



June 03, 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 financial year ended March 31, 2026**

In continuation to our letters dated May 20, 2026 and May 27, 2026 and pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the group earnings conference call held on Wednesday, May 27, 2026 to discuss the financial and operational performance of the Company for the quarter and financial year ended March 31, 2026.

Kindly take the information on record.

Thanking you,

Yours sincerely,  
For **Hikal Limited**

**Rajasekhar Reddy**  
**Company Secretary & Compliance Officer**

**Encl.: As above**

**Hikal Ltd.**

**Admin. Office:** Great Eastern Chambers, 6<sup>th</sup> Floor, Sector 11, CBD Belapur, Navi Mumbai - 400 614, India. Tel. + 91-22-6277 0299, + 91-22-6866 0300

**Regd. Office:** 717, Maker Chambers - 5, Nariman Point, Mumbai - 400 021, India. Tel. +91-22 6277 0477. Fax: + 91-22 6277 0500

www.hikal.com info@hikal.com CIN: L24200MH1988PTC048028



## Hikal Limited

### Q4 FY26 Earnings Conference Call

May 27, 2026

Disclaimer: E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recording uploaded on the stock exchange on 27<sup>th</sup> May 2026 will prevail.



#### **MANAGEMENT:**

**MR. SAMEER HIREMATH – VICE CHAIRMAN AND MANAGING DIRECTOR**

**MR. ANISH SWADI – SENIOR PRESIDENT OF BUSINESS TRANSFORMATION AND  
HEAD OF ANIMAL HEALTH**

**MR. KULDEEP JAIN – CHIEF FINANCIAL OFFICER**

**MR. MANOJ MEHROTRA – HEAD OF PHARMACEUTICAL DIVISION**

**MR. RAVI KHADABADI – HEAD OF CROP PROTECTION DIVISION**

**Moderator:** Ladies and gentlemen, good day and welcome to the Q4 and FY26 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 date of this call. These statements are not 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 from Hikal Limited. Thank you, and over to you, sir.

**Sameer Hiremath:** Thank you. Ladies and gentlemen, good evening and a warm welcome to all of you. Thank you for joining and participating in our Q4 and FY26 Results Conference call. I'm delighted to provide you with an update on the progress made by our company. We trust that you have had the opportunity to review our comprehensive earnings release, investor presentation and the financial statements for the quarter and the year ended 31 March 2026.

These documents can be accessed on both Hikal's website as well as the stock exchanges website. I am Sameer Hiremath, Vice Chairman and Managing Director of Hikal Limited and I will be leading the discussion and presenting the financial results. On this call with me, I have Anish Swadi, Senior President of Business Transformation and Head of Animal Health; Kuldeep Jain, our Chief Financial Officer; Manoj Mehrotra, Head of our Pharmaceuticals division and Ravi Khadabadi, our new Crop Protection Head as well as Strategic Growth Advisors, our Investor Relations advisers.

Q4 2026 marked a significant strengthening in Hikal's operational and strategic momentum as we continue transitioning from a phase of remediation and normalization towards sustainable technology-led growth. For the quarter, revenue stood at INR519 crores with EBITDA margins improving to 20.3% over the previous quarter.

Over the last several quarters, the organization has undertaken extensive efforts to strengthen quality systems, enhance compliance frameworks, improve operational discipline and invest in future-ready capabilities across both our businesses. These efforts are now beginning to reflect in our business performance, our customer engagement, onboarding of new projects as well as medium-term growth visibility.

For FY26, revenue stood at INR1,713 crores with EBITDA margins at 12.9%. In our Pharmaceutical business, we witnessed improvement in demand trends across both our APIs and our CDMO segments as the year went by, supported by normalization in customer ordering patterns, and increased outsourcing opportunities that are coming our way.

Capacity utilization across our pharma facilities improved quarter-on-quarter during the year, while the investments made by us from a strategic perspective over the last 12 to 18 months, including our new state-of-the-art high-potency laboratory, our expanded R&D infrastructure in

Pune and a new pilot plant in Panoli have become operational and are now beginning to strengthen our position in complex and differentiated chemistries.

The global pharma industry continues to witness favorable structural tailwinds driven by increased outsourcing opportunities and at the same time, having increased regulatory scrutiny with a growing focus on supply chain resilience. At the same time, industry investments into complex chemistries continue to accelerate.

Hikal is also doing the same, and we are well positioned to benefit from these long-term trends through our strengthened CDMO technology platform, our differentiated R&D capabilities and chemistries and our growing customer engagements across different regulated markets across the world.

In the Crop Protection business, we delivered a recovery in Q4, driven by improving customer volumes of our products with a positive traction in some of our own products and a gradual normalization following several years of global inventory correction and pricing pressures. We believe the industry has now largely moved beyond the worst phase of the cycle.

The Animal Health business also continues to strengthen, supported by increasing outsourcing activity, rising customer engagement and expansion of our CDMO pipeline. We continue to build differentiated capabilities in this segment with a long-term focus on higher-value specialized and innovation-driven opportunities.

As we look ahead to the new year and beyond, we remain confident that the combination of our strength in compliance and quality systems, our future-ready technology investments in assets and chemistries, our diversified growth platforms in Animal Health and Personal Care and an improving customer confidence, positions Hikal strongly for sustainable growth over the medium to long term.

Our focus continues to remain on improving product mix, which has been visible despite having revenue pressure, we've been able to maintain our margins in both our businesses and improve them wherever possible. We are diversifying and expanding our CDMO opportunities, diversifying into higher-value Specialty Chemicals, specialty pharma and Personal Care segments.

We are encouraged by the progress in commercialization of the new products that we have undertaken in the last financial year and the enhanced customer engagements in these segments, which we believe will contribute meaningfully and significantly in the coming financial year onwards.

Across both our businesses, we continue to drive operational and ESG excellence through focused initiatives like supply chain resilience, backward integration and operational excellence on the shop floor as well as our business excellence framework. These initiatives, along with improving operating leverage through better product mix, better utilization have contributed to improved margins resilience despite ongoing raw material and geopolitical volatility.

With strategic investments now, many of which are operational and expanding customer engagements, we expect to see improved demand visibility across both our businesses to make 2027 a stronger and a more positive year compared to 2026, which is firmly in place. Now I would like to invite Kuldeep Jain, our CFO, to discuss the financial performance.

**Kuldeep Jain:**

Thanks, Sameer, and good evening, everybody. I'm sure you must have an opportunity to go through the website and must have gone through our results. Q4 2026 reported revenue stood at INR519 crores with an EBITDA of INR105 crores and EBITDA margin at crores 20.3% and PAT at INR14.4 crores after providing an exceptional item of INR47 crores for an impairment of a certain part of our manufacturing plant at Panoli.

For FY 2026, reported revenue stood at INR1,713 crores with EBITDA of INR220 crores. EBITDA margin stood at 12.9%, PBT stood at negative INR79.3 crores, which is after providing INR85 crores as an exceptional item for the entire year. During the year, exceptional on account of new labour code and impairment charges.

Adjusting these items, our PBT from operations would have stood at INR7 crores. Depreciation charges remained broadly in range throughout the year. During the year, we have incurred capital expenditure of INR149 crores for 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 reduced our debt-to-equity ratio from 0.59 to 0.56 as on 31 March 2026. Now I would like to introduce Mr. Manoj Mehrotra, President, Pharmaceuticals, who will provide an overview of the pharmaceutical division's performance. Manoj, over to you.

**Manoj Mehrotra:**

Thank you, Kuldeep, and good evening, ladies and gentlemen. For FY26, Pharma business reported revenue of INR1,021 crores and EBIT of INR58 crores and EBIT margin of 5.7%. For Q4 FY '26, Pharma business reported revenue of INR292 crores, EBIT of INR35 crores and an EBIT margin of 12%.

On a sequential basis, while revenues are flat, there is a significant revival in operating profits, which are up 45%. As indicated earlier, the H1 FY '26 was soft. However, we have been seeing improvement from the start of H2. In the Pharmaceutical business, we are witnessing recovery at the start of H2, supported by improved demand trends across both API and CDMO segments.

The business continued to witness normalization in customer ordering patterns and trade cycles with pharma plants at Panoli and Bangalore operating at an average capacity utilization of nearly 80% to 85%. The API business environment remains encouraging, driven by steady demand across regulated and emerging markets.

We continue to strengthen our portfolio in complex and niche therapeutic segments such as oncology, CNS, gastroenterology and antidiabetics. As part of our global expansion strategy, key product launches in Japan and Brazil are in plan for FY '27 and '28. Our R&D pipeline continues to strengthen with increasing focus on differentiated and specialty products.

We are now targeting 5 to 6 DMF filings annually compared to 2 to 3 filings historically, reflecting the expanding depth of our development capabilities and product pipeline. On the CDMO side, we continue to see robust customer engagement supported by global China Plus One outsourcing trend, which is driving innovators to increasingly diversify supply chain towards India.

We are witnessing a healthy increase in RFP activities, and several programs are now advancing from early-stage development to scale-up phases, significantly improving medium-term revenue visibility. Over the last 12 to 15 months, we have made strategic investments, which are now becoming operational and are expected to support in our next phase of growth.

Our state-of-the-art high-potency laboratory and expanded R&D center in Pune, along with the new pilot plant at our U.S. FDA-approved Panoli facility materially enhance our capabilities in complex chemistry and integrated development services. The expanded Kilo lab in Pune will further strengthen our capability to offer end-to-end CDMO solutions, including R&D and clinical trial material supplies from a single location.

We also continue to build capabilities in next-generation technologies such as HPAPIs and ADC-related chemistries. While this remains a long-term opportunity and will take 3 to 5 years to scale up meaningfully, we believe this positions Hikal strongly in high-value innovation-led segments.

Our next milestone in this journey will be the planned HPAPI manufacturing facility in Pune targeted over FY '28. From a geographic expansion perspective, we continue to deepen our presence across key international markets. We already have strong engagement with leading innovator and generic companies in Japan.

In Latin America, we are strengthening our front-end presence with a dedicated leadership addition and are in the process of establishing an office in Brazil. We are also actively engaging with customers in South Korea for new business opportunities. On the regulatory front, all remediation-related CAPAs are nearing completion for U.S.FDA and our upcoming engagement with the FDA is expected to provide further clarity on the next steps.

Overall, we remain confident that the combination of improving industry demand, expanding product pipeline, strategic technology investments and strong customer engagement will continue to drive sustainable growth and improved profitability in the Pharma business over the medium to long term. Now I would like to invite Mr. Sameer Hiremath to provide an overview of the Crop Protection division's performance.

**Sameer Hiremath:** Thanks, Manoj. For the Crop Protection business in FY '26, we reported a revenue of INR692 crores with an EBIT of INR58 crores, which was a margin of 8.4%. For the quarter 4 ended FY '26, the revenue was INR228 crores, with EBIT margin of 17.1%, resulting into a EBIT of INR39 crores.

In the business, we delivered an improvement sequentially and, on a year-on-year basis due to increased volume offtake from our key products and also gradual normalization across the global agrochemical value chain. As I mentioned earlier, we believe that the worst phase of the industry cycle is now largely behind us.

We are seeing improvements in volumes as well as being driven by a combination of better product mix and sustained operational improvements initiatives across our facilities. Higher volume absorptions and improved realization will also contribute positively to the operating leverage.

We are also witnessing encouraging traction in our transition towards higher value and more resilient business models as we are actively progressing deep contract manufacturing engagements, co-development R&D projects in crop protection and long-term supply agreements with global innovators, of which we have onboarded a few in the last financial year.

Several of these programs carry structurally better margins and improved long-term revenue visibility. As part of our business diversification strategy, we are also leveraging our existing technology and assets for adjacent high-value opportunities in the Specialty Chemicals and Personal Care segment.

We expect to progress in these businesses over the coming years, which will help diversify revenue streams and improve business presence and margins. Now I'd like to introduce Anish Swadi, Senior President of Business Transformation and Animal Health, who will provide an overview of our business strategy and an update on our Animal Health business.

**Anish Swadi:** Thank you, Sameer. First, I'd like to talk about our Animal Health business, where we continue to witness sustained momentum supported by increasing global outsourcing activity and improving customer engagement across the API CDMO segment. Global innovator companies continue to focus on supply chain resilience, cost optimization and diversification away from single-source geographies, which is creating a favorable environment and impact for manufacturers such as Hikal. Our Animal Health CDMO business is witnessing gradual but steady traction as customers increasingly look to outsource. We have so far completed the validation of all our products from our global multinational contract, and we are now progressing well into the commercial phase.

We continue to receive encouraging inquiries and RFPs from several global customers, both across innovator-led as well as niche molecule opportunities, which further strengthens our development and commercial pipeline visibility. As part of our customer engagement strategy, we are building differentiated value propositions across customer segments.

Large multinational animal health companies primarily evaluate customers based on supply chain security, regulatory robustness, quality systems and long-term manufacturing reliability. Here, we find Hikal is well positioned, and we continue to strengthen our positioning as a reliable global dual source partner.

Our current long-term partnerships with global innovator customers continue to gain traction. We continue to see gradual progress in customer approvals and registrations globally, and we expect volumes to now scale progressively as approvals across several other additional geographies are received over time.

We are also actively progressing discussions and opportunities with several leading global animal health companies, including small biotech companies. Demand visibility remains encouraging across developed markets such as Europe, U.S. and Japan, where customer focus and supply continuity and quality compliance continues to intensify.

From a portfolio perspective, we are strategically moving towards some higher complexity and differentiated customers where competitive intensity is relatively lower, and margin sustainability is higher. From a growth perspective, we remain confident about the medium-term trajectory of the Animal Health business.

We expect it to scale meaningfully over the next several years, supported by increased commercialization of existing programs, addition of new CDMO opportunities and deeper customer engagement. Overall, with strong customer relationships, improving commercial visibility, differentiated technical capabilities, we believe the Animal Health business continues to be well positioned to become an important long-term growth driver for the company.

Now I'm just moving on to supply chain. From a procurement and supply chain perspective, we continue to proactively mitigate volatility through alternative sourcing strategies and continue to reduce our dependence on China, continue to develop non-Chinese supply partners and selective backward integration of key starting materials.

We are also optimizing plant utilization by leveraging several external partners for early-stage manufacturing while utilizing internal capacities for more complex final active ingredient manufacturing.

Despite some near-term raw material cost pressures arising from geopolitical developments, particularly the war, which has happened over the last 3 months, we expect customer-supported price pass-through mechanisms to partially offset some of these increases. While improving demand visibility, higher operating leverage, ongoing business excellence initiatives and strengthening customer engagement, we do expect FY '27 margins to sustain at improved levels. Now I would like to open the floor to Q&A.

**Moderator:**

Thank you, sir. We will now begin the question and answer session. First question comes from the line of Henil Bagadia with EquiCorp. Please go ahead.

**Henil Bagadia:** Sir, starting with some of the macros, what kind of impact have you seen on the raw material side, especially on the BTX, which goes into agrochem and probably some pharma, that's benzene, xylene and toluene, which is the basic RM. Are we seeing normalized availability vs March? And what are the prices? And is there a pass-on clause wherein we pass it to the customers in case of any CDMO? And also, in the case of our own products, how does it actually work?

**Sameer Hiremath:** Well, the solvent prices have really shot up in the last 3 months since March. And they have normalized but at a much higher level. Availability is not an issue. We are getting raw materials. Although there were some availability issues in March, in April and May, we don't see any availability problems but the prices at a significantly elevated levels on the basic solvents, which is toluene, methanol, acetone, benzene, etc.

For the CDMO products, we do have a pass-through mechanism, but there's always a lag effect. So, it takes about a quarter or so to reconcile the numbers with the customers and come back. So, we're in the middle of the discussions. Some of those discussions have progressed well and have concluded.

Some are in the active stages of negotiation as we speak because everybody thought the war would end very fast and things will normalize by April, but it doesn't seem to end, right? So, we are currently in discussions, and we're getting pass-throughs wherever possible. And while in the old products, it's a competitive market in the old products, and we are trying to get increases, we will succeed in most cases.

And in some cases, there's a lag effect. So, net-net, we will end up ensuring that there's no significant impact on the bottom line, although for 1 or 2 quarters, especially quarter 1, there could be some marginal impact because by the time the pass-through happens and the negotiations end, there's a lag effect.

**Henil Bagadia:** Okay. Sir, coming to the Crop Protection side, very good numbers in Q4. So, if we actually see the products and if we actually also see what's happening in China, I think in China, the Ministry of Agriculture has rained down on a lot of old plants and asking them to shut down the old and toxic chemical production that they've been doing. And even the Ministry of Petrochemicals, they have been asking to shut down the old petrochemicals by 2029?

So, are you seeing any pricing effect because of high pricing because the capacity might go and also in the current situation where there is raw material aberration where the raw material prices have shot up, and China has put in export quotas for a lot of agrochemical products, too. So, are you seeing any order conversion on a significant level wherein customer is coming to you for, I mean, decent term contracts and also better pricing situation and also probably the inventory hangover should also have been reduced to a large extent?

**Sameer Hiremath:** So, volumes are definitely improving compared to the last year. That's for sure. The true demand has come back because inventory correction is more or less done, is behind us. But pricing

pressures still remain. China has not increased prices on the agrochemical side. We haven't seen that.

And even on the RMs, the solvents that we've spoken about, right, China doesn't seem to be having those increases when we speak to local Chinese manufacturers and our suppliers. So, they are not seeing the inhibition. The government seems to be absorbing a lot of the increases, at least that's what we heard last.

While our input prices in India have gone up, Chinese manufacturers have been able to not increase prices for their raw materials. And the government is helping them with, subsidies or whatever. And Chinese are not increasing prices. We are not seeing any significant increase in any prices coming out of China, any KSMs right now. There are a few products but overall, I think it's quite stable.

**Henil Bagadia:** Okay. Sir, coming to our existing products, sir, some of our products also have got the NCEs from the principal who had developed the product because it got the resistant to pests or fungus. So, are we seeing any contracts from the principal because there are products like Trifloxystrobin, which has got an NCE successor also and even the Prothioconazole has got a better successor, which is still on patent. So, are we able to get contracts on the NCE side, which is still on patent or is it still some time until we get this order?

**Sameer Hiremath:** No, no. We are already, our current portfolio of crop division and have a few NCE products that we already commercialized right now. And the new RFPs which we are validating, and we have won in the last year, out of that, we have a few which are already NCEs, but they will be launched in the next financial year. But currently piloting is going on of this. The pilot trials are going on of this project.

**Henil Bagadia:** Okay. Sir, if you see in Europe, there is more move that is actually coming towards SDHI and Biologicals. Do we have the capability in-house to serve these kinds of contracts because these are very specialized orders and I think different formulations also?

**Sameer Hiremath:** So, we are not into biologics, but from a chemistry perspective and small molecule perspective, we can service almost all the chemistry. Except for biologicals, we don't have the capabilities.

**Henil Bagadia:** Okay. Sir, also on the new facility that we had commissioned last year, there were some retrofittings we had to actually do. So, seeing the pharma side, since the the capacity utilization levels are upwards of 80%, is the new unit on stream? And how do you see the production levels going ahead if the demand situation stays consistent?

**Sameer Hiremath:** Pharma or crop protection. What's the question?

**Henil Bagadia:** So, this was for pharma. So, there was a crop protection plant, which we retrofitted with some new reactors and different equipment so that it could be used for pharma.

**Sameer Hiremath:** Yes. So, that is exactly the same plant which we have taken an impairment for. If you notice exceptional item charge for this quarter, we've taken an impairment for a multipurpose

agrochemical facility, which we have decided to impair and retool into a pharmaceutical facility. That will come on stream in the next financial year. The capex is just coming into play this year.

- Moderator:** The next question comes from the line of Aman Vora with Premier Capital.
- Aman Vora:** I just wanted to understand, so in the month of February, when we spoke about the full year guidance, we spoke about a 10% growth in the pharma business and flat revenues for crop. So, this is just 1.5 months before you were closing your numbers, and you had a fair bit of visibility. So, why have we fallen short and pharma specifically has been quite weak on a Y-o-Y basis. Could you highlight why we've been fallen short versus our guidance?
- Sameer Hiremath:** Yes, sure. So, why don't the pharma head, Manoj, why don't you take this to.
- Manoj Mehrotra:** Yes, we did give a guidance of growth in February, no doubt about it. But what we have seen is that because of this FDA warning letter what we have in our Bangalore site, we have been advised by our GMP consultants to pressure test the system a little more and go slow for some of the production activities. So, although we have not lost any customers, but price releases and shipments have been slowed down in the last quarter and will recover in the next 2 quarters, I'd say.
- Aman Vora:** No, sir, why I ask that is that while you're saying that you've not lost a customer, but those shipments would have been picked up by the customer from somewhere else. So, that is a loss?
- Manoj Mehrotra:** Not in this half, that phenomenon did happen in first half of the year. That did happen in the first half of the year. Second half, by and large, we are protected. It's only kind of, they are taking thing smaller shipments takes a little longer to clear.
- Sameer Hiremath:** But I think for the quarter 4, that has gone. But there is annual continuous demand on a quarter-on-quarter. The Order book is still there. The order book is intact, but for the quarter 4, we have lost the business. But it will come back in the next few quarters, as Manoj said. This is from the own product. CDMO is long term. That is that continues.
- Aman Vora:** Got it. And so, when we talk about 80% - 85% utilization, while our revenues for Pharma division are down Y-o-Y. So, while last year, if I remember from the call, our utilization levels at 75%. So, how should I understand this utilization that you mentioned?
- Sameer Hiremath:** Because now that we're slowing down production a bit, we're taking a little longer, our batch cycle times have also increased in the plant. So, our capacity utilization levels have gone up. This is post the FDA compliance, CAPA implementation. Additional checks & balances, additional tests. That's why there's a bit slowdown.
- Aman Vora:** Okay. Got it. And sir, now if I see FY '26 on a consol Hikal level, we've degrown. FY '25, we were flat. From FY '24, if I see our 3-year CAGR, it's lower than mid-single digit in terms of top line. So, there's a lot of catching up that Hikal has to do in terms of top line ramp-up. It's just 3 years have been completely washed out in terms of financial performance. So, as long-term

shareholders, how do you give us confidence? What are your expectations for FY '27? How do we make up for the time lost over the last 3 years?

**Sameer Hiremath:**

Well see, if it wasn't for the U.S. FDA issue in the last year, we would have definitely shown growth in the Pharma business. There was a lot of depressed offtakes in the first 6 months of the year and partial recovery in the last H2 of the year. So, the pharma business would have grown. I mean the crop business had its own structural issues from the industry perspective, which was more or less flattish compared to the previous year.

Going forward, we are confident that once the FDA matter gets resolved, which we hope to get done by the end of this year, we will start seeing growth coming back to the historical FY '24, FY '23 type of levels till which program we go here. And you're right, last 3 years have been flattish, if not some years have even degrown. But we think the worst is behind us.

We have institutionalized a lot of additional checks and controls on the compliance side, which will stand us in good stead. There's been significant investment made in the last year and even this year, we'll be making investments in upgrading our quality systems and the implementation of the CAPA that Manoj spoke about.

So, we are able to now convince customers that we are far more stronger from a manufacturing perspective. The U.S. FDA is looking at companies with a far tougher lens than what they were a year or 2 years ago. You must have seen many inspections have been having very different outcomes than what they were a few years ago. So, we are now getting future proofing our system.

We are going through this bit of an aberration, a dip. I think it's now getting behind us. In the next few quarters, we'll be out of it. And the visibility for medium to long-term revenue growth still stands. Yes, we've lost a year, a year and half in between, maybe 2 years, but it will come back, and we'll get back to these levels.

And we're confident that we have customers, we have NCE customers that are still talking to us, that are still willing to stand by us in spite of the FDA issues. They've come and check all our facilities in the last 1 year, and they've approved us and reinspected us and reapproved us. So, they believe that we are a good long-term sustainable partner. This has been an aberration in our 25-year journey in pharma, and we are confident we'll come out of it from a stronger perspective.

**Aman Vora:**

Right. So, lastly, just for me, Sameer. So, I understand all that you mentioned. But given that we've lost 3 years from FY '24 to FY '26 with almost no growth, while we've almost had INR1,000 crores capex between FY '22 and FY '26. Just to catch back, earlier guidance used to be 15% to 20% top line growth, margins used to be 18%, 19%?

We said we'll improve 100 bps on that, reach 20% ROCE. All of that has actually gone for a toss in the last 3 years. But if I think of next 3 years, can we grow 25% and cover back some of the lost ground over the last 3 years? Can we up the ante on growth a bit from our historical levels

to cover some of the lost time of the last 3 years and on margins also. How do you look at next 3 years, FY '27 and margins?

**Sameer Hiremath:**

Well, I think the growth will come back. I think that currently, I don't want to give any forward-looking guidance in this quarter, I would be in a better position to do it after quarter 1 results. There's a lot of uncertainty because of the war situation today, raw materials, logistics, shipments, let things stabilize.

You're right, we did invest about INR900-odd crores in the last 4 years in capex. This question has been asked before by the investors. Out of that, about INR600-odd crores was in growth capex and about INR300-odd crores was in infra and regulatory and maintenance capex. Out of the INR600 crores, we had a INR300 crores investment in this multipurpose asset that we're impairing right now.

So, actually, part of which we will be impairing. We're impairing INR47 crores and the balance INR250 crores of retooling to build in new lines for our Pharma and Animal Health business. So, that will start generating significant revenues in the year to come. The balance of INR300 crores of growth capex that we had invested has already grown.

Out of that, the pharma and the animal health multipurpose plant in Panoli that we signed with a multinational company has yielded results. That is growing our Animal Health business. That being said, we are focusing on improving our return on capital employed. You're right, we need to get to this 18% to 20%, if not plus level.

We were historically working at 15%, 16%, 18%. We have depressed our return on capital employed in the last 3, 4 years. We will start seeing growth year-on-year. And this year will be a transition year with significant growth coming back, returning back from next year onwards. That's how we see the business. And then we get back into FY '28, FY '29, and FY '30 to show meaningful growth.

**Moderator:**

The next question comes from the line of Vinod Krishna with Avendus Wealth.

**Vinod Krishna:**

Sir, my question is regarding this, following the same earlier participant because if you see our 25-year history, we are still around INR1,500 crores to INR1,700 crores top line. And given the compliance issues, like we had a pollution control issue, now we are a U.S. FDA and you started investing in CDMO around '18, '19, don't you think our CDMO NCE is much more like, you really need to be at the top notch to really grow and scale that business?

And how confident are you that we'll solve our U.S. FDA issue in the near term and we will be back on our growth path because almost there's no wealth created if you think in terms of your 25 years even for all the promoters and investors together. I'm not saying just for me or somebody?

So, because the compliance is very important if you're doing CDMO and we had recurrent issues regarding pollution control and now U.S. FDA and how should we think because we are outside,

we do not understand nitty-gritties of this as investors, how should we think that because we never had and we suddenly have these issues in the last 2, 3 years?

**Sameer Hiremath:** Yes, it's unfortunate. The pollution control board was finally settled in the court and not being an issue related to Hikal. So, that issue is now behind us. So, that issue was sorted out in the court. So, that is also related to one specific site. It was a specific issue with one transporter as everybody knows, and nothing to do with the Hikal internal manufacturing issue.

It was an external issue. The FDA was, you are right, was a setback for us in the last year in our pharma site, and that was the first incident that we've had in the 25-year history. That being said, we have taken a lot of measures in the last 12 months to improve our systems, and we are focusing on compliance, a lot of capex that we've done in FDA to come out stronger out of this. We believe that we are relatively confident and pretty confident that we'll be able to come out of this very shortly by this year.

**Vinod Krishna:** So, we can say that in this year, we will be out of this U.S. FDA issue by the end of this year?

**Sameer Hiremath:** We are hoping towards that. I mean that's the whole idea. It's been a year now since the warning letter came about 9 months ago. So, we expect to come out of this in the next few quarters.

**Vinod Krishna:** So, how do you think about it, sir? Because how many years normally it takes for a company because like you're an API player to come out of these things because how to think about this as an investor?

**Sameer Hiremath:** It takes about 18 to 24 months.

**Vinod Krishna:** Definitely come out. It's not a prolonged indefinite issue kind of thing?

**Sameer Hiremath:** No, we don't hope. We don't think so. We'll come out.

**Vinod Krishna:** And so from FY '27, we can assume at least double-digit growth, sir, from FY '27 on top line?

**Sameer Hiremath:** FY '27, I don't want to give any guidance, as I mentioned. There's a lot of uncertainty. I will be in a better position to give guidance in the next call in the Q1 numbers. But we will have growth in FY '27. The guidance will be given in the next call.

**Moderator:** Thank you. The next question comes from the line of Prashant Singh with MB Securities.

**Prashant Singh:** I would like to ask a few questions. First was, how do you see the volume growth in the Crop business and the Pharma business? And second was, I know you have already talked about that, but can you give a number or how the next quarter is going to be on a Q-on-Q basis?

**Sameer Hiremath:** Well, volume growth for Pharma business from an annual perspective, as you know, the first 6 months of this year was pretty low. So, for Pharma we expect to see volume growth in Pharma business. I'm not willing to give any guidance, as I mentioned, because I'm just waiting. But we expect quarter-on-quarter improvement.

As you know, our historically Hikal's Q1 is our lowest quarter because we take annual maintenance shutdowns, which we have done as well. And Q2 is better, and our Q4 is always our strongest quarter between Q3 and Q4, depending on the business. Crop is mostly Q4 and pharma is sometimes Q3 and sometimes Q4. So, we will see volume growth in both the businesses, but we are not able to give any guidance right now, but we have positive volume growth in both the businesses.

**Moderator:** The next question comes from the line of Raghuram with Bestpals Research.

**Raghuram:** Yes. Sir, my questions are related to the earlier participant's questions as well. Like when I'm looking at the growth of the company till FY '30, because in the earlier calls, when you had mentioned like we would touch somewhere around INR3,500 crores or INR4,000 crores by was the medium target and INR6,000 crores was the FY30 target for the company as a whole?

So, now how should we look at the growth in the company? Like what would be the growth drivers do in order to achieve at least somewhere around INR3,500 crores or INR4,000 crores? How should we look at the growth drivers for the company? Like which divisions would show growth? If you can just talk about that, it would be helpful, sir.

**Sameer Hiremath:** Well, we have FY '30 plan which still stands. But as you know, it has got delayed for the last 2 years, which has been very challenging for us, FY '25 and FY '26. FY '27 onwards, we expect to see some growth coming back. And we have plans. I think the plans have been delayed by about 2 to 3 years because of this aberration in the last 2 years. But the strategic, the overall plans are not changing. And the focus is going to be on CDMO and on Pharma, Animal Health and on the Specialty Chemicals business. Our Crop business will show some growth, but I think the growth will come from the other divisions.

**Raghuram:** Okay. Is of like INR3,500 crores, INR4,000 crores, is that achievable target by FY '30 or is it far off?

**Sameer Hiremath:** I don't want to give any guidance, but I think we are going to be growing every year.

**Raghuram:** Okay. And sir, on the U.S. FDA issue, like have they come up for re-inspection or when do you see that happening next and how should we understand the U.S. FDA issue.

**Sameer Hiremath:** We are engaging with the FDA. There's a continuous dialogue which we're having with the FDA on a frequent basis. And we have a meeting planned in the next few months with them as well, which they've been meeting us. And as we complete all the CAPA. We have certain milestones to complete with them, and we should be completing everything off for the next few months. After that, we'll be meeting them. And then we are prepared for an inspection. They will come for an inspection towards the end of this year, we expect.

**Raghuram:** Sir, do they tell us that they're happy with the progress or we do not get any such communication from them?

**Sameer Hiremath:** No, there's no communication. If they feel that you're ready, then they will just show up.

- Raghuram:** Okay. And sir, on the this U.S. FDA issue, it's impacting the CDMO growth? Is that the right understanding?
- Sameer Hiremath:** Yes, mostly the CDMO business. So, our new products, existing business is quite intact.
- Raghuram:** Okay. So, like on the CDMO part, like when we are doing it for the NCE, like are we able to grow in that existing NCE thing because of this U.S. FDA, like we are able to supply them, but we can't see any growth?
- Sameer Hiremath:** NCEs are developed, some NCEs are growing, but some NCEs, they have multiple source options. So, the volumes are being split between different suppliers. So, till the FDA comes out, the new NCE growth will be muted.
- Manoj Mehrotra:** Just to add, Sameer, that some CDMO, we have Panoli site also to offer and that is clear of any FDA issue we are approved in May 2023.
- Moderator:** The next question comes from the line of Pankaj, an Individual Investor. Please go ahead. As there is no response, we'll move on to the next question. It's from the line of Henil Bagadia from EquiCorp. Please go ahead.
- Henil Bagadia:** Sir, coming to the Pharma division, is that the reason why we have guided for 5 to 6 new products because last year was an aberration because of the U.S. FDA? Or because of the commercialization of the new HPAPI lab, we have also seen more molecules from the HPAPI as well as our existing R&D center. And the 5 to 6 molecules, is this just pharma? Or does it also include molecules in animal health also?
- Sameer Hiremath:** No, this 5 to 6, we've also commercialized a new pilot plant in Panoli last year, which was part of the capital expenditure which was spent last year. We have derisked our Bangalore site by building a new facility in Panoli. So, now the new filings that we started doing from last -- towards the end of Q3, Q4 are being done from our Panoli site.
- So, we want to derisk away from the Bangalore side. And so that's why we've been able to do 5 to 6 DMF filings on the Panoli side. Assuming that this year will still take time to come out of the FDA, we don't expect new approvals from Bangalore this year, but we expect approvals to come through from the Panoli site, which is also FDA approved, which has no FDA warning issue right now here.
- Henil Bagadia:** Okay. So, the 5 to 6 includes just the pharma? Or does it also include animal health?
- Sameer Hiremath:** No, it is only pharma, animal health is on top of that.
- Henil Bagadia:** Okay. And coming to the Animal Health side, sir, there Zoetis and BI on their quarterly calls have indicated about some degrowth. Are we also going to face the degrowth in our already anti-tick commercialized molecule?

- Anish Swadi:** No. At this point in time, we haven't received any indications from our customers about degrowth of any products that we have currently in our portfolio.
- Henil Bagadia:** Okay. And when we move from active intermediaries to APIs, which is actually in the pipeline for animal health, do you see the margin significantly improving out there?
- Anish Swadi:** Yes, it depends on which APIs they are. But I mean, there is sometimes an increase in terms of margin. But what happens is that the volumes go less, right, because you usually use more intermediates for that. So, what happens is your absolute margin as a percentage may increase, but your absolute contribution may come down at certain stages.
- Henil Bagadia:** Okay. Sir, on the under commercialized molecules, we have about 3 under commercialized molecules. Are we seeing a ramp-up of utilization and I mean, sending commercial batches this year probably from H2? Or do you see it start from the H1 itself?
- Anish Swadi:** On which, I'm sorry, I didn't understand.
- Henil Bagadia:** Under commercialized molecules in the animal health space. We've got thiabendazole, we've got Butorphanol Tartrate and Tolfenamic acid.
- Anish Swadi:** No, I don't think those are the ones. Those have been commercialized for a very long time.
- Henil Bagadia:** Okay. Sir, are we also supplying products in the reproduction steroids for animal health or it's still under commercial runs?
- Anish Swadi:** No, we don't have it.
- Henil Bagadia:** We don't have it. I think so we have plans to get into 3 products in this particular segment, and it's a very niche market out here.
- Anish Swadi:** Which segment is that?
- Henil Bagadia:** The steroids for reproductive hormones in animals, that's Testosterone Propionate, Trenbolone Acetate and Estradiol.
- Anish Swadi:** No, I think maybe some other company is.
- Henil Bagadia:** No, no, it's for Hikal actually. It's actually on your website itself.
- Manoj Mehrotra:** This was considered a few years back, but steroids require a different facility. So, maybe there's some outdated information. So, we are not into steroids or hormones currently.
- Henil Bagadia:** Okay. Sir, and lastly, in the pharma side, sir, in case of oncology that we do plan to enter, do we have any commercialized molecules right now and the principles for which we would be doing CDMO, are they the ones who would be also giving us orders regarding the ADCs?

- Manoj Mehrotra:** So, right now, we are just coming to HPAPI, and we have just started the lab work. Going forward, as I mentioned in our opening presentation, that we will set up a manufacturing facility for HPAPI. But this is a long-term game, actually, 3 to 5 years for some revenues to start coming in.
- Henil Bagadia:** But they are the same set of customers that we actually plan to target in the onco products?
- Manoj Mehrotra:** Yes, same. See, for CDMO, it is same big pharma who look into HPAPIs and ADCs. And what they were looking at is that Hikal is into only traditional OEB2, OEB3 kind of molecules, which are mature now. But many of the new OEB4, OEB5 kind of molecules are high potent and for anticancer drugs. So, those and if you really see the new approvals coming from FDA and other global regulatory agencies, the share of oncology drugs is increasing, and we would like to catch on to that.
- Henil Bagadia:** Okay. And just another one. In the ADCs, we just plan to be in the payload and the linker synthesis phase, right?
- Manoj Mehrotra:** Yes, payload and linker. The biologics molecule will not be there. We are not there, but payload and linker, yes.
- Moderator:** The next question comes from the line of Aman Vora with Premier Capital.
- Aman Vora:** I just wanted to just continue our conversation that we spoke about earlier. So, if I see over, I just did the numbers for even a 5-year period, we've actually underperformed the wider pharma CDMO players in India by a large margin. So, is there any issue with management bandwidth or capabilities that we are not able to build, which is causing this stark underperformance more specifically in the pharma business? Agrochemical has been more an external issue. But more specifically in the Pharma business, are we lacking on the management capabilities side?
- Sameer Hiremath:** No, I don't think it has to do with management capabilities. We've had some setbacks in the last couple of years. We were growing till about 3 or 4 years ago year-on-year. We have grown from 0 to well over INR1,000 crores in the pharma business because we were 0 about 15 years ago. So, we have grown the business quite substantially.
- But now, yes, we are looking at new technologies, and our portfolio refresh has been done. So, that will start improving our margins and showing the growth going forward. Some of our products became old and became commoditized and there was intense competition. Volume growth did take place, but value growth did not take place to the same extent in the last 5 years.
- Aman Vora:** Okay. And just on Animal Health, we've last, I think in the September call, we had highlighted that over a 5-year period, we expect this business to be around INR500 crores top line business. And starting with about INR100 crores to INR150 crores revenue for FY '27, if I'm not mistaken. So, are we looking at that kind of a revenue ramp-up for Animal Health? And what would be the revenue as of now and what are our expectations for FY '27?



*Hikal Limited*  
*May 27, 2026*

**Anish Swadi:** Yes. Again, First, to confirm, yes, we're still on track with the guidance that we gave you in September to build a INR500 crores plus business in the next 4 to 5 years. From an FY '27, again, we'll refrain from giving any guidance right now. It will be better for us to do it at the end of Q1, along with the entire company and the other divisions. But the most important thing is we are on track. We have a healthy pipeline, and we have good commercial products that we have.

**Moderator:** Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to the management for closing comments.

**Sameer Hiremath:** Thank you, everyone, for joining our quarterly earnings call and for your continued interest in our company. We appreciate your support as we navigate through the challenges of the global business environment. As we conclude this call, I 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. Once again, thank you for your participation.

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