Hikal Limited

Q1 FY27 Earnings Conference Call

August 06, 2026

"E&OE -This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 6th August 2026 will prevail."

MANAGEMENT:
MR. SAMEER HIREMATH - MANAGING DIRECTOR
MR. ANISH SWADI - SENIOR PRESIDENT (BUSINESS TRANSFORMATION) & HEAD (ANIMAL HEALTH BUSINESS),
MR. KULDEEP JAIN - CHIEF FINANCIAL OFFICER
MR. MANOJ MEHROTRA - HEAD (PHARMA BUSINESS)
MR. RAVI KHADABADI - HEAD (CROP PROTECTION BUSINESS)

Moderator: Ladies and gentlemen, good day and welcome to the Hikal Limited Q1 FY27 Earnings Conference Call.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to as questions after the presentation conclude. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this call is being recorded.

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.

I now hand the conference over to Mr. Sameer Hiremath – Managing Director from Hikal Limited. Thank you and over to you, sir.

Sameer Hiremath: Good afternoon, ladies and gentlemen and a warm welcome to all of you. We extend our gratitude to all of you for participating in our Q1 results conference call. I am delighted to provide you with an update on the progress made by our company. We trust you had the opportunity to review our comprehensive earnings release, the investor presentation and the financial statements for the quarter ended 30th June 2026. These documents can be accessed on both Hikal's official website and the Stock Exchange's 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 Business; Kuldeep Jain – our CFO; Manoj Mehrotra – Head of our Pharma Business; Ravi Khadabadi – Head of our Crop Protection Business and Strategic Growth Advisors, our Investor Relations Advisors.

Before diving into the quarterly performance, I am pleased to share that Hikal has been recently awarded EcoVadis Gold Medal Rating, achieving an overall score of 84 on 100 and a 97 percentile ranking, placing us among the top 5% of over 175,000 companies globally assessed for sustainable performance. This recognition reflects our continued focus on sustainability, operation excellence, compliance and governance. It is a strong validation of the progress we are making, a significant boost for our teams and reinforces the confidence of our customers, partners and investors in Hikal's long-term commitment to responsible and sustainable growth.

Now talking about Q1 FY27 performance:

We began the year with a recovery journey as we transitioned from a regulatory-led disruption last year to execution-led growth. During this quarter that just ended on 30th June, we continued to strengthen our Pharmaceutical, Crop Protection, Animal Health Business while entering our new division on Personal Care. This was done through an execution of customer engagement, strategic investments in manufacturing which were done in the last several years, quality upgradations, innovation and operational excellence.

For Q1 FY27, we reported revenue of Rs 403 crores with an EBITDA margin of 9.2%, which was supported by improving customer ordering patterns and product mix which continued progress upon regulated markets and our increasing CDMO partnerships. The Pharmaceutical business delivered year-on-year growth despite the expected planned shutdown that we took in Q1 of this year for the U.S. FDA remediation efforts which are almost completed. Customer ordering patterns are normalizing, providing better demand visibility while disciplined execution, improving product mix supported profitability which resulted in improvement in gross margins for the Pharma division.

Our recovery is expected to strengthen through FY27 as our U.S. FDA remediation program gets implemented and our regulatory milestones are achieved. We continue to evolve our portfolio towards niche higher value products while maintaining strong relationships with customers across the regulated markets and entering new geographies like Japan and Latin America. Our investments remain focused on new therapeutic areas like gastroenterology, oncology, CNS and other specialized therapies.

We also continue to expand our CDMO capabilities and strengthen customer partnerships which are being enabled and accelerated by the recently commissioned cGMP pilot plant and our R&D center in Pune. We expect the momentum to improve with H2 of FY27 benefiting from recovery in regulated markets and an increasing CDMO contribution thereby increasing margins. We have been continuously dialoguing with the U.S. FDA over the last year since we got the warning letter in August 2025 and our remediation program is on track. We expect a re-inspection towards the end of this financial year.

Furthermore, other regulatory international bodies and major pharma innovator clients have successfully audited and re-approved Hikal's facilities over the last 12 months reinforcing their trust on Hikal by ensuring zero lost customer contracts. We haven't lost a single customer order in the last 12 months.

Our newly commissioned pilot plant in Panoli is now operational and this enables us to de-risk from Bangalore to Panoli and also increases our DMF filing capability, which is now going to be 6 to 7 filings per year compared to 2 to 3 filings historically.

In the Crop Protection business, the industry continues to recover gradually by volume growth coming back although the pace remains uneven across different geographies. Global channel inventories have largely normalized after almost 2 to 3 years of de-stocking which would support fresh buying as seasonal demand improves. That said, distributors are still buying just in time rather than re-stocking and building up inventory at their end. So, the recovery in ordering is steady but cautious. Pricing, however, continues to remain under pressure due to excess supply from China limiting opportunities for price increases despite improving demand. Additionally, the margins are impacted due to geopolitical tensions leading to increase in raw materials and energy costs.

Against this backdrop, our focus remains on securing contracts which we have on-boarded a few new customers, maintaining cost discipline and investing extremely selectively in capacity de-bottlenecking and new capacities backed by long-term contracts and where returns are attractive. Domestic demand for our own products continues to improve while the CDMO or order visibility remains mixed with certain customer orders shifting into the second half of the year from the first half of the year. Overall, we expect a gradual volume rate recovery this year.

On the Personal Care segment which I spoke about in the last conference call, we have recently commissioned a dedicated multi-purpose manufacturing line at Panoli with commercial production having recently commenced. Revenue is expected by the end of this year. This is part of our strategy to diversify into adjacent high-growth segments while leveraging existing manufacturing process development and regulatory capabilities.

The Animal Health business delivered another strong quarter supported by strong demand from existing customers and approval of validation qualities for new projects. We continue to strengthen customer partnerships across innovators supported by differentiated manufacturing capabilities and regulatory expertise. During the quarter, we further expanded our development pipeline with new NCEs and advanced intermediates progressing through development validation and moving towards commercialization.

On the capital allocation and balance sheet side, as mentioned in the previous calls, over the last 4 years, we have invested approximately Rs. 900 crores in capital expenditure. Rs. 300 crores of this was allocated towards maintenance CAPEX which is approximately Rs. 75 crores per year across our 6 sites. The balance Rs. 600 crores was invested in growth CAPEX comprising number one of the Rs. 300 crores towards an agrochemical manufacturing plant which was subsequently part impaired in Q4 last year and is now being retooled.

Retooling this asset will reduce execution timelines by nearly 12 months for our new Pharma Animal Health portfolio which has been signed before by long-term contracts in the CDMO space. Rs. 150 crores of this Rs. 600 crores was also invested in the last 3 years in a new dedicated Animal Health manufacturing site where validations were completed and revenues have started to flow in. Rs. 100 crores was invested of the Rs. 600 crores in a multipurpose manufacturing facility in Bangalore over the last 3 years which have already started to generate revenue.

The balance has been invested in upgrading our R&D capabilities by building up a new high-potency anti-cancer laboratory in Pune, a new cGMP pilot plant and also a new pilot plant in Panoli which was commissioned last year.

Over the years, despite navigating multiple external challenges, we remain focused on strengthening our core operations while strategically investing in new growth platforms. As part of this effort, Hikal today compared to where we were 3-4 years ago, we had a two-division type of approach. In the last 3 years, we have incubated successfully two emerging businesses, Animal Health and Personal Care. The Animal Health has now scaled an annual turnover of approximately over Rs. 100 crores last year and continues to witness strong customer traction based on the CDMO contract that we have signed and are finalizing with our global customers, which will drive meaningful growth revenue in the next 3-4 years.

The Personal Care front, we have recently commissioned a dedicated manufacturing line at Panoli by repurposing the part-impaired asset which is enabling an efficient capital deployment. Importantly, despite undertaking significant investment over the last several years and navigating a challenging business environment, we have reduced our net debt from approximately Rs. 815 crores in FY24 to Rs. 685 crores by the end of FY26, with our debt-to-equity ratio now being 0.53.

As promised in the last conference call, I would like to give an outlook for the next quarter and the year ahead. We are seeing positive momentum going forward. Our expectations from Q2 on a YoY basis were substantial growth in revenues and EBITDA. We believe that the momentum will accelerate even further in H2 FY27, with full-year growth expectations in the range of approximately 14% to 16%, with strong growth in pharma and marginal growth in crop, and EBITDA growth in the range of 25%-30%.

Now I would like to hand over to Kuldeep Jain – CFO, to discuss the Financial Performance.

Kuldeep Jain: Thank you, Sameer, and good evening, everybody who is connected to the call. I am sure you must have gone through our financial results for the quarter ended 30th June 2026. Q1 FY27 reported revenues stood at Rs. 403 crores and EBITDA of Rs. 37 crores. Our EBITDA margin stood at 9.2% and PAT at Rs. (-7) crores.

During the quarter, we reported Rs. 9 crores as exceptional income on account of reversal of excess provision which we made in the last year Q4, with regard to the new Labor Codes. Because we have done restructuring our pay scales and therefore there is a reduction in the provision which we made last year.

Depreciation charges remained broadly in range during the quarter. Capital expenditure during the quarter stood at Rs. 45 crores, focused on de-bottlenecking, regulatory upgrades and building new capacities. Our capital allocation remains highly targeted, prioritizing high ROI projects that align with our long-term growth objectives.

Our growth has been largely financed through internal accruals as of 30th June 2026. Our debt to equity ratio stands at 0.53 against 0.56 in March quarter.

Now I would like to introduce Mr. Manoj Mehrotra, who will provide an overview of the Pharmaceutical Division. Manoj, over to you.

Manoj Mehrotra: Thank you, Kuldeep and good evening, ladies and gentlemen.

For Q1 FY27, the Pharma business reported revenue of Rs. 233 crores, EBIT of Rs. 8 crores and an EBIT margin of 3.2%. The Pharmaceutical business continued its recovery trajectory during the quarter, supported by improving demand across both the API and CDMO businesses. We witnessed gradual normalization in customer ordering patterns and trade cycles, while the pharma manufacturing facilities at Panoli and Bangalore operated at an average capacity utilization of nearly 55%-60% (incorrectly mentioned 80%-85% on the call), reflecting improving business momentum.

As Sameer highlighted in his opening remarks, our focus remains on building a stronger, differentiated pharmaceutical platform. To support this, we are enhancing our product development capabilities through increased DMF filings and investments in advanced R&D infrastructure. With the commissioning of a new pilot plant, we expect to increase our DMF filing rate from 2-3 filings annually to around 5-6 filings per year, enabling faster product development and strengthening our future pipeline.

We continue to focus on high-growth therapeutic segments such as CNS, anti-diabetics, gastroenterology, while steadily expanding into differentiated, higher-value product categories of oncology, urology and anti-migraine. The pharma generic business delivers strong year-on-year margin recovery in legacy products, driven by focused cost management initiatives, while the rest of the legacy portfolio maintains stable performance.

Customer ordering patterns continue to normalize, resulting in improved demand visibility across key markets. Looking ahead, we expect to further expand our geographical presence in Latin America, Japan and South Korea, while a new DMF filing program is expected to gather momentum during FY27 and beyond. These initiatives will support portfolio expansion, broaden our market reach and drive future growth.

Our Pharma CDMO business continues to build strong momentum with expanding customer engagement across development and commercial programs in North America, Europe and Japan. We continue to strengthen our pipeline of NCEs and intermediates with around 8-9 molecules at various stages of development. Repeat campaign orders from existing innovator customers reflect their continued confidence in our capabilities. In addition, discussions with a leading Japanese innovator are progressing well, further strengthening our future growth pipeline.

Our integrated cGMP pilot plant at our R&D centre in Pune continues to be a key differentiator, enabling faster development, scale-up and technology transfer for innovator customers. At the same time, we continue to invest in next-generation technology platforms, including high-potency APIs, ADC linkers and payloads, positioning Hikal to participate in emerging opportunities within the global pharmaceutical and CDMO landscape.

On the commercial front, we have strengthened our global business development capabilities by adding four dedicated business development professionals across Japan, North America and Europe, which will help expand our CDMO opportunity pipeline and deepen customer engagement in key markets.

Overall, we remain confident that our differentiated product portfolio, expanding CDMO pipeline, strengthening technology capabilities and continued investment in the innovation position of the Pharmaceutical business, well for sustainable long-term growth.

Now, I would like to invite Mr. Ravi Khadabadi – Head of Crop Protection, to provide an overview of the Crop Protection Division's performance.

Ravi Khadabadi: Thank you, Manoj, and good evening, ladies and gentlemen. I am Ravi Khadbadi, the Head of the Crop Protection Business.

For Q1 FY27, the Crop Protection Business reported a revenue of Rs. 170 crores, with an EBIT of Rs. (-6) crores. Q1 FY27 was a mixed quarter for the business. Our own product segment delivered sequential growth, supported by improving domestic demand and higher sales volumes. However, margins remained under pressure due to elevated raw material and fuel costs arising from geopolitical developments in the Middle East, along with continued pricing pressure from China.

In our CDMO business, export demand remained subdued, with certain customer orders deferred to subsequent quarters owing to inventory build-up at the customer end. The broader agrochemical industry continues to recover gradually. Global channel inventories have largely normalized after two years of destocking, supporting fresh buying from across key markets. However, customer ordering continues to remain need-based, while surplus supply from China continues to keep pricing under pressure. As a result, the current recovery is being driven primarily by volumes rather than pricing.

Operationally, we remain focused on improving efficiencies and strengthening our manufacturing capabilities. During the quarter, we expanded existing product lines, established in-house liquid formulation capabilities, and continued initiatives around automation, backward integration, solvent recovery, yield improvement, and maximizing asset utilization to enhance cost competitiveness.

Looking ahead, we expect domestic demand for our own products to remain healthy, while CDMO volumes are expected to improve as deferred customer orders are executed in the second half. We expect Q2 to be better than Q1, supported by the Indian Kharif season, with further improvement in Q3 driven by the Rabi season and Latin American demand. While margins may remain under pressure in the near term due to raw material costs and Chinese competition, we expect gradual improvement as volumes recover and operating leverage strengthens. Overall, we continue to view FY27 as a recovery year for the Crop Protection business, led by volume normalization, improving demand fundamentals, and disciplined execution. Thank You.

Now I would like to introduce Mr. Anish Swadi – Senior President of Business Transformation, who will provide an overview of our business strategy. Over to you, Anish.

Manoj Mehrotra: Ravi, this is Manoj Mehrotra. Some correction in my data. The Q1 capacity utilization was close to 55% to 60% considering the shutdowns which we had in Q1. Sorry. Yes, Anish, you can take over.

Anish Swadi: Thanks, Manoj.

For the Animal Health business in Q1 FY27, we continued to deliver a resilient performance, supported by improving customer demand, portfolio expansion, and commercialization of some of the new molecules we had in the pipeline. We did witness in the existing pipeline healthy volume growth across the API and the intermediate segment. We continue to strengthen our customer partnership across several innovators, supported by differentiated manufacturing and regulatory capabilities.

We have had some repeat NCE campaign suppliers for a leading innovator which are currently underway and which reflect continued customer confidence in our execution capabilities. Beyond our existing commercial portfolio, we continue to witness encouraging traction across customer engagements and new molecule opportunities. Several programs are progressing through various stages of development and validation, and finally will end up at commercialization, providing a strong visibility for future growth. In parallel, discussions on a strategic partnership with several Japanese companies are progressing well and could further strengthen our position in this segment.

Together, these ongoing engagements provide us the confidence in the long-term growth trajectory of our business. The business continues to scale steadily and we still remain confident of growing this business to Rs. 400 crores plus by FY30, as indicated earlier, making it an increasingly meaningful contributor to our overall portfolio.

Our customer engagement continues to strengthen with long-term contracts in place with leading global innovators. We currently have a mix of molecules at various stages from development to commercialization, of which several have been validated, and several are in the pipeline. Commercial production is underway for some of these molecules, providing a strong base foundation of growth. During Q1 FY27, we also completed the US EPA and Canada PMRA regulatory filings for a particular molecule.

To support future growth, we also continue to invest in flexible manufacturing capacities and capabilities across the company. Our retooled manufacturing facility, originally built for the Crop Protection business, is being converted into a multi-purpose pharma and Animal Health contract development and manufacturing facility. This will enhance our ability to support both our existing customers, as well as our new customers with their new product commercial pipeline. Given the specialized nature of this business and our differentiated manufacturing capabilities, Animal Health represents one of the higher margin growth platforms within our portfolio.

Overall, it remains a strategic growth pillar of Hikal, supported by strong customer partnerships and a healthy commercial pipeline.

Now, I would 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 Aman Vora from Premium Capital. Please proceed.

Aman Vora: Hi, thanks for the opportunity. So, I will just start with where Anish left. So, congratulations on the ramp up in the Animal Health vertical and in record time. When we talk about the business, Rs. 400 crores of top line by FY30, and you mentioned that the margin profile of the business is better than that we report for the pharma division. But could you help us understand what kind of margins do we expect out of this business?

Anish Swadi: So, the margin profile that we expect once we reach that operational leverage will be 20% plus EBITDA margins for the Animal Health business.

Aman Vora: Okay, got that. And second is on the Crop Protection side. So, this is not only for Hikal, but for the industry too. It has almost been two years of first tepid volumes, then tepid pricing now. So, what would it take for the industry or for Hikal specifically to get back on trajectory in this business? And how do you look at, I understand FY27 would be a year of recovery and all of those things. But how do you look at this business on a three-year basis? What should we expect out of this business over three years?

Sameer Hiremath: So, I will take that question. So, the problem is that the crop industry, the end customers are also not doing very well. And as you know, the end customers, which are five or six big players, contribute to almost 80% of the total global market by value. So, they don't do well and there's a lot of pressure put on their suppliers and innovation is also not exactly accelerating in the Crop Protection side. So, we are expecting very marginal growth in the crop division. That's why we have diversified into allied businesses. We are not investing a significant amount of new capital in the crop business. We are managing the crop business with what we have, very strict capital allocation and financial discipline to ensure a healthy cash flows for the business. While being focusing on operational discipline, we are onboarding a few new customers, but projects are taking time to materialize and the margin that we are getting on a new CDMO contract are lower than what they were maybe 3-4 years ago because of the competitive nature and the pressure being faced by our end customers in the end market. So, that's how we see the crop business. We will see marginal growth, mid to high single digit growth going forward.

Aman Vora: Right. Got that. Thanks. Sameer. Just continuing a couple of more questions from my side. So, as I hear your commentary and think about Hikal, we are positioning more like I think five, six years back, we were seen more as a chemical company or maybe a decade back. Now, if I think about next five years, we are positioning ourselves more as a pharma company. Is my understanding correct?

Sameer Hiremath: Yes, I think if you look at us, maybe five, six years ago, we were a chemical company. Then by 2023, we became like a pharma and a crop two division company. And in the last three to four years, we have incubated two very exciting businesses. One is the Animal Health business, which is already ramping up quite nicely and the Personal Care business, which is somewhere between crop and pharma. So, now we have built up a new asset in our multipurpose plant in Panoli to run the first manufacturing line for Personal Care. So, yes, as a percentage of our total revenue, while we were known mostly as a chemical company, maybe 7-8 years ago or 10 years ago, and maybe like a two-division company, maybe 5 years ago. If you look at our business going forward in the next 2 to 3 years, we will be more into a four-division type of approach, where pharma and allied pharma, human, non-human pharma, and even the skincare line, Personal Care, which is like pharma, will be almost 70% to 80% of our total business with crop division coming to about 30% of our total business.

Aman Vora: Got that. Thanks. Thanks for that clarity, Sameer. Because Personal Care would now be another growth driver other than Animal Health, any thoughts you can share on what that business could be in the next three years, maybe near term or three years as you want to share and what the margin profile of that business could look like?

Sameer Hiremath: So, I think that if you take this year as we are just launching this year, I would say it is a launch year with very small volumes. But as we grow in the next three years, post this year, we expect to cross about Rs. 200 crores in revenue in the business.

Aman Vora: Okay and margins would be like between 15% and 20%? Is that a safe assumption?

Sameer Hiremath: Over 20%, EBITDA. Typically to the Pharma business.

Aman Vora: Got that and just one last question from me, Sameer. First of all, thanks a lot for sharing your guidance in a very turmoil geopolitical environment. When we talk about, so I think your guidance was 15% to 16% top line growth on FY26 base and about 30% EBITDA growth. So, and we are talking about flattish top line for crop this year. So, the growth would be Animal

Health and Pharma led this year because Personal Care would be low volumes. So, when we are talking about say, better than that growth in pharma, shouldn't our margins be better? Because if I just put your guidance to work, we are talking about between 14% and 50% EBITDA margins for FY27. If pharma does better than crop, which is generally a better margin business, and we are ramping up Animal Health also, shouldn't our EBITDA growth and margins be better than that?

Sameer Hiremath: Absolutely right. This is a transition year where the FDA remediation costs are still hitting our fixed cost numbers, so it's depressing EBITDA. Once the FDA remediation goes away by end of this year, next year onwards, the EBITDAs will start improving even more substantially. Since the remediation costs have been pretty substantial, which is hitting our fixed cost number. So, there will be growth in EBITDA margins compared to last year. But the real meaningful numbers will be in FY'28 and beyond.

Moderator: Thank you so much. The next question is from the line of Rohit Sinha from Sunidhi Securities. Please proceed.

Rohit Sinha: Thank you for taking my question, sir and pardon me for the audio disturbance. Just wanted to know, as our U.S. FDA final clearance is I think due by end of this year, and you were stating that 2-3 contracts are in process. So, how will you be looking at the addition of incremental revenue in FY28 post this U.S. FDA clearance?

Sameer Hiremath: Yes. So, I mean, I have given an overall guidance for this year's growth, right? I think that will get accelerated even more in FY28 over this year because we expect, once the remediation happens, we have some filings that are pending approval for want of the FDA approval. Once that approval comes, those filings will be done and that will have a ramp up in revenues in the next financial year in FY28.

Rohit Sinha: Okay and that too with the better margins from the existing one.

Sameer Hiremath: That's right. Absolutely right.

Rohit Sinha: Yes and secondly, just on the Crop Protection side, as you said that pricing is a main concern right now for us. So, aren't we getting our contracts revised or how basically these contracts with the customers are placed in order to price revisions?

Sameer Hiremath: There is a pass-through in some of the contracts, but some of the contracts, where it's competitive in China, customers are partially compensating us because of the nature of the end product. End product prices to the farmers are not increased much and there's no price elasticity, very less ability to increase prices in the end distributor level. So, it's a mixed bag while some were able to get, but in our quarter one number itself, we got impacted by almost 7 crores to 8 crores of raw material increase in our crop division because of raw material energy prices, which impacted our EBITDA in this one quarter itself. We are expecting now that oil prices are beginning to drop, that prices will start to normalize and we hope that by the end of Q2, prices do come down. But if the war starts again, again, the prices might go up. There's so much volatility and uncertainty in this geopolitical scenario right now.

Rohit Sinha: Got it. And one last question, just in terms of overall growth, which we are looking at in FY28 and beyond that, let's say for FY29, probably what kind of overall margin profile and top line we would be looking at, if at all you can guide us?

Sameer Hiremath: We expect this 15% to 16% CAGR to continue going forward and the base will keep getting bigger, but we are expecting 15% to 16% CAGR every year and that'll bring in a lot of operating leverage because fixed costs, as you know, will not go at this level because a lot of fixed costs have already been spent in the company. And the next year, the remediation also will not be there. That remediation cost benefit will come to the P&L. So, we expect next year FY28 to be a substantially better year compared to this year, which will also be a good year compared to last year.

Moderator: Thank you. The next question is from the line of Raghuram Kuchi from Bestpals Research & Advisory. Please proceed.

Raghuram Kuchi: I would like to understand about like on this U.S. FDA issue. So, when you're saying that you are in the final stage of remediation plan, like how should we understand on this thing, sir? And how confident are you of Hikal clearing this year's U.S. FDA thing? Like what gives you the confidence that you can clear it?

Sameer Hiremath: No, I think we are working towards success. The FDA remediation plan is now going on for almost one year. And it's a stage gear approach where we are continuously dialoguing with the FDA and giving them our continuous updates which happen on a bi-monthly or a quarterly basis, updates are going in. Based on the feedback we received from the FDA, they have told us that we are moving in the right direction. We have a few open issues that we need to close out in the next few months. And once that is done, they'll be ready for a re-inspection. We are hoping that they come by the end of this year and we will be ready for a re-inspection by end of this year. It may get delayed by a few months here and there, but we are quite hopeful that we will do it. We are putting in a lot of controls, a lot of system upgradations, a lot of training, a lot of SOPs have been upgraded, and a lot of checks and balances have been put and there's a continuous auditing happening on the site to ensure that we have a successful FDA re-inspection.

Raghuram Kuchi: And your customers, they are satisfied with whatever remediation measures that you have taken with regard to this thing?

Sameer Hiremath: Absolutely right. And because I said that in opening remarks, after the FDA, which happened in August, we had three big regulatory global authorities come and inspect the facility. And all three of them have cleared the facility. And these were also very tough inspections. We have also had over 86 customer audits in the last one year, who have come and re-inspected our site, and all of them have re-approved our facilities and have continued to buy products from us. We have not lost a single contract or a single customer in the last one year.

Raghuram Kuchi: That's very helpful for that.

Sameer Hiremath: We are working with the innovator pharma customers that we have on our remediation program. They are helping us remediate. So, they are handholding us to know, putting in the right documentation with the FDA. And they have got a global knowledge and global expertise for that. So, that knowledge is being passed on to us. How do we respond to the FDA?

Raghuram Kuchi: That's very helpful, sir. Thank you. And sir, like in the comment, you have mentioned that you are very confident of a stepwise recovery of revenue and profitability. So, regarding this, like once you clear the U.S. FDA issue, how should we look at the growth in the Pharma business? Like would it be a stepwise or would it be a slowly ramp up? Or how should we understand that part of the business once the FDA issue is clear?

Sameer Hiremath: I think the CAGR will start improving. I mean, if you look at a 14% to 15% CAGR for the company, I think pharma will be 18% to 19% CAGR going forward and maybe even faster. If some of the approvals ramp up and some of the NCE filings that are pending, if they ramp up, the growth could be even faster in the next few years.

Raghuram Kuchi: That was very helpful. And on the Animal Health business, like did I hear right that you have guided for 300 crores top line by FY30?

Anish Swadi: Yes. So, we had talked about this in last conference call is, you know, we have a vision of FY30 where we planned out a strategic plan, including FY30. So, we have guided for about Rs. 400 crores of revenues by then, based on what we see and what a target that we put in place for the businesses.

Raghuram Kuchi: And for this business, you'll be exporting to which part of the world? Is it to developed markets in the U.S., Europe, or what part of the world would it be going to?

Anish Swadi: Yes, globally, we are agnostic in terms of market. Obviously, our customer base is, you know, primarily innovators, right? So, that's where we are, so we sell to all the markets in which they are selling their end product. So, Europe, U.S., Japan, and of course, ROW, including Latin America and other markets.

Moderator: That was the last question for today. I would now like to hand the conference over to the management for the closing comments. Over to you, sir.

Sameer Hiremath: Thank you, everyone, for joining our quarterly earnings call and for your continued interest and support. We remain fully committed to executing our turnaround strategy with discipline and focus. The actions we have taken over the last several quarters and the last few years have laid a very strong foundation for long-term sustainable growth. We are confident that our progress will become increasingly visible in every passing quarter going forward. 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 us or Investor Relations Partners, SGA. Once again, thank you for your participation. Have a very good evening. Goodbye.

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