February 17, 2026

BSE Ltd.,
P J Towers,
Dalal Street,
Mumbai - 400 001.
Scrip Code: 524735

National Stock Exchange of India Ltd.,
Exchange Plaza,
Bandra-Kurla Complex, Bandra,
Mumbai - 400 051.
Symbol: HIKAL

Dear Sir/Madam,

Sub: Transcript of Earnings call for quarter and nine months ended December 31, 2025

In continuation to our letters dated February 04, 2026 and February 11, 2026 and pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the earnings conference call to discuss the financial and operational performance for the quarter and nine months ended December 31, 2025, held on Wednesday, February 11, 2026.

Kindly take the information on record.

Thanking you,

Yours sincerely,
For **HIKAL LIMITED**

RAJASEKHAR REDDY CHINTAKINDI
Digitally signed by RAJASEKHAR REDDY CHINTAKINDI
Date: 2026.02.17 18:29:56 +05'30'

Rajasekhar Reddy
Company Secretary & Compliance Officer

Encl.: As above

Hikal Limited

Q3 & 9 Months FY26 Earnings Conference Call

February 11, 2026

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 11th February 2026 will prevail.

MANAGEMENT: **MR. SAMEER HIREMATH – VICE CHAIRMAN AND MANAGING DIRECTOR**
MR. ANISH SWADI – SENIOR PRESIDENT – HEAD OF BUSINESS TRANSFORMATION AND ANIMAL HEALTH
MR. VIMAL KULSHRESTHA – HEAD OF CROP PROTECTION DIVISION
MR. KULDEEP JAIN –CHIEF FINANCIAL OFFICER – HIKAL LIMITED
MR. MANOJ MEHROTRA – PRESIDENT OF PHARMACEUTICAL BUSINESS

Moderator: Ladies and gentlemen, good day, and welcome to Q3 and 9 Months FY '26 earnings conference call of Hikal Limited. This conference call may contain forward-looking statements about the company, which are based on beliefs, opinions and expectations of the company as on the date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. I now hand the conference over to Mr. Sameer Hiremath, Vice Chairman and Managing Director for Hikal Limited. Thank you, and over to you, sir.

Sameer Hiremath: Thank you. good evening, ladies and gentlemen, and thank you for your patience. A warm welcome to all of you. We appreciate your participation in Hikal Limited's Q3 and 9 Months FY '26 Results Conference Call and thank you for your continued interest in the company. The results are now uploaded on the stock exchange websites.

I am Sameer Hiremath, Vice Chairman and Managing Director, Hikal Limited, and I'll be taking you through the highlights of our performance and the strategic progress during the period. Joining me on the call today are Anish Swadi, our Senior President and Head of Business Transformation and Animal Health; Kuldeep Jain, our Chief Financial Officer; Manoj Mehrotra, our Head of the Pharmaceutical Business and Vimal Kulshrestha, Head of our Crop Protection business, along with Strategic Growth Advisors, our investor relations advisers.

Looking at the performance for Q3 FY '26, the global chemical and life sciences industry is beginning to exhibit signs of a steady recovery. We are observing a sequential improvement in demand visibility, resulting in improved utilization and offtake of products. However, the operating environment remains dynamic due to the global macroeconomic effects.

We continue to monitor structural overcapacity, within the Global Crop Protection segment, particularly coming out of China, which continues to exhibit pressure on pricing and availability of products. Evolving trade policies are introducing a degree of volatility into procurement decisions and supply chain dynamics.

Despite these external headwinds, Hikal remains resilient with a diversified portfolio and deep-rooted customer partnerships, many of which are over 25 years old, that serve as critical anchors to navigate near-term uncertainties.

The consolidated revenue for quarter 3 stood at INR494 crores, with an EBITDA of INR83 crores. This demonstrates a clear return to operational profitability, supported by underlying strength of our core business, which has now come back. Having navigated a period of regulatory scrutiny over the last 6 to 9 months, our transition to an optimal capacity utilization transition is a result of our upgraded quality systems and operational excellence framework.

The Board of Directors at the Board meeting concluded just recently today, have approved an interim dividend of INR0.2 per share, which is 10% of the face value. For the 9 months FY '26, the revenue stood at INR1,193 crores, with an EBITDA of INR115 crores. We are pleased to inform you that both our businesses are on a path of recovery.

The fundamentals remain robust with performance metrics trending positively as we head into the final quarter of this financial year. Q3 FY '26 represents a positive turning point for Hikal, having navigated the regulatory cycle in the early part of the year, we have successfully shifted from a phase of intensive remediation toward a proactive recovery.

We are now strategically positioned to deliver sustainable, higher-quality growth. Within the Pharmaceutical segment, supply resumptions progressed in alignment with our internal forecast, driven by strengthening of our quality management systems and processes. We recorded a significant sequential improvement in volumes with capacity utilization improving in this quarter. Our remedial actions concerning the U.S. FDA audit are progressing well and are almost complete. This process was bolstered by close collaboration with not only our global remediation experts and partners, but also our global customers, ensuring our systems, processes, and infrastructure meets global regulatory requirements.

Despite the challenges faced in the first half of this year, we expect, as mentioned earlier, a strong recovery in H2, which is visible in the Q3 results and which will improve in the Q4 numbers going forward, driven by improved demand visibility, better capacity utilization and the commercialization of new products, which is being ramped up as we speak.

In the Pharmaceutical division business Revenue for the quarter stood at INR337 crores, with an EBIT margin of 12.3%. The performance in the last quarter has already begun to offset previous headwinds in the first 6 months of the year, signalling a return to normalized trade cycles.

We anticipate that the momentum will continue to improve going into Q4 as well. R&D efforts are yielding a robust pipeline of niche molecules as we strategically pivot to new technologies and higher-value complex therapeutic areas. Key programs in the field of oncology, CNS, and gastroenterology reflect our commitment to addressing complex patient needs while securing higher-margin growth opportunities.

Investments made over the last 12 to 15 months, which were made from a strategic intent are now operational. These include our state-of-the-art high-potency laboratory and R&D centre in Pune and a new pilot plant in our FDA-approved manufacturing site in Panoli. These world-class facilities significantly elevate our value proposition in high-technology segments and further sharpen our edge as a differentiated and a global CDMO partner of choice.

We continue to benefit from the sustained global outsourcing trend, which is reflected in our robust order pipeline, which continues to grow with increased number of RFPs. We have several key programs now advancing from the lab into the development and scale-up phases. We have significantly improved our revenue visibility over the medium term.

During the quarter, our Crop Protection segment recorded revenues of INR157 crores, with an EBIT margin of 3%. The global crop business continues to navigate a return to normalization phase characterized by persistent pricing pressures and structural overcapacity. In response to these headwinds, we have accelerated our portfolio diversification strategy, the key milestone of which is the effort to transition to the specialty chemicals, in particular, the Personal Care segment at a commercial scale.

We anticipate meaningful revenue from this segment to commence in the next fiscal year, marking our successful entry into a new high-growth differentiated growth markets. As we move into the final quarter of this year, our visibility strengthens from a forward-looking perspective. We're emerging from the transformative period and a remediation period over the last 6 to 9 months to a more resilient organization, defined by strengthened quality systems, elevated governance, and a technology advanced manufacturing and R&D infrastructure.

While the intensive heavy lifting of remediation is now most of it is behind us, our commitment to excellence remains steadfast. We are relentlessly focused on institutionalizing these higher standards of quality compliance across every level of our operations. This is a permanent upgrade to our organizational DNA designed to ensure long-term operational resilience and excellence.

With our supply chain restored and our strategic investments fully operational, the foundation for a robust and sustainable FY '27 is now firmly in place. We look forward to this next chapter of higher quality growth and value creation for all our stakeholders. I'd now like to hand over to our CFO, Kuldeep Jain.

Kuldeep Jain: Thanks, Sameer, and good evening, all participants. I think Sameer has already apprised you about the action initiated in the organization on various aspects. Let me now take you through the financial performance of Hikal for quarter 3 and 9 months ended December 2026 and share key updates on our financial trajectory, capital allocation priorities and balance sheet strengthen.

For quarter 3 FY 2026, our consolidated revenue stood at INR494 crores. EBITDA for the quarter stood at INR83 crores, translating to a margin of 16.8%. For the 9 months FY 2026, consolidated revenue reached at INR1,193 crores and EBITDA of INR115 crores, with a margin of 9.6%. Finance cost for the quarter 3 FY '26 was at INR48 crores, which is a reduction of 17% on a year-on-year basis on account of lower debt and lower interest rates.

Depreciation remained in line with last quarter. During the quarter, we have provided INR38 crores as exceptional item on account of new labor code charges, which were notified on November 21, 2025, and this has resulted in loss for the quarter. Adjusting for this, our profit before tax grew by 21% to INR29 crores.

Capital expenditure during the 9 months period stood at INR100 crores, focused on debottlenecking, regulatory upgrades, and expanding CDMO capacities. Our capital allocation remains highly targeted, prioritizing high ROI projects that align with our long-term growth objectives.

Our growth initiatives are financed through an appropriate mix of internal accruals and debt. The balanced funding strategy ensures fiscal agility to execute our long-term exceptional expansion plans. We have maintained our debt equity ratio to 0.58 as on 31st December 2025. Now I would like to hand over to Vimal, who will provide an overview of Crop Protection division performance. Over to you, Vimal. Thank you, everybody.

Vimal Kulshrestha: Thank you, Kuldeep. Good evening, all the participants of this earnings call. The global crop protection landscape is currently navigating a period of strategic realignment, presenting both transient headwinds and substantial long-term opportunities. While we observed a recovery in volume at end customer level, this momentum is now translating into a quick uptick in order inflow and inquiries to us.

However, the pricing environment remains highly competitive, primarily driven by overcapacity and pricing pressure from China. In response, we are leveraging our integrated manufacturing model and operational excellence initiatives, mitigating these margin pressures. We view this as a normalization phase that favors players with proven supply chain reliability and superior quality system, positioning us to capture a larger market share as industry stabilizes.

During the quarter, our crop protection revenue stood at INR157 crores with an EBIT of INR5 crores. Margin remained under pressure as pricing pressure continues. The performance is expected to remain stable on an annualized basis. We are making significant stride in our specialty chemical, mainly personal care vertical, a cornerstone of our portfolio diversification strategy.

During the quarter, we deepened our engagement with global leaders in innovation driven cosmetic space, leveraging our core competence in complex chemistry and sustainable manufacturing. This business is gaining traction, marked by successful completion of initial production batches.

We are now on track to commercialize 3 to 4 products in FY '27, which will broaden our revenue base and the market response has been positive to us. Personal Care stands as an important growth lever. We have commercialized 2 products during Q3 and volume ramp-up will happen over next 9 to 12 months.

Additionally, during the quarter, we have strengthened our global presence through onboarding distributors in Europe, LatAm, and Middle East. We continue to maintain a robust development pipeline of 8 products, with our R&D team serving as an engine for accelerated commercialization and process innovation. To combat the current aggressive pricing environment, we have undertaken cost optimization initiatives, including focus on procurement optimization, energy efficiencies, and yield enhancement.

Despite persistent market volatility, the fundamentals of Crop Protection business remains in place. Our strategic focus on operational and portfolio excellence ensures we are well positioned to deliver sustainable growth as the global inventory cycle rebalance. Now I hand over to Manoj, who will provide you overview of Pharmaceutical business.

Manoj Mehrotra: Thank you, Vimal, and good afternoon, ladies and gentlemen. Let me now walk you through the performance of our Pharmaceutical business. For quarter 3 FY '26, Pharmaceuticals segment delivered a revenue of INR337 crores with an EBIT of INR41 crores. While performance was temporarily impacted by shifting customer offtake patterns following the regulatory developments at our Bengaluru facility, we have now reached the turning point.

I am pleased to report that the remediation measures are now substantially implemented. The rigorous risk assessment conducted by our global partners have been successfully concluded. Our focus now shifts from remediation to maintaining a steady state of compliance and operational excellence.

Our R&D engines continue to gain momentum as we advance a robust pipeline of niche molecules into high barrier therapeutic areas. We are making significant strides in oncology, anti-migraine, new age anti-ulcerative and urologic treatments to address critical patient needs, while simultaneously expanding our footprint in the CNS and antidiabetic segments. To ensure long-term sustainable growth, we are actively diversifying our geographical presence.

Our expansion into Japan, Latin America, and South Korea is progressing according to plan. These markets represent critical pillars in our strategy to reduce retail dependency and capture global market share in emerging and developed economies alike. Our development pipeline remains robust with 8 to 9 molecules currently in advanced stages.

We are maintaining our launch velocity of 2 to 3 new products annually, in strict alignment with the medium-term strategic road map. To fortify our critical resilience, we are aggressively executing a dual-site validation mandate for all critical APIs, effectively mitigating regulatory and supply chain risks.

The CDMO landscape is undergoing a structural shift as innovators prioritize capital efficiency and supply chain resilience. We are capturing this momentum, witnessing a sharp uptake in early-stage RFPs, particularly for high-value small molecules and advanced intermediates. This demand is increasingly driven by global innovators and emerging biotech firms seeking to derisk their supply chains.

While commercial scale-up time lines remains staggered due to the inherently long cycle nature of CDMO engagements, the velocity and technical complexity of our project funnel has significantly improved. Our pipeline is both robust and diversified with several critical projects successfully transitioning from early development to pilot scale.

As the industry shifts towards partners with proven regulatory credibility and integrated manufacturing platform, Hikal is uniquely positioned to convert this demand into long-term high visibility revenue. Crucially, our key starting materials for global innovators have progressed into Phase III clinical trials with commercial launch scheduled for FY '28.

To sustain this momentum of getting into supply chain of NCEs, we are expanding pilot scale capacity at our Pune R&D centre. In the food and nutraceutical segment, we are on track to

achieve peak output in FY '27 for 2 of our custom products, supported by a robust portfolio expansion to be commercialized in the next 2-3 years. The inauguration of a high-potency laboratory makes our strategic entry into the high-growth oncology market.

Our R&D infrastructure is now fully equipped to provide an integrated suite of advanced services to our innovator partners. Looking ahead, we anticipate a steady volume uptick in APIs, driven by pending regulatory clearances and deeper penetration into high potential semi-regulated markets.

Over the medium to long term, we remain focused on expanding our API portfolio for global markets while steadily converting CDMO opportunities into sustainable long-term business growth. Now I would hand over to Anish, who will provide an overview of our Animal Health segment, followed by business strategy.

Anish Swadi: Thanks, Manoj. In our Animal Health business, we continue to see some sustained momentum. Outsourcing activity in the Animal Health APIs remain steady as innovative companies continue to focus on capital efficiency and supply chain resilience. The Animal Health CDMO segment is seeing gradual interest from customers looking to outsource manufacturing and engage in life cycle management while maintaining reliable supply chains.

Our current long-term contract with our global innovator customer continues to gain traction. We are supplying commercial quantities for the portfolio that we had validated. As more approvals globally come through for our customer, we expect some of these volumes to pick up and eventually gain additional traction. Currently, we have received several RFPs for new development projects from global customers. These are a mix of both new chemical entities as well as niche molecules already present in the market. We are confident of successfully winning a few of these to add to our healthy development and commercial pipeline. We are seeing steady demand growth for animal health therapies across developed markets such as Europe and the U.S., as well as certain penetration in Japan as well.

Our current commercial pipeline is strong, and our customers are gaining additional market share with the molecules we commercially supply. As these molecules mature and cost competitiveness becomes critical, suppliers with strong R&D, robust manufacturing infrastructure and multisite reliability, we are well positioned to gain share of wallet from our customers and attract new ones.

Additionally, the trend of increased outsourcing by global animal health companies, combined with diversification of supply away from single geographies creates a favorable environment for a strategic quality-focused Indian manufacturers such as ourselves to deepen relationships, expand product portfolio and improve our margins in this segment over the medium term. Now with that, I'd like to open the floor to Q&A.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Henil from Equicorp.

Henil: Sir, I've got some questions. First, starting with the macro ones. So what is the status of the CAPA that we are going to submit in the December end? And what's the status on the month-on-month follow-up we are doing with the U.S. FDA? And when will there be a reinspection from them?

Sameer Hiremath: Okay. Manoj, you want to take that?

Manoj Mehrotra: Yes, I'm taking it. So we have given our remediation plan to U.S. FDA. We don't give them a monthly update, but we are giving an update once in 6 weeks. The last 2 updates were given on December 16 and as recent as this Monday, which is February 9. Now after completion of the warning letter, which will be of 6 months, which will just get over in the next 2 weeks, we should be hearing back from them, and then we'll get to know whether they are satisfied with the progress of our remediation plan.

Henil: Second, coming to the impact on the Chinese government policies. One is on the fluorspar, where they declared it as rare earth minerals also, which would bottleneck the supplies. Second, on clawback of some export incentives. So how does this actually impact us and the peers and overall in the industry side, especially the agrochemical side?

Sameer Hiremath: Vimal?

Vimal Kulshrestha: Yes. So we are continuously in touch with our supplier. As of now, we do not see much impact on the products, what we import from China. But we are carefully watching this.

Henil: So there's not been any near-term impact from these policies as of now?

Vimal Kulshrestha: Yes.

Sameer Hiremath: And we don't buy much fluorinated products out of China. It's a very small part of our procurement.

Henil: So also coming to the HPAPI lab that we've actually put up, what is the capex that we put for the HPAPI lab? And also what is the incremental revenues we are going to invest into the HPAPI part for ADCs, oncology, and other products from that -- or peptides in that particular area?

Sameer Hiremath: So currently, we only invested in a laboratory. So it's only about INR10 crores, INR11 crores of investment. So this is the investment for the Phase I. Then in FY '28, we will be building up a commercial scale plant. But as of now, it's only a laboratory investment, yes.

Henil: So also there, do we plan to get into the ADCs asap, or it's after FY '28 that you plan to get into the ADCs part?

Sameer Hiremath: Manoj?

Manoj Mehrotra: Yes, we have started offering ADC services at lab scale. But once we build the plant, it will be common for HP APIs as well as ADCs. But you mentioned peptides also, peptides not part of this plan as yet, but we are evaluating that also.

Henil: If I consider the ADCs part, sir, actually, if you see some of our competitors, they have been putting a lot of money into the commercial facilities. And right now, we just got out from a U.S. FDA shock. Whereas in ADCs, we require an OEB 5 certification, which is a very complex one. And plus it takes 2, 3 years of gestation, 3x the normal plant capex. So how do you see this entire thing given our current cash flows and given our current balance sheet size?

Manoj Mehrotra: Yes. On the lab scale, we already have OEB. We just got approved by OEB 5 certification.

Henil: No, not the lab scale one, the FY '28?

Manoj Mehrotra: It will take time, but it is not impossible, so many companies have got it. We are getting it. On the capex part, maybe Sameer can answer or Kuldeep can answer that.

Sameer Hiremath: Yes. I think the FDA is that we've had a 25-year track record. This is our first FDA inspection that we've had a not so of favorable inspection. So we know exactly what is to be done. And what we'll be building is that the investment will be on a small volume production. These products, these capex, these plants aren't very large. So we'll be building a pilot plant type of facility first as Phase I, then we'll go to commercial after that. Takes time to ramp up.

Henil: Okay. Sir, coming to the oral anticoagulant space. So what is the status of I mean, orders and pickup from the Apixaban side, since we have been seeding this for the last 2 quarters or 3 quarters plus. Are we seeing any big commercial orders?

Manoj Mehrotra: Yes, we are getting commercial orders from Latin America. And so Apixaban is ahead. The next is Rivaroxaban, that is a little slow, but Apixaban, we have made good progress.

Henil: Sir, and do we have plans to get into the Milvexian side? Because I think one of our peers is listed on one of the big pharma sourcing supplies and will be a big opportunity once it goes off patent in 2026?

Manoj Mehrotra: No, no. We are in the supply chain of Milvexian. So we have no generic plan as yet. So as the product gets approved, we'll supply the KSM, which is still maybe 1 to 2 years away.

Henil: So we will be supplying to the principal, right?

Manoj Mehrotra: Yes.

Sameer Hiremath: We launched next year, yes.

Henil: So we'll be launching the Milvexian KSM next year in FY '27?

Sameer Hiremath: Yes.

Henil: Okay. So on the anti-diabetes portfolio, when will we start seeing order pickup from the DPP-4 or the SGL2 inhibitors because that also we were seeding in the last 2, 3 quarters. And I think so we were still had to come in the Canagliflozin side?

Manoj Mehrotra: No. So these Sitagliptin, Canagliflozin markets, we have started facing dapagliflozin, empagliflozin. So those have started picking up. But as they go off patent in various markets, FY '28 onwards, we'll get more traction. The other one which you mentioned, SGL2, that we have not yet started development.

Henil: Okay. We have not even developed any of the products?

Manoj Mehrotra: No.

Henil: Sir, any plans to get into the NOAC side, since we're also there in the anticoagulant space, oral anticoagulants? NOACs is also a close adjacency to cancer, I mean, on the thrombosis side.

Manoj Mehrotra: Not immediately, not immediately. As of now, our pipeline is quite full for the next 2, 3 years in terms of high potent in antidiabetic. Some I mentioned anti-ulcerative, some new generation molecules. Our hands are quite full at this time.

Moderator: The next question is from the line of Ankit.

Ankit: Question with regard to Note 5 on your results. I mean this is with regard to the INR80 crores rollback which happened -- reversal which happened last quarter. And then again, there is a fact-finding review, which has been mentioned. And could you please help us with exactly what is the status? So has that INR80 crores been adjusted in Q3? And if not, should we expect it further? And also, does this note mean that further adjustments could come through?

Sameer Hiremath: Well, the INR80 crores has already been adjusted in Q3. So no further adjustments are expected.

Ankit: When you say adjusted, you mean that's included in the sales for Q3 already?

Sameer Hiremath: That's right. That's right.

Ankit: What is the pending, what is this review? Could you help us with further details on what this further review is that's kind of ongoing?

Sameer Hiremath: Yes, it's just about some checking and strengthening of some systems and processes, which is an ongoing exercise, and that's the review being happening. And it's been checked on an ongoing basis. That's about it.

Ankit: So do you then anticipate further reversals coming in from this review?

Sameer Hiremath: No, we do not. It's systems and processes. it's nothing to do with the numbers.

Moderator: The next question is from the line of Aman Vora from Premier Capital.

Aman Vora: Yes, yes. So your guidance at the start of FY'26 and in 1Q was that for full year FY '26, we would grow the Pharma business at close to double digits, while the Crop Protection business would remain flat year-on-year for FY '26. Broadly, are we in line to achieve that kind of a guidance?

Sameer Hiremath: The Pharma has got delayed by a quarter or so because of the U.S. FDA impact. What we anticipated to happen towards the end of H1 only started in Q3. And so we are off by about a quarter. We will have some growth, but we don't expect the double-digit growth in pharma. It will start from next year. It's got delayed to next year, early part of next year.

Aman Vora: And crop?

Sameer Hiremath: Crop is flattish compared to last year. That guidance is unchanged.

Aman Vora: Just as you mentioned, next year, like last 3 years have been quite tepid for us in terms of growth. We faced different kinds of challenges, regulatory topped up with the FDA issue. Now as I can understand from your commentary, it seems the worst is truly behind. So FY'27, going into FY '27, any outlook / guidance, or how we as investors who've been there for 7, 8 years, what we can think about FY '27. Anything, any color you can share?

Sameer Hiremath: Well, our budgets are currently being finalized as we speak this month. So it's not appropriate for me to give any forward guidance. But I think the statement that we made over the last 3 years, yes, there have been some challenges for various reasons. And I think the worst is definitely behind us, I can confidently say that.

And we've used this time in the last 3 years to really strengthen operations, organization and use this time to double down on our customer acquisition as well as create new molecules and diversify into different business segments. And I'll talk about that being, one is the Animal segment, which started 3 years, 4 years ago, which, as you have seen, has started to add a meaningful amount of business in this year and will add even more in the next 2, 3 years.

We're also entering the Personal Care segment, which is another diversification of the spec chem business. So yes, from a revenue and a margin perspective, the last 3 years have been challenging, to say the least, but we expect things now to only get better going forward. And we've really used this time to really strengthen the organization and focus on diversification of products, customers, and business lines to ensure that we have a very diversified risk-mitigated approach going forward to withstand any small shocks if they come in the future, the impact on the business will be far less than what it was in the last 3 years.

Aman Vora: Heartening to hear. And just you mentioned about the Animal Health business, we've put in significant capex there and significant efforts, and Anish has been driving that. Just I wanted to understand in, like, say, 3 years' time from now, can this be like a INR500 crores business? And

what kind of margins can we see here? And also, anything you can share for FY '27, specifically on the Animal Health business?

Anish Swadi: Yes. I mean, so you rightly said, yes, a lot of efforts have gone in and some capex has also been invested. So we do have a -- and we've talked about this in the past that we have a master plan to build this into a INR500 crores plus business in the next 4 to 5 years, right? Certainly, validation and some of the molecules take time depending on the market.

So it's a little challenging to say or difficult to say right now whether, in 3 years, we can have INR300 crores. But again, our guidance in terms of building a business to INR500 crores plus has not changed, right? So we are on track to do that. For FY '27, whatever we have is looking positive.

As we said in our opening commentary that we have a growing existing portfolio, in addition to which we also have new molecules or new, I would say, a very strong RFP base. So that's looking quite positive. So the pipeline, both on the development side as well as on the commercial side are looking positive, and we continue to execute. So we are quite buoyant and bullish about this business.

Aman Vora: Right. Anything on the EBITDA margins for this business, Anish?

Anish Swadi: Yes. So we don't really go granular into EBITDA margins. But I would say that, look, the gross margins are in line with that of the company, anywhere between 45% and 50%. In certain -- and obviously, in the new portfolio that when you're looking at NCEs, they're higher. And then obviously, when they hit the commercial space, they kind of come down, but then the volume makes up for it. So I would like to keep in terms of that guidance on the gross margin side is anywhere between 45% and 50%.

Aman Vora: Just lastly, anything on the outlook for capex for FY '26 full year and FY '27? Anything that you can share as of now?

Sameer Hiremath: Yes. So capex, in the beginning of the year, we said we will do a capex of about INR200 crores, but I think we've been very conservative this year, and we've cut it down to INR150 crores overall capex compared to INR200 crores is what we had guided at the beginning of the year. So this year, we'll end the year at about INR150 crores. We already spent INR100 crores in the first 9 months, another INR40 crores to INR50 crores will be spent in the quarter 4 to end the year at within INR150 crores for this year.

Aman Vora: Hopefully, we are truly onwards to better growth and margins and performance ahead as a company. We wish the best to you and look forward to better years ahead.

Moderator: The next question is from the line of Ravi Shah from VRS Capital.

Ravi Shah: Sir, just had 3 questions. So how is the volume ramp-up going on in the recently commercialized product?

Sameer Hiremath: Which type of product are you asking about, which segment, especially?

Ravi Shah: So for the pharma,

Sameer Hiremath: Pharma.

Ravi Shah: Yes.

Sameer Hiremath: Volumes for pharma, if you look at it, for this quarter, pharma volumes have grown by about 4%. There has been a volume degrowth this year for the 9 months because of the impact of the first 6 months, but we expect double-digit volume growth to return in this business.

Ravi Shah: Sir, could you also give an update on the Animal Health business for volumes?

Anish Swadi: Yes. So volumes to start off with are not tremendously large as compared to the pharma business in Animal Health because, as you know, we have a portfolio of products that we have completed validation on and started supplying commercial volumes. So volume-wise, over last year, I would say we've had a growth, certain growth. But again, it will take, I think, another 2 quarters for the real commercial volumes to start trickling in and then ramping up.

Ravi Shah: My next question also pertains to Animal Health. So could you shed more light on the new chemical entities that we have been working on? And what is the overall market size or potential we could see in this business?

Anish Swadi: Yes. So when we start working on the chemical entities, a, number one, there's a lot of uncertainty around whether, a, these products will actually make it to the market because post us providing them a viable solution for that product, they have to go through market approval. And in a lot of cases, these market approvals don't go through for several reasons, right, that it doesn't applicably treat the disease that it's actually meant for. So there's a lot of uncertainty and risk around that, right?

But the fact, I think that we are getting new chemical entities and final APIs in this business is a very positive sign that our customers trust us. Our customers believe in our ability and capability to both develop, execute, and commercially supply them. So I think that's a very big positive. In terms of the market size, very difficult to sell because it's like a brand-new fresh product on the market, where the customers themselves have to invest a significant amount of money, time, effort to get the product out to consumers globally, right?

And each country requires different regulations because these are not products that have ever been sold before. They're either taking care of, I would say, niche diseases or they're taking care of diseases already prevalent, but giving a better cure for. So there's a lot of variables to that, where we are not obviously involved, but again, I would reiterate to the fact that it's a big positive for the company to get an opportunity to develop these, commercially supply them to the customer because it's truly, the belief of the company's capabilities are reinforced.

Ravi Shah: Last question again would be on the overall Animal Health business only. So is it fair to assume in FY '27, we would reach an optimum utilization of the facility? Or should we look at FY '28 to be the right year?

Anish Swadi: Yes. So in FY '27, the utilization will certainly increase. I wouldn't say substantially increase, but it would increase. Again, as we put in our opening comments that we are still waiting for some global approvals from our customers' perspective. So once those come through, but the facilities are not being just kept idle.

We are utilizing them to take a spillover of some of the other products that we have, where we're manufacturing early stage steps in this asset. So focus overall is to obviously grow the Animal Health business, but also to keep the utilization levels as high as possible, right.

Moderator: The next question is from the line of Gautam Gupta, an Investor.

Gautam Gupta: I wanted to ask since when are we into NCE business? And have we ever commercialized any NCE?

Sameer Hiremath: Yes. We've been in NCE business for a few years now. It's been quite recent. We have a couple of products which are already commercialized on the NCE space. But the bigger ones are in the final stages in Phase III and in close to launch in the next 1 or 2 years. So we've got a couple already in commercial, but the big ones are coming in the next 2 to 3 years, which are in Phase III and moving into launch soon.

Gautam Gupta: So when we say that we have commercialized, do we mean that we have been helping them as a development partner from preclinical trials or clinical trials, or just the CMO part, tech transfer type?

Sameer Hiremath: No, we get involved in typically in early Phase II during clinical trials and we start supplying clinical trial quantities, and then Phase IIa, Phase IIb, then Phase III and then launch. So we have been involved from Phase II onwards.

Gautam Gupta: A few quarters back in the concall, you mentioned about Neuland Labs and praised about their capabilities in peptides. So a few of the companies have been doing specialization few therapies like cell and gene therapy for Laurus. So where is the niche for Hikal?

Sameer Hiremath: Well, we're looking at the one definitely segment that we're looking at is niche is Animal Health. Second segment is we're looking at the onco products and niche molecules that we're getting into. And I think we have a diversified strategy. I would say we have 5 different sites. So between each site and our 35-year history, we have 3, 4 niche areas.

And we're moving into new generation products like ADCs, which Manoj mentioned about and food ingredient products, which are also being launched. So these are the 3, 4 niches that we're looking at ramping up in the next 3 to 4 years. The CNS segment is where we're very strong in. The gastrointestinal segment is where we're getting ramped up. The diabetes segment, we have

several molecules which we're launching. So there are 3, 4 areas where we are getting into these segments.

Gautam Gupta: Most of these are into NCE or already commercial products?

Sameer Hiremath: There are a combination of already commercial and some NCEs. We do a CDMO offering as well. And actually, we are therapy agnostic. It doesn't matter. We look at the chemistry angle when it comes to a CDMO play. It's only when we choose our own product development, we focus on a few therapeutic areas like CNS, gastro, onco products is where we get involved. But otherwise, we are sector therapy agnostic. It doesn't matter. As long the chemistry makes sense, the technology and the margin makes sense.

Moderator: The next question is from the line of Henil from Equicorp.

Henil: I had a few questions on the Animal Health side. So in the Animal Health, if you look at 2 products, which are very complex and getting towards closing, it is very close to patent expiry. One is Afoxolaner, and one is Fluralaner. Sir, do you see very big opportunity in these 2 products? Because Fluralaner, if I think so the patent expiry, the primary patent expiries 2026, and the secondary one is in 2030. So do you see any major opportunities from these 2 products?

Anish Swadi: Yes. So I mean, you mentioned 2 of the, I think, blockbuster products in the Lana categories that have done exceptionally well. Look, like every product, Animal Health is no different from human health when we are talking about on-patent products that go off patent. There's a significant amount of competition. There's a significant amount of, I would say, price erosion post patent expiration.

And of course, patent expiration has to be looked at in terms of territories as well, which one goes off first. So I would say that personally, we've been hearing about this for the last, I would say, 8 or 9 years, and we've seen prices come down to quite deplorable levels. Again, our strategy for Animal Health is really to focus on the CDMO side, while we are developing a niche product portfolio of our own in terms of looking at what therapeutic categories we can really differentiate ourselves in. The focus is more on the CDMO side. So if a customer comes to us and asks us to develop a process or to tech transfer a process for any one of the molecules that we feel that we can add value to, then that's what we look at.

Henil: Okay. Because if we see there was a tie-up that actually happened between Boehringer and one of our Indian competitors. And there are just 2 or 3 companies in India, which can actually get into these complex, very complex products. It is Hikal and the other 2 big competitors that we have. So do you see some kind of exclusive manufacturing that we can do because one of our peers has manufacturing as well as marketing as boots on the ground. So anything we can do on the manufacturing side for one of the large customers?

Anish Swadi: Yes. I mean we already have tie-ups with some of the large customers or the global multinationals for, a, number one, a portfolio of products; B, number two, individual products. So that's our core business. When we start off very early in terms of R&D, we look at route

scouting and then we go into utilizing technology for improved process development and further output to limit the amount of steps and make it more sustainable the processes.

And then supply an overall solution to the customer from a -- both from a quality perspective as well as from a commercial perspective, and that's why they choose us. So that's our core model, right? So we already have tie-ups to answer your question specifically. And of course, we are looking at additional tie-ups in the near future.

Henil: So in the last call, we actually alluded that we are actually there on the SGL2 inhibitor side, which is actually going to be used as a combi drug for a weight loss along with the weight loss drug. But I think in this call, sir said that we are not actually there on the SGL2 inhibitor side?

Anish Swadi: So I'll just take that so basically, look, we are looking at the entire GLP-1 segment, right? And again, focus is on looking at it from a perspective of what customers are in the need of and what customers are asking us for. So we have had several dialogues with customers who are looking for some of the intermediates on the GLP side.

As you know, and we've indicated that we have built these capabilities over a period of time. These are long synthesis steps. So what we were focusing on is the linkers that actually go into making some of the intermediates. We're not looking at the final product as of now. But yes, the focus is on that. And again, our technology toolbox that we have and the products that we ultimately come up with is a result of what our customers ask us for, right? And we work very closely with them.

So when it comes to, say, small molecules, that's what we're very good at, right? And we've learned along the ways. We've built our relationships with our customers based on delivery of some of these small molecules and some of the niche products that we've done. The same will apply for the GLP as well. But we're not looking at the front end right now. We're just looking at the early to mid-stages.

Henil: Lastly, we had appointed consultants in Europe and U.S. to look at medium-sized pharma players and very small niche players also. Sir, any commercial runs that we have seen there where we've seen inquiries convert to orders? Because out there, I think so the inquiry to order cycle will be pretty fast compared to big pharma companies?

Sameer Hiremath: So we've already started seeing the benefits, for example. We have some products we have won in the last 6 months contracts and the delivery is happening in between now and the next 3 to 4 months. So there are several products which are in development and under delivery for our global biotech companies, small emerging pharma as they call them in Europe and in U.S.

Moderator: The next question is from the line of Manoj from Equicorp.

Manoj: Sir, if I go to Q2 where we lost about INR80 crores turnover and it was shifted to Q3. And if I take a gross margin and EBITDA impact INR25 crores, INR30 crores, then Q3, there is a

degrowth in revenue Y-o-Y and also margin seems to be under pressure. So overall, broadly, is the scenario still very, very competitive in terms of the business despite your comment that we are coming out of it and we are looking for significant growth now going forward?

Sameer Hiremath: I think it's very competitive on the crop business. If you look at the EBIT of the crop business has been depressed for the last few quarters. So that is dragging down the total EBIT of the company right now. Pharma business is seeing a recovery. And the pharma business is showing a rebound in the EBIT margins. The crop business continues to be under tremendous margin pressure. So we believe that going forward, crop will be stabilized, but pharma will grow. That's help grow the business. Yes.

Manoj: So this INR80 crores, what was from Q2 to Q3, that is mainly for the pharma actually?

Sameer Hiremath: It was largely in the pharma business, yes.

Manoj: Largely in the pharma. Okay. So hopefully things should be looking better from Q4 onwards and going?

Sameer Hiremath: I think from Q3, so Q4 will be better than Q3.

Manoj: So we should not be seeing the degrowth, right? I mean, hopefully, going forward, even Y-o-Y?

Sameer Hiremath: Yes. I think somebody else one of the speakers asked me earlier, is the worst behind us over the last 2, 3 years of the challenges? I think that's already now. We see all the things being sorted out, and we are moving ahead into FY '27 with a very positive outlook and with a lot of confidence in the business.

Manoj: One of the issues we had was about repurposing the plant of that agri plant or the crop, right? So that you said that hopefully, it should be done in this year, right? I mean, by the time we end FY '26?

Sameer Hiremath: It was built as a very large multipurpose asset, which was part occupied in the past, and we have part was empty. So the part occupied section, the Phase I will be implemented in the next 6 months. And then Phase II will be implemented in the next 12 months after that. So the next 6 to 18 months, we will repurpose the entire plant. We will start in a phased manner. We're being very careful on the capex that we're doing based on the customer orders, and we're ramping it up. And we can ramp this up in 6 to 9 months. It doesn't take long to repurpose these plants.

Manoj: So basically, then the payback period would be 4, 5 years from there on, right? And once the repurpose is completed?

Sameer Hiremath: Yes. And these are all being done based on customer contracts and businesses that we are winning. So the infrastructure and the barebones, as I said, the skeleton and is all there. Utilities are there, quality control is there. All the facilities are there. You just add the reactors and maybe change some pipelines and do a few changes.

Manoj: New business that we are winning across, except probably crop, is it coming at a better margins now, the CDMO or the Owned products, because newer generation products would be also there. So overall, are you seeing significantly better margins going forward because of that?

Sameer Hiremath: Yes. I think all the new products have better margins. So two things are going to happen. One is that we already have a pretty substantial asset base that we've invested in the last 4 to 5 years. And as you see, our capex investments year-on-year have kind of come down, not that that's not going to prevent us from growing.

So we've already created a fixed base for growth. And we will only have to add specific plant or production lines if required going forward. So even the margins from a gross margin perspective, the new products have a slightly better gross margin than the historical gross margin of the company, number one. But that directly flows down to far better EBITDA because fixed cost absorption is already happening on the current base business. So you will see a far better EBITDA for those businesses.

But even if you have a similar 45% to 50% gross margin, which is a competitive gross margin because of the combined ratio of the industry, with the fixed cost already being already in place to a very large extent, only some marginal fixed cost increases will be there. We will see a growth in EBITDA for the new business, which will be far in excess of the current average EBITDA of the company.

Manoj: That should play out in FY '27 onwards, right? I mean assuming FY '27 is a normal year?

Sameer Hiremath: FY '27 once the FDA thing comes back, a lot of products are being launched next year, second half of next year. Our Animal Health business ramped up by FY '28. Personal Care business will get ramped up by FY '27 second half and FY '28. So this will all add to operating leverage and improve the margins. These are all being done in more or less in existing assets with some marginal balancing equipment.

Manoj: Assuming that once we have a decent year FY '27 and a big year in FY '28, the cash flow generation would be good, and that would reduce debt significantly over the next 2 years, according to you total debt, including working capital?

Sameer Hiremath: See, working capital already come down by almost INR50 crores in the 9 months of December '25 versus March ' 25, already down by close to INR50 crores from a total debt perspective, despite having a very challenging first 9 months, which you are aware of. So we've had a very strict control on working capital and long-term debt. And our debt as the business grows and our cash flows become stronger, we have reinvest that into capex and the repayments are happening and they will also start tapering off post FY '28.

Manoj: Absolute level, it will go down post '28, right? I mean – significant?

Sameer Hiremath: That's right. From FY '29 onwards, we should start seeing a reduction in overall debt, which is already reducing compared to where we were. We are not doing any major new capex or

anything. It's debottlenecking, adding a production line here and there. And this is all based on customer contracts and businesses which are very certain, yes.

Manoj: One thing about the U.S. tariff. It could have had some impact on our pharma own products, right? I mean, what we sell in past?

Sameer Hiremath: Actually, pharma was not impacted much by tariffs. But what it did was it deferred customer procurement decisions for new projects because of the uncertainty, a lot of customers were waiting and watching to take investment decisions. That was the uncertainty. I don't think it impacted, but it does impact overall, yes, there's been deferment of orders for new businesses. So now that is more or less out there, I think the business will start resuming and orders will start coming in more.

Manoj: Because I thought they had put some duty on the branded product. I mean, so if we had our own product like Gabapentin or something, we were impacted by duty. I thought. I'm not sure?

Sameer Hiremath: No. It is marginal impact, not much. It was delay in ordering that's all, but not because of tariffs, I would say.

Manoj: Sameer, my last thing. I requested to meet you actually, but somehow if we can. It's been very, very long time?

Sameer Hiremath: Anytime, anytime. I am around here. Lovely to meet you.

Manoj: Thanks a lot, Sameer and all the best. Hopefully, like somebody mentioned, last 3 years of pain should convert into big gains for the next 2, 3, 4 years, hopefully, for all of us. It will.

Sameer Hiremath: Thank you for all your support.

Moderator: Due to time constraints, that was the last question. I now hand the conference over to Mr. Sameer Hiremath for his closing comments. Over to you, sir.

Sameer Hiremath: Thank you, everyone, for joining our Q3 and 9 months earnings call today and for your continued interest and support to our company. We appreciate all the support you have provided to us as we navigate through the challenges of the current global business environment.

As we conclude this call, we want to assure you that we are here to address any further questions or concerns. Please feel free to reach out to our Investor Relations partner, Strategic Growth Advisors. And once again, thank you for your participation. Goodbye, and have a very good evening. Take care and see you next quarter. Bye.

Moderator: Thank you. On behalf of Hikal Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.