

CHAIRMAN'S SPEECH

Dear Shareholders,

Good afternoon!

It is a pleasure to welcome you all to the 20th Annual General Meeting of Haleos Labs Limited.

As you must already be aware, the name of your Company was changed to Haleos Labs Limited during the year 2025-26 and we had also discussed this important development with you at our last AGM.

The new name reflects the evolving identity and vision of your Company as we continue to strengthen our position in the pharmaceutical API and intermediates business.

As we begin this year's AGM, I would like to take this opportunity to share with you the key developments, achievements and operational progress of your Company during the financial year 2025–26, as well as our priorities for the years ahead.

I, Mr. TVVSN Murthy, Managing Director of your Company, on behalf of my fellow Board members, would like to express our sincere appreciation for your continued trust, confidence and support.

Further, in terms of Clause 55 of the Articles of Association of your Company, I shall be acting as Chairman of this Meeting.

Before we commence the formal proceedings of the Annual General Meeting, I would like to take this opportunity to reflect on the journey of your Company during the financial year 2025–26 and share our perspective on the opportunities that lie ahead.

★ **Performance of the Company:**

Coming to the financial performance, your Company recorded a consolidated turnover of ₹334 crores for the year ended 31st March 2026, which was around 9% lower compared to the previous year.

Decline in turnover was primarily attributable due to Ranitidine sales reduction, Capacity renovation, along with certain external factors and business conditions that were largely beyond the control of your Company. The key factors contributing to the decline in performance have been discussed in detail in the Board Report.

Despite these challenges, your Company continued to strengthen its position as an API focused pharmaceutical manufacturing company, with emphasis on product quality, regulatory compliance, product diversification and expansion into higher-value opportunities

Pharma industry continued to experience volatility in input costs, logistics and global market conditions. In this environment, your Company remained focused on maintaining business continuity, improving operational efficiencies and protecting margins.

Going forward, our approach will increasingly be centred on margin-driven growth, with greater emphasis on products and markets that offer sustainable value creation.

While the year presented certain challenges, your Company continued to make progress on several strategic initiatives.

We believe these initiatives are strengthening our operational foundation and positioning your Company for sustainable and profitable growth in the coming years.

★ **Strengthening our Product Portfolio**

Our core business continues to be centred on the manufacturing of APIs and intermediates. Our established products, including Ranitidine and Famotidine, continue to form an important part of our business.

At the same time, we are consciously working towards reducing concentration on limited number of products through continued product development and diversification.

★ **Regulatory Filings and Product Pipeline**

I would also like to highlight the continued progress made by your Company and its subsidiary in strengthening our regulatory filing pipeline across key regulated markets.

At Haleos Labs, in our API division, we have filed:

- a total of 10 U.S. DMFs across various therapeutic categories with USFDA,
- 13 CEPs with the European EDQM,
- 4 Korean Drug Master Files,
- 4 China Master Files and
- 3 CADIFA files in Brazil, along with other regulatory filings in key regulated markets.

And at Mahi Drugs also, we continue to build its regulatory portfolio.

API division of Mahi Drugs has filed a total of 12 USDMFs, 6 CEPs, 1 EDMF and 1 Korean Drug Master File, along with other regulatory filings in key regulated markets.

During the year, Mahi filed 3 new USDMFs and 1 new CEP.

These filings provide a strong foundation for supporting customers in their ANDA and dossier submissions and, over time, creating opportunities for commercialisation in regulated markets.

We also believe that continued investment in regulatory filings, coupled with our manufacturing and R&D capabilities, will help us build a diversified and sustainable product pipeline and create opportunities for future growth.

★ **Focus on Regulated Markets**

One of the important pillars of our strategy is to increase our presence in regulated and high-value pharma markets.

Our regulatory capabilities, manufacturing standards and experience in dealing with international regulatory agencies provide us with a strong foundation to pursue these opportunities.

Additionally, we are currently in discussions with HRV Global for entering into a collaboration arrangement for the establishment and expansion of manufacturing capacity for oncology products and other segments.

The proposed collaboration is for a period of 15 years and is intended to create a long-term platform for expanding our capabilities into these high-value and specialised segments.

We believe that such strategic collaborations can provide opportunities to leverage complementary capabilities, strengthen our manufacturing footprint and support the Company's long-term growth strategy.

★ **Mahi Drugs – A Strategic Growth Platform**

I would also like to highlight the progress of Mahi Drugs' future growth strategy.

Mahi Drugs has continued to strengthen its manufacturing and regulatory capabilities, with its focus on APIs and intermediates and increasing participation in regulated markets.

I am particularly pleased to share that Mahi Drugs in September 2026 successfully completed the USFDA inspection of its API manufacturing facility at Visakhapatnam, Andhra Pradesh, with zero 483 observations.

This outcome is particularly encouraging because the same facility had also successfully completed its earlier USFDA inspection in January 2025 with zero observations.

The consistency of these outcomes demonstrates our continued commitment to quality, compliance and regulatory discipline.

Our objective is to build Mahi Drugs into a stronger and more meaningful contributor to your Company's overall growth, with a target of achieving ₹100 crore of revenue over the next 2 years.

★ **Manufacturing and Capacity Expansion**

On the manufacturing front, your Company continues to invest selectively in capacity, infrastructure and operational efficiency.

During the year, we continued to strengthen our manufacturing capabilities with the objective of supporting both existing products and the introduction of new products.

★ **Research and Development**

Innovation remains an important part of our long-term strategy.

Our R&D team continues to work on new APIs, intermediates, process development and regulatory documentation.

We have strong technical team and DSIR-approved R&D facility, which provides foundation for developing new products and improving our manufacturing processes.

We believe that consistent investment in R&D today will create opportunities for sustainable growth in the years ahead.

In this year, we have spent about 2.25% of revenue from operations as compared to 1.90% in the last year. We are gradually increasing the spent on R&D in order to cater to regulatory market demands.

★ **Global Business Environment**

The global pharma industry continues to operate in an environment of considerable uncertainty.

Geopolitical developments, supply-chain disruptions, freight costs, raw-material prices, currency movements and changing trade policies continue to influence the pharmaceutical industry.

For an API manufacturer, these factors require continuous monitoring and agile supply chain management.

While we remain mindful of these external challenges, we believe that your Company's diversified product pipeline, regulatory capabilities and focus on operational efficiency provide strong foundation to navigate the evolving environment.

Our approach will remain simple, measured and disciplined, with emphasis on profitable growth rather than growth at any cost.

★ **Sustainability and Responsible Manufacturing**

As a responsible manufacturer, we recognise that business growth must go hand in hand with environmental responsibility. We continue to focus on environmental compliance, responsible manufacturing practices and strengthening our environmental infrastructure.

Our investments in areas such as effluent treatment and environmental management systems reflect our commitment to maintaining high standards of environmental safety and regulatory compliance.

As part of our commitment towards environmental sustainability, last week we undertook a tree plantation drive in the vicinity of our Kazipally unit.

We believe that initiatives such as these, though simple, represent our continued commitment to responsible and sustainable business practices. We will continue to integrate sustainability into our operational decisions and long-term business planning.

Coming to our CSR initiatives, during the year, your Company has spent around ₹45 lakhs towards promoting education, rural development and strengthening healthcare infrastructure.

These initiatives reflect our commitment to contributing meaningfully to the communities in and around our areas of operations. The details of the CSR activities undertaken during the year are available on the Company's website and in the Annual Report for your reference.

★ **Dividend and Shareholder Value**

I am also pleased to inform you that the Board has recommended dividend of ₹1.50 per equity share of face value of ₹10 each for the financial year 2025–26, subject to the approval of the members and applicable statutory requirements.

Your Board remains conscious of maintaining an appropriate balance between rewarding shareholders and retaining sufficient resources for your Company's future growth and expansion. Our objective is to create sustainable long-term value for all our stakeholders.

★ **Shareholder Engagement**

We remain committed to maintaining transparent and constructive communication with our shareholders.

Your Company continues to undertake initiatives for shareholders relating to KYC updation, unclaimed dividends, IEPF-related matters and other investor service requirements.

Our investor outreach initiatives, including the “Saksham Niveshak” campaign, are aimed at helping shareholders addressing such matters and access their rightful corporate benefits.

We encourage all shareholders to keep their KYC and bank details updated and to communicate with RTA or the Company whenever assistance is required.

Also, in order to ensure transparency and equal availability of information to all stakeholders, the Company continues to respond to queries and suggestions received from stakeholders in a timely manner.

To ensure that such information is available to all stakeholders on a non-discriminatory basis, the responses provided by the Company are also uploaded on the Company's website, in accordance with the applicable regulatory requirements.

★ **Corporate Governance**

Good corporate governance remains an integral part of the way we conduct our business. The Board and its Committees continue to oversee your Company's operations, compliance framework, risk management and strategic direction.

We remain committed to maintaining transparency, accountability and compliance with applicable laws and regulations.

As we move forward, we will continue to strengthen our governance practices in line with the evolving expectations of our shareholders, regulators and other stakeholders.

★ **Way forward**

As we look towards the future, our priorities are clearly defined.

We will continue to focus on:

- 1) Profitable and sustainable growth;
- 2) Product diversification and new product development;
- 3) Expansion in regulated markets;
- 4) Strengthening our R&D capabilities;
- 5) Improving manufacturing efficiencies and capacity utilisation;
- 6) Developing Mahi Drugs as a stronger growth platform;
- 7) Maintaining the highest standards of quality and regulatory compliance; and
- 8) Creating sustainable long-term value for our shareholders.

We believe that the industry continues to offer significant opportunities, particularly for companies that combine technical capability, regulatory discipline, manufacturing excellence and customer focus.

Your Company is committed to building these capabilities further.

We are conscious that the journey ahead will have its share of challenges. However, we remain confident in the fundamentals of our business, the capabilities of our people and the opportunities available.

★ **Acknowledgement**

Before I conclude, I would like to sincerely thank all our shareholders for their continued trust, confidence and enduring association with the Company.

I would also like to express my gratitude to our customers, suppliers, bankers, regulators and other business partners for their continued support.

Most importantly, I would like to place on record my appreciation for the dedication, hard work and commitment of our employees.

As we enter the next phase of our journey, we remain committed to building Haleos Labs as stronger, more diversified and globally oriented API manufacturing Company, guided by our commitment to quality, innovation, compliance and sustainable growth.

We sincerely believe that our journey is not merely about building a business, but about contributing to the chemistry of good health.

I thank you once again for your continued trust and support.

Thank you very much.



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