Y
	DNV and DQS							DNV and DQS	
	External audits are conducted in accordance with ISO requirements.								

12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:

Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
The entity does not consider the Principles materials to its business (Yes/No)	NA	NA	NA	NA	NA	NA	Yes	NA	NA
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)	NA	NA	NA	NA	NA	NA	No	NA	NA
The entity does not have the financial or/ human and technical resources available for the task (Yes/No)	NA	NA	NA	NA	NA	NA	No	NA	NA
It is planned to be done in the next financial year (Yes/No)	NA	NA	NA	NA	NA	NA	No	NA	NA
Any other reason (please specify)	NA	NA	NA	NA	NA	NA	Please refer Note	NA	NA

Note: Hikal Ltd. does not currently have a standalone policy under Principle 7, as the Company does not actively seek to influence public or regulatory policies. However, where requested by regulatory authorities, government agencies, or industry associations, Hikal provides its inputs and participates in consultations in a transparent, responsible, and collaborative manner, in line with applicable laws and industry best practices.

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURES

PRINCIPLE 1: Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

Essential Indicators

1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics / principles covered under the training and its impact	Percentage of persons in respective category covered by the awareness programmes
Board of Directors (BoD)	1	We are committed to building a culture of continuous learning and capability development across all levels of the organization. Periodic familiarisation and awareness programmes are conducted for the Board of Directors (BoD) and Key Management Personnel (KMPs) to enhance their understanding of the Company's business strategy, operations, governance framework, and key functional areas. These programmes cover topics such as the Code of Conduct for Directors and Senior Management, Insider Trading Regulations, corporate structure, committee mandates, business developments, and other strategic initiatives	100%
Key Managerial Personnel (KMP)	1		100%
Employees other than BoD and KMPs	1975	parallel, employees and workers across our facilities participate in regular training and development programmes designed to strengthen professional competencies, workplace safety, compliance, and organizational effectiveness. Key training topics include Behaviour-Based Safety Management, Prevention of Sexual Harassment (POSH), office and workplace safety, regulatory compliance, risk management, information and cyber security, business communication, and other role-specific technical and functional areas. These initiatives support a safe, compliant, and high-	100%
Workers	35		100%

2. Details of fines/penalties/punishment/award/compounding fees/settlement amount paid in proceedings (by the entity or by directors/KMPs) with regulators/law enforcement agencies/judicial institutions, in the financial year, in the following format

Monetary					
	NGRBC Principle	Name of the regulatory/ enforcement agencies/judicial institutions	Amount (In ₹)	Brief of the case	Has an appeal been preferred (Yes/No)
Penalty/Fine	Nil	Nil	Nil	Nil	Nil
Settlement	Nil	Nil	Nil	Nil	Nil
Compounding fee	Nil	Nil	Nil	Nil	Nil
Non-Monetary					
	NGRBC Principle	Name of the regulatory/ enforcement agencies/judicial institutions		Brief of the case	Has an appeal been preferred (Yes/No)
Imprisonment	Nil	Nil		Nil	Nil
Punishment	Nil	Nil		Nil	Nil

3. Of the instances disclosed in Question 2 above, details of the Appeal/Revision preferred in cases where monetary or non-monetary action has been appealed.

Case Details	Name of the regulatory enforcement agencies/ judicial institutions
NIL	NA

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Yes, anti-corruption and anti-bribery provisions are integral to the Company's Code of Conduct. The Code applies to all employees, consultants, Directors, contractual personnel, and other individuals working for or representing the Company. Vendors and suppliers are also expected to adhere to the principles outlined in the Code. It mandates responsible business conduct and strictly prohibits any form of unethical behaviour, including bribery, corruption, improper payments, gifts, or any act that may compromise integrity and transparency.

The weblink https://www.hikal.com/uploads/page/hikal-code-of-conduct.pdf and https://www.hikal.com/uploads/page/fair-ethics-policy.pdf

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/corruption:

Key Performance Indicator	FY 2025-26	FY 2024-25
Directors	Nil	Nil
KMPs	Nil	Nil
Employees	Nil	Nil
Workers	Nil	Nil

6. Details of complaints with regard to conflict of interest:

	FY 2025-26		FY 2024-25	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	Nil	-	Nil	-
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	Nil	-	Nil	-

7. Provide details of any corrective action taken or underway on issues related to fines/ penalties/action taken by regulators/law enforcement agencies/judicial institutions, on cases of corruption and conflicts of interest.

HIKAL Ltd. has not received any complaints in relation to conflict of interest on its Directors and KMPs during last 2 years (FY 2024-25 and FY 2025-26).

8. Number of days of accounts payables (Accounts payable *365)/Cost of goods/services procured) in the following format:

	FY 2025-26	FY 2024-25
Average Account Payable X 365 days	10,41,345	10,63,975
Cost of goods & services procures	7,850	8,648
No of Days of Accounts Payable	133	123

9. Open-ness of business

Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, in the following format:

Parameter	Metrics	FY 2025-26	FY 2024-25
Concentration of Purchases	a. Purchases from trading houses as % of total purchases	11%	28%
	b. Number of trading houses where purchases are made from	57	120
	c. Purchases from top 10 trading houses as % of total purchases from trading houses	63%	62%
Concentration of Sales	a. Sales to dealers/distributors as % of total sales	0	0
	b. Number of dealers/distributors to whom sales are made	0	0
	c. Sales to top 10 dealers/distributors as % of total sales to dealers/distributors	0	0
Share of RPTs in	a. Purchases (Purchases with related parties/Total Purchases)	0	0
	b. Sales (Sales to related parties/Total Sales)	0	0
	c. Loans & advances (Loans & advances given to related parties/Total loans & advances)	0	0
	d. Investments (Investments in related parties/Total Investments made) in ₹ million	5	5

Note: Hikal operates through a B2B sales model, supplying products directly to leading companies that utilise our intermediates to produce final products for the consumers. Therefore, sales through distributors are not applicable to Hikal's business operations.

Leadership Indicators

1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year:

We follow a structured onboarding process for our value chain partners, ensuring they are aligned with Hikal's Code of Conduct and ethical standards from the outset. For critical partners in India, we conduct both desktop and on-site assessments to evaluate compliance and operational integrity. As part of this engagement, we actively communicate our expectations around ESG practices and responsible business conduct, reinforcing our commitment to sustainability and transparency across the supply chain.

Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	% age of value chain partners covered (by value of business done with such partners) under the awareness programmes
1	Capacity Building of Suppliers on Sustainability Risks and Good Practices	20%

2. Does the entity have processes in place to avoid/manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same.

Yes. The Company has established a Code of Conduct for the Board of Directors and Senior Management, which clearly outlines their responsibilities with respect to identifying, avoiding, and managing actual or perceived conflicts of interest. To ensure ongoing compliance, all Board members and Senior Management personnel are required to submit a declaration confirming adherence to the Company's conflict of interest requirements and guidelines.

The weblink of the code of conduct is https://www.hikal.com/uploads/page/hikal-code-of-conduct.pdf

PRINCIPLE 2: Businesses should provide goods and services in a manner that is sustainable and safe

Essential Indicators

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

	FY 2025-26	FY 2024-25	Details of improvements in environmental and social impacts
R&D	5.52%	4.20%	Hikal has made the following improvements: · Achieved zero liquid discharge by recycling of effluent · Replaced hazardous chemicals with greener alternatives wherever feasible, eliminated high vacuum distillations by designing alternate process · Continuous processes developed to eliminate hazardous chemistries such as di-nitration, azide chemistries, BuLi reactions in batch mode · Continuous hydrogenation processes established in R&D for high pressure hydrogen gas reactions · Wet milling equipment introduced in R&D to study and eliminate low MIE solid dry millings · Digital monitoring of Effluent quality and its tracking · Conducted regular safety training and behaviour safety champions · Improved near miss reporting and employee participation in safety · Enhanced diversity by increasing women in technical and leadership role.
Capex	0.57%	0.25%	· We have invested in new High Potent API lab to drive innovation in sustainable processes, reduce environmental impact, and enhance workplace safety and efficiency.

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No

Hikal has a formal Responsible Sourcing Policy that establishes procedures for sustainable sourcing across its value chain. The policy applies to suppliers, vendors, contractors, business partners, employees, and other stakeholders, and integrates environmental, social, ethical, and governance considerations into procurement and sourcing decisions. It outlines Hikal's commitment to reducing supply chain environmental impacts, promoting responsible business conduct, conducting risk-based due diligence, and working with suppliers to drive continuous improvement in sustainability performance. The policy also includes governance, monitoring, reporting, and grievance mechanisms to support implementation and compliance throughout the supply chain. https://www.hikal.com/uploads/page/responsible-sourcing-policy.pdf

b. If yes, what percentage of inputs were sourced sustainably?

100% of inputs from critical suppliers in India are sourced sustainably. We conduct due diligence audits for sustainability and EHS compliance among key raw material suppliers and share our Responsible Sourcing Policy and the Supplier code of conduct to communicate expectations on sustainability and green supply principles.

3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.

Given the nature of our business, scope for product reclamation for reusing, recycling, and disposal at the end of life is limited. However, we have implemented robust waste management system across all our facilities. All the categories of wastes are collected, segregated, stored, transported, and disposed of in accordance with applicable regulatory requirements and best industry practices. We have detailed SOPs for collection, storage and disposal of various type of waste generated and we have dedicated teams to ensure its effective implementation.

Waste is segregated into recyclable and non-recyclable wastes. Recyclable waste is disposed of in an environmentally sound manner to authorised recyclers, and other recyclable waste is managed through co-processing in the cement industry, incineration, or secured landfill, based on calorific value. The packing material generated by raw materials and in-process material are disposed through authorised plastic recyclers or via Common Hazardous Waste Collection, Treatment, Storage & Disposal Facilities (CHWTSDF).

We have been consistently enhancing our waste management practices and have embedded them with our circular economy approach. In terms of process improvements, we have:

- Implemented solvent recovery systems to reuse organic solvents.
- A dedicated lab working exclusively on waste treatability studies and converting by-products into desired intermediates.
- Initiated process of reusing the plastic material used in the internal product transfer for storage and disposal of hazardous, reducing the overall consumption of virgin plastic products and packaging material in our operations.

Additionally, under our "Wealth from Waste" program, each waste stream is identified and assessed for its environmental and economic footprint. Site-level task forces, led by Site Heads and comprising cross-functional teams, are responsible for driving waste reduction, reuse, and recycling initiatives. These include enhancing the purity of by-products to increase their commercial value, converting waste into usable or less hazardous forms, and integrating waste characterisation early in the R&D phase to enable better downstream waste management.

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes/No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

Yes, Hikal falls under the purview of Extended Producer Responsibility (EPR) regulations as an importer. Hikal has sought license from relevant statutory body to comply with requirements under EPR.

Leadership Indicators

1. Has the entity conducted Life Cycle Perspective/Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?

Yes, We have conducted the life cycle assessment of our products in FY 2025-26.

NIC Code	Name of Product/ Service	% of Total Turnover Contributed	Boundary for which the Life Cycle Perspective / Assessment was Conducted	Whether Conducted by Independent External Agency (Yes/No)	Results Communicated in Public Domain (Yes/ No)	If Yes, Provide the Web-Link	Remarks (Need to Enter this Product Code in Search)
107999	FEMA	In the conceptualisation stage	Cradle-to-gate	Yes	No	NA	NA
202101	TBZ	6.15%	Cradle-to-gate	Yes	No	NA	NA

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products/services, as identified in the Life Cycle Perspective/ Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

Product/Service	Description of the risk/ concern	Action Taken
TBZ	GHG emissions	1. Energy efficiency improvements to reduce energy consumption per kg of product 2. Yield improvement to reduce per kg of raw material per kg of finished product

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Given the nature of our pharmaceutical and specialty chemical products, we do not use recycled or reused input materials in the manufacturing process. However, we are recovering more than 90% of process solvents and recycle them in other industries.

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

We are a B2B supplier, providing our products to leading manufacturers who convert intermediates into final products for consumers. Therefore, the responsibility for reclaiming end-use products and packaging material does not apply to us. However, we provide instructions and guidelines to our customers for handling and disposal of our products.

We ensure that waste generated in our manufacturing process, raw material packaging and e-waste, is sent to authorised recyclers wherever possible in accordance with the statutory requirements.

	FY 2025-26			FY 2024-25		
	Re-Used	Recycled	Safely	Re-Used	Recycled	Safely
Plastics (including packaging) in Metric tonnes	30.20	280.67	0.00	Nil	177.65	30.9
E-waste in Metric tonnes	0.00	0.55	0.00	Nil	2.35	Nil
Hazardous Waste in Metric tonnes	1173.56	30245.26[1]	11478.66[2]	Nil	39,797.75	12,743.82
Other waste in Metric tonnes	0.00	4989.97	0.00	4,712.2	1,375.91	Nil

Note: The above-reported values are from Hikal's operations.

[1]Battery waste (0.66 MT) is included in the 'recycled' component of the hazardous waste

[2]Biomedical waste (0.022 MT) is included in the 'safely disposed' component of the hazardous waste

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

Not applicable. We have not received any request from customer to take back products at the end-of-life for current FY 2025-26 or previous FY 2024-25.

PRINCIPLE 3: Businesses should respect and promote the well-being of all employees, including those in their value chains

Essential Indicators

1. a. Details of measures for the well-being of employees:

Category	Total (A)	Percentage of employees covered by									
		Health insurance		Accident insurance		Maternity benefits		Paternity benefits		Day care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent employees											
Male	1,890	1,890	100%	1,890	100	0	0%	1,890	100%	0	0%
Female	154	154	100%	154	100	154	100%	0	0%	0	0%
Total	**2,044**	**2,044**	**100%**	**2,044**	**100**	**154**	**100%**	**1,890**	**100%**	**0**	**0%**
Other than Permanent employees											
Male	27	27	100%	27	100%	0	0%	27	100%	0	0%
Female	6	6	100%	6	100%	6	100%	0	0%	0	0%
Total	**33**	**33**	**100%**	**33**	**100%**	**6**	**100%**	**27**	**100%**	**0**	**0%**

b. Details of measures for the well-being of workers:

Category	Total (A)	Percentage of workers covered by									
		Health insurance		Accident insurance		Maternity benefits		Paternity benefits		Day care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent workers											
Male	108	108	100%	108	100%	0	0%	108	100%	0	0%
Female	0	0	-	0	0%	0	0%	0		0	0%
Total	**108**	**108**	**100%**	**108**	**100%**	**0**	**0%**	**108**	**100%**	**0**	**0%**
Other than Permanent workers											
Male	880	880	100%	880	100%	0	0%	880	100%	0	0%
Female	68	68	100%	68	100%	68	100%	0	0%	0	0%
Total	**948**	**948**	**100%**	**948**	**100%**	**68**	**100%**	**880**	**100%**	**0**	**0%**

c. Details of measures for the well-being of workers:

Key Performance Indicator	FY 2025-26	FY 2024-25
Cost incurred on well-being measures as a % of total revenue of the company	0.44%	0.27%

2. Details of retirement benefits, for Current FY and Previous Financial Year

Benefits	FY 2025-26			FY 2024-25		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority
PF	100%	100%	Y	100%	100%	Y
Gratuity	100%	100%	Y	100%	100%	Y
ESI	6%	90%	Y	6%	92%	Y
Others	NA	NA	NA	NA	NA	NA

Note: We have enrolled all our eligible employees and workers under the ESI. For the business locations that are outside the purview of ESI, we have obtained the Workmen's Compensation policy.

3. Accessibility of workplaces

Are the premises/offices of the entity accessible to differently-abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

All our facilities have the necessary infrastructure in place to provide easy access to differently abled employees and workers. Ramps, handrails, accessible washrooms, wider aisles and clear pathways, and elevators are available across our facilities.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web link to the policy.

Yes, Hikal is committed to upholding the principles of equal opportunity and inclusion, in alignment with the Rights of Persons with Disabilities Act, 2016. These principles are embedded in our broader human rights and workplace policies, which emphasize non-discrimination and equal treatment for all individuals, including persons with disabilities.

Our Human Rights Policy outlines our commitment to creating an inclusive work environment that values diversity and ensures fair treatment based on merit and ability. The policy also supports awareness and empowerment of differently abled individuals, reflecting our inclusive approach to employment and workplace practices.

Weblink: https://www.hikal.com/uploads/documents/HikalCodeofConduct2025.pdf

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	100%	100%	100%	100%
Female	100%	100%	NA	NA
Total	100%	100%	100%	100%

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

	Yes/No	If yes, then give details of the mechanism in brief
Permanent workers	Yes	A well-defined grievance redressal mechanism is in place to ensure that concerns and complaints are addressed in a structured and timely manner. The grievance redressal policy clearly outlines the procedures, responsibilities, and timelines for resolution. It is applicable to all employees and workers, including third-party personnel deployed at company premises. Individuals are encouraged to report any unethical conduct, with the assurance of protection under the non-retaliation principle outlined in the Code of Conduct. All grievances and their resolutions are documented in accordance with the policy. Additionally, at unionized manufacturing facilities, a Works Committee has been constituted to address matters related to working conditions and employee welfare. This committee meets periodically to discuss relevant issues, with each meeting resulting in documented action points and clearly defined roles and responsibilities for follow-up. Hikal's Grievance Redressal Policy: https://www.hikal.com/uploads/documents/HikalGrievanceRedressalPolicy-Rev1.pdf
Other than Permanent workers	Yes	
Permanent employees	Yes	
Other than Permanent employees	Yes	

7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

Benefits	FY 2025-26			FY 2024-25		
	Total employees/ workers in respective category (A)	No. of employees/ workers in respective category, who are part of association(s) or Union (B)	% (B/A)	Total employees/ workers in respective category (C)	No. of employees/ workers in respective category, who are part of association(s) or Union (D)	% (D/C)
Permanent employees						
Male	-	-	-	-	-	-
Female	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**
Permanent workers						
Male	108	108	100%	114	114	100%
Female	-	-	-	-	-	-
Total	108	108	100%	114	114	100%

8. Details of training given to employees and workers

Category	FY 2025-26					FY 2024-25				
	Total (A)	On Health and safety measures[1]		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Male	1,890	2,315	123%#	2,318	123%#	1,816	1,631	89.81%	1,886	103.85%#
Female	154	189	123%#	221	144%#	132	131	99.24%	117	88.64%#
Total	**2,044**	**2,504**	**123%#**	**2,539**	**124%#**	**1,948**	**1,762**	**90.45%**	**2,003**	**102.82%#**
Workers										
Male	988	1,929	195%#	57*	53%	114	114	100%	101	88.60%
Female	68	133	195%#	-	-	-	-	-	-	-
Total	**1,056**	**2,062**	**195%#**	**57***	**53%**	**114**	**114**	**100%**	**101**	**88.60%**

Note: [1]Training sessions focused on health and safety are conducted on the shopfloor through initiatives like safety discussions, and 'one minute for safety' programs. However, the figures mentioned above represent only the formally recorded man days trainings held for permanent employees and workers in FY 2025-26.

The training data exceeds 100% because it includes all employees trained during the year—covering both those who have left the organisation and newly joined staff.

* Skill upgradation training provided to only 108 permanent workers, while health & safety training provided to both permanent as well as contract workers i.e.; 1056 workers in FY 2025-26.

9. Details of performance and career development reviews of employees and worker

Category	FY 2025-26			FY 2024-25		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
Employees						
Male	1,890	1,890	100%	1,816	1,816	100%
Female	154	154	100%	132	132	100%
Total	**2,044**	**2,044**	**100%**	**1,948**	**1,948**	**100%**
Workers						
Male	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA
Total	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**

Note: We have considered only permanent employees in the performance review process.

10. Health and safety management system:

a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/No). If yes, the coverage such system?

Yes, we have implemented an Occupational Health and Safety Management System aligned with ISO 45001 across all our manufacturing facilities. All five manufacturing facilities and R&T facility are certified under the ISO 45001:2018 Occupational Health and Safety Management System standard.

We remain committed to ensuring safe, healthy, and secure operations across all our sites, including Mahad, Pune, Jigani 1, Jigani 2, Taloja, and Panoli. To strengthen our safety culture and proactively manage occupational health and safety risks, we have implemented several structured initiatives. These include safety culture transformation program designed to reduce behavioural risks and promote safe work practices.

In addition, various safety awareness and preparedness programmes, such as "One Minute for Safety, EHS Induction, and Mock Drills, are conducted regularly to reinforce safety practices and enhance emergency readiness across the workplace.

Emergency contact numbers, exit plans, emergency sirens, fire alarms, safety signage, and evacuation maps are prominently displayed across all locations to ensure effective preparedness and timely response to potential occupational health and safety incidents.

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

We have established robust systems and procedures to identify, assess, and mitigate work-related hazards and risks across our operations. A structured Hazard Identification and Risk Assessment (HIRA) process has been implemented for both routine and non-routine activities, and all associated hazards and risks are identified, assessed, and documented accordingly.

For non-routine activities, we follow a systematic Permit-to-Work (PTW) process supported by activity-specific risk assessments. This ensures that potential hazards are evaluated in advance and appropriate control measures are implemented before the commencement of work.

To effectively manage process-related risks, Hazard and Operability (HAZOP) studies and Pre-Start-up Safety Reviews (PSSR) are conducted during process initiation, modification, or commissioning. In addition, Process Hazard Analysis (PHA) and Job Safety Analysis (JSA) are carried out, wherever applicable, to further strengthen operational and process safety controls.

Each of our facilities has a dedicated Environment, Health and Safety (EHS) team responsible for identifying, assessing, and mitigating risks; monitoring the implementation of safety measures; conducting weekly safety inspections; and providing regular safety-related training to employees and workers. Periodic internal and external audits are also conducted to evaluate the effectiveness of occupational health and safety systems and processes implemented across our facilities.

To enhance inherent safety in infrastructure design and operations, safety-related chemical data is analysed and generated through recognised external and in-house laboratories. The findings are incorporated into facility design and operational controls to ensure safer processes and workplaces.

At our Research & Technology Centre, dedicated personnel are responsible for process safety management. Further, we have established a Process Safety Laboratory at R&T Pune to conduct various safety-related tests, including Differential Scanning Calorimetry (DSC) for new processes. These assessments help ensure that new projects and process developments are designed with inherent safety considerations from the early stages.

Safety review is conducted by Head-Business Unit every month to ensure all the leading and lagging EHS indicators are aligned with the organisational targets.

c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)

Yes, we have implemented a structured near-miss and hazard reporting system through the SUNBPM software platform, which is available across all our sites. The platform enables employees and workers to digitally report work-related hazards and risks, including near misses, unsafe conditions, injuries, incidents, and other safety-related observations.

Each reported incident or safety observation is reviewed through a systematic process, which includes detailed root cause analysis, development and implementation of appropriate corrective and preventive action plans, and monitoring of the effectiveness of the safety measures undertaken. The system also allows employees to track the status of reported issues online until closure using their individual login credentials, thereby promoting transparency and accountability in safety management.

In addition, daily safety briefing sessions and toolbox talks are conducted across all sites. These sessions encourage active participation from workers and employees, enabling them to share observations, suggestions, and improvement opportunities for strengthening workplace safety practices.

Through these initiatives, we continue to foster a culture of proactive hazard reporting, continuous improvement, shared responsibility, and employee involvement in maintaining a safe and healthy workplace.

d. Do the employees/worker of the entity have access to non-occupational medical and healthcare services? (Yes/No)

Yes, we conduct annual medical health check-ups for all permanent employees and contract workers across our facilities. In addition, bi-annual health check-ups are mandatory for employees and workers who are exposed to occupational health risk factors such as heat, noise, and chemicals. During the reporting year, we further strengthened our health surveillance programme by including the Renal Function Test (RFT) as part of the medical assessment for relevant employees and workers.

All our employees and workers have access to non-occupational medical and healthcare services. Our facilities are equipped with onsite medical centres, which provide round-the-clock Outpatient Department (OPD) services. These centres are staffed with qualified medical officers and support personnel to address medical emergencies and provide consultations for non-occupational health concerns.

We also ensure adequate medical and financial protection for our workforce. All employees are covered under group accident and medical insurance policies. Further, across all facilities, we ensure that contractors provide appropriate coverage for their workforce through accident insurance policies, workmen compensation policies, and/or ESIC coverage, as applicable.

Through these measures, we strive to promote employee well-being, ensure timely access to healthcare, and strengthen occupational and non-occupational health support across our operations.

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY 2025-26	FY 2024-25
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0
	Workers	0	0
Total recordable work-related injuries	Employees	0	0
	Workers	0	0
No. of fatalities	Employees	0	0
	Workers	0	0
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	0	0

12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

We have implemented a robust safety management system in aligned with ISO 45001:2018 guidelines and principles to ensure a safe and healthy workplace across all facilities. Maintaining the highest safety standards across our facilities is one of our top-most priorities.

- We conduct Industrial Hygiene Exposure Quantitative Assessment, Quantitative Risk Assessment (QRA), Hazard Identification and Risk assessment (HIRA), and implement Hazard operability (HAZOP) techniques to identify the hazards and provide required engineering measures to minimise the risks.

- Before starting any project or activity, we mandatorily conduct HIRA and PSSR (Pre-Start-Up Safety Review), implement safety measures, and provide safety training.
- Toolbox talks are done daily for each shift. Regular site inspections and safety audits are conducted by both internal teams and external auditors to assess the safety readiness at our facilities.
- Mandatory safety training is part of the induction program and periodic refresher training sessions are conducted by internal teams and external experts on various safety and occupational health-related aspects.
- All employees and workers are provided with Personal Protective Equipment (PPE) and safety Supervisors/ Managers regularly oversee activities. Work permits are issued for activities through structured work permit system.
- Pre-employment medical examinations and periodic medical examinations are conducted for employees and workers to identify any occupational disease at the initial stage and provide a necessary course of treatment.
- Safety culture transformation program is implemented to reduce the behavioural risk of the employees.
- Recognition programs are in place to reward individuals and teams for exemplary safety practices and contributions.

13. Number of Complaints on the following made by employees and workers:

	FY 2025-26			FY 2024-25		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	Nil	Nil	Nil	Nil	Nil	Nil
Health & Safety	Nil	Nil	Nil	Nil	Nil	Nil

Note: We have not received any complaints from employees and workers regarding working conditions and Health & safety-related issues in the reporting period. However, we conduct safety committee meetings regularly at all our sites, where employees/workers share their suggestions for improving the working environment.

14. Assessment for the year:

	Percentage of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100%
Working conditions	100%

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks/concerns arising from assessments of health & safety practices and working conditions.

We have online software for reporting significant risks or concerns related to health and safety across all sites. It has in-built features of root cause analysis and CAPA provisions. CAPA is regularly identified and closed and records are maintained digitally.

Leadership Indicators

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).

Yes, we have term insurance coverage for both employees and Workers.

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

Hikal expects its value chain partners to comply with all applicable labour, tax, social security, and statutory regulations, including the timely deduction and deposit of statutory dues. Compliance requirements are communicated through supplier onboarding processes, contractual agreements, and the Supplier Code of Conduct. The Company undertakes periodic due diligence, reviews statutory compliance documents where applicable, and monitors supplier performance through ESG assessments, audits, and evaluations based on risk. Any identified non-compliance is addressed through corrective action plans and continuous engagement with the concerned value chain partners.

3. Provide the number of employees/workers having suffered high consequence work-related injury/ill-health/fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2025-26	FY 2024-25	FY 2025-26	FY 2024-25
Employees	Nil	Nil	Nil	Nil
Workers	Nil	Nil	Nil	Nil

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/No)

Yes, we provide transition support to facilitate continued employability and effective career transitions resulting from retirement or separation from employment. We periodically conduct skill development and capability-building programs across our locations to help employees enhance their professional competencies and improve future employment opportunities. Additionally, based on business requirements and individual expertise, retired employees may be engaged through retainership arrangements, enabling continued association with the organisation and knowledge sharing.

5. Details on assessment of value chain partners:

	Percentage of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices*	100%
Working Conditions *	100%

* We have defined a supplier evaluation criterion based on which we conduct the assessment of our critical value chain partners that are based in India via onsite and offsite audits. It primarily focuses upon responsible business principles, Environment, Health and Safety (EHS), quality ESG principles and statutory requirements.

6. Provide details of any corrective actions taken or underway to address significant risks/ concerns arising from assessments of health and safety practices and working conditions of value chain partners.

There were no significant health and safety risks or concerns related to the working conditions of value chain partners reported during the reporting year.

We have a structured process for evaluating EHS risks across our value chain. A cross-functional team comprising representatives from EHS, Quality Assurance, and Production conducts onsite and offsite assessments of value chain partners. Through these assessments, potential EHS risks are identified, and corrective and preventive actions (CAPAs) are jointly developed and tracked to closure in collaboration with the respective partners, ensuring continuous improvement in health, safety, and environmental performance.

PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders

Essential Indicators

1. Describe the processes for identifying key stakeholder groups of the entity.

At Hikal, stakeholder engagement is integral to our approach to sustainable growth and long-term value creation. We identify and prioritise our key stakeholder groups through our materiality assessment process, applying two lenses: (i) the degree to which each group influences our business, and (ii) the extent to which they are impacted by, or dependent on, our operations across the value chain. On this basis, our key stakeholder groups are:

- Customers
- Employees
- Investors and shareholders
- Local communities
- Suppliers and value-chain partners
- Government and regulatory authorities
- Academic institutions and industry associations
- Media and analysts

We engage each group through regular, structured and transparent interactions tailored to their specific interests and expectations. This enables us to gather feedback, address concerns, foster collaborative relationships and incorporate stakeholder perspectives into our decision-making. Through continuous engagement, we strengthen trust, proactively manage risks, and keep our business strategy aligned with stakeholder priorities and our sustainability objectives.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder Group	Whether identified as Vulnerable & Marginalised Group (Yes/No)	Channels of communication	Frequency of engagement	Purpose and scope of engagement, including key topics and concerns raised
Customers	No	• Customer meetings • Official channels: advertisements, publications, website, social media • Conferences and events • Customer feedback and satisfaction surveys	Ongoing; annual satisfaction survey	• Timely delivery • Wide range of high-quality products meeting requirements • Competitive pricing • Availability through a wide distribution network • Post-sales support
Employees	No	• Internal communications • Capability-development programmes • Performance appraisal • Grievance-redressal mechanisms • Wellness programmes • Town Hall meetings • MD & CEO Connect • Women's Forum	Ongoing; quarterly Town Halls	• Job satisfaction and motivation • Fair wages and rewards • Work-life balance • Training and skill development • Career growth • Safe, secure and healthy workplace
Investors and Shareholders	No	• Analyst meets • Quarterly earnings calls, financial results and presentations • AGM and Annual Report • Official channels: website, publications	Quarterly (results); annually (AGM); need-based	• Sustainable growth and returns • High standards of corporate governance and risk management
Community	Yes	• CSR partnerships and welfare programmes • Meetings and briefings • Training, workshops and impact-assessment surveys • Official channels; advertisements, publications, website, social media • Complaints and grievance mechanism	Ongoing/need-based	• Infrastructure development • Funding for community development • Training and livelihood programmes • Contribution to the local economy
Suppliers and Value-Chain Partners	No	• Supplier-development initiatives • Vendor assessment and review • Training workshops and seminars • Supplier audits • Official channels	Ongoing; periodic audits/onboarding	• Timely payment • Continuity of orders • Capacity building • Transparency and responsible sourcing
Government and Regulators	No	• Statutory compliance filings and meetings • Regulatory audits and inspections • Phone, email and meetings • Official channels	As required/need-based	• Alignment with government priorities to support economic development • Continued contribution to the exchequer • Regulatory compliance

Stakeholder Group	Whether identified as Vulnerable & Marginalised Group (Yes/No)	Channels of communication	Frequency of engagement	Purpose and scope of engagement, including key topics and concerns raised
Institutions and Industry Bodies	No	· Conferences and industry forums · Joint R&D initiatives · Internship opportunities for students	Need-based/periodic	· Exchange of knowledge · Collaboration in R&D · Industry exposure for students
Media and Analysts	No	· Press releases, media interviews and email advisories · Website management · Social-media posts and updates	Event-based; quarterly (results)	· Effective communication · Accountability and transparency · Brand-image building

Leadership Indicators

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

Stakeholder consultation on economic, environmental and social (EES) topics is led by our site heads and business leaders, who engage internal and external stakeholders through formal and informal channels. Internally, platforms such as Town Hall meetings, functional reviews and “MD & CEO Connect” sessions with the Managing Director provide structured opportunities for open dialogue and feedback. Externally, we engage community representatives, regulatory bodies, suppliers and customers through periodic consultations, surveys and collaborative forums.

Insights and feedback from these interactions are systematically consolidated and reviewed by management, and material matters are escalated to the Board of Directors and its relevant Committees:

- Stakeholders’ Relationship Committee – stakeholder and shareholder matters;
- Corporate Social Responsibility Committee – community engagement and CSR; and
- Risk Management Committee – ESG and business risks.
- Audit Committee

This ensures the Board remains informed of stakeholder expectations and emerging ESG risks and opportunities, enabling it to integrate these perspectives into strategic decision-making.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes/No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

Yes, stakeholder consultation directly supports the identification and management of environmental and social topics. As part of our materiality assessment, management evaluates inputs from internal and external stakeholders alongside industry benchmarks and global sustainability standards (including the GRI Standards) to determine and prioritise our key ESG topics. The insights gathered are systematically integrated into our policies, programmes and strategic planning, and we continue to enhance our processes based on stakeholder suggestions.

Illustrative instances of stakeholder inputs being incorporated into our policies and activities:

- Employee feedback through Town Halls, MD & CEO Connect and engagement surveys has informed our people initiatives — capability development, wellness, safety programmes, and grievance redressal.
- Community consultations and impact-assessment surveys have shaped the design and focus of our CSR programmes in education, healthcare, livelihood and environmental conservation.
- Customer and supplier engagement has strengthened our focus on product quality and safety, responsible sourcing and supplier capacity building.
- Regulatory and investor engagement has reinforced our emphasis on compliance, corporate governance and ESG disclosure.

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/marginalised stakeholder groups.

Our CSR strategy is focused on creating equitable opportunities for vulnerable and marginalised communities. In FY 2025-26, our CSR initiatives were designed to directly benefit these groups, reaching approximately 24,736 lives at the national and local level. We concentrated our efforts on:

- **Education:** Enhancing learning environments by supporting teaching resources, distributing educational materials, and enabling digital access for underserved students.
- **Healthcare and Livelihood:** Providing medical and livelihood support to individuals facing critical health and socio-economic challenges — including persons with disabilities, widows and patients — and extending infrastructure support to public institutions to improve service delivery.
- **Environmental Responsibility:** Advancing environmental awareness and conservation through community-based programmes and partnerships.

All projects were implemented in collaboration with credible NGOs and local stakeholders to ensure contextual relevance, transparency and long-term sustainability.

PRINCIPLE 5: Businesses should respect and promote human rights

Essential Indicators

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY 2025-26			FY 2024-25		
	Total (A)	No. of employees/ workers covered (B)	% (B/A)	Total (C)	No. of employees/ workers covered (D)	% (D/C)
Employees						
Permanent	2,044	1,478	72%	1,948	1,900	97.54%
Other than permanent	33	24	73%	26	25	96.15%
Total Employees	**2,077**	**1,502**	**72%**	**1,974**	**1,925**	**97.52%**
Workers						
Permanent	108	31	29%	114	113	99.12%
Other than permanent	948	110	12%	1,507	1,250*	82.95%
Total Workers	**1,056**	**141**	**13.35%**	**1,621**	**1,363**	**84.08%**

Note:

- The employee count of 2,077 is the closing (year-end) headcount, and
- The 2,539 man days include training provided to employees who left during the year.
- The organisation delivered 2,539 employee-training days, equivalent to 124% of one employee-training day relative to its year-end workforce.
- The ratio exceeds 100% because training records include employees who left during the year as well as new hires who underwent induction or role-specific training.
- *This data represents the total of all the training given to all workers and not just limited to human rights training to 'other than permanent workers; therefore, the percent coverage is high. This reporting cycle onwards, the percent coverage is specific to human rights training.

2. Details of minimum wages paid to employees and workers, in the following format

Category	FY 2025-26					FY 2024-25				
	Total (A)	Equal to minimum wage		More than minimum wage		Total (D)	Equal to minimum wage		More than minimum wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Permanent										
Male	1,890	Nil	Nil	1,890	100%	1,816	Nil	Nil	1,816	100%
Female	154	Nil	Nil	154	100%	132	Nil	Nil	132	100%
Other than Permanent										
Male	27	Nil	Nil	27	100%	21	-	-	21	100%
Female	6	Nil	Nil	6	100%	5	-	-	5	100%
Workers										
Permanent										
Male	108	Nil	Nil	108	100%	114	-	-	114	100%
Female		Nil	Nil			0	-	-	0	-
Other than Permanent										
Male	880	880	100%	Nil	Nil	1,453	1,453	100%	-	-
Female	68	68	100%	Nil	Nil	54	54	100%	-	-

3. Details of remuneration/salary/wages, in the following format:

a. Median remuneration/wages

	Male		Male	
	Number	Median remuneration/ salary/wages of the respective category in ₹	Number	Median remuneration/ salary/wages of the respective category in ₹
Board of Directors (BoD)	8*	16,50,000	3	13,00,000
Key Managerial Personnel	5	1,34,00,000	0	NA
Employees other than BoD and KMP#	1,883	6,00,000	154	5,15,930
Workers#	108	8,18,604	0	0

Note: As of the end of FY 2025-26, the Board comprised 7 members. One Independent Director resigned from the Board with effect from October 1, 2025.

b. Gross wages paid to females as % of total wages paid by the entity, in the following format:

	FY 2025-26	FY 2024-25
Gross wages paid to females as % of total wages	7%	6%

4. Do you have a focal point (Individual/Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes, the Head of Human Resources serves as the designated focal point for addressing human rights concerns, impacts, or issues caused by or contributed to by the business. The HR function is responsible for receiving, reviewing, and addressing human rights-related grievances, coordinating with relevant departments, and ensuring appropriate remediation measures are implemented. This mechanism supports our commitment to respecting human rights and providing an accessible channel for reporting and resolving concerns in a fair and timely manner.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

We have a structured mechanism in place to address human rights-related grievances. This includes a formal grievance redressal process with defined procedures, responsibilities, and timelines for effective resolution. Supporting frameworks such as the Prevention of Sexual Harassment (POSH) Policy, Whistleblower Policy, and Code of Conduct further reinforce our commitment to protecting the rights of employees and other stakeholders. These mechanisms are designed to ensure confidentiality, protection against retaliation, and impartial investigation of concerns. Oversight is provided by the Management Committee, which monitors the resolution process and ensures that grievances are addressed promptly, fairly, and in accordance with our ethical standards and legal requirements.

Hikal's Grievance Redressal Policy: https://www.hikal.com/uploads/documents/HikalGrievanceRedressalPolicy-Rev1.pdf

Hikal's POSH Policy: https://www.hikal.com/uploads/documents/SHWWPolicyRev-Hikal.pdf

6. Number of Complaints on the following made by employees and workers:

Category	FY 2025-26			FY 2024-25		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual harassment	Nil	Nil	Nil	Nil	Nil	Nil
Discrimination at workplace	Nil	Nil	Nil	Nil	Nil	Nil
Child labour	Nil	Nil	Nil	Nil	Nil	Nil
Forced labour/Involuntary labour	Nil	Nil	Nil	Nil	Nil	Nil
Wages	Nil	Nil	Nil	Nil	Nil	Nil
Other human rights related issues	Nil	Nil	Nil	Nil	Nil	Nil

7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:

	FY 2025-26	FY 2024-25
Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	Nil	Nil
Complaints on POSH as a % of female employees/workers	Nil	Nil
Complaints on POSH upheld	Nil	Nil

8. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

We maintain robust mechanisms to safeguard individuals who raise concerns related to discrimination, harassment, or other workplace misconduct. Our Grievance Redressal Policy, Prevention of Sexual Harassment (POSH) Policy, and Whistleblower Policy establish clear procedures for confidential reporting, impartial investigation, and timely resolution of complaints. These policies strictly prohibit retaliation and ensure that no adverse action is taken against complainants, witnesses, or individuals participating in an investigation.

All complaints are treated with the highest level of confidentiality, with access to sensitive information limited to authorised personnel involved in the grievance-handling process. We actively foster a culture of trust and transparency by encouraging employees to speak up without fear and by regularly raising awareness of their rights and the available grievance redressal mechanisms.

During FY 2025–26, no complaints related to harassment or discrimination were reported across the organisation.

9. Do human rights requirements form part of your business agreements and contracts?

Human rights requirements are integrated into our contractual agreements with contractors, vendors, and suppliers. These agreements include explicit provisions prohibiting the use of child labour and mandating compliance with all applicable legal and statutory requirements under Indian law. Contractors are also required to uphold confidentiality obligations and comply with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

In addition, our Supplier Code of Conduct and Responsible Sourcing Policy form an integral part of supplier engagement and contractual arrangements. These frameworks outline expectations regarding ethical business practices, respect for human rights, environmental stewardship, and regulatory compliance. Through their implementation, we reinforce our commitment to responsible sourcing and sustainable supply chain management, while promoting accountability and responsible business conduct throughout our value chain.

10. Assessments for the year:

	Percentage of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child Labour	100%
Forced Labour/Involuntary Labour	100%
Sexual Harassment	100%
Discrimination at workplace	100%
Wages	100%
Others- please specify	NA

11. Provide details of any corrective actions taken or underway to address significant risks/ concerns arising from the assessments at Question 10 above.

No issues related to above-mentioned aspects were identified during the assessment period.

Leadership Indicators

1. Details of a business process being modified/introduced as a result of addressing human rights grievances/complaints.

Not applicable, as such grievances or complaints were received during the reporting year.

2. Details of the scope and coverage of any Human rights due diligence conducted.

In line with our commitment to ethical business practices and responsible value chain management, the Company conducted a comprehensive Human Rights Due Diligence (HRDD) Assessment during 2024. The assessment was undertaken in accordance with internationally recognised standards, including the United Nations Guiding Principles on Business and Human Rights (UNGPs) and the OECD Guidelines for Multinational Enterprises, reinforcing our commitment to identifying, preventing, and addressing potential human rights impacts across our operations and business relationships The scope of the assessment encompassed:

- On-site evaluations at three manufacturing facilities, namely Jigani Unit 1 (Karnataka), Panoli (Gujarat), and Taloja (Maharashtra), as well as the Corporate Office.
- Review of internal policies, procedures, and management systems relating to labour practices, occupational health and safety, non-discrimination, employee welfare, and freedom of association.
- Employee and subcontractor engagement through interviews and consultations, along with verification of supporting documentation, including wage records, working hours, statutory compliance records, and grievance redressal mechanisms.
- Assessment of key governance frameworks and controls, including the Code of Conduct, Policy on the Prohibition of Child Labour and Forced Labour, Supplier Code of Conduct, Recruitment and Subcontractor Management Policies, and the Whistleblower and Grievance Redressal Mechanisms.

The primary objective of the HRDD assessment was to identify, evaluate, and mitigate potential human rights risks across our operations. The assessment findings provided valuable insights that enabled us to further strengthen our due diligence processes, enhance contractor oversight, and reinforce compliance with applicable legal, regulatory, and ethical standards.

Based on the assessment outcomes, targeted improvement measures have been integrated into our human rights management approach to strengthen governance, risk monitoring, and stakeholder engagement practices. Our Corporate and Site Human Resources teams continue to play an active role in monitoring compliance, tracking corrective actions, and promoting awareness of human rights responsibilities across the organisation.

To further strengthen human rights and business ethics across the organisation, Hikal initiated the SMETA (SEDEX Members Ethical Trade Audit) 4 pillars audits. Subsequently, Jigani 1 unit was audited in FY 2025-26 and its compliance report is available on SMETA website. All other units are in implementation phase, for which the audit is scheduled in FY 2026-27.

Through these efforts, we remain committed to fostering a safe, inclusive, and respectful workplace while upholding internationally recognised human rights principles throughout our operations and value chain.

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Yes, we are committed to fostering an inclusive workplace that enables equal access and opportunities for all employees and visitors. To support accessibility for differently abled individuals, our facilities are equipped with essential infrastructure designed to enhance mobility and ease of movement.

Accessibility features such as ramps at key entry points and handrails along staircases have been installed across our workplaces to facilitate safe and convenient access. These measures help create a more accessible and supportive environment, enabling individuals with diverse mobility needs to navigate our facilities with greater independence and comfort.

We continue to assess opportunities to further strengthen accessibility across our operations as part of our broader commitment to diversity, equity, inclusion, and employee well-being.

4. Details on assessment of value chain partners:

We are conducting the assessment of our critical value chain partners that are based in India. The assessment cover aspects related to human rights, business integrity, Environment, Health, and Safety (EHS), ESG Principles and statutory compliance. Also, as per our code of conduct, we expect our suppliers to adhere with the principles of human rights.

	Percentage of value chain partners (by value of business done with such partners) that were assessed
Child labour	100%
Forced Labour/Involuntary Labour	100%
Sexual Harassment	100%
Discrimination at workplace	100%
Wages	100%
Others- Retention of any original documents	100%

Note: The above-mentioned values are limited to critical business value chain partners that are based in India.

5. Provide details of any corrective actions taken or underway to address significant risks/ concerns arising from the assessments at Question 4 above.

No risks identified for the subjects mentioned in the Question 4, during the audit.

PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment

Essential Indicators

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameters	Units	FY 2025-26	FY 2024-25
From renewable sources			
Total electricity consumption (A)	Giga Joules (GJ)	210,134.7	188,455.1
Total fuel consumption (B)	GJ	840,041.3	850,003.4
Energy consumption through other sources (C)	GJ	0	0
Total energy consumed from renewable sources (A+B+C)	GJ	**1,050,176.1**	**1,038,458.5**
From non-renewable sources			
Total electricity consumption (D)	GJ	1,81,061.4	196,764.2
Total fuel consumption (E)	GJ	114,057.9	112,758.6
Energy consumption through other sources (F)	GJ	Nil	Nil
Total energy consumed from non-renewable sources (D+E+F)	GJ	**295,119.3**	**309,522.7**
Total energy consumption (A+B+C+D+E+F)	GJ	**1,345,295**	**1,347,981.2**
Energy intensity per rupee of turnover (Total energy consumed/Revenue from operations)	GJ/₹ million	78.5	72.5
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total energy consumed/Revenue from operations adjusted for PPP)	GJ/USD million	1,597.76	1,477.1
Energy intensity in terms of physical output	GJ/MT	119.06	116.4

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N)

Yes, external third-party assessments and audits are conducted by accredited certification bodies. Sustain Right conducts audits.

2. Does the entity have any sites/facilities identified as the designated consumers (DCs) under Performance, Achieve and Trade (PAT) Scheme of the Government of India? yes (Y/N) If, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

Not applicable, since we do not have any site as the designated consumers (DCs) under Performance, Achieve and Trade (PAT) Scheme of the Government of India.

3. Provide details of the following disclosures related to water, in the following format:

Parameters	Units	FY 2025-26	FY 2024-25
Water withdrawal by source			
(i) Surface water	kilolitre (kL)	Nil	Nil
(ii) Groundwater	kilolitre (kL)	Nil	Nil
(iii) Third party water (Industrial Estate MIDC/GIDC)	kilolitre (kL)	7,94,508.10	897,997
(iv) Seawater/desalinated water	kilolitre (kL)	-	Nil
(v) Others	kilolitre (kL)	25,590.00	Nil
Total volume of water withdrawal (in kilolitres) (i+ii+iii+iv+v)	kilolitre (kL)	8,20,098.10	897,997
Total volume of water consumption (in kilolitres)	kilolitre (kL)	5,10,513.10	572,783
Water intensity per rupee of turnover (Total water consumption/Revenue from operations)	kL/₹ million	29.81	30.8
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total water consumption/Revenue from operations adjusted for PPP)	kL/USD million	606.32	627.7
Water intensity in terms of physical output	kL/MT	45.18	49.5

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N)

Yes, external third-party assessments and audits are conducted by accredited certification bodies. Sustain Right conducts audits.

4. Provide the following details related to water discharged:

Parameters	Units	FY 2025-26	FY 2024-25
Water discharge by destination and level of treatment			
To Surface water			
- No treatment	kilolitre (kL)	Nil	Nil
- With treatment - Please specify level of treatment	kilolitre (kL)	Nil	Nil
To Groundwater			
- No treatment	kilolitre (kL)	Nil	Nil
- With treatment - Please specify level of treatment	kilolitre (kL)	Nil	Nil
To Seawater			
- No treatment	kilolitre (kL)	Nil	Nil
- With treatment - Please specify level of treatment	kilolitre (kL)	Nil	Nil
Sent to third parties			
- No treatment	kilolitre (kL)	Nil	Nil
- With treatment - Tertiary treatment	kilolitre (kL)	3,09,585*	325,214
Others			
- No treatment	kilolitre (kL)	Nil	Nil
- With treatment – ZLD		1,04,439#	
- With treatment - Tertiary treated water from ETP being used for utilities such as cooling towers.	kilolitre (kL)	79,620#	
- STP tertiary treated water used for landscaping, road washing purposes	kilolitre (kL)	15,202#	110,334#
- With treatment - (RO reject only filtration treatment for landscaping purposes)	kilolitre (kL)	9,617#	
Total water discharged	kilolitre (kL)	3,09,585*	435,548

#We have reported the water recycling and reused via the Zero Liquid Discharge plant (ZLD)/treated water via EYTP/STP in utilities.

*Treated water discharged in CETP

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N)

Yes, external third-party assessments and audits are conducted by accredited certification bodies. Sustain Right conducts audits.

5. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

Yes, we have implemented a Zero Liquid Discharge (ZLD) mechanism at three of our five manufacturing facilities and Research & Technology (R&T) facility in Pune.

Our ZLD infrastructure comprises primary treatment, secondary treatment through Effluent Treatment Plants (ETPs)/Membrane Bioreactors (MBR), followed by Multiple Effect Evaporation (MEE)/Mechanical Vapor Recompression Evaporation (MVRE) and Agitated Thin Film Dryers (ATFD). Reverse Osmosis (RO) systems are used for tertiary treatment, enabling the reuse of treated effluent for utility applications. These facilities are also equipped with Sewage Treatment Plants (STPs), and treated wastewater is reused within the premises for purposes such as gardening and cooling tower make-up.

At the remaining manufacturing facilities, ETPs and STPs have been installed to treat effluents and wastewater in accordance with applicable regulatory requirements. Treated water is reused internally to the maximum extent feasible, and any surplus treated water is discharged responsibly in compliance with statutory norms.

6. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

We monitor air emissions across all our sites in accordance with applicable statutory requirements. Emission monitoring is conducted by laboratories approved by the respective State Pollution Control Boards to ensure compliance with regulatory standards. The concentrations of all monitored parameters remain within the prescribed permissible limits. Air emission data and compliance reports are submitted periodically, including annual disclosures, to the respective Pollution Control Boards as required under applicable environmental regulations. Regular monitoring and reporting support our commitment to environmental stewardship and continual improvement in air quality management.

Parameter	Please specify unit	FY 2025-26 (Current Financial Year	FY 2024-25 (Previous Financial Year)
NOx	(tonnes/year)	3.96	3.68
SOx	(tonnes/year)	4.68	4.49
Particulate matter (PM)	(tonnes/year)	6.33	4.95

Note: While the data was tracked during FY 2024–25, it could not be disclosed in the BRSR due to data consolidation and validation constraints during the reporting cycle. Accordingly, this BRSR includes the air emissions data for both FY 2024–25 and FY 2025–26.

7. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameters	Units	FY 2025-26	FY 2024-25
Total Scope 1 emissions (Break-up of the GHG into CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, if available)	Metric tonnes of CO_2 equivalent	11,261.57	12,664.34
Total Scope 2 emissions (Break-up of the GHG into CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, if available)	Metric tonnes of CO_2 equivalent	42,448.85	45,655.89
Total Scope 1 and Scope 2 emissions per rupee of turnover	Metric tonnes of CO_2 equivalent/ INR million	3.1	3.1
Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)	Metric tonnes of CO_2 equivalent/ USD million	63.7	63.9
Total Scope 1 and Scope 2 emission intensity in terms of physical output	Metric tonnes of CO_2 equivalent/ Metric tonnes	4.7	5.0

Note: Scope 1 and 2 emissions intensity, per unit of physical output, has decreased due to the transition from natural gas and fuel oil to purchased briquette-generated steam, and increased renewable electricity procurement.

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N)

Yes, external third-party assessments and audits are conducted by accredited certification bodies. Sustain Right conducts audits.

8. Does the entity have any project related to reducing Green House Gas emission? If yes, then provide details.

Hikal has been following a systematic approach towards energy conservation program. EnCon (Energy Conservation) committee has been constituted at the corporate level in the year 2021 and Energy Conservation Policy is reviewed regularly. The EnCon Committee drives the initiatives for conservation of energy and natural resources across the Company for achieving long-term sustainability.

CROP Business:

The following energy saving initiatives have been implemented at Taloja, Mahad and Panoli site of Crop Business:

- **Taloja Plant**
  - Use of solar electrical power through open access. Solar units consumed in FY2025-2026 are 1,13,84,382 kWh which resulted in savings of ₹ 1,81,31,719.
  - Increase in share of briquette fuel and reduced use of LSHS: Reduction in LSHS consumption for year 2025-26 was approx. 5,19,499 kg which resulted in saving of ₹ 86,91,021.
  - Use of turbine for cogeneration of electricity using high pressure steam from briquette boiler resulted in saving of 91,880 kWh & ₹ 10,88,488 in FY 2025-26
- **Panoli Plant**
  - Elimination of CHW supply pump (P-155018) which resulted in stoppage of one pump and yearly saving of 79368 kWh energy & ₹ 6,82,565.
  - Power saving of 291060 kWh achieved through compressed air supply from crop Utility to MPAH Plant resulting in saving of ₹ 27,91,858.
- **Pune R&T Facility**
  - Replacement of 100 CFL lights with LED lights. 36W CFL lights replaced with 18W LED lights reduced to 6480 kWh for year which resulted in saving of ₹ 64,800.
  - Hot oil circulation pump impeller size trimmed from 160mm to 141mm to achieved desired flow reduced 4608 kwh for year which resulted saving of ₹ 46,080.
- **Mahad Plant**
  - Briquette boiler Steam Fuel Ratio (SFR) was improved through briquette quality and temperature control in the boiler operation which resulted in the briquette quantity saving of 62124 Kg annually and corresponding saving was ₹ 5,89,564.
  - Use of Solar electrical power through open access for Mahad Unit. Solar units consumed in FY2025-2026 are 49,12,612 kWh which resulted in saving of ₹ 206 lakhs.

Crop Business (Total Investment and Savings):

Total Investment – No capex investment in Y2025-2026. Total Yearly Savings - ₹ 128.64 lakh

PHARMA Business

The following energy saving initiatives have been implemented at Panoli and Jigani 1 & 2 sites of Pharma Business:

- **Jigani 1**
  - Site renewable power consumption increased to 86 % (Solar, Wind power, and Cogen boiler power (73% v/s 86%))
  - Used turbine for cogeneration of electricity using high pressure steam from briquette boiler resulted into 4382422 kWh & ₹ 41,63,514 saving in this year – Jigani 1
  - Increased the efficiency of brine chilling plants BRU-1114 and BRU-1402 in utility-01 & BRU-1111 and BRU-1113 in utility-02 which resulted in 603900 kWh & ₹ 44,65,714 saving.
- **Jigani 2**
  - Discounted Energy Rate/Rebate Scheme Benefit achieved ₹ 3758870 saving in FY 2025-2026
  - VFD installed for PB 02 exhaust blower achieved 129600 kWh and ₹ 10,10,880 saving.
  - Energy efficient motion sensor installation at employee canteen, OHC and EHS office achieved 4723 kWh and ₹ 64471 saving.

Pharma Business (Total Investment and Savings):

Total Investment - ₹ 6.17 lakh and Total Yearly Savings - ₹ 92.99 lakh

9. Provide details related to waste management by the entity, in the following format:

Parameters	Units	FY 2025-26	FY 2024-25
Total Waste generated			
Plastic waste (A)	Metric tonnes	310.87	208.62
E-waste (B)	Metric tonnes	0.55	2.35
Bio-medical waste (C)	Metric tonnes	0.022	0.017
Construction and demolition waste (D)	Metric tonnes	0.00	0
Battery waste (E)	Metric tonnes	0.66	8.363
Radioactive waste (F)	Metric tonnes	0	0
Other Hazardous waste. Please specify, if any. (G)	Metric tonnes	42,896.80	52,535.58
Other Non-hazardous waste generated (H)	Metric tonnes	4,989.97	6,089.38
Total (A+B + C + D + E + F + G + H)	Metric tonnes	**48,198.87**	**58,844.31**
Waste intensity per rupee of turnover (Total waste generated/Revenue from operations)	Metric tonnes/₹ million	2.81	3.2
Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total waste generated/Revenue from operations adjusted for PPP)	Metric tonnes/ USD million	57.24	64.5
Waste intensity in terms of physical output	Metric tonnes/ Metric tonnes	4.26	5.1
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)			
Category of waste			
(i) Recycled	Metric tonnes	35,516.45[1]	41,353.7
(ii) Re-used	Metric tonnes	1,203.77	4,712.2
(iii) Other recovery operations	Metric tonnes	0	0.0
Total	Metric tonnes	**36,720.22**	**46,065.9**
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)			
Category of waste			
(i) Incineration	Metric tonnes	1,734.28[2]	2,389.9
(ii) Landfilling	Metric tonnes	9,744.38	10,384.8
(iii) Other disposal operations	Metric tonnes	0.00	0.0
Total	Metric tonnes	**11,478.66**	**12,774.7**

[1]Battery waste (0.66 MT) is included in the 'recycled' component of the hazardous waste.

[2]Biomedical waste (0.022 MT) is included in the 'safely disposed' component of the hazardous waste.

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N)

Yes, external third-party assessments and audits are conducted by accredited certification bodies. Sustain Right conducts audits.

10. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

As a pharmaceutical and specialty chemicals manufacturing company, responsible waste management is a key element of our environmental stewardship strategy. Our waste management practices are continuously strengthened and aligned with our broader circular economy objectives. Guided by the principles of Reduce, Reuse, and Recycle (3R), we have established comprehensive standard operating procedures for the segregation, handling, storage, treatment, and disposal of hazardous waste, non-hazardous waste, e-waste, and biomedical waste.

Dedicated teams at each manufacturing facility oversee waste management activities to ensure segregation at source and compliance with applicable regulatory requirements and industry best practices. Hazardous waste generated through operations is managed responsibly through authorised recyclers, co-processing/pre-processing in the cement industry, and Common Hazardous Waste Treatment, Storage and Disposal Facilities (CHWTSDFs). In parallel, 100% of e-waste is channelled through authorised recyclers, while plastic waste is recycled through approved waste management partners.

Non-hazardous waste streams, including scrap metal, wood waste, glass, paper, cardboard, and other recyclable materials, are also diverted to authorised recyclers, supporting resource recovery and minimising landfill disposal. Fly ash generated from our briquette boilers is recycled through brick manufacturing.

We continue to drive process improvements aimed at waste reduction and resource efficiency. Additionally, a dedicated laboratory conducts waste treatability studies to identify innovative waste minimisation opportunities. Through process optimisation, certain by-products have been successfully converted into valuable intermediates, significantly reducing the generation of hazardous organic waste. We are also upgrading our effluent treatment facilities to enhance wastewater treatment efficiency and increase water recycling and reuse capabilities.

Regular inspections and assessments of waste management infrastructure are conducted to identify opportunities for improvement and strengthen environmental performance. Furthermore, the "Wealth from Waste" initiative has been introduced to promote innovative approaches for waste reduction, recycling, and reuse, fostering resource efficiency and supporting our commitment to sustainable operations and circularity.

11. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals/clearances are required, please specify details in the following format:

Sl. No.	Location of operations/ offices	Type of operations	Whether the conditions of environmental approval/clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
1	Jigani Unit	Manufacturing of pharmaceuticals	Yes. In line with the conditions stipulated in the Environmental Clearance (EC), the Company has submitted an application to the Forest Department for obtaining the No Objection Certificate (NOC) from Bannerghatta National Park and continues to actively follow up on the approval. Additionally, the Company has established measures and processes to mitigate potential impacts on the surrounding ecology.

The Company has established robust processes and implemented appropriate pollution control measures to minimise any adverse impact on the surrounding ecology. A dedicated team ensures the effective operation of pollution control systems, adherence to Zero Liquid Discharge (ZLD) practices, and environmentally sound waste management, in compliance with applicable statutory requirements and industry best practices.

12. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year

No environmental impact assessments (EIA) was conducted in the reporting year.

13. Is the entity compliant with the applicable environmental law/regulations/guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

Yes, the Company is compliant with all applicable environmental laws and regulations.

Leadership Indicators

1. Water withdrawal, consumption, and discharge in areas of water stress

For each facility/plant located in areas of water stress, provide the following information:

I. **Name of the area:** Jigani, Bangalore (Unit 1 & 2)

II. **Nature of operations:** Manufacturing of pharmaceuticals

III. Water withdrawal, consumption, and discharge in the following format:

Parameters	Units	FY 2025-26	FY 2024-25
Water withdrawal by source			
(i) Surface water	kilolitre (kL)	**Nil**	Nil
(ii) Groundwater	kilolitre (kL)	**Nil**	Nil
(iii) Third party water	kilolitre (kL)	**2,07,873**	192,815
(iv) Seawater/desalinated water	kilolitre (kL)	**Nil**	Nil
(v) Others	kilolitre (kL)	**Nil**	Nil
Total volume of water withdrawal (i + ii + iii + iv + v)	kilolitre (kL)	**2,07,873**	**192,815**
Total volume of water consumption	kilolitre (kL)	**2,07,873**	192,815
Water intensity per rupee of turnover (Water consumed/ turnover)	(In kL/₹ million)	**22.17**	19.99
Water discharge by destination and level of treatment			
Into Surface water			
- No treatment	kilolitre (kL)	**Nil**	Nil
- With treatment - Please specify level of treatment	kilolitre (kL)	**Nil**	Nil
Into Groundwater			
- No treatment	kilolitre (kL)	**Nil**	Nil
- With treatment - Please specify level of treatment	kilolitre (kL)	**Nil**	Nil
Into Seawater			
- No treatment	kilolitre (kL)	**Nil**	Nil
- With treatment - Please specify level of treatment	kilolitre (kL)	**Nil**	Nil
Sent to third-parties			
- No treatment	kilolitre (kL)	**Nil**	Nil
- With treatment - Please specify level of treatment	kilolitre (kL)	**Nil**	Nil
Others- Total water Recycled			
- No treatment	kilolitre (kL)	**Nil**	Nil
- With treatment – Tertiary treatment	kilolitre (kL)		96,598
- With treatment – ZLD (as detailed below)	kilolitre (kL)	**98108**	
With treatment - Tertiary treated water from ETP being used for utilities such as cooling towers.	kilolitre (kL)	**73,289**	
STP tertiary treated water used for landscaping, road washing purposes	kilolitre (kL)	**9,617**	
c. With primary treatment - (RO reject only filtration treatment for landscaping purposes)	kilolitre (kL)	**15,202**	
Total water discharged		**0**	**0**

Note: We have maintained zero liquid discharge status at our Jigani Units. After the tertiary treatment of effluent, the treated water is used for utility and cooling tower make up process. Domestic wastewater is treated separately in Sewage Treatment Plant and is used for gardening purposes. RO reject after filtration is used for road washing and landscaping.

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N)

Yes, external third-party assessments and audits are conducted by accredited certification bodies. Sustain Right conducts audits.

2. Please provide details of total Scope 3 emissions & its intensity, in the following format:

Parameters	Units	FY 2025-26	FY 2024-25
Total Scope 3 emissions (Break-up of the GHG into CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, if available)	Metric tonnes of CO_2 equivalent	**2,17,144.57**	1,91,158.09
Total Scope 3 emissions per rupee of turnover	$MTCO_2e$/ INR Million	**12.68**	10.27
Total Scope 3 emissions per physical output	$MTCO_2e$/MT	**19.22**	16.52

Note: Total Scope 3 GHG emissions for FY 2025–26 increased by 14% compared to FY 2024–25. This increase is primarily attributable to a more comprehensive, activity-based GHG inventory. During the reporting year, Hikal adopted a more granular methodology, relying on actual activity data and improved data availability across Scope 3 categories, resulting in enhanced accuracy and completeness of the emissions inventory.

3. With respect to the ecologically sensitive areas reported at Question 11 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

Hikal's Jigani Units (1&2) are the Company's only facilities located in proximity to the Bannerghatta National Park, an ecologically sensitive area. Recognising the importance of conserving local biodiversity, the Company has implemented focused initiatives to protect and enhance the surrounding ecosystem while ensuring environmentally responsible operations.

Hikal supported the restoration of Konasandra Lake and Yallammanadoddi Lake through lake clean-up activities, removal of invasive vegetation, and plantation of approximately 200 saplings. The Company has also developed a Miyawaki forest near Harapanahalli Temple, Jigani, in collaboration with M/s Twin Glacier Foundation, comprising 4,000 trees, 1,000 shrub saplings, and 350 bamboo grasses to promote native biodiversity, and contributing to the green cover of the area.

These initiatives, together with ongoing environmental management practices, reflect Hikal's commitment to habitat restoration, biodiversity conservation, and responsible stewardship of ecologically sensitive landscapes.

4. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions/effluent discharge/waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

Sl. No.	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1	Renewable energy transition	Implemented solar and wind energy at Mahad, Taloja, Panoli, and Jigani in FY 2024-25, through power purchase agreements.	Cost savings in FY 2025-26 Panoli – ₹ 24.83 million Taloja – ₹ 19.22 million Mahad – ₹ 20.60 million Jigani 1 – ₹ 88.92 million
2	Energy efficiency measures	Replacement or maintenance of pumps, retrofitted lighting, optimised voltage, and automated systems across Crop and Pharma sites.	Achieved annual operational savings of ₹ 22.17 million
3	Process optimisation measures	Improved boiler steam-to-fuel ratio, compressed air supply and installed flash steam recovery systems at Taloja, Jigani, Mahad, and Panoli.	Mahad: ₹ 5,89,564 Panoli: ₹ 34,74,423

5. Does the entity have a business continuity and disaster management plan? Give details in 100 words/web link.

We have established a comprehensive Business Continuity and Emergency Response Framework to ensure operational resilience across our facilities. Supported by a structured SOP, the framework identifies critical processes, assesses potential risks, and outlines contingency measures to minimise disruptions and maintain business continuity. Clear roles, responsibilities, and communication protocols enable effective and coordinated response during emergencies. The SOP is reviewed biannually, or whenever required, to address emerging risks and changing operational needs. In addition, each site maintains customised emergency response plans supported by regular employee training, awareness programs, and statutory mock drills, ensuring preparedness, regulatory compliance, and continuous improvement in emergency management capabilities.

6. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.

No such incident took place in the reporting year FY 2025-26. We continue to engage with suppliers, contractors, and business partners through our Supplier Code of Conduct and Responsible Sourcing Policy, which promote responsible environmental practices, regulatory compliance, and sustainable resource management. Regular assessments and monitoring mechanisms are in place to identify and mitigate potential environmental risks across the value chain. These proactive measures help strengthen environmental performance and support our commitment to sustainable and responsible business operations.

7. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

During the reporting period, we did not undertake a specific assessment of environmental impacts arising from the operations of our value chain partners. However, we have established a supplier evaluation framework through which critical suppliers are assessed against defined criteria covering statutory compliance, Environment, Health and Safety (EHS) requirements, ESG principles, and quality standards. This evaluation process helps promote responsible business practices, identify potential risks, and encourage alignment with our sustainability expectations across the value chain. We remain committed to strengthening supplier engagement and enhancing environmental due diligence practices as part of our ongoing efforts toward sustainable supply chain management.

8. How many Green Credits have been generated or procured?

a. By Listed Entity

Not applicable

b. By the Top Ten (in terms value of purchases and sales, respectively) value chain partners

Not applicable

PRINCIPLE 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

Essential Indicators

1. a. Number of affiliations with trade and industry chambers/associations: 10

b. List the top 10 trade and industry chambers/associations (determined based on the total members of such body) the entity is a member of/affiliated to:

Sl. No.	Name of the trade and industry chambers/associations	Reach of trade and industry chambers/ associations (State/National)
1.	Indian Chemical Council (ICC)	National
2.	Employers Federation of India (EFI)	National
3.	Confederation of Indian Industry (CII)	National
4.	Indian Merchants Chamber (IMC)	National
5.	Crop Care Federation of India	National
6.	Federation of Indian Chambers of Commerce and Industry (FICCI)	National
7.	National Safety Council	National
8.	Pesticides Manufacturers & Formulators Association of India (PMFAI)	National
9.	Agro Chem Federation of India	National
10.	CHEMEXCIL	National

2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.

Name of authority	Brief of the case	Corrective action taken
Nil	Nil	Nil

Leadership Indicators

1. Details of public policy positions advocated by the entity:

We work closely with various trade and industry associations on topics related to governance, policy reforms and sustainable business principles.

PRINCIPLE 8: Businesses should promote inclusive growth and equitable development

Essential Indicators

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No)	Results communicated in public domain (Yes/No)
Nil	Nil	Nil	Nil	Nil	Nil

During the period, the Company has not undertaken any SIA.

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

Not applicable.

3. Describe the mechanisms to receive and redress grievances of the community.

Our Grievance Redressal policy and Whistle-blower policy have defined mechanisms for addressing concerns/complaints raised by the external stakeholder in a time-bound manner. We maintain confidentiality during the investigation process and ensure protection of the complainant. There is zero tolerance to retaliatory behaviour as mentioned in our Code of Conduct. However, no such concern was reported during the financial year 2025-26.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

	FY 2025-26	FY 2024-25
Directly sourced from MSMEs/small producers	22.01%	10%
Directly from within India	72.34%	69%

Note:

1. We evaluate the vendor based on merits that are defined in our procurement policy and we provide equal opportunities to all the vendors/suppliers irrespective of geographical boundary.

2. The Company primarily sourced its raw materials from within India, accounting for 72.34% of total procurement, while 27.66% was sourced from outside India to meet specific operational requirements.

5. Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent/on contract basis) in the following locations, as % of total wage cost

Location	FY 2025-26	FY 2024-25
Rural	29%	17%
Semi-urban	16%	58%
Urban	49%	25%
Metropolitan	7%	-

Leadership Indicators

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

No negative social impacts were identified through the Social Impact Assessments conducted for CSR projects during the reporting period. Accordingly, no specific mitigation actions were required. The Company continues to monitor its CSR initiatives through periodic reviews, stakeholder feedback and implementation partner updates to ensure that the projects deliver intended positive outcomes for the beneficiary communities.

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

Not applicable.

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalised/vulnerable groups? (Yes/No)

Yes. While Hikal does not have a standalone preferential procurement policy specifically for suppliers comprising marginalised or vulnerable groups, these principles are embedded in the Company's Supply Chain SOP. The SOP promotes fair, transparent, and non-discriminatory procurement practices, providing equal opportunities to all eligible suppliers, including local and MSME vendors. It also encourages responsible sourcing by integrating ESG considerations into supplier selection and evaluation, promoting supplier diversity, supporting local communities, and encouraging fair labour practices across the value chain.

(b) From which marginalised/vulnerable groups do you procure?

Local, diverse and underrepresented suppliers including those across gender, disability, ethnicity, religion, or socio-economic backgrounds such as MSME, organisations led by women, PwD or other marginalised or vulnerable sections.

(c) What percentage of total procurement (by value) does it constitute?

22%

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

Not applicable.

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

Not applicable.

6. Details of beneficiaries of CSR Projects:

S. No	CSR Projects	No. of persons benefitted from CSR project
1	Remuneration of teachers salary of a nearby govt school in Karnataka	150
2	Support to Sneha Bharti Education society with grocery items for the mentally challenged students	100
3	Support to IAHF for Upcycle with Hikal initiaitive (Taloja, Mahad, Pune, CBD)	10,000
4	Support to Marg Foundation	200
5	Support to WWF Nature Guardian Program	1,000
6	Support to one session at Literature Live! The Mumbai LitFest 2025	300
7	Support to one session at Literature Live! The Mumbai LitFest 2024	300
8	CSR support to Zirad Art & Heritage Foundation (ZAHF)	1,000
9	Support to Saundarya Natya Kala Foundation	1,000
10	Support to the Anglo-Scottish Education Society for their 165's year	300
11	Support to Mehli Mehta Music Foundation	250
12	Support to Salam Bombay for 3D printers deployment project	200
13	Infrastructure improvement at ZP school Kamble Tarf Birwadi	120
14	Support to to IAHV for infrastructure improvement at New English School, Village Turbhe, Tal. Poladpur, Dist. Raigad	200
15	Infrastructure Development in ZP School Chochinde, Mahad, Raigad	140
16	Support to Aai day care sanstha Sponsorship of 15 Students & Special teacher	200
17	Empowerment of girls through MHHAP in Taloja	500
18	CSR support to Center of Development studies and Action for the deployment of solar panels in Mangnur Village	2,000
19	Shed Installation at Aai Day Care Sanstha, Pen	350
20	Support to Vishakha BAA foundation to school shade	220
21	Support to IAHV for MHHAP program	500
22	Support to Ambaji Yatra	2,200
23	Support to Vishakha BAA foundation to support Bharuch police station	2400
24	Support to IAHV towards development of ponds to Increase the availability of water for the local communities	1,106

PRINCIPLE 9: Businesses should engage with and provide value to their consumers in a responsible manner

Essential Indicators

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

Although Hikal operates exclusively in the B2B segment and does not sell products directly in the retail market, the Company has established a robust customer complaint management system to ensure timely and effective resolution of customer concerns.

All customer complaints are logged through a structured process and assigned to a designated investigator for detailed assessment. A systematic root cause analysis is conducted to identify the underlying cause, following which appropriate corrective and preventive actions (CAPA) are implemented to address the issue and minimise recurrence. The findings, along with the actions taken, are communicated transparently to the customer within defined timelines. The complaint management process is regularly monitored to drive continuous improvement, strengthen product quality, and enhance customer satisfaction.

2. Turnover of products and/services as a percentage of turnover from all products/service that carry information about:

	As a percentage to total turnover
Environmental and social parameters relevant to the product	100%
Safe and responsible usage	100%
Recycling and/or safe disposal	100%

Yes, all our products are properly labelled with adequate details in accordance with the applicable statutory and customer requirements. We provide safety data sheets which contain all the necessary information mentioned above.

3. Number of consumer complaints in respect of the following:

	FY 2025-26 Current Financial Year			FY 2024-25 Previous Financial Year		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
Data privacy	Nil	Nil	Nil	Nil	Nil	Nil
Advertising	Nil	Nil	Nil	Nil	Nil	Nil
Cyber-security	Nil	Nil	Nil	Nil	Nil	Nil
Delivery of essential services	Nil	Nil	Nil	Nil	Nil	Nil
Restrictive Trade Practices	Nil	Nil	Nil	Nil	Nil	Nil
Unfair Trade Practices	Nil	Nil	Nil	Nil	Nil	Nil
Other*	20	1	Under Investigation	34	4	Nil

*Customer Complaints

4. Details of instances of product recalls on account of safety issues:

	Number	Reasons for recall
Voluntary recalls	Nil	Not applicable
Forced recalls	Nil	Not applicable

5. Does the entity have a framework/policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

Hikal has a defined policy to address cybersecurity and data privacy risks, which is accessible to all employees through the internal portal. As part of ongoing efforts to enhance information security, implementation of the ISO 27001:2022 standard for Information Security Management Systems (ISMS) is currently underway.

To strengthen cybersecurity and safeguard against potential threats, a multi-layered IT security architecture has been deployed. This includes an email Security gateway, Anti-spam, and anti-phishing solutions, along with Endpoint Detection and Response (EDR) systems equipped with Advanced Threat Protection (ATP) engines. End-user devices and servers are protected with antivirus software and zero-day attack prevention. Data encryption and MDM to protect mobile devices.

Multi-factor authentication (MFA) with one-time password (OTP) verification is enabled for all servers, and advanced web security solutions are in place to ensure secure internet access. SOC & SIEM solution for pro-active alert monitoring enables Hikal to resolve issues before they impact the Business.

6. **Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty/action taken by regulatory authorities on safety of products/services.**

   Not applicable

   There are zero breaches, zero vulnerability exploits, and zero regulatory inquiries

7. **Provide the following information relating to data breaches:**
   a. **Number of instances of data breaches:** Nil
   b. **Percentage of data breaches involving personally identifiable information of customers:** Nil
   c. **Impact, if any, of the data breaches:** Nil

Leadership Indicators

1. **Channels/platforms where information on products and services of the entity can be accessed (provide web link, if available).**

   We have a dedicated page on our Company's website that provide information about the products and services. The website links for Pharmaceuticals and Crop Protection products are:

   Pharmaceuticals: https://www.hikal.com/page/apis-and-intermediates

   Crop Protection: https://www.hikal.com/page/overview#capabilities

2. **Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.**

   We have quality agreements in place with our customers through which we share detailed information about our products. Each consignment is labelled appropriately and includes relevant safety instructions and product information, in line with applicable statutory requirements.

3. **Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.**

   This requirement is not directly applicable to us, as we operate exclusively through B2B sales and do not sell products directly in the retail market. However, we have established mechanisms to proactively inform our customers about any significant changes or potential risks that could disrupt the supply of essential services. Notably, during the financial year 2025–26, no such instances were reported.

4. **Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief.**

   Yes, we ensure that all our products are appropriately labelled in accordance with applicable statutory requirements, along with any specific customer requirements. We are committed to maintaining transparency and providing relevant product information. Additionally, each consignment includes safety instruction sheets to support the safe handling and use of our products.

5. **Did your entity carry out any survey with regard to consumer satisfaction relating to the major products/services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)**

   Yes, our entity actively engages in gathering consumer feedback to assess satisfaction levels across our key products, services, and operational locations. We conduct regular evaluations of customer feedback forms to gain insights into their experiences and expectations. Additionally, our business teams hold periodic review meetings with major clients to address any concerns and collaboratively identify opportunities for service enhancement. This structured approach enables us to continuously improve and align our offerings with customer need.

List of Abbreviations

1. BRSR- Business Responsibility and Sustainability Report
2. BSE- Bombay Stock Exchange of India Limited
3. CHWTSDF- Common Hazardous Waste Collection, Treatment, Storage & Disposal Facilities
4. EHS- Environment, Health, and Safety
5. ERM- Enterprise Risk Management
6. EPR- Extended Producer Responsibility
7. ESG- Environmental, Social, and Governance
8. ISO- International Organisation of Standardisation
9. KPIs- Key Performance Indicators
10. NGRBC- National Guidelines on Responsible Business Conduct
11. NSE- National Stock Exchange of India Limited
12. OHS- Occupational Health and Safety
13. OHC- Occupational Health Centres
14. POSH- Prevention of Sexual Harassment
15. PwD- Persons with Disability
16. R&T- Research and Technology
17. SBTi- Science Based Targets initiative
18. UNGC- United Nations Global Compact
19. SMETA- Sedex Members Ethical Trade Audit
20. SEDEX- Supplier Ethical Data Exchange

Independent Auditor's Report

To the Members of Hikal Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Hikal Limited ("the Company"), which comprise the Balance sheet as at March 31, 2026, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of material accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2026, its loss including other comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Emphasis of Matter

We draw attention to note 49(A)(ii) to the standalone financial statements, as regards the uncertainty regarding outcome of investigations / actions by statutory authorities in relation to alleged non-compliance with certain environmental laws and regulations. The matter is currently pending with the Hon'ble Supreme Court of India and no further adjustments thereof have been made to the standalone financial statements. Our opinion is not modified in respect of the aforesaid matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended March 31, 2026. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matter described below to be the key audit matter to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying standalone financial statements.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition based on contracts with customers (as described in Note 3.1 and 33 of the standalone financial statements)	
The Company recognizes revenue when control of the goods is transferred to the customers at an amount that reflects the consideration, which the Company is entitled to receive for those goods from customers. Revenue from sale of products is recognised based on terms and conditions, which vary amongst different customer contracts. There is a risk of revenue being overstated on account of variation in the timing of transfer of control and due to the pressure management may feel to achieve performance targets at the reporting period-end. The recognition and measurement of such revenue is also based on the terms of sales arrangements / contracts, which involves management judgement and estimation in respect of price adjustments that create complexities for determining sales revenues. Considering the above factors and the risk associated with recognition of such revenue, we have determined the same to be a key audit matter.	As part of our audit procedures, we: • Read the Company's accounting policy for revenue recognition and assessed its compliance with Ind AS 115 'Revenue from contracts with customers; • Assessed the design and tested the operating effectiveness of internal financial controls related to sale of goods; • Performed tests of a sample of sales transactions and price adjustments and verified contracts with customers, sales invoices, sales orders, shipping documents and debit / credit notes (as applicable). • Selected sample of sales transactions made pre and post year-end and verified the period of revenue recognition to underlying documents such as sales invoices, sales orders and shipping documents; corroborated these with information available from external data sources including GST and Custom records, as applicable. • Read and assessed the relevant disclosures made within the standalone financial statements.

Other Information

The Company's Board of Directors is responsible for the Other Information. Other Information comprises the information included in the Annual report including the report of the Board of Directors, but does not include the standalone financial statements and our auditor's report thereon. The Annual Report, including the report of the Board of Directors, is expected to be made available to us after the date of this audit report.

Our opinion on the standalone financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether such other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, including the report of the Board of Directors, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the financial year ended March 31, 2026 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

    (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

    (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books except for the matters stated in the paragraph (j)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014;

    (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

    (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

    (e) The matter described in Emphasis of Matter above, in our opinion, may have an adverse effect on the functioning of the Company;

    (f) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2026 from being appointed as a director in terms of Section 164 (2) of the Act;

    (g) The modification relating to the maintenance of accounts and other matters connected therewith are as stated in paragraph (b) above and paragraph (j)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014;

    (h) With respect to the adequacy of the internal financial controls with reference to these standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

    (i) In our opinion, the managerial remuneration for the year ended March 31, 2026 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(j) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 49A to the standalone financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

iv. a) The management has represented that, to the best of its knowledge and belief, as disclosed in the note 66 to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The management has represented that, to the best of its knowledge and belief, as disclosed in the note 67 to the standalone financial statements, no funds have been received by the Company from any persons or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on such audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. The final dividend paid by the Company during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

The interim dividend declared and paid by the Company during the year and until the date of this audit report is in accordance with section 123 of the Act.

As stated in note 20C to the standalone financial statements, the Board of Directors of the Company has proposed final dividend for the year, which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

vi. Based on our examination which included test checks, the Company has used two accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software except that, as described in note 69 to the standalone financial statements, the audit trail feature is not enabled for changes made (if any), by users with privileged / administrative access rights for the period and for direct changes to data when using certain access rights in respect of a software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with in respect of the accounting software where the audit trail feature has been enabled. Additionally, the audit trail of the prior year has been preserved by the Company as per the statutory requirements for record retention to the extent it was enabled and recorded in the respective years.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per **Vinayak Pujare**
Partner
Membership Number: 101143
UDIN: 26101143OPDADH7065

Place of Signature: Mumbai
Date: May 27, 2026

Annexure 1 referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date on the standalone financial statements of Hikal Limited

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The Company has maintained proper records showing full particulars of intangibles assets.

(b) Certain Property, Plant and Equipment were physically verified during the year by the Management, in accordance with a regular programme of verification, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No discrepancies were noticed on such verification.

(c) The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.

(d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2026.

(e) There are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The management conducted physical verification of inventory at reasonable intervals during the year. In our opinion the coverage and the procedures of such verification by the management is appropriate. Discrepancies of 10% or more in aggregate for each class of inventory were not noticed on such physical verification.

(b) The Company has been sanctioned working capital limits in excess of ₹ five crore in aggregate from banks during the year on the basis of security of current assets of the Company. Based on the records examined by us in the normal course of audit of the standalone financial statements, the revised quarterly returns / statements filed by the Company with such banks and financial institutions are in agreement with the books of accounts of the Company.

(iii) (a) During the year the Company has not provided loans, advances in the nature of loans, stood guarantor or provided security to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(a) of the Order is not applicable to the Company.

(b) During the year, the Company has not made any investments, provided guarantees, provided security and granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties.

(c) The Company has not granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(c) of the Order is not applicable to the Company.

(d) The Company has not granted loans or advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(d) of the Order is not applicable to the Company.

(e) There were no loans or advances in the nature of loan granted to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(e) of the Order is not applicable to the Company.

(f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.

(iv) The Company has not granted any loans, or provided any guarantees or security to the parties covered under section 185 of the Act. The Company has complied with provisions of section 186 of the Act in respect of investment made during the year.

(v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act, related to manufacture of products of the Company and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, sales-tax, service-tax, duty of customs, Goods and Services Tax, duty of excise, value added tax, income tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, service-tax, Goods and Services tax, sales-tax, duty of customs, value added tax, income tax, cess and other material statutory dues were outstanding, at the year-end, for a period of more than six months from the date they became payable.

(b) According to the records of the Company, the dues outstanding as of the balance sheet date, of income-tax, sales-tax, service-tax, duty of customs, duty of excise, value added tax, Goods and Services tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount Unpaid* (₹ in million)	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1961	Income tax	162.30	FY 2002-04, FY 2006-07, FY 2009-10 and FY 2010-11	Bombay High Court
The Income Tax Act, 1961	Income tax	351.89	FY 2009-10, FY 2013-14, FY 2016-17 to FY 2019-20, Fy 2022-23	Commissioner of Income Tax (Appeals)
Goods and Services Tax, 2017	Goods and Services Tax	65.98	July 2017 to March, 2020	Commissioner of Central Tax (Appeals)
The Central Excise Act, 1944	Excise Duty	33.93	July 2007 to December 2011	Customs, Excise and Service Tax Appellate Tribunal, Bangalore

Refer Note No 49(A)(ii) to the standalone financial statements.

* Net of amount paid under protest and excludes interest and penalties, if any.

(viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

(ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) Term loans availed by the Company were applied for the purposes for which the loans were obtained.

(d) On an overall examination of the standalone financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) On an overall examination of the standalone financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries. The Company does not have any associates or joint ventures.

(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries. The Company does not have any associates or joint ventures. Hence, the requirement to report on clause (ix)(f) of the Order is not applicable to the Company.

(x) (a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) and hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares / fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) No fraud by the Company or no material fraud on the Company has been noticed or reported during the year except as discussed in note 72 to the financial statements, as regards the fact finding review by the Company which confirms involvement of certain employees in alteration of documents.

(b) Report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government during the year, in respect of the matter stated in note 72 to the standalone financial statements, based on ongoing status of investigations at the time. Subsequent to the year end, a report in Form ADT-4 has been filed by us upon conclusion of the Company's investigation into the said matter.

(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

(xii) The Company is not a nidhi Company as per the provisions of the Act. Therefore, the requirements to report on clause 3(xii)(a), 3(xii)(b), 3(xii)(c), of the Order are not applicable to the Company.

(xiii) Transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable, and the details have been disclosed in the notes to the standalone financial statements, as required by the applicable accounting standards.

(xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business.

(b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.

(xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.

(xvi) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.

(b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause (xvi)(b) of the Order is not applicable to the Company.

(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause (xvi)(c) of the Order is not applicable to the Company.

(d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company.

(xvii) The Company has not incurred cash losses in the current financial year and in the immediately preceding financial year respectively.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

(xix) On the basis of the financial ratios disclosed in note 59 to the standalone financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in note 52 to the standalone financial statements.

(b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act. This matter has been disclosed in note 52 to the standalone financial statements.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Vinayak Pujare
Partner
Membership Number: 101143
UDIN: 26101143OPDADH7065

Place of Signature: Mumbai
Date: May 27, 2026

Annexure 2 to the Independent Auditor's Report of even date on the standalone financial statements of Hikal Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to standalone financial statements of Hikal Limited ("the Company") as of March 31, 2026 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to these standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to these standalone financial statements.

Meaning of Internal Financial Controls With Reference to these Standalone Financial Statements

A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls With Reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to these standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2026, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Vinayak Pujare
Partner
Membership Number: 101143
UDIN: 26101143OPDADH7065
Place of Signature: Mumbai
Date: May 27, 2026

Standalone Balance Sheet

As at 31 March 2026

(Currency: Indian Rupees in million)

	Note	As at 31 March 2026	As at 31 March 2025
ASSETS			
Non-current assets			
Property, plant and equipment	4	12,643	12,934
Capital work-in-progress	4	945	1,212
Right of use assets	5	628	633
Other intangible assets	6	58	78
Financial Assets			
Investments	7	95	95
Loans	8	2	3
Others	9	213	212
Income tax assets (net)	10	75	25
Other non-current assets	11	154	130
Total non-current assets		**14,813**	**15,322**
Current assets			
Inventories	12	3,581	3,345
Financial Assets			
Trade receivables	13	4,416	5,224
Cash and cash equivalents	14	96	129
Bank balances other than cash and cash equivalents	15	42	50
Loans	16	3	5
Others	17	318	655
Other current assets	18	385	561
Total current assets		**8,841**	**9,969**
Total assets		**23,654**	**25,291**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	19	247	247
Other equity	20	11,743	12,375
Total equity		**11,990**	**12,622**
Liabilities			
Non-current liabilities			
Financial Liabilities:			
Borrowings	21	3,731	3,672
Lease liability	22	27	24
Provisions	23	557	157
Deferred tax liabilities (net)	24	43	325
Other liabilities	25	519	593
Total non-current liabilities		**4,877**	**4,771**
Current liabilities			
Financial liabilities:			
Borrowings	26	3,075	3,949
Lease liability	27	5	2
Trade payables	28		
- Total outstanding dues of Micro Enterprises and Small Enterprises.		282	183
- Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises.		2,381	2,859
Other financial liabilities	29	439	448
Other current liabilities	30	199	157
Provisions	31	393	173
Income tax liabilities (net)	32	13	127
Total current liabilities		**6,787**	**7,898**
Total liabilities		**11,664**	**12,669**
Total equity and liabilities		**23,654**	**25,291**

Material accounting policies 1-3

Accompanying notes form an integral part of the Standalone Financial statements

As per our report of even date attached
For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm's Registration No: 324982E/E300003

per Vinayak Pujare
Partner
Membership No: 101143

Mumbai
27 May 2026

For and on behalf of the Board of Directors of
Hikal Limited
CIN: L24200MH1988PTC048028

Jai Hiremath
Executive Chairman
DIN: 00062203

Sameer Hiremath
Vice Chairman and Managing Director
DIN: 00062129

Ramachandra Kaundinya Vinnakota
Director
DIN - 00043067
Mumbai
27 May 2026

Kuldeep Jain
Chief Financial Officer

Rajasekhar Reddy
Company Secretary

Standalone Statement of Profit and Loss

For the year ended 31 March 2026

(Currency: Indian Rupees in million)

	Note	For the year ended 31 March 2026	For the year ended 31 March 2025
Income			
Revenue from operations	33	17,126	18,598
Other income	34	123	50
Total income		**17,249**	**18,648**
Expenses			
Cost of materials consumed	35	7,986	8,826
Changes in inventories of finished goods and work-in-progress	36	(369)	(453)
Employee benefits expense	37	2,660	2,423
Finance costs	38	621	752
Depreciation and amortisation expense	39	1,638	1,344
Other expenses	40	4,644	4,517
Total expenses		**17,180**	**17,409**
Profit before tax before exceptional item		**69**	**1,239**
Exceptional items	41	(851)	-
(Loss) / Profit before tax and after exceptional item		(782)	1,239
Tax expense			
Current tax	42	(20)	300
Deferred tax	43	(275)	30
Total tax expense		**(295)**	**330**
(Loss) / profit for the year		**(487)**	**909**
Other comprehensive income (OCI)			
(i) Items that will not be reclassified to standalone statement of profit and loss			
Loss on remeasurement of defined employee benefit plans		(32)	(19)
Income tax effect		8	5
Gain on change in fair values of investments in equity shares carried at fair value through OCI		0	0
Income tax effect		(0)	(0)
Other comprehensive loss for the year, (net of income tax)		(24)	(14)
Total comprehensive (loss) / income for the year		**(511)**	**895**
Earnings per equity share (for nominal value per equity share of ₹ 2)			
Basic and Diluted	44	(3.95)	7.37

Material accounting policies 1-3

The notes referred to above form an integral part of standalone financial statements

As per our report of even date attached
For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm's Registration No: 324982E/E300003

per Vinayak Pujare
Partner
Membership No: 101143

Mumbai
27 May 2026

For and on behalf of the Board of Directors of
Hikal Limited
CIN: L24200MH1988PTC048028

Jai Hiremath
Executive Chairman
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Director
DIN - 00043067
Mumbai
27 May 2026

Kuldeep Jain
Chief Financial Officer

Rajasekhar Reddy
Company Secretary

Standalone statement of changes in equity

For the year ended 31 March 2026

(Currency: Indian Rupees in million)

(a) Equity share capital

	No. of shares	Amount
Balance as at 1 April 2024	123	247
Changes in equity share capital during financial year 2024-25	-	-
Balance as at 31 March 2025	123	247
Changes in equity share capital during financial year 2025-26	-	-
Balance as at 31 March 2026	123	247

(b) Other equity

	Reserve and surplus							Equity investments through other comprehensive income
	Capital reserve	Capital redemption reserve	Securities premium	State subsidy	Contingency reserve	General reserve	Retained earnings	
Balance as at 1 April 2024	0	510	65	6	30	1,780	9,240	(2)
Total comprehensive income for the year ended 31 March 2025								
Profit for the year	-	-	-	-	-	-	909	-
Items of OCI for the year, net of tax								
Loss on remeasurement of defined employee benefit plans	-	-	-	-	-	-	(14)	-
Gain on change in fair values of investments in equity shares carried at fair value through OCI	-	-	-	-	-	-	-	0
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**895**	**0**
Transaction with owners in their capacity as owners, recorded directly in equity								
Dividend	-	-	-	-	-	-	(149)	-
Balance as at 31 March 2025	**0**	**510**	**65**	**6**	**30**	**1,780**	**9,986**	**(2)**
Total comprehensive income for the year ended 31 March 2026								
Loss for the year	-	-	-	-	-	-	(487)	-
Items of OCI for the year, net of tax								
Loss on remeasurement of defined employee benefit plans	-	-	-	-	-	-	(24)	-
Gain on change in fair values of investments in equity shares carried at fair value through OCI	-	-	-	-	-	-	-	0
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**(511)**	**0**
Transaction with owners in their capacity as owners, recorded directly in equity								
Dividend	-	-	-	-	-	-	(123)	-
Balance as at 31 March 2026	**0**	**510**	**65**	**6**	**30**	**1,780**	**9,354**	**(2)**

For the purpose of reserve, refer note 20 (B)

Material accounting policies, refer note 1-3

The notes refered to above form an integral part of standalone financial statements

As per our report of even date attached
For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm's Registration No: 324982E/E300003

For and on behalf of the Board of Directors of
Hikal Limited
CIN: L24200MH1988PTC048028

per Vinayak Pujare
Partner
Membership No: 101143

Jai Hiremath
Executive Chairman
DIN: 00062203

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Vice Chairman and Managing Director
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Ramachandra Kaundinya Vinnakota
Director
DIN - 00043067

Kuldeep Jain
Chief Financial Officer

Rajasekhar Reddy
Company Secretary

Mumbai
27 May 2026

Mumbai
27 May 2026

Standalone Cash Flow Statement

For the year ended 31 March 2026

(Currency: Indian Rupees in million)

		For the year ended 31 March 2026		For the year ended 31 March 2025	
A.	**Cash flow from operating activities**				
	(Loss) / profit before tax		(782)		1,239
	Adjustments:				
	Depreciation and amortisation expenses	1,638		1,344	
	Exceptional item - Impairment charge	471		-	
	Finance costs	621		752	
	Interest income	(11)		(7)	
	(Gain) on sale of property, plant and equipment	(0)		(1)	
	Sundry balances written off	11		6	
	Provision for doubtful debts/advances	94		30	
	Provision for inventory	46		17	
	(Profit) on sale of investment	(4)		(4)	
	Unrealised foreign exchange (gain)/loss	(88)		14	
			2,778		**2,151**
	Operating cash flow before working capital changes		**1,996**		**3,390**
	Decrease in trade receivables	823		235	
	Decrease / (Increase) in loans, other assets and other financial assets	502		(352)	
	(Increase) in inventories	(282)		(324)	
	(Decrease) / Increase in trade payables	(395)		253	
	Increase / (Decrease) in provisions, other financial liabilities and other liabilities	521		(100)	
			1,169		**(288)**
	Cash generated from operations		**3,165**		**3,102**
	Income tax paid		(144)		(298)
	Net cash flows generated from operating activities (A)		**3,021**		**2,804**
B.	**Cash flow from investing activities**				
	Purchase of property, plant and equipment and intangible assets	(1,481)		(1,373)	
	Proceeds from sale of property, plant and equipment	1		9	
	Purchase of non current investment	0		(41)	
	Proceeds from sale of investment	4		4	
	Interest received	11		7	
	Decrease in other bank balances (includes margin money account)	12		29	
	Net cash flows (used in) investing activities (B)		**(1,453)**		**(1,365)**
C.	**Cash flow from financing activities**				
	Proceeds from long-term borrowings	1,350		750	
	Repayment of long-term borrowings	(1,315)		(1,033)	
	(Repayment)/Proceeds of short-term borrowings (net)	(848)		(252)	
	Finance costs paid (including interest on lease liability)	(658)		(750)	
	Payment of lease liability	(7)		(3)	
	Dividend paid on equity shares	(123)		(148)	
	Net cash flows (used in) financing activities (C)		**(1,601)**		**(1,436)**

Standalone Cash Flow Statement

For the year ended 31 March 2026

(Currency: Indian Rupees in million)

	For the year ended 31 March 2026	For the year ended 31 March 2026
Net (decrease) / increase in cash and cash equivalents (A+B+C)	(33)	3
Cash and cash equivalents at the beginning of the year, the components being		
Cash on hand	1	1
Balances with banks		
- Current accounts	127	121
- Deposits accounts (having original maturity of 3 months or less)	1	4
	129	**126**
Cash and cash equivalents at the end of the year, the components being		
Cash on hand	1	1
Balances with banks		
- Current accounts	93	127
- Deposits accounts (having original maturity of 3 months or less)	2	1
	96	**129**
Net (decrease) / increase as disclosed above (A+B+C)	**(33)**	**3**

Notes to the cash flow statement

1. The above cash flow statement has been prepared under the 'Indirect Method' set out in Accounting Standard (IND AS) 7, 'Cash Flow Statements'.
2. For changes in liability arising from financing activity refer note 21

Material accounting policies, refer note 1-3

The notes referred to above form an integral part of standalone financial statements

As per our report of even date attached

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm's Registration No: 324982E/E300003

For and on behalf of the Board of Directors of

Hikal Limited

CIN: L24200MH1988PTC048028

per Vinayak Pujare

Partner

Membership No: 101143

Jai Hiremath

Executive Chairman

DIN: 00062203

Sameer Hiremath

Vice Chairman and Managing Director

DIN: 00062129

Ramachandra Kaundinya Vinnakota

Director

DIN - 00043067

Kuldeep Jain

Chief Financial Officer

Rajasekhar Reddy

Company Secretary

Mumbai

27 May 2026

Mumbai

27 May 2026

Notes forming part of Standalone Financial Statements

For the year ended 31 March 2026

(Currency: Indian Rupees in million)

1(a) Company Overview

Hikal Limited ('Hikal' or 'the Company') was incorporated on 8 July, 1988 having its registered office at 717/718, Maker Chamber V, Nariman Point, Mumbai 400 021.

The Company is engaged in the manufacturing of various chemical intermediates, specialty chemicals, active pharma ingredients and contract research and development activities.

The Company has its equity shares listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India.

The Company is operating in the crop protection and pharmaceuticals segments.

1(b) Statement of compliance

These standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III) as amended from time to time.

The standalone financial statements for the year ended March 31,2026 were approved by the Board of Directors and authorised for issue on 27 May 2026.

2 Summary of material accounting policies

2.1 Basis of preparation

The standalone financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is based on the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Act.

These financial statements have been prepared on accrual and going concern basis.

2.2 Functional and presentation currency

These standalone financial statements are presented in Indian rupees, which is also the Company's functional currency. All amounts have been rounded off to zero decimal places to the nearest million, unless otherwise indicated. The figures mentioned as '0' in the financial statements denote amounts less than 0.5 million.

2.3 Basis of measurement

The standalone financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Certain financial assets and liabilities (including Fair value derivatives instruments)	Fair value
Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligations

2.4 Use of estimates and judgments

The preparation of the standalone financial statements in accordance with Ind AS requires use of judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised prospectively.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

a. Property, plant and equipment

Useful lives of tangible assets are based on the estimates made by the management. In cases, where the useful lives are different from that prescribed in Schedule II, they are based on technical assessment, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance support.

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b. Recognition and measurement of defined benefit obligations

The obligation arising from defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation, actuarial rates, residual service life and life expectancy. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations.

c. Impairment allowance of trade receivables (allowance for bad and doubtful debts)

The Company makes allowances for doubtful debts based on an assessment of the recoverability of trade and other receivables. The identification of doubtful debts requires use of judgments and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debts expenses in the period in which such estimate has been changed.

d. Allowances for inventories

Management reviews the inventory age listing on a periodic basis. This review involves comparison of the carrying value of the aged inventory items with the respective net realizable value. The purpose is to ascertain whether an allowance is required to be made in the financial statements for any obsolete and slow-moving items. Management is satisfied that adequate allowance for obsolete and slow-moving inventories has been made in the financial statements.

e. Recognition of deferred tax assets

Deferred tax assets are recognised for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilised business loss and depreciation carry-forwards and tax credits. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits, if any could be utilised.

f. Impairment of non financial assets

Management exercises significant judgment in assessing whether indicators of impairment exist and in estimating the recoverable amount of property, plant and equipment. Such estimates involve assumptions relating to expected use of assets, future cash flows, growth expectations, discount rates and market conditions. Actual results may differ from these estimates and may require adjustments to the carrying value of the assets in future periods.

g. Provisions and contingencies

A provision (including provision for claims) is recognised when the Company has a present obligation because of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

In the normal course of business, contingent liabilities may arise from litigation, taxation and other claims against the Company. Where it is management's assessment that the outcome cannot be reliably quantified or is uncertain, the claims are disclosed as contingent liabilities unless the likelihood of an adverse outcome is remote. Such liabilities are disclosed in the notes but are not provided for in the financial statements. When considering the classification of legal or tax cases as probable, possible or remote, there is judgement involved. This pertains to the application of the legislation which is based upon management's interpretation of applicable law and the likelihood of settlement. Management uses in-house and external legal professionals to make informed decision.

2.5 Measurement of fair values

The Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values, which includes overseeing all significant fair value measurements, including Level 3 fair values by the management. The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of a financial asset or a financial liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3 Material accounting policies

3.1 Revenue from contract with customer

i Sale of goods

Revenue is recognised upon transfer of control of promised goods to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those goods.

Revenue from the sale of goods is recognised at the point in time when control is transferred to the customer which is usually on dispatch / delivery.

Revenue is measured based on the transaction price, which is the consideration, adjusted for rebates and discounts, price adjustments and returns, if any, as specified in the contracts with the customers. Revenue excludes taxes collected from customers on behalf of the government.

Due to short nature of credit period given to customers there is no financing component in the contract.

ii Sale of Services

Based on the terms of the contract with customers, revenue from development and other services is recognised over time because the customer simultaneously receives and consumes the benefits provided to them or at a point in time. For revenue recognised over a period of time, the Company uses an input method in measuring progress of the services because there is a direct relationship between the Company effort (i.e., based on the labour hours incurred, raw material consumed) and the transfer of service to the customer. The Company recognises revenue on the basis of the man hours expended and raw material consumed relative to the total expected man hours and raw material consumption to complete the service.

iii Export entitlements

Export entitlements from Government authorities are recognised in the statement of profit and loss when the right to receive credit as per the terms of the scheme is established in respect of the exports made by the Company, and where there is no significant uncertainty regarding the ultimate collection/determination of amounts of the relevant export proceeds.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the company performs under the contract (i.e., transfers control of the related goods or services to the customer).

3.2 Other Income

i Interest Income

Interest income is recognised using the effective interest method as set out in Ind AS 109 – Financial Instruments: Recognition and Measurement, when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of the revenue can be measured reliably. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or

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group of financial assets or financial liabilities) and of allocating the interest income over the relevant period.

ii **Dividend Income**

Dividend income is recognised when right to receive payment is established and it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of the revenue can be measured reliably.

3.3 Foreign currency

Transactions in foreign currencies are translated into the Company's functional currency at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at exchange rate prevailing at the date of initial transaction. Foreign currency exchange differences are generally recognised in the statement of profit and loss.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous Financial Statements are recognised in the Standalone Statement of Profit and Loss in the period in which they arise. When a gain or loss on a non-monetary item is recognised in Other Comprehensive Income, any exchange component of that gain or loss is recognised in Other Comprehensive Income. Conversely, when a gain or loss on a non-monetary item is recognised in Standalone Statement of Profit and Loss, any exchange component of that gain or loss is recognised in Standalone Statement of Profit and Loss.

3.4 Employee benefits

Short-term employee benefits

Short-term employee benefits obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the amount of obligation can be estimated reliably.

Post employment employee benefits

i **Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

The Company makes specified monthly contributions to Provident fund, Employee State Insurance and Labour Welfare Fund and are recognised as an employee benefit expense in the statement of profit and loss on an accrual basis.

Contribution to Superannuation Fund, a defined contribution scheme, administered by Life Insurance Corporation of India, based on a specified percentage of eligible employees' salary.

ii **Defined benefit plans**

A defined benefit plan is a post-employee benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income (OCI). Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined liability (asset) after taking into account any changes as a result of

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contribution and benefit payments during the year. Net interest expense and other expenses related to gratuity benefit scheme are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Gratuity

The Company has an obligation towards gratuity, a defined benefit scheme covering eligible employees. The Company accounts for gratuity benefits payable in future based on an independent actuarial valuation method as stated above. Gratuity for staff at Panoli plant is funded through group gratuity insurance scheme of the Life Insurance Corporation of India ('LIC').

The incremental impact of changes in regulations (if any) during the year will be assessed and disclosed by the company as Exceptional Items. Refer note 41.

Pension Plan

The Company operates a pension scheme aimed at rewarding long-term service and providing post-retirement financial stability to eligible employees. The scheme is applicable to permanent employees who meet specified eligibility criteria and retire from service. Eligibility for pension benefits requires a minimum of 7 years of continuous service in specified senior roles (Management Committee cadre or Company Secretary) at the time of retirement. Benefits are available upon retirement through superannuation or approved voluntary retirement schemes and are calculated based on the last drawn basic salary. The amount and payout of pension benefits are determined based on the tenure of service.

Other employee benefits

The Company's net obligation in respect of compensated absences such as paid annual leave, medical benefit plan and other incentives scheme is calculated using the projected unit credit method, as at the date of the Balance Sheet. Actuarial gains or losses comprising of experience adjustments and the effects of changes in actuarial assumptions are immediately recognised in the statement of profit and loss.

3.5 Income tax

Income tax expense comprises current and deferred tax. It is recognised in the standalone statement of profit and loss or items recognised directly in equity or in other comprehensive income.

i **Current tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates enacted or substantively enacted by the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and current tax liabilities are offset only if, the Company:

a) has a legally enforceable right to set off the recognised amounts; and

b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment.

The Company reflects the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

ii **Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

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i) When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

ii) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

i) When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

ii) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.6 Inventories

a Measurement of Inventory

The Company measures its inventories at the lower of cost and net realisable value.

b Cost of Inventories

The cost of inventories shall comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The costs of purchase of inventories comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities), and transport, handling and other costs directly attributable to the acquisition of finished goods, materials and services. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

The costs of conversion of inventories include costs directly related to the units of production and a systematic allocation of fixed and variable production overheads that are incurred in converting materials into finished goods.

Other costs are included in the cost of inventories only to the extent that they are incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned by weighted average cost formula. The Company uses the same cost formula for all inventories having a similar nature and use to the Company.

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c Net realisable value

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Net realisable value is ascertained for each item of inventories with reference to the selling prices of related finished products.

The practice of writing inventories down below cost to net realisable value is consistent with the view that assets should not be carried in excess of amounts expected to be realised from their sale or use. Inventories are usually written down to net realisable value item by item.

Estimates of net realisable value of finished goods and stock-in-trade are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period. Materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. However, when a decline in the price of materials indicates that the cost of the finished products exceeds net realisable value, the materials are written down to net realisable value.

Amount of any reversal of write-down of inventories shall be recognised as an expense as when the event occurs. A new assessment is made of net realisable value in each subsequent period. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount of the write-down is reversed. Amounts such reversed shall be recognised as a reduction in the amount of inventories and as an expense in the period in which reversal occurs.

d Valuation of Spare parts, stand-by equipments and servicing equipments

Spare parts, stand-by equipment and servicing equipment are recognised as Property, Plant and Equipment if and only if it is probable that future economic benefits associated with them will flow to the Company and their cost can be measured reliably. Otherwise such items are classified and recognised as Inventory.

3.7 Property, plant and equipment

i Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of an item of property, plant and equipment comprises:

a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.

b) any directly attributable cost of bringing the asset to its location and condition necessary for it to be capable of operating in the manner intended by management.

c) the estimated costs of dismantling and removing the item and restoring the site on which it is located.

Income and expenses related to the incidental operations, not necessary to bring the item to the location and condition necessary for it to be capable of operating in the manner intended by management, are recognised in the statement of profit and loss.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted and depreciated for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the statement of profit and loss.

Capital work in progress is stated at cost, net of accumulated impairment loss, if any.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

iii. Depreciation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost.

Depreciation on the depreciable amount of an item of Property, plant and equipment is allocated on a systematic basis over its useful life. The Company provides depreciation on the straight-line method. The Company believes that straight line method reflects the pattern in which the asset's future economic benefits are expected to be consumed by the Company. Based on internal technical

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evaluation, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc: the management believes useful lives of the assets are appropriate. The depreciation method is reviewed at least at each financial year-end and, if there has been a significant change in the expected pattern of consumption of the future economic benefits embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate in accordance with Ind AS 8 -Accounting Policies, Changes in Accounting Estimates and Errors.

The useful life of an asset is reviewed at least at each financial year-end. Depreciation is calculated using the straight-line method on cost of items of property, plant and equipment over the estimated useful lives prescribed under Schedule II of the Act.

In case of Ships, based on internal assessment and technical evaluation carried out, management believes that the useful life is 30 years, which is higher and different from the useful life of 20 years as prescribed under Part C of Schedule II of the Act.

The estimated useful lives of items of property, plant and equipment are as follows:

Tangible Assets	Life defined (years)	Useful life as per Schedule II (years)
Buildings	30-60	30-60
Plant and equipment	10-20	10-20
Electrical equipment and installation	10	10
Office equipment	5	5
Computers	3	3
Furniture and fixtures	10	10
Vehicles	8	10
Ships	30	20

Leasehold improvements amortised over the period of lease.

3.8 Borrowing costs

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs that are directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of that asset till the date it is ready for its intended use or sale. Other borrowing costs are recognised as an expense in the period in which they are incurred.

3.9 Intangible assets

i. Recognition and measurement

Expenditure on research activities is recognised in the statement of profit and loss as incurred.

Development expenditure is capitalised as part of the cost of the research and development, only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses.

Other intangible assets, includes computer software, which are acquired by the Company are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the statement of profit and loss as incurred.

iii. Amortisation

Amortisation is calculated to write off the cost of intangible assets using the straight-line method over their estimated useful lives, and is included in depreciation and amortisation in the statement of profit and loss.

Other intangible assets are amortised over the estimated useful lives as given below:

- Computer Software 5 years
- Product related intangible 5 years

Amortisation methods and useful lives are reviewed at each reporting date and adjusted if appropriate.

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3.10 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a. Financial assets

i. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

All financial assets are measured subsequently at either amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss, depending on the classification of the financial assets.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under standard on revenue from contracts with customers. Refer to the accounting policies for revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI); on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., he date that the Company commits to purchase or sell the asset.

ii. Classification

On initial recognition, a financial asset is classified as measured at

- amortised cost; or
- fair value through profit or loss (FVTPL); or
- fair value through other comprehensive income (FVOCI)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment- by- investment basis.

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All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

iii Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the statement of profit and loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in the statement of profit and loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity instrument measured at FVOCI not reported separately from other changes in fair value.

iv. Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

v Impairment of financial assets

Trade Receivable and Contract asset

The company applies a simplified approach in calculating ECL's. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL's at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward looking factors specific to the asset and the economic environment.

Further disclosures relating to impairment of financial assets are provided in Note no 13 - Trade Receivables.

b. Financial liabilities

i. Recognition and initial measurement

All financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial liability is initially measured at fair value. In the case of financial liabilities which are recognised at fair value through profit and loss (FVTPL), the transaction costs are recognised in the statement of profit and loss. In other cases, the transaction costs are attributed to the acquisition or issue of financial liability.

ii Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for- trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in the statement of profit and loss.

iii. Derecognition

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the statement of profit and loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

c. Investment in subsidiaries

Investment in subsidiaries is carried at cost in the standalone financial statements.

3.11 Provisions and contingent liabilities

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but will probably not, require an outflow of resources. When there is a possible obligation of a present obligation in respect of which the likelihood of outflow of resources is remote, or the amount of the obligation cannot be measured with sufficient reliability no provision or disclosure is made.

3.12 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i Right-of-use Assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated

Notes forming part of Standalone Financial Statements

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(Currency: Indian Rupees in million)

depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Leasehold Land	90 to 99 years
Office Equipment	4 to 5 years
Buildings	9 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 3.13 Impairment of non-financial assets.

ii Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Lease liability and ROU assets have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

iii Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a non cancellable lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

3.13 Impairment of non-financial assets

The Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss.

The recoverable amount is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In respect of the assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods which no longer exists or may have decreased, impairment loss is reversed to the extent to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets, such reversal is not recognised.

3.14 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

Notes forming part of Standalone Financial Statements

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For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

3.15 Earnings per share (EPS)

Basic EPS is computed using the weighted average number of equity shares outstanding during the year.

Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year except where the results would be anti dilutive.

3.16 Dividend

The Company recognises a liability to pay dividend to equity holders when the distribution is authorised, and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

The final dividend on shares is recorded as a liability on the date of approval by the shareholders.

Interim dividend are recorded as a liability on the date of declaration by the company's Board.

The Company declares and pay dividends in Indian Rupees. Companies are required to pay / distribute dividend after deducting applicable taxes. The remittance of dividends outside India is governed by Indian law on foreign exchange and is also subject to withholding tax at applicable taxes. Further disclosure relating to dividend refer Note No 20(c)-Dividends.

3.17 Current / non-current classification

An entity shall classify an asset as current when-

(a) it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;

(b) it holds the asset primarily for the purpose of trading;

(c) it expects to realise the asset within twelve months after the reporting period; or

(d) the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

An entity shall classify a liability as current when-

(a) it expects to settle the liability in its normal operating cycle;

(b) it holds the liability primarily for the purpose of trading;

(c) the liability is due to be settled within twelve months after the reporting period; or

(d) it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

An entity shall classify all other assets and liabilities as non-current.

Deferred tax Assets and Liabilities are classified as non-current assets and liabilities

Operating cycle

An operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

Based on the nature of services and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has identified its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

3.18 Recent accounting developments:

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 April 2025. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

(i) Amendments to Ind AS 21 - Lack of exchangeability

The Ministry of Corporate Affairs (MCA) notified the Companies (Indian Accounting Standards) Amendment Rules, 2025, which amend Ind AS 21, The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments are effective for annual reporting periods beginning on or after 1 April 2025. When applying the amendments, an entity cannot restate comparative information.

The amendments do not have a material impact on the Company's financial statements.

Notes forming part of Standalone Financial Statements

For the year ended 31 March 2026

(Currency: Indian Rupees in million)

(ii) Amendments to Ind AS 1 - Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants

In August 2025, the MCA notified amendments to paragraphs 69 to 76 of Ind AS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

If there is a breach of a material covenant of a long term loan arrangement on or before the end of the reporting period, resulting in the liability becoming payable on demand as at the reporting date, and the lender agrees—after the reporting period but before the financial statements are approved for issue—not to demand repayment for at least 12 months as a consequence of the breach, this shall be treated as an adjusting event. Accordingly, the entity is not required to classify the liability as current.

The amendments are effective for annual reporting periods beginning on or after 1 April 2025 retrospectively in accordance with Ind AS 8.

The amendments has no impact on this standalone financial statements.

(iii) Amendments to Ind AS 7 and Ind AS 107 - Supplier Finance Arrangements

In August 2025, the MCA notified amendments to Ind AS 7 Statement of Cash Flows and Ind AS 107 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments do not have a material impact on the Company's financial statements.

Notes forming part of Standalone Financial Statements

For the year ended 31 March 2026

(Currency: Indian Rupees in million)

Note 4: Property, plant and equipment

Description	Gross Block				Accumulated Depreciation (including impairment)					Net Block	
	As at 1 April 2025	Additions	Deductions	As at 31 March 2026	As at 1 April 2025	Charge for the year	Impairment charge	Deductions	As at 31 March 2026	As at 31 March 2026	As at 31 March 2025
Freehold land	582	-	-	582	-	-	-	-	-	582	582
Buildings	3,694	215	-	3,909	683	141	82	-	906	3,003	3,011
Plant and machinery	16,135	1,521	-	17,656	7,250	1,373	365	-	8,988	8,668	8,885
Electrical equipments and installations	403	22	1	424	167	35	22	1	223	201	236
Office equipments	232	18	-	250	172	25	-	-	197	53	60
Furniture and fixtures	197	4	-	201	104	17	2	-	123	78	93
Leasehold improvements	6	-	-	6	6	0	-	-	6	0	0
Vehicles	87	-	2	85	39	7	-	2	44	41	48
Ships	36	-	-	36	17	2	-	-	19	17	19
Total	**21,372**	**1,780**	**3**	**23,149**	**8,438**	**1,600**	**471**	**3**	**10,506**	**12,643**	**12,934**
Capital work in progress	1,212	1,513	1,780	945						945	1,212

Note 4: Property, plant and equipment (Previous year)

Description	Gross Block				Accumulated Depreciation				Net Block	
	As at 1 April 2024	Additions	Deductions	As at 31 March 2025	As at 1 April 2024	Charge for the year	Deductions	As at 31 March 2025	As at 31 March 2025	As at 31 March 2024
Freehold land	582	-	-	582	-	-	-	-	582	582
Buildings	2,655	1,039	-	3,694	575	108	-	683	3,011	2,080
Plant and machinery	13,156	3,037	58	16,135	6,172	1,128	50	7,250	8,885	6,984
Electrical equipments and installations	293	110	-	403	141	26	-	167	236	152
Office equipments	197	35	-	232	147	25	-	172	60	50
Furniture and fixtures	162	35	-	197	90	14	-	104	93	72
Leasehold improvements	6	-	-	6	5	1	-	6	-	1
Vehicles	57	35	5	87	40	4	5	39	48	17
Ships	36	-	-	36	15	2	-	17	19	21
Total	**17,144**	**4,291**	**63**	**21,372**	**7,185**	**1,308**	**55**	**8,438**	**12,934**	**9,959**
Capital work in progress	4,143	1,360	4,291	1,212					1,212	4,143

Notes:

a. Refer note 21 and 26 for details of assets hypothecated/mortgaged as security against borrowings.

b. Refer note 56 for details of revenue expenditure capitalised.

c. As at March 31, 2026, Property, plant and equipment includes a manufacturing plant having WDV of ₹ 2,489 million for which the Company has decided to repurpose it to enable the manufacturing of a different range of products (refer note 41 for impairment charge); consequently as of the balance sheet date the said plant was not in commercial use.

Notes forming part of Standalone Financial Statements

For the year ended 31 March 2026

(Currency: Indian Rupees in million)

Note 4: Property, Plant and Equipment (Contd.)

a) For Capital-work-in progress, ageing schedule

Amount of Capital-Work-in-Progress as on 31 March 2026

Particulars	<1 year	1-2 years	2-3 years	More than 3 years	Total
- Projects in Process	921	24	0	-	945
- Projects temporarily suspended	-	-	-	-	-

Amount of Capital-Work-in-Progress as on 31 March 2025

Particulars	<1 year	1-2 years	2-3 years	More than 3 years	Total
- Projects in Process	1,036	176	-	-	1,212
- Projects temporarily suspended	-	-	-	-	-

b) For Capital-Work-in-Progress, whose completion is overdue or has exceeded the cost compared to its original value as on 31 March 2026

Project Locations	To be completed in				
	<1 year	1-2 years	2-3 years	More than 3 years	Total
Crop Projects	214	-	-	-	214
Pharma Projects	333	-	-	-	333
Total	**547**	**-**	**-**	**-**	**547**

For Capital-Work-in-Progress, whose completion is overdue or has exceeded the cost compared to its original value as on 31 March 2025

Project Locations	To be completed in				
	<1 year	1-2 years	2-3 years	More than 3 years	Total
Crop Projects	216	-	-	-	216
Pharma Projects	718	-	-	-	718
Total	**934**	**-**	**-**	**-**	**934**

Note 5: Right of use assets

Description	Gross Block				Accumulated Depreciation				Net Block	
	As at 1 April 2025	Additions	Deductions	As at 31 March 2026	As at 1 April 2025	Charge for the year	Deductions	As at 31 March 2026	As at 31 March 2026	As at 31 March 2025
Leasehold land	692	-	-	692	82	9	-	91	601	610
Buildings	29	-	-	29	6	4	-	10	19	23
Office equipments	-	9	-	9	-	1	-	1	8	-
Total	**721**	**9**	**-**	**730**	**88**	**14**	**-**	**102**	**628**	**633**

Note 5: Right of use assets (Previous year)

Description	Gross Block				Accumulated Depreciation				Net Block	
	As at 1 April 2024	Additions	Deductions	As at 31 March 2025	As at 1 April 2024	Charge for the year	Deductions	As at 31 March 2025	As at 31 March 2025	As at 31 March 2024
Leasehold land	692	-	-	692	73	9	-	82	610	619
Buildings	29	-	-	29	2	4	-	6	23	27
Total	**721**	**-**	**-**	**721**	**75**	**13**	**-**	**88**	**633**	**646**

Notes forming part of Standalone Financial Statements

For the year ended 31 March 2026

(Currency: Indian Rupees in million)

Note 6: Other intangible assets

Description	Gross Block				Accumulated Amortisation				Net Block	
	As at 1 April 2025	Additions	Deductions	As at 31 March 2026	As at 1 April 2025	Charge for the year	Deductions	As at 31 March 2026	As at 31 March 2026	As at 31 March 2025
Computer software	44	4	-	48	43	1	-	44	4	1
Product related intangible	115	-	-	115	38	23	-	61	54	77
Total	**159**	**4**	**-**	**163**	**81**	**24**	**-**	**105**	**58**	**78**

Note 6: Other intangible assets (Previous year)

Description	Gross Block				Accumulated Amortisation				Net Block	
	As at 1 April 2024	Additions	Deductions	As at 31 March 2025	As at 1 April 2024	Charge for the year	Deductions	As at 31 March 2025	As at 31 March 2025	As at 31 March 2024
Computer software	44	-	-	44	43	0	-	43	1	1
Product related intangible	115	-	-	115	15	23	-	38	77	100
Total	**159**	**-**	**-**	**159**	**58**	**23**	**-**	**81**	**78**	**101**

Note 7: Non-current investments

		As at 31 March 2026	As at 31 March 2025
Investments in equity instruments:			
A	**Unquoted**		
i.	**Subsidiary company (at cost)**		
	Acoris Research Limited 15,050,080 Equity Shares of face value ₹ 10 each fully paid up (31 March 2025 : 15,050,080 Equity Shares of face value ₹ 10 each fully paid up)	0	0
ii.	**Other investment**		
	(At fair value through other comprehensive income)		
	223,164 (31 March 2025 : 223,164) Equity shares of ₹ 10 each of Narmada Clean Tech fully paid-up	5	5
	30,000 (31 March 2025 : 30,000) Equity shares of ₹ 10 each of Panoli Enviro Technology Limited fully paid-up	0	0
	14,494 (31 March 2025 : 14,494) Equity shares of ₹ 100 each MMA CETP Co-operative Society Limited fully paid-up	2	2
	16% (P.Y. 16%) equity shares of Jiangsu Chemstar Chemical Co Limited fully paid-up	0	0
	33,60,000 (31 March 2025 : 33,60,000) Equity shares of ₹ 10 each of Radiance MH Sunrise Four Private Limited fully paid-up	34	34
	12,60,000 (31 March 2025 : 12,60,000) Equity shares of ₹ 10 each of Radiance MH Sunrise Two Private Limited fully paid-up	13	13
	2,05,891 (31 March 2025 : 2,05,891 Equity shares of ₹ 100 each of FPEL Ujwal Private Limited fully paid-up	41	41
	Impairment in value of investment*	(0)	(0)
B	**Quoted**		
	(At fair value through other comprehensive income)		
	2,900 (31 March 2025 : 2,900) Equity shares of ₹ 10 each of Union bank of India fully paid-up	0	0
	Total non-current investments (A + B)	**95**	**95**
	Aggregate amount of quoted investments	0	0
	Aggregate market value of quoted investments	0	0
	Aggregate amount of unquoted investments	95	95
	Aggregate amount of impairment in value of investments	(0)	(0)
		95	**95**

*The Company has written off the value of ₹ 27 million in investment in Jigansu Chemstar Chemical Company Limited in an earlier year.

Notes forming part of Standalone Financial Statements

For the year ended 31 March 2026

(Currency: Indian Rupees in million)

Note 8: Loans

	As at 31 March 2026	As at 31 March 2025
Unsecured and considered good		
To Related Party		
Loans to employees (Refer note 58)	-	1
To other than related parties		
Loans to employees	2	2
	2	**3**

Note 9: Other financial assets

	As at 31 March 2026	As at 31 March 2025
Unsecured and considered good		
To other than related parties unless otherwise specified		
Deposits with remaining maturity of more than 12 months	4	8
Security deposit to related parties (Refer note 58)	71	71
Security deposit		
- with respect to a dispute (Refer note 49 A (ii))	40	40
- others	98	93
	213	**212**

Note 10: Income tax assets (net)

	As at 31 March 2026	As at 31 March 2025
Income tax assets (net)	75	25
	75	**25**

Note 11: Other non-current assets

	As at 31 March 2026	As at 31 March 2025
Unsecured and considered good		
To other than related parties		
Prepaid expenses	5	10
VAT/ CST refund receivable	9	9
Balance with government authorities	15	13
Capital advances	125	98
	154	**130**

Notes forming part of Standalone Financial Statements

For the year ended 31 March 2026

(Currency: Indian Rupees in million)

Note 12: Inventories

	As at 31 March 2026	As at 31 March 2025
Valued at the lower of cost and net realisable value		
Raw materials (includes goods in transit of ₹ 203 million, 31 March 2025 ₹ 163 million)	1,087	1,223
Packing materials	14	11
Work-in-progress	918	968
Finished goods	1,314	895
Stores and spares	248	248
	3,581	**3,345**

Inventories which comprise raw materials, packing materials, work-in-progress and finished goods are carried at the lower of cost and net realisable value. (See detailed accounting policy in Note 3.6)

The write-down of inventories at year end amounted to ₹ 241 million (31 March 2025: ₹ 195 million). The write down of inventories is included in cost of materials consumed or changes in inventories of finished goods and work-in-progress in the statement of profit and loss.

Note 13: Trade receivables

(Unsecured)

	As at 31 March 2026	As at 31 March 2025
Trade receivable considered good	4,262	5,265
Trade receivable which have significant increase in credit risk	366	82
	4,628	**5,347**
Impairment allowance (Allowance for bad and doubtful debts)		
Trade receivable considered good	(85)	(78)
Trade receivable which have significant increase in credit risk	(127)	(45)
	(212)	**(123)**
Net trade receivable	**4,416**	**5,224**

The loss allowance on trade receivables has been computed on the basis of Ind AS 109, Financial Instruments, which requires such allowance to be made even for trade receivables considered good on the basis that credit risk exists even though it may be very low.

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

The Company's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in Note 47.

The carrying amounts of the trade receivables include receivables which are subject to a factoring arrangement. Under this arrangement, the company has transferred the relevant receivables to the factor in exchange for cash. However, the company has retained credit risk. The company therefore continues to recognise the transferred assets in their entirety in its balance sheet. The amount subject to factoring agreement is presented as borrowing.

The relevant carrying amounts are as follows:

	As at 31 March 2026	As at 31 March 2025
Total transferred trade receivables	401	468
Associated borrowings [refer note 26]	401	468

Notes forming part of Standalone Financial Statements

For the year ended 31 March 2026

(Currency: Indian Rupees in million)

Trade Receivables Ageing as on 31 March 2026

Sr. No.	Particulars	Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i)	Undisputed Trade receivables – considered good	3,611	629	22	-	-	-	4,262
(ii)	Undisputed Trade Receivables – which have significant increase in credit risk	-	-	269	34	3	15	321
(iii)	Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv)	Disputed Trade Receivables considered good	-	-	-	-	-	-	-
(v)	Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	45	45
(vi)	Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Total		**3,611**	**629**	**291**	**34**	**3**	**60**	**4,628**

Trade Receivables Ageing as on 31 March 2025

Sr. No.	Particulars	Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i)	Undisputed Trade receivables – considered good	4,235	990	40	-	-	-	5,265
(ii)	Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	11	9	17	37
(iii)	Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv)	Disputed Trade Receivables considered good	-	-	-	-	-	-	-
(v)	Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	45	45
(vi)	Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Total		**4,235**	**990**	**40**	**11**	**9**	**62**	**5,347**

Note 14: Cash and cash equivalents

	As at 31 March 2026	As at 31 March 2025
Bank balances in :		
- Current accounts	93	127
- Fixed deposit account (with original maturity of 3 months or less)	2	1
Cash on hand	1	1
Cash and cash equivalents in the statement of cash flows	**96**	**129**

Note 15: Bank balance other than cash and cash equivalents

	As at 31 March 2026	As at 31 March 2025
Other bank balances:		
Bank deposits due to mature within 12 months of the reporting date	40	48
Unpaid dividend accounts	2	2
	42	**50**

Deposits given as security

1) Margin money deposits with a carrying amount of ₹ 44 million (31 March 2025 - ₹ 57 million) are earmarked towards non fund based facilities availed from banks.

Notes forming part of Standalone Financial Statements

For the year ended 31 March 2026

(Currency: Indian Rupees in million)

Note 16: Loans

	As at 31 March 2026	As at 31 March 2025
(Unsecured)		
To parties other than related parties		
Loans to employees	3	5
	3	**5**

Note 17: Other financial assets

	As at 31 March 2026	As at 31 March 2025
(Unsecured considered good)		
To other than related parties		
Interest accrued on bank deposit	1	1
Unbilled revenue	-	10
Indirect tax balances refund due and export benefits and entitlements	317	644
	318	**655**

Note 18: Other current assets

	As at 31 March 2026	As at 31 March 2025
(Unsecured considered good unless otherwise stated)		
To parties other than related parties		
Advance to suppliers		
-Considered good	64	101
-Considered doubtful	89	90
Advance to suppliers	153	191
Less: Provision for doubtful advances	(89)	(90)
	64	**101**
Balance with government authorities	206	292
Prepaid expenses	115	168
	385	**561**

Note 19: Share Capital

	As at 31 March 2026	As at 31 March 2025
Authorised share capital (Refer note a below)		
Equity	500	500
Par value per share (Rs.)	2	2
Number of equity shares	25,00,00,000	25,00,00,000
Preference shares	250	250
Par value per share (Rs.)	100	100
Number of Preference shares	25,00,000	25,00,000
Issued, subscribed and fully paid up -Equity	247	247
Par value per share (Rs.)	2	2
Number of equity shares	12,33,00,750	12,33,00,750

Notes forming part of Standalone Financial Statements

For the year ended 31 March 2026

(Currency: Indian Rupees in million)

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Equity shares

	As at 31 March 2026		As at 31 March 2025	
	No. of shares (millions)	₹ in millions	No. of shares (millions)	₹ in millions
At the beginning of the year	123	247	123	247
At the end of the year	**123**	**247**	**123**	**247**

b. Terms/rights attached to equity shares

The Company has only single class of equity shares having a par value of ₹ 2 (31 March 2025, ₹ 2) per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Details of shareholders holding more than 5% of shares:

	As at 31 March 2026		As at 31 March 2025	
	No. of Shares (millions)	%	No. of Shares (millions)	%
Equity shares of ₹ 2 (31 March 2025 ₹ 2) each fully paid				
Kalyani Investment Company Limited	39	31	39	31
Castilia Life Sciences Private Limited	30	25	-	-
Shri Badrinath Investment Private Limited	-	-	20	16
Shri Rameshwara Investment Private Limited	-	-	10	8
Sugandha J Hiremath	10	8	10	8

d. The Shareholding of Promoters as on 31 March 2026 is as under:

Promoters Name	No. of Shares	% of Total Shares	% Change during the Year
Kalyani Investment Company Limited	3,86,67,375	31.36%	-
Castilia Life Sciences Private Limited	3,02,31,914	24.52%	100%
Shri Badrinath Investment Pvt Ltd	-	0.00%	(100%)
Shri Rameshwara Investment Pvt Ltd	-	0.00%	(100%)
Sugandha J Hiremath	96,67,500	7.84%	-
BF Investment Limited	32,73,375	2.65%	-
Jai Hiremath	13,40,625	1.09%	-
Ekdant Investment Pvt Ltd	-	0.00%	(100%)
Sameer Hiremath	3,90,975	0.32%	-
Pallavi Anish Swadi	5,68,500	0.46%	49%
Pallavi Trust	-	0.00%	(100%)
Sameer Trust	1,87,500	0.15%	-
Ashok Hiremath	1,00,000	0.08%	-
Sumer Trust	75,000	0.06%	-
Rhea Trust	75,000	0.06%	-
Nihal Trust	75,000	0.06%	-
Anika Trust	75,000	0.06%	-
Pooja Trust	75,000	0.06%	-
Anish Trust	75,000	0.06%	-
Karad Engineering Consultancy Pvt Ltd	-	0.00%	(100%)
Decent Electronics Pvt Ltd	-	0.00%	(100%)
Anish Dilip Swadi	7,500	0.01%	-
Pooja Hiremath	7,500	0.01%	-

Notes forming part of Standalone Financial Statements

For the year ended 31 March 2026

(Currency: Indian Rupees in million)

a. One of the shareholder of the Company filed a suit in the Bombay High Court, the suit seeks certain actions on part of the Company, pending any order / direction from the Bombay High Court, there is no impact on the financial statements.

b. aforesaid changes in shareholding is a result of certain composite scheme and amalgamation between promotors group entities with overall promotor shareholding remaining the same.

The Shareholding of Promoters as on 31 March 2025 is as under:

Promoters Name	No. of Shares	% of Total Shares	% Change during the Year
Kalyani Investment Company Limited	3,86,67,375	31.36%	-
Shri Badrinath Investment Pvt Ltd	1,99,14,862	16.15%	-
Shri Rameshwara Investment Pvt Ltd	98,10,000	7.96%	-
Sugandha J Hiremath	96,67,500	7.84%	-
BF Investment Limited	32,73,375	2.65%	-
Jai Hiremath	13,40,625	1.09%	-
Ekdant Investment Pvt Ltd	3,93,802	0.32%	-
Sameer Hiremath	3,90,975	0.32%	-
Pallavi Anish Swadi	3,81,000	0.31%	-
Pallavi Trust	1,87,500	0.15%	-
Sameer Trust	1,87,500	0.15%	-
Ashok Hiremath	1,00,000	0.08%	
Sumer Trust	75,000	0.06%	-
Rhea Trust	75,000	0.06%	-
Nihal Trust	75,000	0.06%	-
Anika Trust	75,000	0.06%	-
Pooja Trust	75,000	0.06%	-
Anish Trust	75,000	0.06%	-
Karad Engineering Consultancy Pvt Ltd	63,750	0.05%	-
Decent Electronics Pvt Ltd	49,500	0.04%	-
Anish Dilip Swadi	7,500	0.01%	-
Pooja Hiremath	7,500	0.01%	-

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

Note 20: Other equity

	Note	As at 31 March 2026	As at 31 March 2025
Capital reserve	i	0	0
Capital redemption reserve	ii	510	510
Securities premium	iii	65	65
State subsidy	iv	6	6
Contingency reserve	v	30	30
General reserve	vi	1,780	1,780
Equity instruments through other comprehensive income	vii	(2)	(2)
Retained Earnings	viii	9,354	9,986
		11,743	**12,375**

Notes forming part of Standalone Financial Statements

For the year ended 31 March 2026

(Currency: Indian Rupees in million)

A Notes

		As at 31 March 2026	As at 31 March 2025
i	**Capital reserve**		
	Opening balance	0	0
	Additions during the year	-	-
	Closing balance	**0**	**0**
ii	**Capital redemption reserve**		
	Opening balance	510	510
	Additions during the year	-	-
	Closing balance	**510**	**510**
iii	**Securities premium**		
	Opening balance	65	65
	Issue of bonus shares	-	-
	Closing balance	**65**	**65**
iv	**State subsidy**		
	Opening balance	6	6
	Additions during the year	-	-
	Closing balance	**6**	**6**
v	**Contingency reserve**		
	Opening balance	30	30
	Additions during the year	-	-
	Closing balance	**30**	**30**
vi	**General reserve**		
	Opening balance	1,780	1,780
	Additions during the year	-	-
	Closing balance	**1,780**	**1,780**
vii	**Equity instruments through other comprehensive income**		
	Opening balance	(2)	(2)
	Additions during the year	0	0
	Closing balance	**(2)**	**(2)**
viii	**Retained Earnings**		
	Opening balance	9,986	9,240
	Profit / (loss) for the year	(487)	909
	Loss on remeasurement of defined employee benefit plans (net of tax)	(24)	(14)
	Dividend paid	(123)	(149)
	Closing balance	**9,354**	**9,986**

B Nature and purpose of reserves

i. Capital reserve

Capital reserve is created on merger/amalgamation.

ii. Capital redemption reserve

Capital redemption reserve represents redemption of redeemable cumulative preference shares in earlier years. The same can be used to issue fully paid bonus shares.

iii. Securities premium

Securities premium is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with provisions of Companies Act, 2013.

Notes forming part of Standalone Financial Statements

For the year ended 31 March 2026

(Currency: Indian Rupees in million)

iv. State subsidy

State subsidy is created on receipt of government grants for setting up the factories in backward areas. The same will be utilised for expansion of business.

v. Contingency reserve

Contingency reserve is created by transferring funds from retained earnings to meet future contingencies.

vi. General reserve

Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

vii. Equity instruments through other comprehensive income

The Company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the Equity instruments through Other Comprehensive Income. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

viii. Retained Earnings

Retained earnings are the profits/(loss) that the Company has earned/incurred till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. Retained earnings include re-measurement loss / (gain) on defined benefit plans, net of taxes that will not be reclassified to Statement of Profit and Loss.

C Dividends

The following dividends were declared and paid by the Company during the years ended: (Currency : Indian Rupees in million)

	31 March 2026	31 March 2025
Final equity dividend paid for financial year 2024-25 at ₹ 0.80 per equity share	99	-
Interim equity dividend paid for financial year 2025-26 at ₹ 0.20 per equity share	24	-
Final equity dividend paid for financial year 2023-24 at ₹ 0.60 per equity share	-	74
Interim equity dividend paid for financial year 2024-25 at ₹ 0.60 per equity share	-	74
Total	**123**	**148**

After the reporting dates the following dividends were proposed by the directors subject to the approval at the annual general meeting. These dividends have not been recognised as liabilities in the year to which they pertains to and is recorded in the year in which they have been approved in the Annual General Meeting.

	31 March 2026	31 March 2025
Final equity dividend proposed for financial year 2025-26 at ₹ 0.40 per equity share	49	-
Final equity dividend proposed for financial year 2024-25 at ₹ 0.80 per equity share	-	99
Total	**49**	**99**

Notes forming part of Standalone Financial Statements

For the year ended 31 March 2026

(Currency: Indian Rupees in million)

Note 21: Borrowings

(Secured)

	As at 31 March 2026	As at 31 March 2025
Debentures		
3,000 (31 March 2025 : 2,250) Redeemable, non-convertible debentures (NCD) of the face value of ₹ 10,00,000/- each. (refer note a and c(i) below)	1,916	1,648
Term loans from banks		
Rupee (refer note a, and c (i) below)	1,138	806
Term loans from financial institutions		
Rupee (refer note a and c (i) below)	677	1,218
	3,731	**3,672**

(For current maturities of loans refer note 26)

a. Nature of security:

Borrowings are secured by first pari passu charge on the property, plant and equipment of the Company's plants situated at Taloja, Panoli, Bangalore, R & D centre at Pune. Further except for one borrowing, all the borrowings are also secured by second pari passu charge on entire current assets both present and future.

b Changes in Liabilities arising from Financing Activities

Particulars	As at 1 April 2025	Accrual / Reclassification	Cash Flows (net)	As at 31 March 2026
Current borrowings	2,634	(1)	(848)	1,785
Non-current borrowings including current maturities of non-current borrowings	4,988	(2)	35	5,021
Lease Liabilities	26	13	(7)	32
Interest on borrowings (including transaction cost)	81	625	(658)	48
Total Liabilities from Financing Activities	**7,729**	**635**	**(1,478)**	**6,886**

Particulars	As at 1 April 2024	Accrual / Reclassification	Cash Flows (net)	As at 31 March 2025
Current borrowings	2,886	-	(252)	2,634
Non-current borrowings including current maturities of non-current borrowings	5,262	9	(283)	4,988
Lease Liabilities	28	1	(3)	26
Interest on borrowings (including transaction cost)	83	748	(750)	81
Total Liabilities from Financing Activities	**8,259**	**758**	**(1,288)**	**7,729**

c. i) Terms of repayment as on 31 March 2026 are as under:

		₹ In million	Repayment Terms	Closing interest rate as at 31 March 2026
(i)	a	23	Repayable in 1 quarterly instalments, next installment due on 05.06.2026.	8.25%
	b	75	Repayable in 4 quarterly instalments, next installment due on 06.05.2026, equated average instalments of ₹ 18.69 million	8.60%
	c	707	Repayable in 17 quarterly instalments, next installment due on 30.06.2026, equated average instalments of ₹ 41.57 million	8.40%
	d	598	Repayable in 25 quarterly instalments, next installment due on 31.03.2028, equated average instalments of ₹ 23.91 million	8.30%
(ii)	a	1,220	Repayable in 9 quarterly instalments, next installment due on 01.06.2026, equated average instalments of ₹ 135.54 million	8.45%
(iii)	a	2,398	Repayable in 11 half yearly instalments, next installment due on 15.06.2026 equated average instalments of ₹ 218.01 million	8.50%

Notes forming part of Standalone Financial Statements

For the year ended 31 March 2026

(Currency: Indian Rupees in million)

c. ii) Terms of repayment as on 31 March 2025 are as under:

		₹ In million	Repayment Terms	Closing interest rate as at 31 March 2025
(i)	a	173	Repayable in 5 quarterly instalments, next installment due on 05.06.2025; equated average instalments of ₹ 34.57 million	10.60%
	b	225	Repayable in 8 quarterly instalments, next installment due on 06.05.2025, equated average instalments of ₹ 28.11 million	9.75%
	c	875	Repayable in 21 quarterly instalments, next installment due on 30.06.2025, equated average instalments of ₹ 41.66 million	9.15%
(ii)	a	1,721	Repayable in 13 quarterly instalments, next installment due on 01.06.2025; equated average instalments of ₹ 132.36 million	9.35%
(iii)	a	1,994	Repayable in 13 half yearly instalments, next installment due on 15.06.2025 equated average instalments of ₹ 153.36 million	9.19%

Note 22: Non current lease liability

	As at 31 March 2026	As at 31 March 2025
Lease liability	27	24
	27	**24**

Note 23: Long -term provisions

	As at 31 March 2026	As at 31 March 2025
Provision for gratuity (Refer note 45)	402	157
Provision for pension (Refer note 45)	92	-
Other employee benefits provisions (Refer note 45)	63	-
	557	**157**

Note 24: Deferred tax liabilities (net)

	As at 31 March 2026	As at 31 March 2025
Deferred tax liabilities (Refer note 43)	43	325
	43	**325**

Note 25: Other non current liabilities

	As at 31 March 2026	As at 31 March 2025
Advance received from customers (contract liabilities)	519	593
	519	**593**

Note 26: Short-term borrowings

Secured

	As at 31 March 2026	As at 31 March 2025
Loans from banks		
Working capital loan -Rupee (refer note a(i) and b below)	1,384	2,165
Bill discounting (Refer note a (ii))	401	468
Current maturities of long-term debt	1,290	1,316
	3,075	**3,949**

Notes forming part of Standalone Financial Statements
For the year ended 31 March 2026

(Currency: Indian Rupees in million)

a. Nature of security and terms of repayment for secured borrowings :

i Working capital loans from all banks are secured by first pari passu charge on all current assets of the Company and second pari passu charge on property, plant and equipment both present and future situated at Company's plants at Bangalore, Taloja and Panoli.

ii Loans availed under bill discounting facility are against specific receivables, having tenure of 30 to 120 days and carrying interest ranging between 1.20% +SOFR to 1.80% +SOFR p.a. for export bills and 6.75% to 7.40% p.a. for local bills.

b. Working capital loans are repayable on demand and carry interest ranging from 5.85% to 8.05% p.a.

Note 27: Current lease liability

	As at 31 March 2026	As at 31 March 2025
Lease liability	5	2
	5	**2**

Note 28: Trade payables

	As at 31 March 2026	As at 31 March 2025
Trade payables		
Total outstanding dues of Micro Enterprises and Small Enterprises (Refer note 50)	282	183
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	2,381	2,859
	2,663	**3,042**

The Company's exposure to currency and liquidity risk related to trade payable is disclosed in Note 47.

Trade Payables ageing schedule as on 31 March 2026

Particulars	Not Due	<1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Micro Enterprises and Small Enterprises	190	92	-	-	-	282
(ii) Others	1,844	516	19	1	1	2,381
(iii) Disputed dues – Micro Enterprises and Small Enterprises	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
Total	**2,034**	**608**	**19**	**1**	**1**	**2,663**

Trade Payables ageing schedule as on 31 March 2025

Particulars	Not Due	<1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Micro Enterprises and Small Enterprises	139	43	1	0	-	183
(ii) Others	2,101	747	9	1	1	2,859
(iii) Disputed dues – Micro Enterprises and Small Enterprises	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
Total	**2,240**	**790**	**10**	**1**	**1**	**3,042**

Notes forming part of Standalone Financial Statements
For the year ended 31 March 2026

(Currency: Indian Rupees in million)

Note 29: Other financials liabilities

	As at 31 March 2026	As at 31 March 2025
Interest accrued but not due on borrowings	48	82
Payables for capital purchases		
Total outstanding dues of Micro Enterprises and Small Enterprises	84	60
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	131	96
Employee benefits payable		
- Related Party (Refer note 58)	23	-
- Others	151	208
Unpaid dividend (Refer note 51)	2	2
	439	**448**

Note 30: Other current liabilities

	As at 31 March 2026	As at 31 March 2025
Advances from customers (contract liabilities)	140	95
Statutory dues payable		
- Provident fund	18	18
- Tax deducted at source	7	38
- Goods and Services Tax	34	6
- Others	0	0
	199	**157**

Note 31: Current provisions

	As at 31 March 2026	As at 31 March 2025
Provision for gratuity (Refer note 45)	119	20
Provision for compensated absences (Refer note 45)	274	153
Other employee benefits provisions (Refer note 45)	0	-
	393	**173**

Note 32: Income tax liabilities (net)

	As at 31 March 2026	As at 31 March 2025
Provision for tax	13	127
	13	**127**

Notes forming part of Standalone Financial Statements

For the year ended 31 March 2026

(Currency: Indian Rupees in million)

Note 33: Revenue from Operations

		For the year ended 31 March 2026	For the year ended 31 March 2025
Sale of products		16,607	17,879
Sale of services		345	556
	(A)	**16,952**	**18,435**
Other operating revenues			
Export incentive		51	49
Compensation received from customer		71	71
Scrap sales		52	43
	(B)	**174**	**163**
Revenue from operations	(A+B)	**17,126**	**18,598**

Note 33.1: Disaggregation of revenue from contracts with customers

The Company derives revenue from sale of products from following major segments:

Particulars		For the year ended 31 March 2026	For the year ended 31 March 2025
1 Revenue from contacts with customers			
Sale of products (Transferred at point in time)			
India		5,571	6,964
Outside India		11,036	10,915
	(A)	**16,607**	**17,879**
Sale of services (transferred over period of time)			
Outside India		345	556
	(B)	**345**	**556**
2 Other operating revenues			
Export incentive		51	49
Compensation received from customer		71	71
Scrap Sales		52	43
	(C)	174	163
Total revenue (A + B + C)		**17,126**	**18,598**
Product lines			
Crop protection		6,916	6,917
Pharmaceuticals (refer note 71)		10,210	11,681
		17,126	**18,598**

There is no significant difference between transaction price and revenue recognised.

Contract Balances

Particulars	As at 31 March 2026	As at 31 March 2025
Trade Receivables	4,416	5,224
Contract Liabilities	659	688
Contract Assets	-	10

Trade Receivables are non interest bearing and are generally on term of 30-120 days.

Contract liabilities include long term advances which are received to deliver product on long term period.

Contract Assets represents unbilled revenue from ongoing development contracts.

Notes forming part of Standalone Financial Statements

For the year ended 31 March 2026

(Currency: Indian Rupees in million)

Note 34: Other income

	As at 31 March 2026	As at 31 March 2025
Dividend received on non-current investment	0	0
Interest income on		
Bank deposit	4	4
Other	7	2
Foreign exchange gain (net)	107	39
Profit on sale of investment	4	4
Profit on sale of property, plant and equipment (net)	0	1
Miscellaneous income	1	0
	123	**50**

Note 35: Cost of materials consumed

	For the year ended 31 March 2026	For the year ended 31 March 2025
Raw material consumed		
Opening stock	1,223	1,401
Add: Purchases	7,850	8,648
Less: Closing stock	1,087	1,223
	7,986	**8,826**

Note 36: Changes in inventories of finished goods and Work-in-progress

	For the year ended 31 March 2026	For the year ended 31 March 2025
Opening stock		
Finished goods	895	542
Work-in-progress	968	868
	1,863	**1,410**
Less: Closing stock		
Finished goods	1,314	895
Work-in-progress	918	968
	2,232	**1,863**
	(369)	**(453)**

Note 37: Employee benefits expense

	For the year ended 31 March 2026	For the year ended 31 March 2025
Salaries, wages and bonus	2,320	2,112
Contribution to provident and other funds	113	107
Gratuity expenses (Refer note 45)	42	24
Staff welfare expense	185	180
	2,660	**2,423**

Notes forming part of Standalone Financial Statements
For the year ended 31 March 2026

(Currency: Indian Rupees in million)

Note 38: Finance costs

	For the year ended 31 March 2026	For the year ended 31 March 2025
Interest on long term loans	393	521
Interest on short term loans	146	150
Interest on bills discounted	62	54
Other finance costs	2	2
Interest expenses on lease liabilities	3	2
Bank charges	15	23
	621	**752**

Note 39 : Depreciation and amortisation expenses

	For the year ended 31 March 2026	For the year ended 31 March 2025
Depreciation on property, plant and equipment	1,600	1,308
Amortisation on intangible assets	24	23
Depreciation on right of use assets	14	13
	1,638	**1,344**

Note 40: Other expenses

	For the year ended 31 March 2026	For the year ended 31 March 2025
Consumption of stores and spares	339	381
Contract labour charges	294	289
Power and fuel	1,698	1,681
Advertisement	1	1
Rent (Refer note 46)	23	16
Rates and taxes	14	17
Insurance	115	83
Repairs and maintenance		
- Plant and machinery	358	374
- Buildings	93	134
- Others	240	235
Printing and stationery	37	32
Legal and professional charges	461	379
Travelling and conveyance	67	73
Vehicle expenses	11	15
Postage, telephone and telegrams	12	12
Payment to auditors (Refer note 54)	9	9
Director's sitting fee/ Commission (Refer note 58)	8	15
Sales and distribution expenses	462	421
Commission on sales	20	22
Security service charges	60	57
Sundry balance written off	11	6
Service charges	-	2
Provision for doubtful debts/advances	94	30
Corporate Social Responsibility expenses (CSR) (Refer note 52)	22	29
Miscellaneous expenses	195	204
	4,644	**4,517**

Notes forming part of Standalone Financial Statements
For the year ended 31 March 2026

(Currency: Indian Rupees in million)

Note 41: Exceptional item

	For the year ended 31 March 2026	For the year ended 31 March 2025
Employee benefit expense (Refer note 61)	380	-
Impairment charge on property, plant and equipment (Refer note 65)	471	-
	851	**-**

42 Tax expense

(a) Amounts recognised in balance sheet

	As at 31 March 2026	As at 31 March 2025
Income tax assets	75	25

	As at 31 March 2026	As at 31 March 2025
Income tax liabilities	13	127

Note: The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off income tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

(b) Amounts recognised in statement of profit and loss

	For the year ended 31 March 2026	For the year ended 31 March 2025
Current tax		
Current tax	87	300
Adjustment of tax relating to earlier year*	(107)	-
	(20)	**300**
Deferred tax liability / (asset), net		
Origination and reversal of temporary differences	(275)	30
Deferred tax expense	**(275)**	**30**
Tax expense for the year	**(295)**	**330**

*Consequent to an order of the CIT(Appeals) received in April 2026, Current tax for the year ended 31 March 2026 consists of reversal of provision of ₹ 107 million which was created in an earlier year.

(c) Amounts recognised in other comprehensive income

	For the year ended 31 March 2026			For the year ended 31 March 2025		
	Before tax	Tax (expense)/ benefit	Net of tax	Before tax	Tax (expense)/ benefit	Net of tax
Items that will not be reclassified in the standalone statement of profit and loss						
Gain / (loss) on remeasurement of defined employee benefit plans	(32)	8	(24)	(19)	5	(14)
Gain / (loss) on change in fair values of investments in equity shares carried at fair value through OCI	0	0	0	0	0	0
	(32)	**8**	**(24)**	**(19)**	**5**	**(14)**

Notes forming part of Standalone Financial Statements

For the year ended 31 March 2026

(Currency: Indian Rupees in million)

(d) Reconciliation of effective tax rate

	For the year ended 31 March 2026	For the year ended 31 March 2025
Profit before tax after exceptional items	(782)	1,239
Tax using the Company's domestic tax rate (Current year 25.17% and 31 March 2025 : 25.17%)	(197)	312
Tax effect of:		
Adjustment of tax relating to earlier year	(107)	-
Non-deductible tax expenses	9	18
Tax expenses as per statement of profit and loss	**(295)**	**330**
Weighted Average Tax Rate	**38%**	**27%**

43 Deferred tax liabilities (net)

a) Recognised deferred assets and liabilities

	Deferred tax assets		Deferred tax liabilities		Net deferred tax asset/ (liabilities)	
	As at 31 March 2026	As at 31 March 2025	As at 31 March 2026	As at 31 March 2025	As at 31 March 2026	As at 31 March 2025
Property, plant and equipment	-	-	(404)	(511)	(404)	(511)
Inventories	61	49	-	-	61	49
Trade receivables	53	31	-	-	53	31
Loans and advance	24	23	-	-	24	23
Provisions	223	83	-	-	223	83
Net Deferred tax asset / (liabilities)	**361**	**186**	**(404)**	**(511)**	**(43)**	**(325)**

b) Movement in deferred tax balances

	Net balance As at 1 April 2025	Recognised in profit or loss	Recognised in OCI	As at 31 March 2026		
				Net	Deferred tax asset	Deferred tax liability
Deferred tax asset						
Property, plant and equipment	(511)	(107)	-	(404)	-	(404)
Inventories	49	(12)	-	61	61	-
Trade receivables	31	(22)	-	53	53	-
Loans and advances	23	(1)	-	24	24	-
Provisions	83	(133)	(8)	223	223	-
Net deferred tax assets / (liabilities)	**(325)**	**(275)**	**(8)**	**(43)**	**361**	**(404)**

c) Movement in deferred tax balances (previous year)

	Net balance As at 1 April 2024	Recognised in profit or loss	Recognised in OCI	As at 31 March 2025		
				Net	Deferred tax asset	Deferred tax liability
Deferred tax asset						
Property, plant and equipment	(472)	39	-	(511)	-	(511)
Inventories	45	(4)	-	49	49	-
Trade receivables	33	2	-	31	31	-
Loans and advances	13	(10)	-	23	23	-
Provisions	81	3	(5)	83	83	-
Net deferred tax assets / (liabilities)	**(300)**	**30**	**(5)**	**(325)**	**186**	**(511)**

Notes forming part of Standalone Financial Statements

For the year ended 31 March 2026

(Currency: Indian Rupees in million)

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off income tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Significant management judgement is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income and the period over which deferred income tax assets will be recovered.

44 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year, after considering adjustment for the effects of all dilutive potential equity shares.

		For the year ended 31 March 2026	For the year ended 31 March 2025
Profit attributable to equity shareholders (basic and diluted)			
Profit / (loss) for the year attributable to equity shareholders	(A)	(487)	909
Weighted average number of equity shares for basic and diluted earnings per share			
Number of equity shares at beginning of the year		12,33,00,750	12,33,00,750
Number of equity shares outstanding at the end of the year		**12,33,00,750**	**12,33,00,750**
Weighted average number of equity shares for the year	**(B)**	**12,33,00,750**	**12,33,00,750**
Basic and diluted earnings per share of face value of ₹ 2 each	**(A) / (B)**	**(3.95)**	**7.37**

45 Employee benefits

(i) Defined Contribution Plans

The Company makes contributions towards provident fund, superannuation fund and other retirement benefits to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits.

Contribution to defined contribution plans are charged off for the year as under:

	For the year ended 31 March 2026	For the year ended 31 March 2025
Employer's contribution to Provident Fund	112	106
Employer's Contribution to Others	1	1

(ii) Defined Benefit Plans

(1) Gratuity:

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service. The Company has obtained insurance policies with the Life Insurance Corporation of India (LIC) for eligible employees at Panoli plant and makes an annual contribution to LIC for amounts notified by LIC. The Company accounts for gratuity benefits payable in future based on an independent external actuarial valuation carried out at the end of the year using the projected unit credit method. Actuarial gains and losses are recognised as Other Comprehensive Income or Loss.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's standalone financial statements as at balance sheet date:

Notes forming part of Standalone Financial Statements

For the year ended 31 March 2026

(Currency: Indian Rupees in million)

A. Reconciliation of the net defined benefit (asset)/ liability

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit (asset) liability and its components

	As at 31 March 2026	As at 31 March 2025
Reconciliation of present value of defined benefit obligation		
Balance at the beginning of the year	187	182
Current service cost	24	12
Past service cost	293	-
Interest cost (income)	19	13
Benefits paid	(26)	(38)
Actuarial losses/ (gains) recognised in other comprehensive income	-	-
- financial assumptions	(36)	4
- demographic assumption	-	-
- experience adjustments	69	14
Balance at the end of the year	**530**	**187**
Reconciliation of present value of plan assets		
Balance at the beginning of the year	11	12
Transfer In / (Out) Plan Assets	-	-
Interest income	1	1
Return on plan assets, excluding amount included in interest (expense)/ income	1	(1)
Benefits paid	(4)	(1)
Balance at the end of the year	**9**	**11**
Net defined benefit (asset)/ liability	**521**	**176**

B. Plan assets

Plan assets comprise the following

	As at 31 March 2026	As at 31 March 2025
Investment		
Policy of insurance	100%	100%
Bank Special Deposit	0%	0%
Investment in other securities	0%	0%
Corporate Bonds	0%	0%
State Government Bonds	0%	0%
	100%	**100%**

C. The components of defined benefit plan expense are as follows:

	For the year ended 31 March 2026	For the year ended 31 March 2025
Recognised in income statement		
Current service cost	24	12
Past Service cost (refer note 41)	293	-
Interest cost (net)	18	12
Total	**335**	**24**
Recognised in Other Comprehensive Income		
Remeasurement of net defined benefit liability/(asset)	33	18
Return on plan assets, excluding interest income	(1)	1
Total	**32**	**19**

Notes forming part of Standalone Financial Statements

For the year ended 31 March 2026

(Currency: Indian Rupees in million)

D. Defined benefit obligations

i. Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	For the year ended 31 March 2026	For the year ended 31 March 2025
Expected return on plan assets	7.73%	6.70%
Discount rate	7.73%	6.70%
Salary escalation rate	6.00%	6.00%
Attrition rate	2.00%	2.00%
Mortality rate table	Indian assured lives mortality (2012-14)	

ii. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	For the year ended 31 March 2026		For the year ended 31 March 2025	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(30)	35	(174)	203
Rate of salary increase (1% movement)	35	(31)	(200)	176
Rate of employee turnover (1% movement)	3	(4)	(188)	187

The above sensitivity analyses have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the reporting date. In practice, generally it does not occur. When we change one variable, it affects to others. In calculating the sensitivity, project unit credit method at the end of the reporting period has been applied.

	31 March 2026	31 March 2025
Expected employer's contribution to defined benefit plan for the next year	119	20

Maturity profile of the defined benefit obligation

Particulars	Up to 1 year	Between 1-2 years	Between 2-5 years	Between 6-10 years	Total
31 March 2026					
Defined benefit obligations (Gratuity)	116	29	120	257	522
Total	**116**	**29**	**120**	**257**	**522**
31 March 2025					
Defined benefit obligations (Gratuity)	21	20	58	78	177
Total	**21**	**20**	**58**	**78**	**177**

Notes forming part of Standalone Financial Statements

For the year ended 31 March 2026

(Currency: Indian Rupees in million)

(ii) Defined Benefit Plans

(2) Pension Plan

The Company operates a pension scheme aimed at rewarding long-term service and providing post-retirement financial stability to eligible employees. The scheme is applicable to permanent employees who meet specified eligibility criteria and retire from service. Eligibility for pension benefits requires a minimum of 7 years of continuous service in specified senior roles (Management Committee cadre or Company Secretary) at the time of retirement. Benefits are available upon retirement through superannuation or approved voluntary retirement schemes and are calculated based on the last drawn basic salary. The amount and payout of pension benefits are determined based on the tenure of service.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the pension plan and the amounts recognised in the Company's standalone financial statements as at balance sheet date:

A. Reconciliation of the net defined benefit (asset)/ liability

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit (asset) liability and its components

	As at 31 March 2026	As at 31 March 2025
Reconciliation of present value of defined benefit obligation		
Balance at the beginning of the year	-	N.A.
Current service cost	-	N.A.
Past service cost	92	N.A.
Interest cost (income)	-	N.A.
Benefits paid	-	N.A.
Actuarial losses/ (gains) recognised in other comprehensive income	-	N.A.
- financial assumptions	-	N.A.
- demographic assumption	-	N.A.
- experience adjustments	-	N.A.
Balance at the end of the year	**92**	**N.A.**
Reconciliation of present value of plan assets		
Balance at the beginning of the year	-	N.A.
Transfer In / (Out) Plan Assets	-	N.A.
Interest income	-	N.A.
Return on plan assets, excluding amount included in interest (expense)/ income	-	N.A.
Benefits paid	-	N.A.
Balance at the end of the year	**-**	**N.A.**
Net defined benefit (asset)/ liability	**92**	**N.A.**

B. The components of defined benefit plan expense are as follows:

	As at 31 March 2026	As at 31 March 2025
Recognised in income statement		
Current service cost	-	N.A.
Past Service cost	92	N.A.
Interest cost (net)	-	N.A.
Total	**92**	**N.A.**
Recognised in Other Comprehensive Income		
Remeasurement of net defined benefit liability/(asset)	-	N.A.
Return on plan assets, excluding interest income	-	N.A.
Total	**-**	**N.A.**

Notes forming part of Standalone Financial Statements

For the year ended 31 March 2026

(Currency: Indian Rupees in million)

C. Defined benefit obligations

i. Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	For the year ended 31 March 2026	For the year ended 31 March 2025
Expected return on plan assets	N.A.	N.A.
Discount rate	7.73%	N.A.
Salary escalation rate	4.00%	N.A.
Average expected future term	17 years	N.A.
Attrition rate	2.00%	N.A.
Mortality Rate During Employment	Indian assured lives mortality (2012-14) (Urban)	
Mortality Rate After Employment	Indian Individual AMT(2012-15)	

ii. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	For the year ended 31 March 2026		For the year ended 31 March 2025	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(7)	8	N.A.	N.A.
Rate of salary increase (1% movement)	5	(4)	N.A.	N.A.

The above sensitivity analyses have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the reporting date. In practice, generally it does not occur. When we change one variable, it affects to others. In calculating the sensitivity, project unit credit method at the end of the reporting period has been applied.

Maturity profile of the defined benefit obligation

Particulars	Up to 1 year	Between 1-2 years	Between 2-5 years	Between 6-10 years	11 years and above	Total
31 March 2026						
Defined benefit obligations (Pension)	0	1	38	60	116	215
Total	**0**	**1**	**38**	**60**	**116**	**215**
31 March 2025						
Defined benefit obligations (Pension)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Total	**N.A.**	**N.A.**	**N.A.**	**N.A.**	**N.A.**	**N.A.**

Notes forming part of Standalone Financial Statements

For the year ended 31 March 2026

(Currency: Indian Rupees in million)

Other employee benefit plans

a. Compensated absences:

The obligation for leave encashment is recognised in the same manner as gratuity. The Company's liability on account of compensated absences is not funded and hence the disclosures relating to the planned assets are not applicable. Amount of ₹ 83 million (31 March 2025: ₹ 53 million) towards compensated absences is recognised as an expense and included in "Employee benefits expense" in the Statement of profit and loss during the year.

b. Medical benefit plan:

The Company operates a medical benefit plan for employees who are eligible for pension. In the event of employee's death, the dependent / legal heir only the surviving wife/husband would be eligible to receive medical insurance. The benefit would continue until pension period eligible criteria are met. The benefit will be available based on the service period rendered by the employee. Based on an actuarial valuation, an amount of ₹ 2 million (31 March 2025: ₹ Nil) towards medical benefits is recognised as an expense and included in "Employee benefits expense" in the Statement of profit and loss during the year.

c. Long Term Incentive Plan (LTIP)

The Long-Term Incentive Plan is annually granted along with the performance cycle at the end of the financial year and determined on the individual performance rating criteria. The benefit will be available based on the service period rendered by the employee. Based on an actuarial valuation, an amount of ₹ 5 million (31 March 2025: ₹ 32 million) towards long term incentives is recognised as an expense and included in "Employee benefits expense" in the Statement of profit and loss during the year.

d. Hikal's Emerging Stars Scheme (HESS)

The Company has introduced the Hikal Emerging Stars Scheme (HESS), a tenure-based retention and performance incentive program for eligible employees in specified grades and locations. Based on an actuarial valuation, an amount of ₹ 6 million (31 March 2025: ₹ Nil) towards Hikal Emerging Stars Scheme benefit is recognised as an expense and included in "Employee benefits expense" in the Statement of profit and loss during the year.

46 Leases:

The Company has a lease contract for building used in its operations. The Lease term is 9 years. The company has leasehold land for a period of up to 99 years The Company has also taken office equipments on lease for period ranging from 4 to 5 years. The Company's obligations under its lease is secured by the lessor's title to the leased asset.

The Company also has certain leases of machinery/premises with lease terms of 12 months or less and leases of office equipment with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below is the carrying amount of right-of-use assets recognised and the movements during the period:

Particulars	Leasehold land	Buildings	Office Equipments
As at 1 April 2024	619	27	-
Additions	-	-	-
Depreciation expense	(9)	(4)	-
As at 31 March 2025	610	23	-
Additions	-	-	9
Depreciation expense	(9)	(4)	(1)
As at 31 March 2026	601	19	8

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the Statement of Profit and Loss.

Notes forming part of Standalone Financial Statements

For the year ended 31 March 2026

(Currency: Indian Rupees in million)

Set out below is the carrying amount of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

	As at 31 March 2026	As at 31 March 2025
As at 1 April	26	28
Additions	9	-
Accretion of interest	3	2
Payments	(6)	(4)
As at 31 March	**32**	**26**
Current	5	2
Non current	27	24

For Rental expense recorded for short-term leases, refer note 40

The effective interest rate for lease liabilities is 8.82%, with maturity between 2026-2031.

	As at 31 March 2026	As at 31 March 2025
Depreciation expense of right-of-use assets	14	13
Interest expense on lease liabilities	3	2
Total amount recognised in Profit and Loss	**17**	**15**

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

The details of the contractual maturities of lease liabilities as at March 31, 2026 and March 31, 2025 on an undiscounted basis are as follows:

	As at 31 March 2026	As at 31 March 2025
Payable within one year	7	5
Payable between one year and five years	29	21
Payable after more than five years	4	9

47 Financial instruments – Fair values and risk management

A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. There are no financial assets or financial liabilities not measured at fair value, whose carrying amount is not a reasonable approximation of fair value.

31 March 2026	Carrying amount		Fair value			
	FVTOCI	Total	Level 1	Level 2	Level 3	Total
Financial assets						
Investment	95	95	0	-	95	95
	95	**95**	**0**	**-**	**95**	**95**

31 March 2025	Carrying amount		Fair value			
	FVTOCI	Total	Level 1	Level 2	Level 3	Total
Financial assets						
Investment	95	95	0	-	95	95
	95	**95**	**0**	**-**	**95**	**95**

Notes forming part of Standalone Financial Statements

For the year ended 31 March 2026

(Currency: Indian Rupees in million)

B. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Credit risk ;
- Liquidity risk ; and
- Market risk

i. Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

ii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

The carrying amount of following financial assets represents the maximum credit exposure:

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables.

The maximum exposure to credit risk for trade receivables by geographic region was as follows.

	Carrying amount	
	As at 31 March 2026	As At 31 March 2025
India	1,283	2,437
Other regions	3,345	2,910
	4,628	**5,347**

Notes forming part of Standalone Financial Statements

For the year ended 31 March 2026

(Currency: Indian Rupees in million)

Impairment

The following table provides information about the exposure to credit risk and expected credit loss for trade receivables:

	As at 31 March 2026		
	Carrying Amount	Weighted Average Loss Rate	Loss Allowance
Not due	3,611	0.58%	21
Past due 0-90 days	589	2.55%	15
Past due 91-180 days	40	17.50%	7
Past due 181-365 days	291	30.24%	88
Past due366-730 days	34	52.94%	18
Past due731-1096 days	3	100.00%	3
More than 1096 days	60	100.00%	60
	4,628		**212**

	As at 31 March 2025		
	Carrying Amount	Weighted Average Loss Rate	Loss Allowance
Not due	4,234	0.48%	20
Past due 0-90 days	885	1.68%	15
Past due 91-180 days	105	10.46%	11
Past due 181-365 days	40	6.39%	3
Past due366-730 days	12	36.89%	4
Past due731-1096 days	9	97.18%	8
More than 1096 days	62	100.00%	62
	5,347		**123**

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows.

Particulars	Amount
Balance as at 31 March 2025	**123**
Additional provision	89
Impairment loss recognised / (reversal)	-
Balance as at 31 March 2026	**212**

Cash and cash equivalents

The Company held cash and cash equivalents (including bank deposits) of ₹ 142 million at 31 March 2026 (31 March 2025: ₹ 187 million). The cash and cash equivalents (including bank deposits) are held with banks with good credit ratings and financial institution counterparties with good market standing.

Other than trade receivables, the Company has no other significant financial assets that are past due but not impaired.

Notes forming part of Standalone Financial Statements

For the year ended 31 March 2026

(Currency: Indian Rupees in million)

iii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted.

As at 31 March 2026	Carrying amount	Total	Contractual cash flows		
			Upto 1 year	1-5 years	More than 5 years
Non-derivative financial liabilities					
Borrowings and lease liabilities - Non current	3,758	3,758	-	3,341	417
Borrowings and lease liabilities - current	3,080	3,080	3,080	-	-
Other financial liabilities - current	439	439	439	-	-
Trade payables	2,663	2,663	2,663	-	-
	9,940	**9,940**	**6,182**	**3,341**	**417**

As at 31 March 2025	Carrying amount	Total	Contractual cash flows		
			Upto 1 year	1-5 years	More than 5 years
Non-derivative financial liabilities					
Borrowings and lease liabilities - Non current	3,696	3,696	-	3,648	48
Borrowings and lease liabilities - current	3,951	3,951	3,951	-	-
Other financial liabilities - current	448	448	448	-	-
Trade payables	3,042	3,042	3,042	-	-
	11,137	**11,137**	**7,441**	**3,648**	**48**

The gross outflows disclosed in the above table represent the contractual undiscounted cash flows relating to financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity.

iv Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. We are exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of our investments. Thus, our exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs.

Notes forming part of Standalone Financial Statements

For the year ended 31 March 2026

(Currency: Indian Rupees in million)

v Currency risk

The Company is exposed to currency risk on account of its operating and financing activities. The functional currency of the Company is Indian Rupee.

Exposure to currency risk

The major currency profile of financial assets and financial liabilities as at 31 March 2026 and 31 March 2025 are as below:

	As At 31 March 2026			
	USD	EUR	JPY	SGD
Financial assets	2,656	263	-	-
Financial liabilities	857	153	4	-
Net Exposure	**1,799**	**110**	**(4)**	**-**

	As At 31 March 2025			
	USD	EUR	CHF	SGD
Financial assets	2,648	271	0	0
Financial liabilities	1,120	128	3	0
Net Exposure	**1,528**	**143**	**(3)**	**-**

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against USD, Euros, Swiz Franc, Japanese Yen and Singapore Dollar at 31 March would have affected the measurement of financial instruments denominated in these currencies and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Effect in INR	Profit or loss before tax		Equity net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2026				
USD (3% movement)	54	(54)	40	(40)
EUR (3% movement)	3	(3)	2	(2)
JPY (3% movement)	(0)	0	(0)	0
	57	**(57)**	**43**	**(43)**

Effect in INR	Profit or loss before tax		Equity net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2025				
USD (3% movement)	46	(46)	34	(34)
EUR (3% movement)	4	(4)	3	(3)
CHF (3% movement)	(0)	0	(0)	0
	50	**(50)**	**37**	**(37)**

Notes forming part of Standalone Financial Statements

For the year ended 31 March 2026

(Currency: Indian Rupees in million)

v. Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

Exposure to interest rate risk

Company's interest rate risk arises from borrowings. Borrowings issued at fixed and variable rates exposes to fair value interest rate risk. The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows:

	Amount	
	As at 31 March 2026	As at 31 March 2025
Fixed-rate instruments		
Financial assets	51	65
Financial liabilities	(1,785)	(2,633)
	(1,734)	**(2,568)**
Variable-rate instruments		
Financial assets	-	-
Financial liabilities	(5,021)	(4,987)
	(5,021)	**(4,987)**

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through statement of profit and loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

48 Capital Management

As at 31 March 2026, the Company has only one class of equity shares. In order to maintain or achieve an optimal capital structure, the Company allocates its capital for distribution as dividend or re-investment into business based on its long term financial plans.

For the purpose of the Company's capital management, capital includes issued capital and other equity reserves. The primary objective of the Company's capital management is to safeguard its ability to continue as going concern and to maintain and optimal capital structure so as to maximise shareholders value. The Company manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt and adjusted net debt to equity ratio. For this purpose, adjusted net debt is defined as total debt less cash and bank balances.

	As at 31 March 2026	As at 31 March 2025
Non-current borrowings (refer note 21)	3,731	3,672
Current borrowings (refer note 26)	3,075	3,949
Gross debt	**6,806**	**7,621**
Less - Cash and cash equivalents (refer note 14)	96	129
Less - Other current bank deposits (refer note 15)	42	50
Adjusted net debt (A)	**6,668**	**7,441**
Total equity (B)	**11,990**	**12,622**
Adjusted net debt to equity ratio	0.56	0.59
Total capital (A)+(B)	**18,658**	**20,063**
Gearing ratio *	36%	37%

*The Company's ideal gearing ratio is 35% to 40%.

Notes forming part of Standalone Financial Statements

For the year ended 31 March 2026

(Currency: Indian Rupees in million)

49 Contingent liabilities and commitments *(to the extent not provided for)*

A. Contingent liabilities

(i) Direct and Indirect taxes

	As at 31 March 2026	As at 31 March 2025
Income Taxes*	514	395
Excise Duty**	40	40
Cental Sales Tax (CST)***	3	3
Value Added Tax (VAT)****	11	11
Goods and Service Tax (GST)*****	73	73

*The above excludes interest and penalty, if any and includes ₹ 195 million for which favourable orders were received by the Company from the Commissioner of Income Tax (Appeals), where the statutory period for filing a further appeal has not yet expired.

**which includes interest and penalty.

***In addition to above for certain matters interest of ₹ 6 million was levied during the assessment.

****In addition to above penalty and interest of ₹ 11 million was levied during the assessment.

*****In addition to above penalty of ₹ 7 million was levied.

(ii) There are no material developments during the year in the matter relating to the alleged improper disposal of by-products and alleged non-compliance with certain environmental laws and regulations by the Company in January 2022, for which statutory authorities have conducted investigations. The matter is currently pending before the Hon'ble Supreme Court of India ('SC') which stayed the order passed by the National Green Tribunal (NGT), Principal Bench, New Delhi which had accepted the joint committee's reports, including recovery of compensation of ₹ 175 million from the Company for aforesaid non-compliance. The SC has also stayed Gujarat Pollution Control Board's direction to the Company for payment thereof, upon the Company having deposited ₹ 50 million (of which provision of ₹ 10 million is created in an earlier year) with the SC.

Based on the advice of external legal counsel, the Company believes it has a good case on merits in these matters, and the Company is taking necessary steps, including legal measures, to defend itself. Accordingly, no further provision is required in the standalone financial statements in this respect.

(iii) On 12 July 2023, Karnataka Pollution Control Board (KPCB) served a demand notice for ₹ 83 millions as Environmental Compensation however notice does not give details of instance of grounds / non-compliances. Aggrieved by this, Company has approached Hon'ble Karnataka High Court. Based on the advice of external legal counsel, the Company believes it has a good case on merits in this matter and accordingly, no provision is required in the financial statement in this regard.

(iv) The Company is subject to legal proceedings, claims and GST audit, which have arisen in the ordinary course of business. The Company has reviewed all its pending litigations and other matters and has adequately provided for where provisions are required and disclosed as contingent liability, where applicable in its financial statements. The Company's management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect of the Company's results of operations or financial condition.

B. Commitments

	As at 31 March 2026	As at 31 March 2025
Estimated amount of contracts remaining to be executed on capital account and not provided for tangible assets (net of advances)	661	469
Other non cancellable material commitment	2,143	2,267

Notes forming part of Standalone Financial Statements

For the year ended 31 March 2026

(Currency: Indian Rupees in million)

50 Dues to micro and small suppliers

	As at 31 March 2026	As at 31 March 2025
1. The amounts remaining unpaid to micro and small suppliers as at the end of the year		
- Principal	282	183
- Interest on the above	-	-
2. The amount of interest paid by the buyer as per the Micro Small and Medium Enterprises Development Act, 2006	-	-
3. The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year	-	-
4. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-
5. The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
6. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006	-	-

51 Dues relating to Investor Education and Protection fund

During the year the Company has transferred ₹ 0 million (31 March 2025 : ₹ 0 million) to Investor Education and Protection fund. There are no other dues which need to be credited as at the year end to the Investor Education and Protection fund.

52 Corporate social responsibility

As per Section 135 of the Act, a CSR committee has been formed by the Company. The funds are utilised during the year on the activities which are specified in Schedule VII of the Act. The utilisation is done by way of direct and indirect contribution towards various activities.

Gross amount required to be spent by the Company during the year: ₹ 22 million (31 March 2025: ₹28 million)

The areas of CSR activities and contributions made thereto are as follows:

Amount spent during the year on ;	For the year ended 31 March 2026	For the year ended 31 March 2025
Protection of national heritage	10	10
Promotion of education	7	8
Environmental sustainability	3	3
Promoting preventive health care and sanitation and making available safe water	2	8
Others	0	0
Total	**22**	**29**

The Company does not carry any provisions for corporate social responsibility expenses for the current year and the previous year.

Amount of Expenditure incurred on Corporate Social Responsibility

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
(a) Amount required to be spent by the company during the year	22	28
(b) Amount of expenditure incurred	22	29
(c) Excess / (shortfall) at the end of the year	0	1
(d) Total of previous years shortfall	-	-
(e) Reason for shortfall	NA	NA
(f) Nature of CSR activities	As per above table	As per above table
(g) Details of related party transactions, contribution to an entity (in which certain directors of Company are directors) in relation to CSR expenditure (refer note 58)	8	8
(h) Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year should be shown separately	-	-

Notes forming part of Standalone Financial Statements

For the year ended 31 March 2026

(Currency: Indian Rupees in million)

53 Research and development expenditure :

A unit of the Company has been recognized by DSIR as in-house Research and Development unit.

Amount in respect to	For the year ended 31 March 2026	For the year ended 31 March 2025
Capital expenditure	98	47
Revenue expenditure	946	775
	1,044	**822**

Aforesaid number are not net off revenue in this regard

54 Payment to Auditors' (excluding goods and services tax)

	For the year ended 31 March 2026	For the year ended 31 March 2025
- Audit fees	6	6
- Limited review of quarterly results	3	3
- Certification and other matters	0	-
- Out-of-pocket expenses	0	0
Total	**9**	**9**

55 Disclosure under Section 186 of the Companies Act, 2013

a) Details of investment made during the year ended 31 March 2026 as per section 186 (4) of the Act:

Name of entity	As at 31 March 2025	Investment	Change due to fair valuation	As at 31 March 2026	Maximum amount outstanding during the year
Narmada Clean Tech	5	-	-	5	5
Panoli Enviro Technology Limited	0	-	-	0	0
Union Bank of India	0	-	-	0	0
Acoris Research Limited	0	-	-	0	0
Radiance MH Sunrise Two Private Limited	13	-	-	13	13
Radiance MH Sunrise Four Private Limited	34	-	-	34	34
MMA CETP Co-operative society Limited	2	-	-	2	2
FPEL Ujjwal Private Limited	41	-	-	41	41

Also refer note no 7 for investments.

Notes forming part of Standalone Financial Statements

For the year ended 31 March 2026

(Currency: Indian Rupees in million)

56 Capitalisation of expenditure

During the year, the Company has capitalised the following expenses of revenue nature to the cost of property, plant and equipment (tangible fixed assets)/capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalised by the Company.

	For the year ended 31 March 2026	For the year ended 31 March 2025
Employee benefit expenses	8	22
Power & fuel	-	0
Consultancy Charges	9	1
Material Consumption - net of amount recovered	(36)	(62)
Total	**(19)**	**(39)**

57 Segment information

For management purposes, the Company is organised into business units based on its products and services and has two reportable segments, as follows:

Pharmaceuticals: Segment produces in Active Pharmaceutical Ingredients

Crop protection: Segment manufactures in pesticides, herbicides.

The Chief Operating Decision Maker ("CODM") evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by operating segments. The CODM reviews revenue and profit as the performance indicator for all of the operating segments and review the total assets and liabilities of an operating segment.

Based on above, following are reportable segments as per Ind AS 108

Primary Segment (Operating Segment): Based on product lines of Company	Secondary Segment (Geographical Segment) Based on geographical area of operation
Pharmaceuticals	India and Outside India
Crop Protection	

Segment wise classification :-

A i) Primary segment reporting (by business segment)

The Company's business segments based on product lines are as under:

- **Pharmaceuticals**

  Segment produces/trades in Active Pharmaceutical Ingredients

- **Crop Protection**

  Segment produces/trades in pesticides and herbicides

ii) Segment revenues, results and other information

Particulars	Crop Protection	Pharmaceuticals	Total of Reportable Segment
External sales	**6,916**	**10,210**	**17,126**
	6,917	*11,681*	*18,598*
Other income	**-**	**-**	**-**
	-	*-*	*-*
Segment revenue	**6,916**	**10,210**	**17,126**
	6,917	*11,681*	*18,598*
Cost of Goods Sold	**3,334**	**4,283**	**7,617**
	3,209	*5,164*	*8,373*

Notes forming part of Standalone Financial Statements

For the year ended 31 March 2026

(Currency: Indian Rupees in million)

Particulars	Crop Protection	Pharmaceuticals	Total of Reportable Segment
Personnel Cost	**857**	**1,729**	**2,586**
	823	*1,505*	*2,328*
Other Expense	**1,483**	**2,981**	**4,464**
	1,610	*2,797*	*4,407*
Depreciation/Amortisation	**728**	**889**	**1,617**
	483	*841*	*1,324*
Segment results	**514**	**328**	**842**
	792	*1,374*	*2,166*
Segment assets	**8,305**	**14,796**	**23,101**
	9,349	*15,393*	*24,742*
Segment liabilities	**1,475**	**2,818**	**4,293**
	1,262	*2,846*	*4,108*
Capital expenditure (included in segment assets)	**300**	**1,211**	**1,511**
	378	*957*	*1,335*

Figures in italics pertain to previous year

iii) Reconciliation of reportable segments with the financial statements

	Revenues	Results / Net Profits	Assets	Liabilities	Capital Expenditure	Depreciation/ Amortisation
Total of reportable segments	**17,126**	**842**	**23,101**	**4,293**	**1,511**	**1,617**
	18,598	*2,166*	*24,742*	*4,108*	*1,335*	*1,324*
Corporate / Unallocated segment	**-**	**152**	**553**	**7,371**	**6**	**21**
	-	*175*	*549*	*8,561*	*25*	*20*
Finance cost	**-**	**621**	**-**	**-**	**-**	**-**
	-	*752*	*-*	*-*	*-*	*-*
Exceptional Item employee benefit expense - unallocable	**-**	**380**	**-**	**-**	**-**	**-**
	-	*-*	*-*	*-*	*-*	*-*
Exceptional Item impairment charge - Crop Protection	**-**	**471**	**-**	**-**	**-**	**-**
	-	*-*	*-*	*-*	*-*	*-*
Taxes	**-**	**(295)**	**-**	**-**	**-**	**-**
	-	*330*	*-*	*-*	*-*	*-*
As per financial statement	**17,126**	**(487)**	**23,654**	**11,664**	**1,517**	**1,638**
	18,598	*909*	*25,291*	*12,669*	*1,360*	*1,344*

Figures in italics pertain to previous year

B Secondary segment reporting (by geographical segment)

Particulars	India	USA and Canada	Europe	South East Asia	Others	Total
Revenue	**5,674**	**2,302**	**6,274**	**2,352**	**524**	**17,126**
	7,041	*2,506*	*5,300*	*2,990*	*761*	*18,598*
Total assets	**23,654**	**-**	**-**	**-**	**-**	**23,654**
	25,291	*-*	*-*	*-*	*-*	*25,291*
Capital expenditure	**1,517**	**-**	**-**	**-**	**-**	**1,517**
	1,360	*-*	*-*	*-*	*-*	*1,360*

There is a customer which account for revenue of ₹ Nil (31 March 2025 ₹ 1,881 million) in Crop protection segment other than these there are no transactions with single external customer which amounts to 10% or more of the Company's revenue.

Figures in italics pertain to previous year

Notes forming part of Standalone Financial Statements

For the year ended 31 March 2026

(Currency: Indian Rupees in million)

58 Related party disclosures

The note provides the information about the Company's structure including the details of the subsidiaries and the holding company. The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

i) List of Related parties

Subsidiaries

Name of the related party	Relationship	Country of incorporation	Ownership interest	
			31 March 2026	31 March 2025
Acoris Research Limited ("ARL")	Subsidiary	India	100%	100%
Hikal LLC	Subsidiary	USA	100%	100%

Other related parties

Relationship	Name of the related party
a) Company/ enterprises exercising significant influence through voting power ('significant shareholder')	Kalyani Investment Company Limited ("KICL")
b) Key Management Personnel (KMP)	Jai Hiremath (Executive Chairman)
	Sameer Hiremath (Vice Chairman and Managing Director)
	Kuldeep Jain (Chief Financial Officer)
	Rajasekhar Reddy (Company Secretary)
c) Enterprises owned or controlled or significantly influenced by key management personnel or their relatives	Decent Electronics Private Limited ("DEPL") (upto 15th April 2025)
	Karad Engineering Consultancy Private Limited ("KECPL") (upto 15th April 2025)
	Ekdant Investments Private Limited ("EIPL") (upto 15th April 2025)
	Shri Rameswara Investment Private Limited ("SRIPL") (upto 3rd December 2025)
	Shri Badrinath Investment Private Limited ("SBIPL") (upto 3rd December 2025)
	Rushabh Capital Services Private Limited ("RCSPL")
	BF Investment Limited
	Castilia Life Sciences LLP (formely Castilia Life Sciences Pvt Ltd) (w.e.f. 3rd Decemeber 2025)
	Sumer Trust
	Rhea Trust
	Nihal Trust
	Anika Trust
	Pooja Trust
	Anish Trust
	Pallavi Trust
	Sameer Trust
	Zirad Art Foundation
d) Relatives of Key Management Personnel	Anish Swadi
	Pallavi Swadi
	Pooja Hiremath
	Ashok Vishwanath Hiremath
	Sumer Hiremath

Notes forming part of Standalone Financial Statements

For the year ended 31 March 2026

(Currency: Indian Rupees in million)

Relationship	Name of the related party
e) Non-executive directors	Amit Kalyani
	Sugandha Hiremath
	Shivani Bhasin Sachdeva
	Shrikrishna Adivadekar
	Berjis Desai (upto 1st October 2025)
	Ramachandra Kaundinya Vinnakota
	Ravi Kapoor
	Ranjana Salgaocar
	Sarangan Suresh (w.e.f. 1 April 2024)

ii) Details of transactions with related parties and balances outstanding

Particulars	Transaction value		Balances outstanding	
	Year ended 31 March 2026	Year ended 31 March 2025	31 March 2026	31 March 2025
Remuneration				
Jai Hiremath (net of recoveries of ₹ 23 million)	13	64	13	-
Sameer Hiremath (net of recoveries of ₹ 17 milions)	13	49	10	-
Anish Swadi	41	35	-	-
Sarangan Suresh	6	5	-	-
Kuldeep Jain	18	16	-	-
Rajasekhar Reddy	15	12	-	-
Commission paid				
Jai Hiremath	-	2	-	2
Sameer Hiremath	-	11	-	11
Sitting fees				
Sugandha Hiremath	1	1	-	-
Amit Kalyani	0	0	-	-
Shrikrishna Adivadekar	1	1	-	-
Shivani Bhasin Sachdeva	1	1	-	-
Berjis Desai	0	1	-	-
Ramachandra Kaundinya Vinnakota	2	1	0	-
Ravi Kapoor	2	1	0	-
Ranjana Salgaocar	1	1	-	-
Commission to Non-executive directors				
Sugandha Hiremath	-	1	-	1
Amit Kalyani	-	1	-	1
Shrikrishna Adivadekar	-	1	-	1
Shivani Bhasin Sachdeva	-	1	-	1
Berjis Desai	-	1	-	1
Ramachandra Kaundinya Vinnakota	-	1	-	1
Ravi Kapoor	-	1	-	1
Ranjana Salgaocar	-	1	-	1
Dividend paid				
SBIPL	16	24	-	-
SRIPL	8	12	-	-
DEPL	-	0	-	-
EIPL	-	0	-	-
KECPL	-	0	-	-
KICL	39	46	-	-
CLSL	6	-	-	-

Notes forming part of Standalone Financial Statements

For the year ended 31 March 2026

(Currency: Indian Rupees in million)

Particulars	Transaction value		Balances outstanding	
	Year ended 31 March 2026	Year ended 31 March 2025	31 March 2026	31 March 2025
Sugandha Hiremath	10	12	-	-
Jai Hiremath	1	2	-	-
Sameer Hiremath	0	0	-	-
Anish Swadi	0	0	-	-
Pallavi Swadi	1	0	-	-
Pooja Hiremath	0	0	-	-
BF Investment Limited	3	4	-	-
Sumer Trust	0	0	-	-
Rhea Trust	0	0	-	-
Nihal Trust	0	0	-	-
Anika Trust	0	0	-	-
Pooja Trust	0	0	-	-
Anish Trust	0	0	-	-
Pallavi Trust	-	0	-	-
Sameer Trust	0	0	-	-
Kuldeep Jain	0	0	-	-
Rajasekhar Reddy	0	0	-	-
Ashok Hiremath	0	0	-	-
Ravi Kapoor	0	0	-	-
Sarangan Suresh	0	0	-	-
Lease rent paid				
RCSPL	1	1	-	-
Sugandha Hiremath	2	2	-	-
Jai Hiremath	0	0	-	-
Security Deposit				
RCSPL	-	-	1	1
Sugandha Hiremath	-	-	50	50
Jai Hiremath	-	-	20	20
Advances Given				
Kuldeep Jain	-	-	-	1
Advances Given Repaid				
Kuldeep Jain	1	1	-	-
Interest received on advances				
Kuldeep Jain	0	-	-	-
Corporate Social Responsibility *				
Zirad Art Foundation	8	8	-	-
Sales Promotion Expenses				
Hikal LLC	118	75	10	8
Reimbursement of Expenses				
Acoris Research Limited	0	0	0	0

Terms and conditions of transactions with related parties

1. All related party transactions entered during the year were in ordinary course of business and are on arms length basis. Payments terms are generally less than 90 days from due date.
2. Outstanding balances at year end are unsecured and settlement occurs in cash.
3. The remuneration of executive directors is determined by the nomination and remuneration committee.
4. As the liabilities for gratuity, leave encashment, pension and other employee benefit provisions are provided on acturial basis for the Company as a whole, the amounts pertaining to the KMP are not included in the disclosure relating to their remuneration.

* Refer note 52 for CSR related activity expenditure.

Notes forming part of Standalone Financial Statements

For the year ended 31 March 2026

(Currency: Indian Rupees in million)

59 Key Ratios

Sr. No.	Particulars	Numerator	Denominator	31-Mar-26	31-Mar-25	Variance (in %)	Reason for variance (if variance is more than 25%)
1	Current Ratio	Current Assets	Current Liabilities	1.30	1.26	3%	
2	Net Debt-Equity Ratio	Total Borrowing (net of cash and cash equivalents)	Equity	0.56	0.59	5%	
3	Debt Service Coverage Ratio	EBIT (before exceptional items)	Total Debt Service	0.80	1.45	45%	Decrease in EBIT on account of decrease in revenue in current year 2025-26 (refer note 71) compared to previous year 2024-25.
		EBIT (after exceptional items)	Total Debt Service	0.36	1.45	75%	Decrease in EBIT on account of decrease in revenue in current year 2025-26 (refer note 71) compared to previous year 2024-25 and exceptional items.
4	Return on Equity Ratio	Profit After Tax	Average Equity	-3.96%	7.41%	153%	Decrease in Profit after Tax in current year (refer note 71 and note 41) as compared to previous year 2024-25 and exceptional items
5	Inventory Turnover Ratio	Cost of goods sold	Average Inventory	2.20	2.62	16%	
6	Trade Receivables Turnover Ratio	Revenue from operation except Export incentive and others	Average Trade Receivable	3.54	3.46	2%	
7	Trade Payables Turnover Ratio	Total Purchases	Average Trade Payable	2.75	2.97	7%	
8	Net Working Capital Turnover Ratio	Revenue from operation except Export incentive and others	Working Capital = Current Assets - current liabilities	8.31	8.96	7%	
9	Net Profit Ratio	Net Profit after Tax	Revenue from operation except Export incentive and others	-2.85%	4.90%	158%	Decrease in revenue in current year 2025-26 as compared to previous year 2024-25 and exceptional items.
10	Return on Capital Employed	EBIT (before exceptional items)	Equity + borrowings + deferred tax liability	7.82%	9.73%	20%	Decrease in revenue in current year 2025-26 as compared to previous year 2024-25.
		EBIT (after exceptional items)	Equity + borrowings + deferred tax liability	3.50%	9.73%	64%	Decrease in revenue in current year 2025-26 as compared to previous year 2024-25 and exceptional items.
11	Return on Investment	Income generated from Invested funds	Average Investment Funds	4.24%	5.66%	25%	Not applicable

Notes forming part of Standalone Financial Statements

For the year ended 31 March 2026

(Currency: Indian Rupees in million)

60 There are numerous interpretative issues relating to the Supreme Court (SC) judgment dated 28th February, 2019 on Provident Fund (PF) on the inclusion of allowances for the purpose of PF contribution as well as its applicability of effective date. The impact is not expected to be material as per the assessment made by the company.

61 On 21 November, 2025, the Government of India notified the four Labour Codes - the Code on Wages, 2019, the Industrial Relations Code, 2020, the Code on Social Security, 2020, and the Occupational Safety, Health and Working Conditions Code, 2020 - consolidating 29 existing labour laws. The Ministry of Labour & Employment published FAQs to enable assessment of the financial impact due to changes in regulations. The Company has assessed and disclosed incremental impact of these changes on the basis of the best information available. Considering the materiality and non-recurring nature of this impact, the Company has presented such incremental impact as Exceptional Items for the year ended 31 March, 2026. The incremental impact comprises gratuity of ₹ 115 millions and long-term compensated absences of ₹ 87 millions due to change in definition of wages as per the Codes, and ₹ 178 million arising from change in the Company's policy to remove the ceiling hitherto applicable on payment of gratuity to employees.

62 The Company does not have any Benami property, where any proceedings have been initiated or pending against the company for holding any Benami property.

63 The Company does not have any transactions with Companies struck off.

64 The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

65 The Company decided to repurpose one of its existing manufacturing plants to enable the manufacturing of a different range of products. In this process, certain assets / equipment was identified that is no longer usable in repurposed plant and accordingly an impairment charge of ₹ 471 millions is recorded.

66 The Company has not advanced or loaned or invested funds to any other person / entities, including foreign entities (intermediaries) with the understanding that the intermediary shall:

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding party (ultimate beneficiaries) or

(ii) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

67 The Company has not received funds to any other person / entities, including foreign entities (Funding party) with the understanding (whether recorded in writing or otherwise) that the company shall:

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding party (ultimate beneficiaries) or

(ii) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

68 The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

69 The Company has used accounting softwares for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software, except that audit trail feature is not enabled for certain changes made using privileged/ administrative access rights to the underlying database of a software. Further no instance of audit trail feature being tampered with was noted in respect of accounting softwares where the audit trail has been enabled.

Additionally, the audit trail of prior years has been preserved by the Company as per the statutory requirements for record retention to the extent it was enabled and recorded in the respective years

70 The revised quarterly returns or statements of Current assets filed by the Company with the banks or financial institutions are in agreement with the books of accounts.

Notes forming part of Standalone Financial Statements

For the year ended 31 March 2026

(Currency: Indian Rupees in million)

71 Consequent to the USFDA issuing a warning letter in August 2025 relating to the Company's Jigani facility, sales for the Pharma Segment were impacted for the year.

72 During the year ended 31 March 2026, consequent to irregularities which were noted in the timing of revenue recognition as of 30 September 2025, which were corrected, the Company appointed an external expert for a fact-finding review which revealed that irregularities were limited to preponement of underlying genuine sales during the year through alteration of documents by certain employees. The Company has implemented corrective actions which includes strengthening of controls over reporting of revenue at period-ends from the quarter ended 31 December 2025. Accordingly, there is no impact of this matter on the standalone financial statements for the year ended 31 March 2026 and previous financial years.

73 The Company has not traded or invested in crypto currency or virtual currency during the financial year.

As per our report of even date attached
For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm's Registration No: 324982E/E300003

For and on behalf of the Board of Directors of
Hikal Limited
CIN: L24200MH1988PTC048028

per Vinayak Pujare
Partner
Membership No: 101143

Jai Hiremath
Executive Chairman
DIN: 00062203

Sameer Hiremath
Vice Chairman and Managing Director
DIN: 00062129

Ramachandra Kaundinya Vinnakota
Director
DIN - 00043067

Kuldeep Jain
Chief Financial Officer

Rajasekhar Reddy
Company Secretary

Mumbai
27 May 2026

Mumbai
27 May 2026

Independent Auditor's Report

To the Members of Hikal Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Hikal Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the consolidated Balance sheet as at 31 March 2026, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of report of other auditor on separate financial statements and on the other financial information of the subsidiary, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2026, their consolidated loss including other comprehensive loss, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Financial Statements' section of our report. We are independent of the Group in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Emphasis of Matter

We draw attention to note 54(A)(ii) to the accompanying Statement, as regards the uncertainty regarding outcome of ongoing investigations / actions by statutory authorities in relation to alleged non-compliance with certain environmental laws and regulations. The matter is currently pending with the Hon'ble Supreme Court of India and no further adjustments including consequential effects thereof are considered necessary in the consolidated financial statement. Our opinion is not modified in respect of the aforesaid matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year ended 31 March 2026. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matter described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of audit procedures performed by us and by other auditor of component not audited by us, as reported by him in his audit report furnished to us by the management, including those procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition based on contracts with customers (as described in note 3.2 and 33 of the consolidated financial statements)	
The Group recognizes revenue when control of the goods is transferred to the customers at an amount that reflects the consideration, which the Group is entitled to receive for those goods from customers. Revenue from sale of products is recognised based on terms and conditions, which vary amongst different customer contracts. There is a risk of revenue being overstated on account of variation in the timing of transfer of control and due to the pressure management may feel to achieve performance targets at the reporting period-end. The recognition and measurement of such revenue is also based on the terms of sales arrangement/contracts, which involves management judgement and estimation in respect of price adjustments that create complexities for determining sales revenues. Considering the above factors and the risk associated with recognition of such revenue, we have determined the same to be a key audit matter.	As part of our audit procedures, we: • Read the Group's accounting policy for revenue recognition and assessed its compliance with Ind AS 115 'Revenue from Contracts with Customers; • Assessed the design and tested the operating effectiveness of internal financial controls related to sale of goods; • Performed tests of a sample of sales transactions and price adjustments and verified contracts with customers, sales invoices, sales orders, shipping documents and debit / credit notes (as applicable). • Selected sample of sales transactions made pre and post year-end and verified the period of revenue recognition to underlying documents such as sales invoices, sales orders and shipping documents; corroborated these with information available from external data sources including GST and Custom records, as applicable. • Read and assessed the relevant disclosures made within the consolidated financial statements.

Other Information

The Holding Company's Board of Directors is responsible for the Other Information. Other Information comprises the information included in the annual report including report of the Board of Directors, but does not include the consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the annual report including report of the Board of Directors, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of their respective companies and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of their respective companies to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of their respective companies.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors and whose financial information we have audited, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the financial year ended 31 March 2026 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

(a) We did not audit the financial statements and other financial information, in respect of one subsidiary, whose financial statements include total assets of ₹ NIL as at 31 March 2026, and total revenues of ₹ NIL and net cash outflows of ₹ NIL for the year ended on that date. These financial statement and other financial information have been audited by another auditor, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the report of such other auditor.

(b) The accompanying consolidated financial statements include unaudited financial statements and other unaudited financial information in respect of one subsidiary, whose financial statements and other financial information reflect total assets of ₹ 10 millions as at 31 March 2026, and total revenues of ₹ 118 millions and net cash outflows of ₹ 0.3 millions for the year ended on that date. These unaudited financial statements and other unaudited financial information have been furnished to us by the management. Our opinion, in so far as it relates amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary, is based solely on such unaudited financial statements and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group.

Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on our audit and on the consideration of report of the other auditor on separate financial statements and the other financial information of a Subsidiary, incorporated in India, as noted in the 'Other Matter' paragraph we give in the "Annexure 1" a statement on the matters specified in paragraph 3(xxi) of the Order.

2. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditor on separate financial statements and the other financial information of a subsidiary, as noted in the 'Other Matter' paragraph we report, to the extent applicable, that:

   (a) We/the other auditor whose report we have relied upon, have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;

   (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and report of the other auditor except for the matters stated in the paragraph j(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014;

   (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;

   (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) The matter described in Emphasis of Matter above, in our opinion, may have an adverse effect on the functioning of the Group.

   (f) On the basis of the written representations received from the directors of the Holding Company taken on record by the Board of Directors of the Holding Company and the report of the statutory auditor appointed under Section 139 of the Act, of its subsidiary company, none of the directors of the Group's companies, incorporated in India, are disqualified as on 31 March 2026 from being appointed as a director in terms of Section 164 (2) of the Act;

   (g) The modification relating to the maintenance of accounts and other matters connected therewith are as stated in paragraph (b) above and paragraph j(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014..

   (h) With respect to the adequacy of the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary and the operating effectiveness of such controls, based on our audit and on the consideration of report of the other auditor on separate financial statements and the other financial information of such subsidiary incorporated in India, refer to our separate Report in "Annexure 2" to this report;

   (i) In our opinion and based on the consideration of report of other statutory auditor of the subsidiary incorporated in India, the managerial remuneration for the year ended 31 March 2026 has been paid / provided by the Holding Company, its subsidiary incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;

   (j) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor on separate financial statements and also the other financial information of the subsidiary, as noted in the 'Other Matter' paragraph:

      i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, in its consolidated financial statements – Refer 54A to the consolidated financial statements;

      ii. The Group, did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended 31 March 2026;

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary, incorporated in India during the year ended 31 March 2026.

      iv. a) The respective managements of the Holding Company and its subsidiary incorporated in India, whose financial statements have been audited under the Act, have represented to us and the other auditors of the subsidiary that, to the best of its knowledge and belief, as disclosed in the note 63 to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or such subsidiary to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective Holding Company or such subsidiary ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

      b) The respective managements of the Holding Company and its subsidiary company incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiary that, to the best of its knowledge and belief, as disclosed in the note 64 to the consolidated financial statements, no funds have been received by the respective Holding Company or such subsidiary from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiary shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

      c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of a subsidiary which is a company incorporated in India whose financial statements have been audited under the Act, nothing has come to our or the other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.

      v) The final dividend paid by the Holding Company during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

      The interim dividend declared and paid by the Holding Company during the year is in accordance with section 123 of the Act.

      As stated in note 20C to the consolidated financial statements, the Board of Directors of the Holding Company has proposed final dividend for the year, which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

vi) Based on our examination which include test checks, the Holding Company and its Subsidiary Company incorporated in India has used accounting softwares for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in such software, except that audit trail feature is not enabled for changes made (if any) by users with privileged / administrative access rights for direct changes to data when using certain access rights in respect of a Software used by Holding Company, as described in Note 66 to the consolidated financial statements. Further, we / other auditor did not come across any instance of audit trail feature being tampered with, in respect of accounting software where the audit trail has been enabled. Additionally, the audit trail of prior year has been preserved by the Group as per the statutory requirements for record retention to the extent it was enabled and recorded in the respective years.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per **Vinayak Pujare**
Partner
Membership Number: 101143
UDIN: 26101143QRIMSK8144

Place of Signature: Mumbai
Date: 27 May 2026

Annexure 1 referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date

Re: Hikal Limited ('the Company')

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that

(xxi) Qualifications or adverse remarks by us in the Companies (Auditors Report) Order ('CARO') report of the Company included in the consolidated financial statements is:

S. No.	Name	CIN	Holding company/ Subsidiary	Clause number of the CARO report which is qualified or is adverse
1	Hikal Limited	L24200MH1988PTC048028	Holding Company	(vii)(a), (xi)(a), (xi)(b)

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per **Vinayak Pujare**
Partner
Membership Number: 101143
UDIN: 26101143QRIMSK8144

Place of Signature: Mumbai
Date: 27 May 2026

Annexure 2 to the Independent Auditor's Report of even date on the consolidated financial statements of Hikal Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of Hikal Limited (hereinafter referred to as the "Holding Company") as of and for the year ended 31 March 2026, we have audited the internal financial controls with reference to consolidated financial statements of Hikal Limited (hereinafter referred to as the Holding Company and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), which is incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Group, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both, issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor in terms of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial Controls With Reference to Consolidated Financial Statements

A company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls With Reference to Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company and a Subsidiary Company, which are companies incorporated in India, have maintained in all material respects, adequate internal financial controls with reference to these consolidated financial statements and such internal financial controls with reference to these consolidated financial statements were operating effectively as at March 31, 2026, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements of the Holding Company, in so far as it relates to subsidiary, being a company incorporated in India, is based on the corresponding reports of the auditors of such subsidiary.

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Vinayak Pujare**
Partner
Membership Number: 101143

UDIN: 26101143QRIMSK8144

Place of Signature: Mumbai
Date: 27 May 2026

Consolidated Balance Sheet

As at 31 March 2026

(Currency: Indian Rupees in million)

	Note	As at 31 March 2026	As at 31 March 2025
ASSETS			
Non-current assets			
Property, plant and equipment	4	12,643	12,934
Capital work-in-progress	4	945	1,212
Right of use assets	5	628	633
Other intangible assets	6	58	78
Financial Assets			
Investments	7	95	95
Loans	8	2	3
Others	9	213	212
Income tax assets (net)	10	75	25
Other non-current assets	11	154	143
Total non-current assets		**14,813**	**15,335**
Current assets			
Inventories	12	3,581	3,345
Financial Assets			
Trade receivables	13	4,416	5,224
Cash and cash equivalents	14	96	130
Bank balances other than cash and cash equivalents	15	42	50
Loans	16	3	5
Others	17	318	655
Other current assets	18	385	545
Total current assets		**8,841**	**9,954**
Total assets		**23,654**	**25,289**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	19	247	247
Other equity	20	11,741	12,376
Total equity		**11,988**	**12,623**
Liabilities			
Non-current liabilities			
Financial Liabilities:			
Borrowings	21	3,731	3,672
Lease liability	22	27	24
Provisions	23	557	157
Deferred tax liabilities (net)	24	43	325
Other liabilities	25	519	593
Total non-current liabilities		**4,877**	**4,771**
Current liabilities			
Financial liabilities:			
Borrowings	26	3,075	3,949
Lease liability	27	5	2
Trade payables	28		
Total outstanding dues of Micro Enterprises and Small Enterprises		282	183
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises		2,383	2,858
Other financial liabilities	29	439	446
Other current liabilities	30	199	157
Provisions	31	393	173
Income tax liabilities (net)	32	13	127
Total current liabilities		**6,789**	**7,895**
Total liabilities		**11,666**	**12,666**
Total equity and liabilities		**23,654**	**25,289**

Material accounting policies 1-3

Accompanying notes form an integral part of the Consolidated Financial statements

As per our report of even date attached
For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm's Registration No: 324982E/E300003

per Vinayak Pujare
Partner
Membership No.: 101143

For and on behalf of the Board of Directors of
Hikal Limited
CIN: L24200MH1988PTC048028

Jai Hiremath
Executive Chairman
DIN: 00062203

Sameer Hiremath
Vice Chairman and Managing Director
DIN: 00062129

Ramachandra Kaundinya Vinnakota
Director
DIN: 00043067
Mumbai
27 May 2026

Kuldeep Jain
Chief Financial Officer

Rajasekhar Reddy
Company Secretary

Mumbai
27 May 2026

Consolidated Statement of Profit and Loss

For the period ended 31 March 2026

(Currency: Indian Rupees in million)

	Note	For the year ended 31 March 2026	For the year ended 31 March 2025
Income			
Revenue from operations	33	17,126	18,598
Other income	34	123	50
Total income		17,249	18,648
Expenses			
Cost of materials consumed	35	7,986	8,826
Changes in inventories of finished goods and work-in-progress	36	(369)	(453)
Employee benefit expenses	37	2,703	2,471
Finance costs	38	621	752
Depreciation and amortisation expense	39	1,638	1,344
Other expenses	40	4,602	4,470
Total expenses		**17,181**	**17,410**
Profit before tax		**68**	**1,238**
Exceptional items	41	(851)	-
(Loss) / Profit before tax and after exceptional item		**(783)**	**1,238**
Tax expense			
Current tax	42	(20)	300
Deferred tax	43	(275)	30
Total tax expense		**(295)**	**330**
(Loss) / profit for the year (Attributable to Equity holders of the parent)		**(488)**	**908**
Other comprehensive income (OCI)			
(i) Items that will not be reclassified to consolidated statement of profit and loss			
Loss on remeasurement of defined employee benefit plans		(32)	(19)
Income Tax Effect		8	5
Gain on change in fair values of investments in equity shares carried at fair value through OCI		0	0
Income Tax Effect		0	0
Other comprehensive loss for the year, (net of income tax)		**(24)**	**(14)**
Total comprehensive (loss) / income for the year (Attributable to Equity holders of the parent)		**(512)**	**894**
Earnings per equity share (for nominal value per equity share of ₹ 2)			
Basic and Diluted	44	(3.96)	7.36

Material accounting policies 1-3

The notes referred to above form an integral part of Consolidated Financial statements

As per our report of even date attached
For **S R B C & CO LLP**
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Mumbai
27 May 2026

Kuldeep Jain
Chief Financial Officer

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Company Secretary

Mumbai
27 May 2026

Consolidated Statement of Changes in Equity

for the year ended 31 March 2026

(Currency: Indian Rupees in million)

(a) Equity share capital

	No. of shares	Amount
Balance as at 1 April 2024	123	247
Changes in equity share capital during financial year 2024-25	-	-
Balance as at 31 March 2025	123	247
Changes in equity share capital during financial year 2025-26	-	-
Balance as at 31 March 2026	123	247

(b) Other equity

	Reserve and surplus							Equity investments through other comprehensive income
	Capital reserve	Capital redemption reserve	Securities premium	State subsidy	Contingency reserve	General reserve	Retained earnings	
Balance as at 1 April 2024	0	510	381	6	30	1,780	8,925	(2)
Total comprehensive income for the year ended 31 March 2025								
Profit for the year	-	-	-	-	-	-	908	-
Items of OCI for the year, net of tax								
Loss on remeasurement of defined employee benefit plans	-	-	-	-	-	-	(14)	-
Gain on change in fair values of investments in equity shares carried at fair value through OCI	-	-	-	-	-	-	-	(0)
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**894**	**(0)**
Transaction with equity holders in their capacity as owners, recorded directly in equity								
Dividend	-	-	-	-	-	-	(148)	-
Balance as at 31 March 2025	**0**	**510**	**381**	**6**	**30**	**1,780**	**9,671**	**(2)**
Total comprehensive income for the year ended 31 March 2026								
Loss for the year	-	-	-	-	-	-	(488)	-
Items of OCI for the year, net of tax								
Loss on remeasurement of defined employee benefit plans	-	-	-	-	-	-	(24)	-
Gain on change in fair values of investments in equity shares carried at fair value through OCI	-	-	-	-	-	-	-	(0)
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**(512)**	**(0)**
Transaction with owners in their capacity as owners, recorded directly in equity								
Dividend	-	-	-	-	-	-	(123)	-
Balance as at 31 March 2026	**-**	**510**	**381**	**6**	**30**	**1,780**	**9,036**	**(2)**

For the nature and purpose of reserve, refer note 20 (B)

Material accounting policies, refer note 1-3

The notes referred to above form an integral part of Consolidated Financial Statements.

As per our report of even date attached
For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm's Registration No.: 324982E/E300003

For and on behalf of the Board of Directors of
Hikal Limited
CIN: L24200MH1988PTC048028

per Vinayak Pujare
Partner
Membership No.: 101143

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Kuldeep Jain
Chief Financial Officer

Rajasekhar Reddy
Company Secretary

Mumbai
27 May 2026

Mumbai
27 May 2026

Consolidated Cash Flow Statement

For the year ended 31 March 2026

(Currency: Indian Rupees in million)

		For the year ended 31 March 2026		For the year ended 31 March 2025	
A.	**Cash flow from operating activities**				
	(Loss) / profit before tax		(783)		1,238
	Adjustments:				
	Depreciation and amortisation expenses	1,638		1,344	
	Exceptional item - Impairment charge	471		-	
	Finance costs	621		752	
	Interest income	(11)		(7)	
	(Gain) on sale of property, plant and equipment	-		(1)	
	Sundry balances written off	11		6	
	Provision for doubtful debts/advances	94		30	
	Provision for inventory	46		17	
	(Profit) on sale of investment	(4)		(4)	
	Unrealised foreign exchange (gain)/ loss	(88)		14	
			2,778		2,151
	Operating cash flow before working capital changes		**1,995**		**3,389**
	Decrease in trade receivables	823		235	
	Decrease / (Increase) in loans, other assets and other financial assets	502		(350)	
	(Increase) in inventories	(282)		(324)	
	(Decrease) / Increase in trade payables	(395)		252	
	Increase / (Decrease) in provisions, other financial liabilities and other liabilities	521		(100)	
			1,169		(287)
	Cash generated from operations		**3,164**		**3,102**
	Income tax paid		(144)		(298)
	Net cash flows generated from operating activities (A)		**3,020**		**2,804**
B.	**Cash flow from investing activities**				
	Purchase of property, plant and equipment and intangible assets	(1,481)		(1,373)	
	Proceeds from sale of property, plant and equipment	1		9	
	Purchase of non current investment	0		(41)	
	Proceeds from sale of investment	4		4	
	Interest received	11		7	
	Decrease in other bank balances (includes margin money account)	12		29	
	Net cash flows (used in) investing activities (B)		**(1,453)**		**(1,365)**
C.	**Cash flow from financing activities**				
	Proceeds from long-term borrowings	1,350		750	
	Repayment of long-term borrowings	(1,315)		(1,033)	
	(Repayment) / proceeds from short-term borrowings (net)	(848)		(252)	
	Finance costs paid (including interest on lease liability)	(658)		(750)	
	Payment of lease liability	(7)		(3)	
	Dividend paid on equity shares	(123)		(148)	
	Net cash flows (used in) financing activities (C)		**(1,601)**		**(1,436)**

Consolidated Cash Flow Statement

For the year ended 31 March 2026

(Currency: Indian Rupees in million)

	For the year ended 31 March 2026	For the year ended 31 March 2025
Net (decrease) / increase in cash and cash equivalents (A+B+C)	(34)	3
Cash and cash equivalents at the beginning of the year, the components being		
Cash on hand	1	1
Balances with banks		
- Current accounts	128	122
- Deposits accounts (having original maturity of 3 months or less)	1	4
	130	**127**
Cash and cash equivalents at the end of the year, the components being		
Cash on hand	1	1
Balances with banks		
- Current accounts	93	128
- Deposits accounts (having original maturity of 3 months or less)	2	1
	96	**130**
Net (decrease) / increase as disclosed above	**(34)**	**3**

Notes to the cash flow statement

1 The above cash flow statement has been prepared under the 'Indirect Method' set out in Accounting Standard (IND AS) 7, 'Cash Flow Statements'.

2 For changes in liability arising from financing activity refer note 21

Material accounting policies, refer note 1-3

The notes referred to above form an integral part of Consolidated Financial Statements

As per our report of even date attached
For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm's Registration No.: 324982E/E300003

per Vinayak Pujare
Partner
Membership No.: 101143

Mumbai
27 May 2026

For and on behalf of the Board of Directors of
Hikal Limited
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DIN: 00043067

Kuldeep Jain
Chief Financial Officer

Rajasekhar Reddy
Company Secretary

Mumbai
27 May 2026

Notes forming part of Consolidated Financial Statements

For the year ended 31 March 2026

(Currency: Indian Rupees in million)

1(a) Group Overview

Hikal Limited ('Hikal' or 'the Holding company') was incorporated on 8 July, 1988 having its registered office at 717/718, Maker Chamber V, Nariman Point, Mumbai 400 021.

The Holding Company is engaged in the manufacturing of various chemical intermediates, specialty chemicals, active pharma ingredients and contract research and development activities.

The Holding Company has its equity shares listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India.

The Holding Company alongwith its subsidiaries is referred to as the "Group"

The Group is operating in the crop protection and pharmaceuticals segments.

1(b) Statement of compliance

These consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III) as amended from time to time. The consolidated financial statements for the year ended March 31,2026 were approved by the Board of Directors and authorised for issue on 27 May, 2026.

2 Material accounting policies

2.1 Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is based on the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Schedule III to the Act.

These financial statements have been prepared on accrual and going concern basis.

2.2 Functional and presentation currency

These consolidated financial statements are presented in Indian rupees, which is also the Group's functional currency. All amounts have been rounded off to two decimal places to the nearest million, unless otherwise indicated. The figures mentioned as '0' in the financial statements denote amounts less than 0.5 million.

2.3 Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, except for the following:

Items	Measurement basis
Certain financial assets and liabilities (including Fair value derivatives instruments)	Fair value
Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligations

2.4 Use of estimates and judgments

The preparation of the consolidated financial statements in accordance with Ind AS requires use of judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised prospectively.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

a. Property, plant and equipment

Useful lives of tangible assets are based on the estimates made by the management. In cases, where the useful lives are different from that prescribed in Schedule II, they are based on technical assessment, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance support.

Notes forming part of Consolidated Financial Statements
For the year ended 31 March 2026

(Currency: Indian Rupees in million)

b. Recognition and measurement of defined benefit obligations

The obligation arising from defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation, actuarial rates, residual service life and life expectancy. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations.

c. Impairment allowance of trade receivables (allowance for bad and doubtful debts)

The Group makes allowances for doubtful debts based on an assessment of the recoverability of trade and other receivables. The identification of doubtful debts requires use of judgments and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debts expenses in the period in which such estimate has been changed.

d. Allowances for inventories

Management reviews the inventory age listing on a periodic basis. This review involves comparison of the carrying value of the aged inventory items with the respective net realizable value. The purpose is to ascertain whether an allowance is required to be made in the financial statements for any obsolete and slow-moving items. Management is satisfied that adequate allowance for obsolete and slow-moving inventories has been made in the financial statements.

e. Recognition of deferred tax assets

Deferred tax assets are recognised for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilised business loss and depreciation carry-forwards and tax credits. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits, if any could be utilised.

f. Impairment of non financial assets

Management exercises significant judgment in assessing whether indicators of impairment exist and in estimating the recoverable amount of property, plant and equipment. Such estimates involve assumptions relating to expected use of assets, future cash flows, growth expectations, discount rates and market conditions. Actual results may differ from these estimates and may require adjustments to the carrying value of the assets in future periods.

g. Provisions and contingencies

A provision (including provision for claims) is recognised when the Group has a present obligation because of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

In the normal course of business, contingent liabilities may arise from litigation, taxation and other claims against the Group. Where it is management's assessment that the outcome cannot be reliably quantified or is uncertain, the claims are disclosed as contingent liabilities unless the likelihood of an adverse outcome is remote. Such liabilities are disclosed in the notes but are not provided for in the financial statements. When considering the classification of legal or tax cases as probable, possible or remote, there is judgement involved. This pertains to the application of the legislation which is based upon management's interpretation of applicable law and the likelihood of settlement. Management uses in-house and external legal professionals to make informed decision.

2.5 Measurement of fair values

The Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values, which includes overseeing all significant fair value measurements, including Level 3 fair values by the management. The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of a financial asset or a financial liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3.1 Basis of Consolidation

i. Subsidiary

Subsidiary is entity controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

ii. Consolidation Procedure

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in repairing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the holding company, i.e., year ended on 31 March.

The procedure followed is as follows:

Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Parent with those of its subsidiary. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

Offset (eliminate) the carrying amount of the Holding Company's investment in each subsidiary and the Parent's portion of equity of each subsidiary.

Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment are eliminated in full). Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions, as applicable.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The list of company, controlled directly or indirectly by the Holding Company which are included in the consolidated financial statements is as under:

Name	Relationship	Country of incorporation	Ownership Interest	
			31 March 2026	31 March 2025
Acoris Research Limited	Subsidiary	India	100%	100%
Hikal LLC	Subsidiary	USA	100%	100%

Notes forming part of Consolidated Financial Statements
For the year ended 31 March 2026

(Currency: Indian Rupees in million)

3.2 Revenue from contract with customer

Sale of goods

Revenue is recognised upon transfer of control of promised goods to customers in an amount that reflects the consideration which the Group expects to receive in exchange for those goods.

Revenue from the sale of goods is recognised at the point in time when control is transferred to the customer which is usually on dispatch / delivery.

Revenue is measured based on the transaction price, which is the consideration, adjusted for rebates and discounts, price adjustments and returns, if any, as specified in the contracts with the customers. Revenue excludes taxes collected from customers on behalf of the government.

Due to short nature of credit period given to customers there is no financing component in the contract.

Sale of Services

Based on the terms of the contract with customers, revenue from development and other services is recognised over time because the customer simultaneously receives and consumes the benefits provided to them or at a point in time. For revenue recognised over a period of time, the Group uses an input method in measuring progress of the services because there is a direct relationship between the Group effort (i.e., based on the labour hours incurred, raw material consumed) and the transfer of service to the customer. The Group recognises revenue on the basis of the man hours expended and raw material consumed relative to the total expected man hours and raw material consumption to complete the service.

Export entitlements

Export entitlements from Government authorities are recognised in the statement of profit and loss when the right to receive credit as per the terms of the scheme is established in respect of the exports made by the Group, and where there is no significant uncertainty regarding the ultimate collection/determination of amounts of the relevant export proceeds.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

3.3 Other Income

Interest Income

Interest income is recognised using the effective interest method as set out in Ind AS 109 – Financial Instruments: Recognition and Measurement, when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of the revenue can be measured reliably. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period.

Dividend Income

Dividend income is recognised when right to receive payment is established and it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of the revenue can be measured reliably.

3.3 Foreign currency

Transactions in foreign currencies are translated into the Group's functional currency at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at exchange rate prevailing at the date of initial transaction. Foreign currency

Notes forming part of Consolidated Financial Statements
For the year ended 31 March 2026

(Currency: Indian Rupees in million)

exchange differences are generally recognised in the statement of profit and loss.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous Financial Statements are recognised in the consolidated Statement of Profit and Loss in the period in which they arise. When a gain or loss on a non-monetary item is recognised in Other Comprehensive Income, any exchange component of that gain or loss is recognised in Other Comprehensive Income. Conversely, when a gain or loss on a non-monetary item is recognised in consolidated Statement of Profit and Loss, any exchange component of that gain or loss is recognised in consolidated Statement of Profit and Loss.

3.4 Employee benefits

Short-term employee benefits

Short-term employee benefits obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the amount of obligation can be estimated reliably.

Post employment employee benefits

i Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

The Group makes specified monthly contributions to Provident fund, Employee State Insurance and Labour Welfare Fund and are recognised as an employee benefit expense in the statement of profit and loss on an accrual basis.

Contribution to Superannuation Fund, a defined contribution scheme, administered by Life Insurance Corporation of India, based on a specified percentage of eligible employees' salary.

ii Defined benefit plans

A defined benefit plan is a post-employee benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income (OCI). Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined liability (asset) after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to gratuity benefit scheme are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Gratuity

The Group has an obligation towards gratuity, a defined benefit scheme covering eligible employees. The Group accounts for gratuity benefits payable in future based on an independent actuarial valuation method as stated above. Gratuity for staff at Panoli plant is funded through group gratuity insurance scheme of the Life Insurance Corporation of India ('LIC').

Notes forming part of Consolidated Financial Statements

For the year ended 31 March 2026

(Currency: Indian Rupees in million)

The incremental impact of changes in regulations (if any) during the year will be assessed and disclosed by the company as Exceptional Items. Refer note 41.

Pension Plan

The Group operates a pension scheme aimed at rewarding long-term service and providing post-retirement financial stability to eligible employees. The scheme is applicable to permanent employees who meet specified eligibility criteria and retire from service. Eligibility for pension benefits requires a minimum of 7 years of continuous service in specified senior roles (Management Committee cadre or Company Secretary) at the time of retirement. Benefits are available upon retirement through superannuation or approved voluntary retirement schemes and are calculated based on the last drawn basic salary. The amount and payout of pension benefits are determined based on the tenure of service.

Other employee benefits

The Group's net obligation in respect of compensated absences such as paid annual leave, medical benefit plan and other incentives scheme is calculated using the projected unit credit method, as at the date of the Balance Sheet. Actuarial gains or losses comprising of experience adjustments and the effects of changes in actuarial assumptions are immediately recognised in the statement of profit and loss.

3.5 Income tax

Income tax expense comprises current and deferred tax. It is recognised in the consolidated statement of profit and loss or items recognised directly in equity or in other comprehensive income.

i Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates enacted or substantively enacted by the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and current tax liabilities are offset only if, the Group:

a) has a legally enforceable right to set off the recognised amounts; and

b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment.

The Group reflects the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

ii Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

i) When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

ii) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

i) When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a

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transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

ii) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.6 Inventories

a Measurement of Inventory

The Group measures its inventories at the lower of cost and net realisable value.

b Cost of Inventories

The cost of inventories shall comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The costs of purchase of inventories comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities), and transport, handling and other costs directly attributable to the acquisition of finished goods, materials and services. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

The costs of conversion of inventories include costs directly related to the units of production and a systematic allocation of fixed and variable production overheads that are incurred in converting materials into finished goods.

Other costs are included in the cost of inventories only to the extent that they are incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned by weighted average cost formula. The Group uses the same cost formula for all inventories having a similar nature and use to the Group.

c Net realisable value

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Net realisable value is ascertained for each item of inventories with reference to the selling prices of related finished products.

The practice of writing inventories down below cost to net realisable value is consistent with the view that assets should not be carried in excess of amounts expected to be realised from their sale or use. Inventories are usually written down to net realisable value item by item.

Estimates of net realisable value of finished goods and stock-in-trade are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period. Materials and other supplies held for use in the production

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of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. However, when a decline in the price of materials indicates that the cost of the finished products exceeds net realisable value, the materials are written down to net realisable value.

Amount of any reversal of write-down of inventories shall be recognised as an expense as when the event occurs. A new assessment is made of net realisable value in each subsequent period. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount of the write-down is reversed. Amounts such reversed shall be recognised as a reduction in the amount of inventories recognised as an expense in the period in which reversal occurs.

d Valuation of Spare parts, stand-by equipments and servicing equipments

Spare parts, stand-by equipment and servicing equipment are recognised as Property, Plant and Equipment if and only if it is probable that future economic benefits associated with them will flow to the Group and their cost can be measured reliably. Otherwise such items are classified and recognised as Inventory.

3.7 Property, plant and equipment

i Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of an item of property, plant and equipment comprises:

a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.

b) any directly attributable cost of bringing the asset to its location and condition necessary for it to be capable of operating in the manner intended by management.

c) the estimated costs of dismantling and removing the item and restoring the site on which it is located.

Income and expenses related to the incidental operations, not necessary to bring the item to the location and condition necessary for it to be capable of operating in the manner intended by management, are recognised in the statement of profit and loss.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted and depreciated for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the statement of profit and loss.

Capital work in progress is stated at cost, net of accumulated impairment loss, if any.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

iii. Depreciation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost.

Depreciation on the depreciable amount of an item of Property, plant and equipment is allocated on a systematic basis over its useful life. The Group provides depreciation on the straight-line method. The Group believes that straight line method reflects the pattern in which the asset's future economic benefits are expected to be consumed by the Group. Based on internal technical evaluation, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc: the management believes useful lives of the assets are appropriate. The depreciation method is reviewed at least at each financial year-end and, if there has been a significant change in the expected pattern of consumption of the future economic benefits embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate in accordance with Ind AS 8 -Accounting Policies, Changes in Accounting Estimates and Errors.

The useful life of an asset is reviewed at least at each financial year-end. Depreciation is calculated using the straight-line method on cost of items of property, plant and equipment less their estimated residual values over the estimated useful lives prescribed under Schedule II of the Act.

In case of Ships, based on internal assessment and technical evaluation carried out, management believes that the useful life is 30 years, which is higher and different from the useful life of 20 years as prescribed under Part C of Schedule II of the Act.

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The estimated useful lives of items of property, plant and equipment are as follows:

Tangible Assets	Life defined	Useful life as per Schedule II
Buildings	30-60	30-60
Plant and equipment	10-20	10-20
Electrical equipment and installation	10	10
Office equipment	5	5
Computers	3	3
Furniture and fixtures	10	10
Vehicles	8	10
Ships	30	20

Leasehold improvements amortised over the period of lease.

3.8 Borrowing costs

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs that are directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of that asset till the date it is ready for its intended use or sale. Other borrowing costs are recognised as an expense in the period in which they are incurred.

3.9 Intangible assets

i. Recognition and measurement

Expenditure on research activities is recognised in the statement of profit and loss as incurred.

Development expenditure is capitalised as part of the cost of the research and development, only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses.

Other intangible assets, includes computer software, which are acquired by the Group are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the statement of profit and loss as incurred.

iii. Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is included in depreciation and amortisation in the statement of profit and loss.

Other intangible assets are amortised over the estimated useful lives as given below:

- Computer Software 5 years
- Product related intangible 5 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.10 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a. Financial assets

i. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

All financial assets are measured subsequently at either amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss, depending on the classification of the financial assets.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical

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expedient are measured at the transaction price determined under standard on revenue from contracts with customers. Refer to the accounting policies for revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to contractual cash flows that are 'solely payments of principal and interest (SPPI); on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., he date that the Group commits to purchase or sell the asset.

ii. Classification

On initial recognition, a financial asset is classified as measured at

- amortised cost; or
- fair value through profit or loss (FVTPL); or
- fair value through other comprehensive income (FVOCI)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment- by- investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

iii Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the statement of profit and loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in the statement of profit and loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity instrument measured at FVOCI not reported separately from other changes in fair value.

iv. Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

v Impairment of financial assets

Trade receivables the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Further disclosures relating to impairment of financial assets are provided in note no 13 - Trade Receivables.

b. Financial liabilities

i. Recognition and initial measurement

All financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial liability is initially measured at fair value. In the case of financial liabilities which are recognised at fair value through profit and loss (FVTPL), the transaction costs are recognised in the statement of profit and loss. In other cases, the transaction costs are attributed to the acquisition or issue of financial liability.

ii Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for- trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in the statement of profit and loss.

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iii. Derecognition

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the statement of profit and loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.11 Provisions and contingent liabilities

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but will probably not, require an outflow of resources. When there is a possible obligation of a present obligation in respect of which the likelihood of outflow of resources is remote, or the amount of the obligation cannot be measured with sufficient reliability no provision or disclosure is made.

3.12 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i Right-of-use Assets (ROU Assets)

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Leasehold Land	90 to 99 years
Office Equipment	4 to 5 years
Buildings	9 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 3.13 Impairment of non-financial assets.

ii Lease Liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement

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date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Lease liability and ROU assets have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

iii Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

3.13 Impairment of non-financial assets

The Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss.

The recoverable amount is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In respect of the assets for which impairment loss has been recognised in prior periods, the Group reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods which no longer exists or may have decreased, impairment loss is reversed to the extent to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets, such reversal is not recognised.

3.14 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

3.15 Earnings per share (EPS)

Basic EPS is computed using the weighted average number of equity shares outstanding during the year.

Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year except where the results would be antidilutive.

3.16 Dividend

The Group recognises a liability to pay dividend to equity holders of the parent when the distribution is authorised, and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

The final dividend on shares is recorded as a liability on the date of approval by the shareholders.

Interim dividend are recorded as a liability on the date of declaration by the Group's Board.

The Group declares and pay dividends in Indian Rupees. Group is required to pay / distribute dividend after deducting applicable taxes. The remittance of dividends outside India is governed by Indian law on foreign exchange and is also subject to withholding tax at applicable taxes. Further disclosure relating to dividend refer Note No 20(C)-Dividends.

3.17 Current / non-current classification

The Group shall classify an asset as current when-

(a) it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;

(b) it holds the asset primarily for the purpose of trading;

(c) it expects to realise the asset within twelve months after the reporting period; or

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(d) the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group shall classify a liability as current when-

(a) it expects to settle the liability in its normal operating cycle;

(b) it holds the liability primarily for the purpose of trading;

(c) the liability is due to be settled within twelve months after the reporting period; or

(d) it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group shall classify all other assets and liabilities as non-current.

Deferred tax Assets and Liabilities are classified as non-current assets and liabilities

Operating cycle

An operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

Based on the nature of services and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Group has identified its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

3.18 Recent accounting developments:

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 April 2026. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

(i) Amendments to Ind AS 21 - Lack of exchangeability

The Ministry of Corporate Affairs (MCA) notified the Companies (Indian Accounting Standards) Amendment Rules, 2025, which amend Ind AS 21, The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments are effective for annual reporting periods beginning on or after 1 April 2025. When applying the amendments, an entity cannot restate comparative information.

The amendments do not have a material impact on the Group's financial statements.

(ii) Amendments to Ind AS 1 - Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants

In August 2025, the MCA notified amendments to paragraphs 69 to 76 of Ind AS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

If there is a breach of a material covenant of a long term loan arrangement on or before the end of the reporting period, resulting in the liability becoming payable on demand as at the reporting date, and the lender agrees—after the reporting period but before the financial statements are approved for issue—not to demand repayment for at least 12 months as a consequence of the breach, this shall be treated as an adjusting event. Accordingly, the entity is not required to classify the liability as current.

The amendments are effective for annual reporting periods beginning on or after 1 April 2025 retrospectively in accordance with Ind AS 8.

The amendments has no impact on this consolidated financial statements.

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(Currency: Indian Rupees in million)

(iii) Amendments to Ind AS 7 and Ind AS 107 - Supplier Finance Arrangements

In August 2025, the MCA notified amendments to Ind AS 7 Statement of Cash Flows and Ind AS 107 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments do not have a material impact on the Group's financial statements.

(iv) International Tax Reform—Pillar Two Model Rules – Amendments to Ind AS 12

In August 2025, the MCA notified amendments to Ind AS 12 Income Taxes in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 April 2025, but not for any interim periods ending on or before 31 March 2026.

The amendments had no impact on the Group's consolidated financial statements as the Group is not in scope of the Pillar Two model rules.

Notes forming part of Consolidated Financial Statements

For the year ended 31 March 2026

(Currency: Indian Rupees in million)

Note 4: Property, Plant and Equipment

Description	Gross Block				Accumulated Depreciation (including impairment)					Net Block	
	As at 1 April 2025	Additions	Deductions	As at 31 March 2026	As at 1 April 2025	Charge for the year	Impairment charge	Deductions	As at 31 March 2026	As at 31 March 2026	As at 31 March 2025
Freehold land	582	-	-	582	-	-	-	-	-	582	582
Buildings	3,694	215	-	3,909	683	141	82	-	906	3,003	3,011
Plant and machinery	16,135	1,521	-	17,656	7,250	1,373	365	-	8,988	8,668	8,885
Electrical equipments and installations	403	22	1	424	167	35	22	1	223	201	236
Office equipments	232	18	-	250	172	25	-	-	197	53	60
Furniture and fixtures	197	4	-	201	104	17	2	-	123	78	93
Leasehold improvements	6	-	-	6	6	0	-	-	6	0	0
Vehicles	87	-	2	85	39	7	-	2	44	41	48
Ships	36	-	-	36	17	2	-	-	19	17	19
Total	**21,372**	**1,780**	**3**	**23,149**	**8,438**	**1,600**	**471**	**3**	**10,506**	**12,643**	**12,934**
Capital work in progress	1,212	1,513	1,780	945						945	1,212

Note 4: Property, Plant and Equipment (Previous year)

Description	Gross Block				Accumulated Depreciation				Net Block	
	As at 1 April 2024	Additions	Deductions	As at 31 March 2025	As at 1 April 2024	Charge for the year	Deductions	As at 31 March 2025	As at 31 March 2025	As at 31 March 2024
Freehold land	582	-	-	582	-	-	-	-	582	582
Buildings	2,655	1,039	-	3,694	575	108	-	683	3,011	2,080
Plant and machinery	13,156	3,037	58	16,135	6,172	1,128	50	7,250	8,885	6,984
Electrical equipments and installations	293	110	-	403	141	26	-	167	236	152
Office equipments	197	35	-	232	147	25	-	172	60	50
Furniture and fixtures	162	35	-	197	90	14	-	104	93	72
Leasehold Improvements	6	-	-	6	5	1	-	6	-	1
Vehicles	57	35	5	87	40	4	5	39	48	17
Ships	36	-	-	36	15	2	-	17	19	21
Total	**17,144**	**4,291**	**63**	**21,372**	**7,185**	**1,308**	**55**	**8,438**	**12,934**	**9,959**
Capital work in progress	4,143	1,360	4,291	1,212					1,212	4,143

Notes:

a. Refer note 21 and 26 for details of assets hypothecated/mortgaged as security against borrowings.

b. Refer note 51 for details of revenue expenditure capitalised.

c. As at March 31, 2026, Property, Plant and Equipment includes a manufacturing plant having WDV of ₹ 2,489 million for which the Holding Company has decided to repurpose it to enable the manufacturing of a different range of products (refer note 41 for impairment charge); consequently as of the balance sheet date the said plant was not in commercial use.

Notes forming part of Consolidated Financial Statements

For the year ended 31 March 2026

(Currency: Indian Rupees in million)

Note 4: Property, Plant and Equipment (Contd.)

a) For capital work in progress, ageing schedule

Amount of capital work in progress for a period of 31 March 2026

Particulars	<1 year	1-2 years	2-3 years	More than 3 years	Total
- Projects in Process	921	24	0	-	945
- Projects temporarily suspended	-	-	-	-	-

Amount of capital work in progress for a period of 31 March 2025

Particulars	<1 year	1-2 years	2-3 years	More than 3 years	Total
- Projects in Process	1,036	176	-	-	1,212
- Projects temporarily suspended	-	-	-	-	-

b) For capital work in progress, whose completion is overdue or has exceeded the cost compared to its original value as on 31 March 2026

Project Locations	To be completed in				
	<1 year	1-2 years	2-3 years	More than 3 years	Total
Crop Projects	214	-	-	-	214
Pharma Projects	333	-	-	-	333
Total	**547**	**-**	**-**	**-**	**547**

For capital work in progress, whose completion is overdue or has exceeded the cost compared to its original value as on 31 March 2025

Project Locations	To be completed in				
	<1 year	1-2 years	2-3 years	More than 3 years	Total
Crop Projects	216	-	-	-	216
Pharma Projects	718	-	-	-	718
Total	**934**	**-**	**-**	**-**	**934**

Note 5: Right of use assets

Description	Gross Block				Accumulated Depreciation				Net Block	
	As at 1 April 2025	Additions	Deductions	As at 31 March 2026	As at 1 April 2025	Charge for the year	Deductions	As at 31 March 2026	As at 31 March 2026	As at 31 March 2025
Leasehold land	692	-	-	692	82	9	-	91	601	610
Buildings	29	-	-	29	6	4	-	10	19	23
Office equipments	-	9	-	9	-	1	-	1	8	-
Total	**721**	**9**	**-**	**730**	**88**	**14**	**-**	**102**	**628**	**633**

Note 5: Right of use assets (Previous year)

Description	Gross Block				Accumulated Depreciation				Net Block	
	As at 1 April 2024	Additions	Deductions	As at 31 March 2025	As at 1 April 2024	Charge for the year	Deductions	As at 31 March 2025	As at 31 March 2025	As at 31 March 2024
Leasehold land	692	-	-	692	73	9	-	82	610	619
Buildings	29	-	-	29	2	4	-	6	23	27
Total	**721**	**-**	**-**	**721**	**75**	**13**	**-**	**88**	**633**	**646**

Notes forming part of Consolidated Financial Statements
For the year ended 31 March 2026

(Currency: Indian Rupees in million)

Note 6: Other intangible assets

Description	Gross Block				Accumulated Amortisation				Net Block	
	As at 1 April 2025	Additions	Deductions	As at 31 March 2026	As at 1 April 2025	Charge for the year	Deductions	As at 31 March 2026	As at 31 March 2026	As at 31 March 2025
Computer software	44	4	-	48	43	1	-	44	4	1
Product related intangible	115	-	-	115	38	23	-	61	54	77
Total	**159**	**4**	**-**	**163**	**81**	**24**	**-**	**105**	**58**	**78**

Note 6: Other intangible assets (Previous year)

Description	Gross Block				Accumulated Amortisation				Net Block	
	As at 1 April 2024	Additions	Deductions	As at 31 March 2025	As at 1 April 2024	Charge for the year	Deductions	As at 31 March 2025	As at 31 March 2025	As at 31 March 2024
Computer software	44	-	-	44	43	0	-	43	1	1
Product related intangible	115	-	-	115	15	23	-	38	77	100
Total	**159**	**-**	**-**	**159**	**58**	**23**	**-**	**81**	**78**	**101**

Note 7: Non-current investments

		As at 31 March 2026	As at 31 March 2025
Investments in equity instruments:			
A	**Unquoted**		
i	**Other investment**		
	(At fair value through other comprehensive income)		
	223,164 (31 March 2025: 223,164) Equity shares of ₹ 10 each of Narmada Clean Tech fully paid-up	5	5
	30,000 (31 March 2025: 30,000) Equity shares of ₹ 10 each of Panoli Enviro Technology Limited fully paid-up	0	0
	14,494 (31 March 2025: 14,494) Equity shares of ₹ 100 each MMA CETP Co-operative Society Limited fully paid-up	2	2
	16% (31 March 2025: 16%) equity shares of Jiangsu Chemstar Chemical Co Limited fully paid-up	0	0
	33,60,000 (31 March 2025: 33,60,000) Equity shares of ₹ 100 each Radiance Mh Sunrise Four Private Limited fully paid-up	34	34
	12,60,000 (31 March 2025: 12,60,000) Equity shares of ₹ 100 each Radiance Mh Sunrise Two Private Limited fully paid-up	13	13
	2,05,891 (31 March 2025: 2,05,891) Equity shares of ₹ 100 each of Equity Shares FPEL Ujwal Private Limited fully paid-up	41	41
	Impairment in value of investment*	(0)	(0)
B	**Quoted**		
	(At fair value through other comprehensive income)		
	2,900 (31 March 2025: 2,900) Equity shares of ₹ 10 each of Union bank of India fully paid-up	(0)	(0)
	Total non-current investments (A + B)	**95**	**95**
	Aggregate amount of quoted investments	0	0
	Aggregate market value of quoted investments	0	0
	Aggregate amount of unquoted investments	95	95
	Aggregate amount of impairment in value of investments	(0)	(0)
		95	**95**

*The Holding Company has written off of ₹ 27 million in investment in Jigansu Chemstar Chemical Company Limited in an earlier year.

Notes forming part of Consolidated Financial Statements
For the year ended 31 March 2026

(Currency: Indian Rupees in million)

Note 8: Loans

	As at 31 March 2026	As at 31 March 2025
Unsecured and considered good		
To Related party		
Loans to employee (Refer note 53)	-	1
To other than related parties		
Loans to employee	2	2
	2	**3**

Note 9: Other financial assets

	As at 31 March 2026	As at 31 March 2025
Unsecured and considered good		
To other than related parties unless otherwise specified		
Deposits with remaining maturity of more than 12 months	4	8
Security deposit to related parties (Refer note 53)	71	71
Security deposite		
- with respect to a dispute (Refer note 54 A (ii))	40	40
- others	98	93
	213	**212**

Note 10: Non-current tax assets (net)

	As at 31 March 2026	As at 31 March 2025
Non-current tax assets (net)	75	25
	75	**25**

Note 11: Other non-current assets

	As at 31 March 2026	As at 31 March 2025
Unsecured and considered good		
To other than related parties		
Prepaid expenses	5	10
VAT/ CST refund receivable	9	9
Balance with government authorities	15	29
Capital advances	125	95
	154	**143**

Notes forming part of Consolidated Financial Statements

For the year ended 31 March 2026

(Currency: Indian Rupees in million)

Note 12: Inventories

	As at 31 March 2026	As at 31 March 2025
Valued at the lower of cost and net realisable value		
Raw materials (includes goods in transit of ₹ 203 million (31 March 2025 ₹ 163 million)	1,087	1,223
Packing materials	14	11
Work-in-progress	918	968
Finished goods	1,314	895
Stores and spares	248	248
	3,581	**3,345**

Inventories which comprise raw materials, packing materials, work-in-progress and finished goods are carried at the lower of cost and net realisable value. (See detailed accounting policy in Note 3.6)

The write-down of inventories to net realisable value as at year end amounted to ₹ 241 million (31 March 2025: ₹ 195 million). The write down of inventories is included in cost of materials consumed or changes in inventories of finished goods and work-in-progress in the statement of profit and loss.

Note 13: Trade receivables

(Unsecured)

	As at 31 March 2026	As at 31 March 2025
Trade receivable considered good	4,262	5,265
Trade receivable which have significant increase in credit risk	366	82
	4,628	**5,347**
Impairment allowance (Allowance for bad and doubtful debts)		
Trade receivable considered good	(86)	(78)
Trade receivable which have significant increase in credit risk	(126)	(45)
	(212)	**(123)**
Net trade receivable	**4,416**	**5,224**

The loss allowance on trade receivables has been computed on the basis of Ind AS 109, Financial Instruments, which requires such allowance to be made even for trade receivables considered good on the basis that credit risk exists even though it may be very low.

No trade or other receivable are due from directors or other officers of the Group either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

The Group's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in Note 47.

The carrying amounts of the trade receivables include receivables which are subject to a factoring arrangement. Under this arrangement, the Group has transferred the relevant receivables to the factor in exchange for cash. However, the group has retained credit risk. The Group therefore continues to recognise the transferred assets in their entirety in its balance sheet. The amount subject to factoring agreement is presented as borrowing.

The relevant carrying amounts are as follows:

	As at 31 March 2026	As at 31 March 2025
Total transferred trade receivables	401	468
Associated borrowings [refer note 26]	401	468

Notes forming part of Consolidated Financial Statements

For the year ended 31 March 2026

(Currency: Indian Rupees in million)

Trade Receivables Ageing as on 31 March 2026

Sr. No.	Particulars	Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i)	Undisputed Trade receivables – considered good	3,611	629	22	-	-	-	4,262
(ii)	Undisputed Trade Receivables – which have significant increase in credit risk	-	-	269	34	3	15	321
(iii)	Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv)	Disputed Trade Receivables considered good	-	-	-	-	-	-	-
(v)	Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	45	45
(vi)	Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Total		**3,611**	**629**	**291**	**34**	**3**	**60**	**4,628**

Trade Receivables Ageing as on 31st March 2025

Sr. No.	Particulars	Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i)	Undisputed Trade receivables – considered good	4,235	990	40	-	-	-	5,265
(ii)	Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	11	9	17	37
(iii)	Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv)	Disputed Trade Receivables considered good	-	-	-	-	-	-	-
(v)	Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	45	45
(vi)	Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Total		**4,235**	**990**	**40**	**11**	**9**	**62**	**5,347**

Note 14: Cash and cash equivalents

	As at 31 March 2026	As at 31 March 2025
Bank balances in:		
- Current accounts	93	128
- Fixed deposit account (with original maturity of 3 months or less)	2	1
Cash on hand	1	1
Cash and cash equivalents in the statement of cash flows	**96**	**130**

Note 15: Bank balance other than cash and cash equivalents

	As at 31 March 2026	As at 31 March 2025
Other bank balances:		
Bank deposits due to mature within 12 months of the reporting date	40	48
Unpaid dividend accounts	2	2
	42	**50**

Deposits given as security

1) Margin money deposits with a carrying amount of ₹ 44 million (31 March 2025- ₹ 57 million) are earmarked towards non fund based facilities availed from banks

Notes forming part of Consolidated Financial Statements
For the year ended 31 March 2026

(Currency: Indian Rupees in million)

Note 16: Loans

	As at 31 March 2026	As at 31 March 2025
(Unsecured)		
To parties other than related parties		
Loans to employees	3	5
	3	**5**

Note 17: Other financial assets

	As at 31 March 2026	As at 31 March 2025
(Unsecured, considered good)		
To Other than related parties		
Interest accrued on fixed deposit	1	1
Unbilled revenue	-	10
Indirect tax balances refund due and export benefits and entitlements	317	644
	318	**655**

Note 18: Other current assets

	As at 31 March 2026	As at 31 March 2025
(Unsecured, considered good unless otherwise stated)		
To parties other than related parties		
Advance to suppliers		
- Considered good	64	101
- Considered doubtful	89	90
Advance to suppliers	153	191
Less: Provision for doubtful advances	(89)	(90)
	64	**101**
Balance with government authorities	206	276
Prepaid expenses	115	168
	385	**545**

Note 19: Share Capital

	As at 31 March 2026	As at 31 March 2025
Authorised share capital (Refer note a below)		
Equity	500	500
Par value per share (₹)	2	2
Number of equity shares	25,00,00,000	25,00,00,000
Preference shares	250	250
Par value per share (₹)	100	100
Number of Preference shares	25,00,000	25,00,000
Issued, subscribed and fully paid up -Equity	247	247
Par value per share (₹)	2	2
Number of equity shares	12,33,00,750	12,33,00,750

Notes forming part of Consolidated Financial Statements
For the year ended 31 March 2026

(Currency: Indian Rupees in million)

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Equity shares

	As at 31 March 2026		As at 31 March 2025	
	No. of shares (millions)	₹ in millions	No. of shares (millions)	₹ in millions
At the beginning of the year	123	247	123	247
At the end of the year	**123**	**247**	**123**	**247**

b. Terms/rights attached to equity shares

The Holding Company has only single class of equity shares having a par value of ₹ 2 (31 March 2025 ₹ 2) per share. Each holder of equity shares is entitled to one vote per share. The Holding Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors of holding Company is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Holding Company, the holders of equity shares will be entitled to receive remaining assets of the Holding Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Details of shareholders holding more than 5% of shares:

	As at 31 March 2026		As at 31 March 2025	
	No. of Shares (millions)	%	No. of Shares (millions)	%
Equity shares of ₹ 2 (31 March 2025 ₹ 2) each fully paid				
Kalyani Investment Company Limited	39	31	39	31
Castilia Life Sciences Private Limited	30	25	-	-
Shri Badrinath Investment Private. Limited	-	-	20	16
Shri Rameshwara Investment Private Limited	-	-	10	8
Sugandha J Hiremath	10	8	10	8

d. The Shareholding of Promoters as on 31 March 2026 is as under:

Promoters Name	No. of Shares	% of Total Shares	% Change during the Year
Kalyani Investment Company Limited	3,86,67,375	31.36%	-
Castilia Life Sciences Private Limited	3,02,31,914	24.52%	100%
Shri Badrinath Investment Pvt Ltd	-	0.00%	(100%)
Shri Rameshwara Investment Pvt Ltd	-	0.00%	(100%)
Sugandha J Hiremath	96,67,500	7.84%	-
BF Investment Limited	32,73,375	2.65%	-
Jai Hiremath	13,40,625	1.09%	-
Ekdant Investment Pvt Ltd	-	0.00%	(100%)
Sameer Hiremath	3,90,975	0.32%	-
Pallavi Anish Swadi	5,68,500	0.46%	49%
Pallavi Trust	-	0.00%	(100%)
Sameer Trust	1,87,500	0.15%	-
Ashok Hiremath	1,00,000	0.08%	-
Sumer Trust	75,000	0.06%	-
Rhea Trust	75,000	0.06%	-
Nihal Trust	75,000	0.06%	-
Anika Trust	75,000	0.06%	-
Pooja Trust	75,000	0.06%	-
Anish Trust	75,000	0.06%	-
Karad Engineering Consultancy Pvt Ltd	-	0.00%	(100%)

Notes forming part of Consolidated Financial Statements

For the year ended 31 March 2026

(Currency: Indian Rupees in million)

Promoters Name	No. of Shares	% of Total Shares	% Change during the Year
Decent Electronics Pvt Ltd	-	0.00%	(100%)
Anish Dilip Swadi	7,500	0.01%	-
Pooja Hiremath	7,500	0.01%	-

a. One of the shareholder of the Group filed a suit filed in the Bombay High Court, the suit seeks certain actions on part of the Group, Pending any order / direction from the Bombay High Court, there is no impact on the financial statements.

b. aforesaid changes in shareholding is a result of certain composite scheme and amalgamation between promotors group entities with overall promotor shareholding remaining the same.

The Shareholding of Promoters as on 31 March 2025 is as under:

Promoters Name	No. of Shares	% of Total Shares	% Change during the Year
Kalyani Investment Company Limited	3,86,67,375	31.36%	-
Shri Badrinath Investment Pvt Ltd	1,99,14,862	16.15%	-
Shri Rameshwara Investment Pvt Ltd	98,10,000	7.96%	-
Sugandha J Hiremath	96,67,500	7.84%	-
BF Investment Limited	32,73,375	2.65%	-
Jai Hiremath	13,40,625	1.09%	-
Ekdant Investment Pvt Ltd	3,93,802	0.32%	-
Sameer Hiremath	3,90,975	0.32%	-
Pallavi Anish Swadi	3,81,000	0.31%	-
Pallavi Trust	1,87,500	0.15%	-
Sameer Trust	1,87,500	0.15%	-
Ashok Hiremath	1,00,000	0.08%	-
Sumer Trust	75,000	0.06%	-
Rhea Trust	75,000	0.06%	-
Nihal Trust	75,000	0.06%	-
Anika Trust	75,000	0.06%	-
Pooja Trust	75,000	0.06%	-
Anish Trust	75,000	0.06%	-
Karad Engineering Consultancy Pvt Ltd	63,750	0.05%	-
Decent Electronics Pvt Ltd	49,500	0.04%	-
Anish Dilip Swadi	7,500	0.01%	-
Pooja Hiremath	7,500	0.01%	-

As per records of the Holding Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

Notes forming part of Consolidated Financial Statements

For the year ended 31 March 2026

(Currency: Indian Rupees in million)

Note 20: Other equity

	Note	As at 31 March 2026	As at 31 March 2025
Capital reserve	i	0	0
Capital redemption reserve	ii	510	510
Securities premium	iii	381	381
State subsidy	iv	6	6
Contingency reserve	v	30	30
General reserve	vi	1,780	1,780
Equity instruments through other comprehensive income	vii	(2)	(2)
Retained Earnings	viii	9,036	9,671
		11,741	**12,376**

A Notes

		As at 31 March 2026	As at 31 March 2025
i	**Capital reserve**		
	Opening balance	0	0
	Additions during the year	-	-
	Closing balance	**0**	**0**
ii	**Capital redemption reserve**		
	Opening balance	510	510
	Additions during the year	-	-
	Closing balance	**510**	**510**
iii	**Securities premium**		
	Opening balance	**381**	**381**
	Additions during the year	-	-
	Closing balance	**381**	**381**
iv	**State subsidy**		
	Opening balance	6	6
	Additions during the year	-	-
	Closing balance	**6**	**6**
v	**Contingency reserve**		
	Opening balance	30	30
	Additions during the year	-	-
	Closing balance	**30**	**30**
vi	**General reserve**		
	Opening balance	**1,780**	**1,780**
	Additions during the year	-	-
	Closing balance	**1,780**	**1,780**
vii	**Equity instruments through other comprehensive income**		
	Opening balance	(2)	(2)
	Additions during the year	(0)	(0)
	Closing balance	**(2)**	**(2)**
viii	**Retained Earnings**		
	Opening balance	9,671	8,925
	Profit / (loss) for the year	(488)	908
	Loss on remeasurement of defined employee benefit plans (net of tax)	(24)	(14)
	Dividend paid	(123)	(148)
	Closing balance	**9,036**	**9,671**

Notes forming part of Consolidated Financial Statements
For the year ended 31 March 2026

(Currency: Indian Rupees in million)

B Nature and purpose of reserves

i. Capital reserve

Capital reserve is created on merger/amalgamation.

ii. Capital redemption reserve

Capital redemption reserve represents redemption of redeemable cumulative preference shares in earlier years. The same can be used to issue fully paid bonus shares.

iii. Securities premium account

Securities premium is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with provisions of Companies Act, 2013.

iv. State subsidy

State subsidy is created on receipt of government grants for setting up the factories in backward areas. The same will be utilised for expansion of business.

v. Contingency reserve

Contingency reserve is created by transferring funds from retained earnings to meet future contingencies.

vi. General reserve

Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

vii. Equity instruments through other comprehensive income

The Group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the Equity instruments through Other Comprehensive Income within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

viii. Retained Earnings

Retained earnings are the profits/(loss) that the Group has earned/incurred till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. Retained earnings include re-measurement loss / (gain) on defined benefit plans, net of taxes that will not be reclassified to Statement of Profit and Loss.

C Dividends

The following dividends were declared and paid by the Holding Company during the years ended:

	As at 31 March 2026	As at 31 March 2025
Final equity dividend paid for financial year 2024-25 at Re 0.80 per equity share	99	-
Interim equity dividend paid for financial year 2025-26 at Re. 0.20 per equity share	24	-
Final equity dividend paid for financial year 2023-24 at Re 0.60 per equity share	-	74
Interim equity dividend paid for financial year 2024-25 at Re. 0.60 per equity share	-	74
Total	**123**	**148**

Notes forming part of Consolidated Financial Statements
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(Currency: Indian Rupees in million)

After the reporting dates the following dividends were proposed by the directors of holding company subject to the approval at the annual general meeting. These dividends have not been recognised as liabilities in the year to which they pertains to and is recorded in the year in which they have been approved in the Annual General Meeting.

	As at 31 March 2026	As at 31 March 2025
Final equity dividend proposed for financial year 2025-26 at Re. 0.40 per equity share	49	-
Final equity dividend proposed for financial year 2024-25 at Re. 0.80 per equity share	-	99
Total	**49**	**99**

Note 21: Borrowings

	As at 31 March 2026	As at 31 March 2025
Debentures		
3,000 (31 March 2025: 2,250) Redeemable, non-convetible debentures (NCD) of the face value of ₹ 10,00,000/- each. (refer note a and c(i) below)	1,916	1,648
Term loans from banks		
Rupee (refer note a, and c (i) below)	1,138	806
Term loans from financial institutions		
Rupee (refer note a and c (i) below)	677	1,218
	3,731	**3,672**

(For current maturities of loans refer note 26)

a. Nature of security:

Borrowings are secured by first pari passu charge on the property, plant and equipment of the Holding Company's plants situated at Taloja, Panoli, Bangalore, R & D centre at Pune. Further except for one borrowing, all the borrowings are also secured by second pari passu charge on entire current assets both present and future of Holding Company.

b Changes in Liabilities arising from Financing Activities

Particulars	As at 1 April 2025	Accrual / Reclassification	Cash Flows (net)	As at 31 March 2026
Current borrowings	2,634	(1)	(848)	1,785
Non-current borrowings including current maturities of non-current borrowings	4,988	(2)	35	5,021
Lease Liabilities	26	13	(7)	32
Interest on borrowings (including transaction cost)	81	625	(658)	48
Total Liabilities from Financing Activities	**7,729**	**635**	**(1,478)**	**6,886**

Particulars	As at 1 April 2024	Accrual / Reclassification	Cash Flows (net)	As at 31 March 2025
Current borrowings	2,886	-	(252)	2,634
Non-current borrowings including current maturities of non-current borrowings	5,262	9	(283)	4,988
Lease Liabilities	28	1	(3)	26
Interest on borrowings (including transaction cost)	83	748	(750)	81
Total Liabilities from Financing Activities	**8,259**	**758**	**(1,288)**	**7,729**

Notes forming part of Consolidated Financial Statements
For the year ended 31 March 2026

(Currency: Indian Rupees in million)

c. i) Terms of repayment as on 31 March 2026 are as under:

		₹ In million	Repayment Terms	Closing interest rate as at 31 March 2026
(i)	a	23	Repayable in 1 quarterly instalments, next installment due on 05.06.2026.	8.25%
	b	75	Repayable in 4 quarterly instalments, next installment due on 06.05.2026, equated average instalments of ₹ 18.69 million	8.60%
	c	707	Repayable in 17 quarterly instalments, next installment due on 30.06.2026, equated average instalments of ₹ 41.57 million	8.40%
	d	598	Repayable in 25 quarterly instalments, next installment due on 31.03.2028, equated average instalments of ₹ 23.91 million	8.30%
(ii)	a	1,220	Repayable in 9 quarterly instalments, next installment due on 01.06.2026, equated average instalments of ₹ 135.54 million	8.45%
(iii)	a	2,398	Repayable in 11 half yearly instalments, next installment due on 15.06.2026 equated average instalments of ₹ 218.01 million	8.50%

b. ii) Terms of repayment as on 31 March 2025 are as under:

		₹ In million	Repayment Terms	Closing interest rate as at 31.3.2025
(i)	a	173	Repayable in 5 quarterly instalments, next installment due on 05.06.2025; equated average instalments of ₹ 34.57 million	10.60%
	b	225	Repayable in 8 quarterly instalments, next installment due on 06.05.2025, equated average instalments of ₹ 28.11 million	9.75%
	c	875	Repayable in 21 quarterly instalments, next installment due on 30.06.2025, equated average instalments of ₹ 41.66 million	9.15%
(ii)	a	1,721	Repayable in 13 quarterly instalments, next installment due on 01.06.2025; equated average instalments of ₹ 132.36 million	9.35%
(iii)	a	1,994	Repayable in 13 half yearly instalments, next installment due on 15.06.2025 equated average instalments of ₹ 153.36 million	9.19%

Note 22: Non-Current Lease liability

	As at 31 March 2026	As at 31 March 2025
Lease liability	27	24
	27	**24**

Note 23: Long-term provisions

	As at 31 March 2026	As at 31 March 2025
Provision for gratuity (Refer note 45)	402	157
Provision for pension (Refer note 45)	92	-
Other employee benefits provisions (Refer note 45)	63	-
	557	**157**

Note 24: Deferred tax liabilities (net)

	As at 31 March 2026	As at 31 March 2025
Deferred tax liabilities (Refer note 43)	43	325
	43	**325**

Notes forming part of Consolidated Financial Statements
For the year ended 31 March 2026

(Currency: Indian Rupees in million)

Note 25: Other non-current liabilities

	As at 31 March 2026	As at 31 March 2025
Advance received from customers (contract liabilities)	519	593
	519	**593**

Note 26: Short-term borrowings

	As at 31 March 2026	As at 31 March 2025
Secured		
Loans from banks		
Working capital loan -Rupee (refer note a (i) and b below)	1,384	2,165
Bill discounting (Refer note a (ii))	401	468
Current maturities of long-term debt	1,290	1,316
	3,075	**3,949**

a. Nature of security and terms of repayment for secured borrowings:

i Working capital loans from all banks are secured by first pari passu charge on all current assets of the Holding Company and second pari passu charge on property, plant and equipment both present and future situated at Holding Company's plants at Bangalore, Taloja and Panoli.

ii Loans availed under bill discounting facility are against specific receivables, having tenure of 30 to 120 days and carrying interest ranging between 1.20% +SOFR to 1.80% +SOFR p.a. for export bills and 6.75% to 7.40% for local bills.

b. Working capital loans are repayable on demand and carry interest ranging from 5.85% to 8.05% p.a.

Note 27: Current Lease liability

	As at 31 March 2026	As at 31 March 2025
Lease liability	5	2
	5	**2**

Note 28: Trade payables

	As at 31 March 2026	As at 31 March 2025
Trade payables		
Total outstanding dues of Micro Enterprises and Small Enterprises	282	183
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	2,383	2,858
	2,665	**3,041**

The Group's exposure to currency and liquidity risk related to trade payable is disclosed in Note 47.

Trade Payables ageing schedule as on 31 March 2026

Particulars	Not Due	<1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Micro Enterprises and Small Enterprises	190	92	-	-	-	282
(ii) Others	1,846	516	19	1	1	2,383
(iii) Disputed dues – Micro Enterprises and Small Enterprises	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
Total	**2,036**	**608**	**19**	**1**	**1**	**2,665**

Notes forming part of Consolidated Financial Statements
For the year ended 31 March 2026

(Currency: Indian Rupees in million)

Trade Payables ageing schedule as on 31 March 2025

Particulars	Not Due	<1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Micro Enterprises and Small Enterprises	139	43	1	0	-	183
(ii) Others	2,100	747	9	1	1	2,858
(iii) Disputed dues – Micro Enterprises and Small Enterprises	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
Total	**2,239**	**790**	**10**	**1**	**1**	**3,041**

Note 29: Other financials liabilities

	As at 31 March 2026	As at 31 March 2025
Interest accrued but not due on borrowings	48	82
Payables for capital purchases		
Total outstanding dues of Micro Enterprises and Small Enterprises	84	60
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	131	94
Employee benefits payable		
- Related Party (Refer note 58)	23	-
- Others	151	208
Unpaid dividend (Refer note no 53)	2	2
	439	**446**

Note 30: Other current liabilities

	As at 31 March 2026	As at 31 March 2025
Advances from customers (contract liabilities)	140	95
Statutory dues payable		
- Provident fund	18	18
- Tax deducted at source	7	38
- Goods and Services Tax	34	6
- Others	0	0
	199	**157**

Note 31: Current provisions

	As at 31 March 2026	As at 31 March 2025
Provision for gratuity (Refer note 45)	119	20
Provision for compensated absences (Refer note 45)	274	153
Other employee benefits provisions (Refer note 45)	0	-
	393	**173**

Note 32: Income tax liabilities (net)

	As at 31 March 2026	As at 31 March 2025
Provision for tax	13	127
	13	**127**

Notes forming part of Consolidated Financial Statements
For the year ended 31 March 2026

(Currency: Indian Rupees in million)

Note 33: Revenue from Operations

		For the year ended 31 March 2026	For the year ended 31 March 2025
Sale of products		16,607	17,879
Sale of services		345	556
	(A)	**16,952**	**18,435**
Other operating revenues			
Export incentive		51	49
Compensation received from customer		71	71
Scrap sales		52	43
	(B)	**174**	**163**
Revenue from operations	**(A+B)**	**17,126**	**18,598**

Note 33.1: Disaggregation of revenue from contracts with customers

The Group derives revenue from sale of products from following major segments:

Particulars			For the year ended 31 March 2026	For the year ended 31 March 2025
1	**Revenue from contacts with customers**			
	Sale of products (Transferred at point in time)			
	India		5,571	6,964
	Outside India		11,036	10,915
		(A)	**16,607**	**17,879**
	Sale of services (Transferred over period of time)			
	Outside India		345	556
		(B)	**345**	**556**
2	**Other operating revenues**			
	Export incentive		51	49
	Compensation received from customer		71	71
	Scrap Sales		52	43
		(C)	**174**	**163**
	Total revenue (A + B + C)		**17,126**	**18,598**
	Product lines			
	Crop protection		6,916	6,917
	Pharmaceuticals (refer note 68)		10,210	11,681
			17,126	**18,598**

There is no significant difference between transaction price and revenue recognised.

Contract Balances

Particulars	As at 31 March 2026	As at 31 March 2025
Trade Receivables	4,416	5,224
Contract Liabilities	659	688
Contract Assets	-	10

Trade Receivables are non interest bearing and are generally on term of 30-120 days.

Contract liabilities include long term advances which are received to deliver product on long term period.

Contract Assets represents unbilled revenue from ongoing development contracts.

Notes forming part of Consolidated Financial Statements
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(Currency: Indian Rupees in million)

Note 34: Other income

	As at 31 March 2026	As at 31 March 2025
Dividend received on non-current investment	0	0
Interest income on		
Bank deposit	4	4
Other	7	2
Foreign exchange gain (net)	107	39
Profit on sale of investment	4	4
Profit on sale of Property, Plant and equipments (net)	0	1
Miscellaneous income	1	0
	123	**50**

Note 35: Cost of materials consumed

	For the year ended 31 March 2026	For the year ended 31 March 2025
Raw material consumed		
Opening stock	1,223	1,401
Add: Purchase	7,850	8,648
Less: Closing stock	1,087	1,223
	7,986	**8,826**

Note 36: Changes in inventories of finished goods and Work-in-progress

	For the year ended 31 March 2026	For the year ended 31 March 2025
Opening stock		
Finished goods	895	542
Work-in-progress	968	868
	1,863	**1,410**
Less: Closing stock		
Finished goods	1,314	895
Work-in-progress	918	968
	2,232	**1,863**
	(369)	**(453)**

Note 37: Employee benefits expense

	For the year ended 31 March 2026	For the year ended 31 March 2025
Salaries and wages	2,363	2,160
Contribution to provident and other funds	113	107
Gratuity expenses (Refer note 45)	42	24
Staff welfare expense	185	180
	2,703	**2,471**

Notes forming part of Consolidated Financial Statements
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(Currency: Indian Rupees in million)

Note 38: Finance costs

	For the year ended 31 March 2026	For the year ended 31 March 2025
Interest on long term loans	393	521
Interest on short term loans	146	150
Interest on bills discounted	62	54
Other finance costs	2	2
Interest expenses on lease liabilities	3	2
Bank charges	15	23
	621	**752**

Note 39: Depreciation and amortisation expenses

	For the year ended 31 March 2026	For the year ended 31 March 2025
Depreciation on property, plant and equipment	1,600	1,308
Amortisation on intangible assets	24	23
Depreciation on right of use assets	14	13
	1,638	**1,344**

Note 40: Other expenses

	For the year ended 31 March 2026	For the year ended 31 March 2025
Consumption of stores and spares	339	381
Contract labour charges	294	289
Power and fuel	1,698	1,681
Advertisement	1	1
Rent (Refer note 46)	23	16
Rates and taxes	14	17
Insurance	115	83
Repairs and maintenance		
- Plant and machinery	358	374
- Buildings	93	134
- Others	240	235
Printing and stationery	37	32
Legal and professional charges	461	379
Travelling and conveyance	143	101
Vehicle expenses	11	15
Postage, telephone and telegrams	12	12
Payment to auditors (Refer note 50)	9	9
Director's sitting fee/ Commission (Refer note 53)	8	15
Sales and distribution expenses	344	346
Commission on sales	20	22
Security service charges	60	57
Sundry balance written off	11	6
Service charges	-	2
Provision for doubtful debts/advances	94	30
Corporate Social Responsibility expenses (CSR) (Refer note 49)	22	29
Miscellaneous expenses	195	204
	4,602	**4,470**

Notes forming part of Consolidated Financial Statements
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(Currency: Indian Rupees in million)

Note 41: Exceptional item

	For the year ended 31 March 2026	For the year ended 31 March 2025
Employee benefit expense (refer note 57)	380	-
Impairment charge on property, plant and equipment (refer note 62)	471	-
	851	**-**

42 Tax expense

(a) Amounts recognised in balance sheet

	As at 31 March 2026	As at 31 March 2025
Income tax assets	75	25

	As at 31 March 2026	As at 31 March 2025
Income tax liabilities	13	127

Note: The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off income tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

(b) Amounts recognised in statement of profit and loss

	For the year ended 31 March 2026	For the year ended 31 March 2025
Current tax		
Current tax	87	300
Adjustment of tax relating to earlier year *	(107)	-
	(20)	**300**
Deferred tax liability / (asset), net		
Origination and reversal of temporary differences	(275)	30
Deferred tax expense	**(275)**	**30**
Tax expense for the year	**(295)**	**330**

*Consequent to an order of the CIT(Appeals) received in April 2026, Current tax for the year ended 31 March 2026 consists of reversal of provision of ₹ 107 million which was created in an earlier year.

(c) Amounts recognised in other comprehensive income

	For the year ended 31 March 2026			For the year ended 31 March 2025		
	Before tax	Tax expense / (benefit)	Net of tax	Before tax	Tax expense / (benefit)	Net of tax
Items that will not be reclassified to statement of profit and loss						
Gain / (loss) on remeasurement of defined employee benefit plans	(32)	8	(24)	(19)	5	(14)
Gain / (loss) on change in fair values of investments in equity shares carried at fair value through OCI	0	0	0	0	0	0
	(32)	**8**	**(24)**	**(19)**	**5**	**(14)**

Notes forming part of Consolidated Financial Statements
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(Currency: Indian Rupees in million)

(d) Reconciliation of effective tax rate

	For the year ended 31 March 2026	For the year ended 31 March 2025
(Loss)/profit before tax	(783)	1,238
Tax using the Company's domestic tax rate (Current year 25.17% and Previous year 25.17%)	(197)	312
Tax effect of:		
Adjustment of tax relating to earlier year	(107)	-
Non-deductible tax expenses	9	18
Tax expenses as per statement of profit and loss	**(295)**	**330**
Weighted average tax rate	**38%**	**27%**

43 Deferred assets and liabilities (net)

a) Recognised deferred assets and liabilities

	Deferred tax assets		Deferred tax liabilities		Net deferred tax asset/ (liabilities)	
	As at 31 March 2026	As at 31 March 2025	As at 31 March 2026	As at 31 March 2025	As at 31 March 2026	As at 31 March 2025
Property, plant and equipment	-	-	(404)	(511)	(404)	(511)
Inventories	61	49	-	-	61	49
Trade receivables	53	31	-	-	53	31
Loans and advances	24	23	-	-	24	23
Provisions	223	83	-	-	223	83
Net Deferred tax asset / (liabilities)	**361**	**186**	**(404)**	**(511)**	**(43)**	**(325)**

b) Movement in deferred tax balances

	Net balance as at 1 April 2025	Recognised in statement of profit or loss	Recognised in OCI	As at 31 March 2026		
				Net	Deferred tax asset	Deferred tax liability
Deferred tax asset						
Property, plant and equipment	(511)	(107)	-	(404)	-	(404)
Inventories	49	(12)	-	61	61	-
Trade receivables	31	(22)	-	53	53	-
Loans and advances	23	(1)	-	24	24	-
Provisions	83	(133)	(8)	223	223	-
Net deferred tax assets / (liabilities)	**(325)**	**(275)**	**(8)**	**(43)**	**361**	**(404)**

c) Movement in deferred tax balances (previous year)

	Net balance As ar 1 April 2024	Recognised in statement of profit or loss	Recognised in OCI	As at 31 March 2025		
				Net	Deferred tax asset	Deferred tax liability
Deferred tax asset						
Property, plant and equipment	(472)	39	-	(511)	-	(511)
Inventories	45	(4)	-	49	49	-
Trade receivables	33	2	-	31	31	-
Loans and advances	13	(10)	-	23	23	-
Provisions	81	3	(5)	83	83	-
Net deferred tax assets / (liabilities)	**(300)**	**30**	**(5)**	**(325)**	**186**	**(511)**

Notes forming part of Consolidated Financial Statements
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The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off income tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Significant management judgement is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income and the period over which deferred income tax assets will be recovered.

44 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit attributable to equity shareholders of the Holding Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to equity shareholders of the Holding Company by the weighted average number of equity shares outstanding during the year, after considering adjustment for the effects of all dilutive potential equity shares.

		For the year ended 31 March 2026	For the year ended 31 March 2025
Consolidated profit attributable to equity shareholders (basic and diluted)			
Consolidated profit / (loss) for the year attributable to equity shareholders	(A)	**(488)**	**908**
Weighted average number of equity shares for basic and diluted earnings per share			
Number of equity shares at beginning of the year		12,33,00,750	12,33,00,750
Number of equity shares outstanding at the end of the year		**12,33,00,750**	**12,33,00,750**
Weighted average number of equity shares for the year	**(B)**	**12,33,00,750**	**12,33,00,750**
Basic and diluted earnings per share of face value of ₹ 2 each	**(A) / (B)**	**(3.96)**	**7.36**

45 Employee benefits

(i) Defined Contribution Plans

The Group makes contributions towards provident fund, superannuation fund and other retirement benefits to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Group is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits.

Contribution to defined contribution plans are charged off for the year as under:

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Employer's contribution to Providend Fund	112	106
Employer's Contribution to Others	1	1

(ii) Defined Benefit Plans

(1) Gratuity:

The Group has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service. The holding Company has obtained insurance policies with the Life Insurance Corporation of India (LIC) for eligible employees at Panoli plant and makes an annual contribution to LIC for amounts notified by LIC. The Group accounts for gratuity benefits payable in future based on an independent external actuarial valuation carried out at the end of the year using the projected unit credit method. Actuarial gains and losses are recognised as Other Comprehensive Income or Loss.

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Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Group's consolidated financial statements as at balance sheet date:

A. Reconciliation of the net defined benefit (asset) / liability

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit (asset) liability and its components

	As at 31 March 2026	As at 31 March 2025
Reconciliation of present value of defined benefit obligation		
Balance at the beginning of the year	187	182
Current service cost	24	12
Past service cost	293	-
Interest cost (income)	19	13
Benefits paid	(26)	(38)
Actuarial losses/ (gains) recognised in other comprehensive income	-	-
- financial assumptions	(36)	4
- demographic assumption	-	-
- experience adjustments	69	14
Balance at the end of the year	**530**	**187**
Reconciliation of present value of plan assets		
Balance at the beginning of the year	11	12
Transfer In / (Out) Plan Assets	-	-
Interest income	1	1
Return on plan assets, excluding amount included in interest (expense)/ income	1	(1)
Benefits paid	(4)	(1)
Balance at the end of the year	**9**	**11**
Net defined benefit (asset)/ liability	**521**	**176**

B. Plan assets

Plan assets comprise the following

	As at 31 March 2026	As at 31 March 2025
Investment		
Policy of insurance	100%	100%
Bank Special Deposit	0%	0%
Investment in other securities	0%	0%
Corporate Bonds	0%	0%
State Government Bonds	0%	0%
	100%	**100%**

C. The components of defined benefit plan expense are as follows:

	For the year ended 31 March 2026	For the year ended 31 March 2025
Recognised in income statement		
Current service cost	24	12
Past Service cost (refer note 41)	293	-
Interest cost (net)	18	12
Total	**335**	**24**
Recognised in Other Comprehensive Income		
Remeasurement of net defined benefit liability/(asset)	33	18
Return on plan assets, excluding interest income	(1)	1
Total	**32**	**19**

Notes forming part of Consolidated Financial Statements
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D. Defined benefit obligations

i. Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	For the year ended 31 March 2026	For the year ended 31 March 2025
Expected return on plan assets	7.73%	6.70%
Discount rate	7.73%	6.70%
Salary escalation rate	6.00%	6.00%
Attrition rate	2.00%	2.00%
Mortality rate table	Indian assured lives mortality (2012-14)	

ii. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	For the year ended 31 March 2026		For the year ended 31 March 2025	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(30)	35	(174)	203
Rate of salary increase (1% movement)	35	(31)	(200)	176
Rate of employee turnover (1% movement)	3	(4)	(188)	187

The above sensitivity analyses have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the reporting date. In practice, generally it does not occur. When we change one variable, it affects to others. In calculating the sensitivity, project unit credit method at the end of the reporting period has been applied.

	31 March 2026	31 March 2025
Expected employer's contribution to defined benefit plan for the next year	119	20

Maturity profile of the defined benefit obligation

Particulars	Up to 1 year	Between 1-2 years	Between 2-5 years	Between 6-10 years	Total
For the year ended 31 March 2026					
Defined benefit obligations (Gratuity)	116	29	120	257	522
Total	**116**	**29**	**120**	**257**	**522**
For the year ended 31 March 2025					
Defined benefit obligations (Gratuity)	21	20	58	78	177
Total	**21**	**20**	**58**	**78**	**177**

Notes forming part of Consolidated Financial Statements
For the year ended 31 March 2026

(Currency: Indian Rupees in million)

(ii) Defined Benefit Plans

(2) Pension Plan

The Group operates a pension scheme aimed at rewarding long-term service and providing post-retirement financial stability to eligible employees. The scheme is applicable to permanent employees who meet specified eligibility criteria and retire from service. Eligibility for pension benefits requires a minimum of 7 years of continuous service in specified senior roles (Management Committee cadre or Company Secretary) at the time of retirement. Benefits are available upon retirement through superannuation or approved voluntary retirement schemes and are calculated based on the last drawn basic salary. The amount and payout of pension benefits are determined based on the tenure of service.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the pension plan and the amounts recognised in the Group's consolidated financial statements as at balance sheet date:

A. Reconciliation of the net defined benefit (asset)/ liability

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit (asset) liability and its components

	As at 31 March 2026	As at 31 March 2025
Reconciliation of present value of defined benefit obligation		
Balance at the beginning of the year	-	N.A.
Current service cost	-	N.A.
Past service cost	92	N.A.
Interest cost (income)	-	N.A.
Benefits paid	-	N.A.
Actuarial losses/ (gains) recognised in other comprehensive income	-	N.A.
- financial assumptions	-	N.A.
- demographic assumption	-	N.A.
- experience adjustments	-	N.A.
Balance at the end of the year	**92**	**N.A.**
Reconciliation of present value of plan assets		
Balance at the beginning of the year	-	N.A.
Transfer In / (Out) Plan Assets	-	N.A.
Interest income	-	N.A.
Return on plan assets, excluding amount included in interest (expense)/ income	-	N.A.
Benefits paid	-	N.A.
Balance at the end of the year	**-**	**N.A.**
Net defined benefit (asset)/ liability	**92**	**N.A.**

B. The components of defined benefit plan expense are as follows:

	As at 31 March 2026	As at 31 March 2025
Recognised in income statement		
Current service cost	-	N.A.
Past Service cost	92	N.A.
Interest cost (net)	-	N.A.
Total	**92**	**N.A.**
Recognised in Other Comprehensive Income		
Remeasurement of net defined benefit liability/(asset)	-	N.A.
Return on plan assets, excluding interest income	-	N.A.
Total	**-**	**N.A.**

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(Currency: Indian Rupees in million)

C. Defined benefit obligations

i. Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	For the year ended 31 March 2026	For the year ended 31 March 2025
Expected return on plan assets	N.A.	N.A.
Discount rate	7.73%	N.A.
Salary escalation rate	4.00%	N.A.
Average expected future term	17 years	N.A.
Attrition rate	2.00%	N.A.
Mortality Rate During Employment	Indian assured lives mortality (2012-14) (Urban)	
Mortality Rate After Employment	Indian Individual AMT(2012-15)	

ii. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	For the year ended 31 March 2026		For the year ended 31 March 2025	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(7)	8	N.A.	N.A.
Rate of salary increase (1% movement)	5	(4)	N.A.	N.A.

The above sensitivity analyses have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the reporting date. In practice, generally it does not occur. When we change one variable, it affects to others. In calculating the sensitivity, project unit credit method at the end of the reporting period has been applied.

Maturity profile of the defined benefit obligation

Particulars	Up to 1 year	Between 1-2 years	Between 2-5 years	Between 6-10 years	11 years and above	Total
31 March 2026						
Defined benefit obligations (Pension)	0	1	38	60	116	215
Total	**0**	**1**	**38**	**60**	**116**	**215**
31 March 2025						
Defined benefit obligations (Pension)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Total	**N.A.**	**N.A.**	**N.A.**	**N.A.**	**N.A.**	**N.A.**

Other employee benefit plans

a. Compensated absences:

The obligation for leave encashment is recognised in the same manner as gratuity. The Group's liability on account of compensated absences is not funded and hence the disclosures relating to the planned assets are not applicable. Amount of ₹ 83 million (31 March 2025 ₹ 53 million) towards compensated absences is recognised as an expense and included in "Employee benefits expense" in the Statement of profit and loss during the year.

Notes forming part of Consolidated Financial Statements
For the year ended 31 March 2026

(Currency: Indian Rupees in million)

b. Medical benefit plan:

The Group operates a medical benefit plan for employees who are eligible for pension. In the event of employee's death, the dependent / legal heir only the surviving wife/husband would be eligible to receive medical insurance. The benefit would continue until pension period eligible criteria are met. The benefit will be available based on the service period rendered by the employee. Based on an actuarial valuation, an amount of ₹ 2 million (31 March 2025: ₹ Nil) towards medical benefits is recognised as an expense and included in "Employee benefits expense" in the Statement of profit and loss during the year.

c. Long Term Incentive Plan (LTIP)

The Long-Term Incentive Plan is annually granted along with the performance cycle at the end of the financial year and determined on the individual performance rating criteria. The benefit will be available based on the service period rendered by the employee. Based on an actuarial valuation, an amount of Rs. 5 million (31 March 2025: Rs. 32 million) towards long term incentives is recognised as an expense and included in "Employee benefits expense" in the Statement of profit and loss during the year.

d. Hikal's Emerging Stars Scheme (HESS)

The Group has introduced the Hikal Emerging Stars Scheme (HESS), a tenure-based retention and performance incentive program for eligible employees in specified grades and locations. Based on an actuarial valuation, an amount of ₹ 6 million (31 March 2025: ₹ Nil) towards Hikal Emerging Stars Scheme benefit is recognised as an expense and included in "Employee benefits expense" in the Statement of profit and loss during the year.

46 Leases:

The Group has a lease contract for building used in its operations. The Lease term is 9 years. Also, the Group has leasehold land for a period upto 99 years. The Group's obligations under its lease is secured by the lessor's title to the leased asset.

The Group also has certain leases of machinery/premises with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below is the carrying amount of right-of-use assets recognised and the movements during the period:

Particulars	Leasehold land	Buildings	Office Equipments
As at 1 April 2024	619	27	-
Additions	-	-	-
Depreciation expense	(9)	(4)	-
As at 31 March 2025	610	23	-
Additions	-	-	9
Depreciation expense	(9)	(4)	(1)
As at 31 March 2026	601	19	8

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the Statement of Profit and Loss.

Notes forming part of Consolidated Financial Statements
For the year ended 31 March 2026

(Currency: Indian Rupees in million)

Set out below is the carrying amount of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

	As at 31 March 2026	As at 31 March 2025
As at 1 April	26	28
Additions	9	-
Accretion of interest	3	2
Payments	(6)	(4)
As at 31 March	32	26
Current	5	2
Non current	27	24

For Rental expense recorded for short-term leases, refer note 40

The effective interest rate for lease liabilities is 8.82%, with maturity between 2026-2031.

	As at 31 March 2026	As at 31 March 2025
Depreciation expense of right-of-use assets	14	13
Interest expense on lease liabilities	3	2
Total amount recognised in Profit and Loss	**17**	**15**

The Group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

The details of the contractual maturities of lease liabilities as at March 31, 2026 and March 31, 2025 on an undiscounted basis are as follows:

	As at 31 March 2026	As at 31 March 2025
Payable within one year	7	5
Payable between one year and five years	29	21
Payable after more than five years	4	9

47 Financial instruments – Fair values and risk management

A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. There are no financial assets or financial liabilities not measured at fair value, whose carrying amount is not a reasonable approximation of fair value.

31 March 2026	Carrying amount		Fair value			
	FVTOCI	Total	Level 1	Level 2	Level 3	Total
Financial assets						
Investment	95	95	0	-	95	95
	95	**95**	**0**	**-**	**95**	**95**

31 March 2025	Carrying amount		Fair value			
	FVTOCI	Total	Level 1	Level 2	Level 3	Total
Financial assets						
Investment	95	95	0	-	95	95
	95	95	0	-	95	95

Notes forming part of Consolidated Financial Statements
For the year ended 31 March 2026

(Currency: Indian Rupees in million)

B. Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk

i. Risk management framework

The Holding Company's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

ii. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

The carrying amount of following financial assets represents the maximum credit exposure:

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Group establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables.

The maximum exposure to credit risk for trade receivables by geographic region was as follows.

	Carrying amount	
	As at 31 March 2026	As At 31 March 2025
India	1,283	2,437
Other regions	3,345	2,910
	4,628	**5,347**

Notes forming part of Consolidated Financial Statements
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(Currency: Indian Rupees in million)

Impairment

The following table provides information about the exposure to credit risk and expected credit loss for trade receivables:

	As at 31 March 2026		
	Carrying Amount	Weighted Average Loss Rate	Loss Allowance
Not due	3,611	0.58%	21
Past due 0-90 days	589	2.55%	15
Past due 91-180 days	40	17.50%	7
Past due 181-365 days	291	30.24%	88
Past due366-730 days	34	52.94%	18
Past due731-1096 days	3	100.00%	3
More than 1096 days	60	100.00%	60
	4,628		**212**

	As at 31 March 2025		
	Carrying Amount	Weighted Average Loss Rate	Loss Allowance
Not due	4,234	0.48%	20
Past due 0-90 days	885	1.68%	15
Past due 91-180 days	105	10.46%	11
Past due 181-365 days	40	6.39%	3
Past due366-730 days	12	36.89%	4
Past due731-1096 days	9	97.18%	8
More than 1096 days	62	100.00%	62
	5,347		**123**

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows.

Particulars	Amount
Balance as at 31 March 2025	**123**
Additional provision	89
Impairment loss recognised / (reversal)	-
Balance as at 31 March 2026	**212**

Cash and cash equivalents

The Group held cash and cash equivalents (including bank deposits) of ₹ 141 million at 31 March 2026 (31 March 2025: ₹ 187 million). The cash and cash equivalents (including bank deposits) are held with banks with good credit ratings and financial institution counterparties with good market standing.

Other than trade receivables, the Group has no other significant financial assets that are past due but not impaired.

Notes forming part of Consolidated Financial Statements
For the year ended 31 March 2026

(Currency: Indian Rupees in million)

iii. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted.

As at 31 March 2026	Carrying amount	Total	Contractual cash flows		
			Upto 1 year	1-5 years	More than 5 years
Non-derivative financial liabilities					
Borrowings and lease liabilities - Non current	3,758	3,758	-	3,341	417
Borrowings and lease liabilities - current	3,080	3,080	3,080	-	-
Other financial liabilities - current	439	439	439	-	-
Trade payables	2,665	2,665	2,665	-	-
	9,942	**9,942**	**6,184**	**3,341**	**417**

As at 31 March 2025	Carrying amount	Total	Contractual cash flows		
			Upto 1 year	1-5 years	More than 5 years
Non-derivative financial liabilities					
Borrowings and lease liabilities - Non current	3,696	3,696	-	3,648	48
Borrowings and lease liabilities - current	3,951	3,951	3,951	-	-
Other financial liabilities - current	448	448	448	-	-
Trade payables	3,041	3,041	3,041	-	-
	11,136	**11,136**	**7,440**	**3,648**	**48**

The gross outflow disclosed in the above table represent the contractual undiscounted cash flows relating to financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity.

iv Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. We are exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of our investments. Thus, our exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs.

Currency risk

The Group is exposed to currency risk on account of its operating and financing activities. The functional currency of the Group is Indian Rupee.

Notes forming part of Consolidated Financial Statements
For the year ended 31 March 2026

(Currency: Indian Rupees in million)

Exposure to currency risk

The major currency profile of financial assets and financial liabilities as at 31 March 2026 and 31 March 2025 are as below:

	As At 31 March 2026			
	USD	EUR	JPY	SGD
Financial assets	2,656	263	-	-
Financial liabilities	857	153	4	-
Net Exposure	**1,799**	**110**	**(4)**	-

	As At 31 March 2025			
	USD	EUR	CHF	SGD
Financial assets	2,648	271	0	0
Financial liabilities	1,120	128	3	0
Net Exposure	**1,528**	**143**	**(3)**	-

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against USD, Euros, Swiz Franc, Japanese Yen and Singapore dollar at 31 March would have affected the measurement of financial instruments denominated in these currencies and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Effect in INR	Profit or loss before tax		Equity net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2026				
USD (3% movement)	54	(54)	40	(40)
EUR (3% movement)	3	(3)	2	(2)
JPY (3% movement)	(0)	0	(0)	0
	57	**(57)**	**43**	**(43)**

Effect in INR	Profit or loss before tax		Equity net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2025				
USD (3% movement)	46	(46)	35	(35)
EUR (3% movement)	4	(4)	3	(3)
CHF (3% movement)	(0)	0	(0)	0
	50	**(50)**	**38**	**(38)**

v. Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

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For the year ended 31 March 2026

(Currency: Indian Rupees in million)

Exposure to interest rate risk

Group's interest rate risk arises from borrowings. Borrowings issued at fixed and variable rates exposes to fair value interest rate risk. The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows:

	Amount	
	As at 31 March 2026	As at 31 March 2025
Fixed-rate instruments		
Financial assets	51	65
Financial liabilities	(1,785)	(2,633)
	(1,734)	**(2,568)**
Variable-rate instruments		
Financial assets	-	-
Financial liabilities	(5,021)	(4,987)
	(5,021)	**(4,987)**

Fair value sensitivity analysis for fixed-rate instruments

The Group does not account for any fixed-rate financial assets or financial liabilities at fair value through statement of profit and loss. Therefore, a change in interest rates at the reporting date would not affect statement of profit and loss.

48 Capital Management

As at 31 March 2026, the Group has only one class of equity shares. In order to maintain or achieve an optimal capital structure, the Group allocates its capital for distribution as dividend or re-investment into business based on its long term financial plans.

For the purpose of the Group's capital management, capital includes issued capital and other equity reserves. The primary objective of the Group's capital management is to safeguard its ability to continue as going concern and to maintain and optimal capital structure so as to maximise shareholders value. The Group manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt and adjusted net debt to equity ratio. For this purpose, adjusted net debt is defined as total debt less cash and bank balances.

	As at 31 March 2026	As at 31 March 2025
Non-current borrowings	3,731	3,672
Current borrowings	3,075	3,949
Gross debt	**6,806**	**7,621**
Less - Cash and cash equivalents	96	130
Less - Other current bank deposits	42	50
Adjusted net debt(A)	**6,668**	**7,441**
Total equity (B)	**11,988**	**12,623**
Adjusted net debt to equity ratio	0.56	0.59
Total capital (A)+(B)	**18,656**	**20,064**
Gearing ratio *	36%	37%

*The Group's ideal gearing ratio is 35% to 40%.

Notes forming part of Consolidated Financial Statements
For the year ended 31 March 2026

(Currency: Indian Rupees in million)

49 Corporate social responsibility

As per Section 135 of the Act, a CSR committee has been formed by the Group. The funds are utilised during the year on the activities which are specified in Schedule VII of the Act. The utilisation is done by way of direct and indirect contribution towards various activities.

Gross amount required to be spent by the Group during the year: ₹ 22 million (31 March 2025: ₹ 28 million)

The areas of CSR activities and contributions made thereto are as follows:

Amount spent during the year on ;	For the year ended 31 March 2026	For the year ended 31 March 2025
Protection of national heritage	10	10
Promotion of education	7	8
Environmental sustainability	3	3
Promoting preventive health care and sanitation and making available safe water	2	8
Others	0	0
Total	**22**	**29**

The Group does not carry any provisions for corporate social responsibility expenses for the current year and the previous year.

Amount of Expenditure incurred on Corporate Social Responsibility

Particulars	31 March 2026	31 March 2025
(a) amount required to be spent by the holding company during the year	22	28
(b) amount of expenditure incurred	22	29
(c) Excess / (shortfall) at the end of the year	0	1
(d) total of previous years shortfall	-	-
(e) reason for shortfall	NA	NA
(f) nature of CSR activities	As per above table	As per above table
(g) Details of related party transactions, contribution to an entity (in which certain directors of Holding Company are directors) in relation to CSR expenditure. (refer note 53)	8	8
(h) where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year should be shown separately	-	-

50 Payment to Auditors' (excluding Goods and Services tax)

	For the year ended 31 March 2026	For the year ended 31 March 2025
- Audit fees	6	6
- Limited review of quarterly results	3	3
- Certification and other matters	0	-
- Out-of-pocket expenses	0	0
Total	**9**	**9**

Notes forming part of Consolidated Financial Statements
For the year ended 31 March 2026

(Currency: Indian Rupees in million)

51 Capitalisation of expenditure

During the year, the Group has capitalised the following expenses of revenue nature to the cost of property, plant and equipment (tangible fixed assets)/capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalised by the Group.

	For the year ended 31 March 2026	For the year ended 31 March 2025
Employee benefit expenses	8	22
Power & fuel	-	0
Consultancy Charges	9	1
Material Consumption - net of amount recovered	(36)	(62)
Total	**(19)**	**(39)**

52 Segment information

For management purposes, the Group is organised into business units based on its products and services and has two reportable segments, as follows:

Pharmaceuticals: Segment produces in Active Pharmaceutical Ingredients

Crop protection: Segment manufactures in pesticides, herbicides.

The Chief Operating Decision Maker ("CODM") evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by operating segments. The CODM reviews revenue and profit as the performance indicator for all of the operating segments, and review the total assets and liabilities of an operating segment.

Based on above, following are reportable segments as per Ind AS 108

Primary Segment (Operating Segment): Based on product lines of Group	Secondary Segment (Geographical Segment) Based on geographical area of operation
Pharmaceuticals	India and Outside India
Crop Protection	

Segment wise classification:-

A i) Primary segment reporting (by business segment)

The Group's business segments based on product lines are as under:

- **Pharmaceuticals**

  Segment produces/trades in Active Pharmaceutical Ingredients

- **Crop Protection**

  Segment produces/trades in pesticides and herbicides

ii) Segment revenues, results and other information

Particulars	Crop Protection	Pharmaceuticals	Total of Reportable Segment
External sales	**6,916**	**10,210**	**17,126**
	6,917	*11,681*	*18,598*
Other income	**-**	**-**	**-**
	-	*-*	*-*
Segment revenue	**6,916**	**10,210**	**17,126**
	6,917	*11,681*	*18,598*
COGS	**3,334**	**4,283**	**7,617**
	3,209	*5,164*	*8,373*

Notes forming part of Consolidated Financial Statements
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(Currency: Indian Rupees in million)

Particulars	Crop Protection	Pharmaceuticals	Total of Reportable Segment
Personnel Cost	**857**	**1,771**	**2,628**
	823	*1,553*	*2,376*
Other Expense	**1,483**	**2,939**	**4,422**
	1,610	*2,749*	*4,359*
Depreciation/Amortisation	**728**	**889**	**1,617**
	483	*841*	*1,324*
Segment results	**514**	**328**	**842**
	792	*1,374*	*2,166*
Segment assets	**8,305**	**14,796**	**23,101**
	9,349	*15,393*	*24,742*
Segment liabilities	**1,475**	**2,818**	**4,293**
	1,262	*2,846*	*4,108*
Capital expenditure (included in segment assets)	**300**	**1,211**	**1,511**
	378	*957*	*1,335*

Figures in italics pertain to previous year

iii) Reconciliation of reportable segments with the financial statements

	Revenues	Results / Net Profits	Assets	Liabilities	Capital Expenditure	Depreciation/ Amortisation
Total of reportable segments	**17,126**	**842**	**23,101**	**4,293**	**1,511**	**1,617**
	18,598	*2,166*	*24,742*	*4,108*	*1,335*	*1,324*
Corporate / Unallocated segment	**-**	**153**	**553**	**7,373**	**6**	**21**
	-	*176*	*547*	*8,558*	*25*	*20*
Finance cost	**-**	**621**	**-**	**-**	**-**	**-**
	-	*752*	*-*	*-*	*-*	*-*
Exceptional Item employee benefit expense - unallocable	**-**	**380**	**-**	**-**	**-**	**-**
	-	*-*	*-*	*-*	*-*	*-*
Exceptional Item impairment charge - Crop Protection	**-**	**471**	**-**	**-**	**-**	**-**
	-	*-*	*-*	*-*	*-*	*-*
Taxes	**-**	**(295)**	**-**	**-**	**-**	**-**
	-	*330*	*-*	*-*	*-*	*-*
As per financial statement	**17,126**	**(488)**	**23,654**	**11,666**	**1,517**	**1,638**
	18,598	*908*	*25,289*	*12,666*	*1,360*	*1,344*

Figures in italics pertain to previous year

B Secondary segment reporting (by geographical segment)

Particulars	India	USA and Canada	Europe	South East Asia	Others	Total
Revenue	**5,674**	**2,302**	**6,274**	**2,352**	**524**	**17,126**
	7,041	*2,506*	*5,300*	*2,990*	*761*	*18,598*
Total assets	**23,654**	**-**	**-**	**-**	**-**	**23,654**
	25,289	*-*	*-*	*-*	*-*	*25,289*
Capital expenditure	**1,517**	**-**	**-**	**-**	**-**	**1,517**
	1,360	*-*	*-*	*-*	*-*	*1,360*

There is a customer which account for revenue of ₹ Nil million (31 March 2025 ₹ 1,881 million) in Crop protection segment other than these there are no transactions with single external customer which amounts to 10% or more of the Group's revenue.

Figures in italics pertain to previous year

Notes forming part of Consolidated Financial Statements
For the year ended 31 March 2026

(Currency: Indian Rupees in million)

53 Related party disclosures

The note provides the information about the Group's structure. The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

i) List of Related parties

Relationship	Name of the related party
a) Company/ enterprises exercising significant influence through voting power ('significant shareholder')	Kalyani Investment Company Limited ("KICL")
b) Key Management Personnel (KMP)	Jai Hiremath (Executive Chairman)
	Sameer Hiremath (Vice Chairman and Managing Director)
	Kuldeep Jain (Chief Financial Officer)
	Rajasekhar Reddy (Company Secretary)
c) Enterprises owned or controlled or significantly influenced by key management personnel or their relatives	Decent Electronics Private Limited ("DEPL") (upto 15th April 2025)
	Karad Engineering Consultancy Private Limited ("KECPL") (upto 15th April 2025)
	Ekdant Investments Private Limited ("EIPL") (upto 15th April 2025)
	Shri Rameswara Investment Private Limited ("SRIPL") (upto 3rd December 2025)
	Shri Badrinath Investment Private Limited ("SBIPL") (upto 3rd December 2025)
	Rushabh Capital Services Private Limited ("RCSPL")
	BF Investment Limited
	Castilia Life Sciences LLP (formely Castilia Life Sciences Pvt Ltd) (w.e.f. 3rd Decemeber 2025)
	Sumer Trust
	Rhea Trust
	Nihal Trust
	Anika Trust
	Pooja Trust
	Anish Trust
	Pallavi Trust
	Sameer Trust
	Zirad Art Foundation
d) Relatives of Key Management Personnel	Anish Swadi
	Pallavi Swadi
	Pooja Hiremath
	Ashok Vishwanath Hiremath
	Sumer Hiremath
e) Non-executive directors	Amit Kalyani
	Sugandha Hiremath
	Shivani Bhasin Sachdeva
	Shrikrishna Adivadekar
	Berjis Desai (upto 1st October 2025)
	Ramachandra Kaundinya Vinnakota
	Ravi Kapoor
	Ranjana Salgaocar
	Sarangan Suresh (w.e.f. 1 April 2024)

Notes forming part of Consolidated Financial Statements
For the year ended 31 March 2026

(Currency: Indian Rupees in million)

ii) Details of transactions with related parties and balances outstanding

Particulars	Transaction value		Balances outstanding	
	Year ended 31 March 2026	Year ended 31 March 2025	31 March 2026	31 March 2025
Remuneration				
Jai Hiremath (net of recoveries of ₹ 23 million)	13	64	13	-
Sameer Hiremath (net of recoveries of ₹ 17 milions)	13	49	10	-
Anish Swadi	41	35	-	-
Sarangan Suresh	6	5	-	-
Kuldeep Jain	18	16	-	-
Rajasekhar Reddy	15	12	-	-
Commission paid				
Jai Hiremath	-	2	-	2
Sameer Hiremath	-	11	-	11
Sitting fees				
Sugandha Hiremath	1	1	-	-
Amit Kalyani	0	0	-	-
Shrikrishna Adivadekar	1	1	-	-
Shivani Bhasin Sachdeva	1	1	-	-
Berjis Desai	0	1	-	-
Ramachandra Kaundinya Vinnakota	2	1	0	-
Ravi Kapoor	2	1	0	-
Ranjana Salgaocar	1	1	-	-
Commission to Non-executive directors				
Sugandha Hiremath	-	1	-	1
Amit Kalyani	-	1	-	1
Shrikrishna Adivadekar	-	1	-	1
Shivani Bhasin Sachdeva	-	1	-	1
Berjis Desai	-	1	-	1
Ramachandra Kaundinya Vinnakota	-	1	-	1
Ravi Kapoor	-	1	-	1
Ranjana Salgaocar	-	1	-	1
Dividend paid				
SBIPL	16	24	-	-
SRIPL	8	12	-	-
DEPL	-	0	-	-
EIPL	-	0	-	-
KECPL	-	0	-	-
KICL	39	46	-	-
CLSL	6	-	-	-
Sugandha Hiremath	10	12	-	-
Jai Hiremath	1	2	-	-
Sameer Hiremath	0	0	-	-
Anish Swadi	0	0	-	-
Pallavi Swadi	1	0	-	-
Pooja Hiremath	0	0	-	-
BF Investment Limited	3	4	-	-

Notes forming part of Consolidated Financial Statements
For the year ended 31 March 2026

(Currency: Indian Rupees in million)

Particulars	Transaction value		Balances outstanding	
	Year ended 31 March 2026	Year ended 31 March 2025	31 March 2026	31 March 2025
Sumer Trust	0	0	-	-
Rhea Trust	0	0	-	-
Nihal Trust	0	0	-	-
Anika Trust	0	0	-	-
Pooja Trust	0	0	-	-
Anish Trust	0	0	-	-
Pallavi Trust	-	0	-	-
Sameer Trust	0	0	-	-
Kuldeep Jain	0	0	-	-
Rajasekhar Reddy	0	0	-	-
Ashok Hiremath	0	0	-	-
Ravi Kapoor	0	0	-	-
Sarangan Suresh	0	0	-	-
Lease rent paid				
RCSPL	1	1	-	-
Sugandha Hiremath	2	2	-	-
Jai Hiremath	0	0	-	-
Security Deposit				
RCSPL	-	-	1	1
Sugandha Hiremath	-	-	50	50
Jai Hiremath	-	-	20	20
Advances Given				
Kuldeep Jain	-	-	-	1
Advances Given Repaid				
Kuldeep Jain	1	1	-	-
Interest received on advances				
Kuldeep Jain	0	-	-	-
Corporate Social Responsibility*				
Zirad Art Foundation	8	8	-	-

Terms and conditions of transactions with related parties

1. All related party transactions entered during the year were in ordinary course of business and are on arms length basis. Payments terms are generally less than 90 days from due date.
2. Outstanding balances at year end are unsecured and settlement occurs in cash.
3. The remuneration of executive directors is determined by the nomination and remuneration committee.
4. As the liabilities for gratuity, leave encashment, pension and other employee benefit provisions are provided on acturial basis for the Group as a whole, the amounts pertaining to the KMP are not included in the disclosure relating to their remuneration.

*Refer note 49 for CSR related activity expenditure.

Notes forming part of Consolidated Financial Statements

For the year ended 31 March 2026

(Currency: Indian Rupees in million)

54 Contingent liabilities and commitments (to the extent not provided for)

A. Contingent liabilities

	As at 31 March 2026	As at 31 March 2025
(i) Direct and Indirect taxes		
Income Taxes*	514	395
Excise Duty**	40	40
Cental Sales Tax (CST)***	3	3
Value Added Tax (VAT)****	11	11
Goods and Service Tax (GST)*****	73	73

*The above excludes interest and penalty, if any and includes ₹ 195 million for which favourable orders were received by the Holding Company from the Commissioner of Income Tax (Appeals), where the statutory period for filing a further appeal has not yet expired.

**which includes interest and penalty.

***In addition to above for certain matters interest of ₹ 6 million was levied during the assessment.

****In addition to above penalty and interest of ₹ 11 million was levied during the assessment.

*****In addition to above penalty of ₹ 7 million was levied.

(ii) There are no material developments during the year in the matter relating to the alleged improper disposal of by-products and alleged non-compliance with certain environmental laws and regulations by the Holding Company in January 2022, for which statutory authorities have conducted investigations. The matter is currently pending before the Hon'ble Supreme Court of India ('SC') which stayed the order passed by the National Green Tribunal (NGT), Principal Bench, New Delhi which had accepted the joint committee's reports, including recovery of compensation of ₹ 175 million from the Holding Company for aforesaid non-compliance. The SC has also stayed Gujarat Pollution Control Board's direction to the Holding Company for payment thereof, upon the Holding Company having deposited ₹ 50 million (of which provision of ₹ 10 million is created in an earlier year) with the SC.

Based on the advice of external legal counsel, the Holding Company believes it has a good case on merits in these matters, and the Holding Company is taking necessary steps, including legal measures, to defend itself. Accordingly, no further provision is required in the consolidated financial statements in this respect.

(iii) On 12 July 2023, Karnataka Pollution Control Board (KPCB) served a demand notice to the Holding Company for ₹ 83 millions as Environmental Compensation however notice does not give details of instance of grounds / non-compliances. Aggrieved by this, Holding Company has approached Hon'ble Karnataka High Court. Based on the advice of external legal counsel, the Holding Company believes it has a good case on merits in this matter and accordingly, no provision is required in the financial statement in this regard.

(iv) The Holding Company is subject to legal proceedings, claims and GST audit, which have arisen in the ordinary course of business. The Holding Company has reviewed all its pending litigations and other matters and has adequately provided for where provisions are required and disclosed as contingent liability, where applicable in its financial statements. The Holding Company's management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect of the Holding Company's results of operations or financial condition.

B. Commitments*

	As at 31 March 2026	As at 31 March 2025
Estimated amount of contracts remaining to be executed on capital account and not provided for, tangible assets (net of advances)	661	469
Other non cancellable material commitment	2,143	2,267

Notes forming part of Consolidated Financial Statements

For the year ended 31 March 2026

(Currency: Indian Rupees in million)

55 Key Ratios

Sr. No.	Particulars	Numerator	Denominator	As at / for the year ended 31 March 2026	As at / for the year ended 31 March 2025	Variance (in %)	Reason for variance (if variance is more than 25%)
1	Current Ratio	Current Assets	Current Liabilities	1.30	1.26	3%	
2	Net Debt-Equity Ratio	Total Borrowing (net of cash and cash equivalents)	Equity	0.56	0.59	5%	
3	Debt Service Coverage Ratio	EBIT (before exceptional items)	Total Debt Service	0.80	1.45	45%	Decrease in EBIT on account of decrease in revenue in current year 2025-26 (refer note 68) compared to previous year 2024-25.
		EBIT (after exceptional items)	Total Debt Service	0.36	1.45	75%	Decrease in EBIT on account of decrease in revenue in current year 2025-26 (refer note 68) compared to previous year 2024-25.
4	Return on Equity Ratio	Profit After Tax	Average Equity	-3.96%	7.41%	153%	Decrease in Profit after Tax in current year (refer note 68 and note 41) as compared to previous year 2024-25
5	Inventory Turnover Ratio	Cost of goods sold	Average Inventory	2.20	2.62	16%	
6	Trade Receivables Turnover Ratio	Revenue from operation except Export incentive and others	Average Trade Receivable	3.54	3.46	2%	
7	Trade Payables Turnover Ratio	Total Purchases	Average Trade Payable	2.75	2.97	7%	
8	Net Working Capital Turnover Ratio	Revenue from operation except Export incentive and others	Working Capital = Current Assets - current liabilities	8.31	8.96	7%	
9	Net Profit Ratio	Net Profit after Tax	Revenue from operation except Export incentive and others	-2.85%	4.90%	158%	Decrease in revenue in current year 2025-26 as compared to previous year 2024-25.
10	Return on Capital Employed	EBIT (before exceptional items)	Equity + borrowings + deferred tax liability	7.82%	9.73%	20%	Decrease in revenue in current year 2025-26 as compared to previous year 2024-25.
		EBIT (after exceptional items)	Equity + borrowings + deferred tax liability	3.50%	9.73%	64%	Decrease in revenue in current year 2025-26 as compared to previous year 2024-25.
11	Return on Investment	Income generated from Invested funds	Average Investment Funds	4.24%	5.66%	25%	

Notes forming part of Consolidated Financial Statements

For the year ended 31 March 2026

(Currency: Indian Rupees in million)

56 There are numerous interpretative issues relating to the Supreme Court (SC) judgment dated 28th February, 2019 on Provident Fund (PF) on the inclusion of allowances for the purpose of PF contribution as well as its applicability of effective date. The impact is not expected to be material as per the assessment made by the Holding Company.

57 On 21 November, 2025, the Government of India notified the four Labour Codes - the Code on Wages, 2019, the Industrial Relations Code, 2020, the Code on Social Security, 2020, and the Occupational Safety, Health and Working Conditions Code, 2020 - consolidating 29 existing labour laws. The Ministry of Labour & Employment published FAQs to enable assessment of the financial impact due to changes in regulations. The Group has assessed and disclosed incremental impact of these changes on the basis of the best information available. Considering the materiality and non-recurring nature of this impact, the Group has presented such incremental impact as Exceptional Items for the year ended 31 March, 2026. The incremental impact comprises gratuity of ₹ 115 millions and long-term compensated absences of ₹ 87 millions due to change in definition of wages as per the Codes, and ₹ 178 million arising from change in the Group's policy to remove the ceiling hitherto applicable on payment of gratuity to employees.

58 During the year the Holding Company has transferred ₹ 0 million (31 March 2025 ₹ 0 million) to Investor Education and Protection fund. There are no other dues which need to be credited as at the year end to the Investor Education and Protection fund

59 The Group does not have any Benami property, where any proceedings have been initiated or pending against the group for holding any Benami property.

60 The Group does not have any transactions with Companies struck off.

61 The Group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

62 The Holding Company decided to repurpose one of its existing manufacturing plants to enable the manufacturing of a different range of products. In this process, certain assets / equipment was identified that is no longer usable in repurposed plant and accordingly an impairment charge of ₹ 471 millions is recorded.

63 The Group has not advanced or loaned or invested funds to any other person / entities, including foreign entities (intermediaries) with the understanding that the intermediary shall:

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding party (ultimate beneficiaries) or

(ii) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

64 The Group has not received funds to any other person / entities, including foreign entities (Funding party) with the understanding (whether recorded in writing or otherwise) that the holding company shall:

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding party (ultimate beneficiaries) or

(ii) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

65 The Group does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961)

66 The Holding Company and its subsidiary incorporated in India, has used accounting softwares for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software, except that audit trail feature is not enabled for certain changes made using privileged/ administrative access rights to the underlying database of a software used by the Holding Company. Further no instance of audit trail feature being tampered with was noted in respect of accounting softwares where the audit trail has been enabled.

Additionally, the audit trail of prior years has been preserved by the Holding Company and its subsidiary record retention to the extent it was enabled and recorded in the respective years

67 The revised quarterly returns or statements of Current assets filed by the Holding Company with the banks or financial institutions are in agreement with the books of accounts.

Notes forming part of Consolidated Financial Statements

For the year ended 31 March 2026

(Currency: Indian Rupees in million)

68 Consequent to the USFDA issuing a warning letter in August 2025 relating to the Holding Company's Jigani facility, sales for the Pharma Segment were impacted for the year.

69 During the year ended 31 March 2026, consequent to irregularities which were noted in the timing of revenue recognition as of 30 September 2025, which were corrected, the Holding Company appointed an external expert for a fact-finding review which revealed that irregularities were limited to preponement of underlying genuine sales during the year through alteration of documents by certain employees. The Holding Company has implemented corrective actions which includes strengthening of controls over reporting of revenue at period-ends from the quarter ended 31 December 2025. Accordingly, there is no impact of this matter on the consolidated financial statements for the year ended 31 March 2026 and previous financial years.

70 The Group has not traded or invested in Crypto currency or Virtual currency during the financial year.

As per our report of even date attached
For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm's Registration No.: 324982E/E300003

per Vinayak Pujare
Partner
Membership No.: 101143

For and on behalf of the Board of Directors of
Hikal Limited
CIN: L24200MH1988PTC048028

Jai Hiremath
Executive Chairman
DIN: 00062203

Sameer Hiremath
Vice Chairman and Managing Director
DIN: 00062129

Ramachandra Kaundinya Vinnakota
Director
DIN: 00043067

Kuldeep Jain
Chief Financial Officer

Rajasekhar Reddy
Company Secretary

Mumbai
27 May 2026

Mumbai
27 May 2026

Notes

Registered Office/Corporate Office

717/718, Maker Chambers V,
Nariman Point, Mumbai - 400 021.
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