

August 19, 2025

## Hikal Limited: Update on material event

### Summary of rating(s) outstanding

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating outstanding
Long-term fund-based term loans	323.96	323.96	[ICRA]A+ (Stable)
Long-term – fund-based – working capital facilities	254.00	254.00	[ICRA]A+ (Stable)
Long-term – unallocated limits (\$ million)#	6.27	6.27	[ICRA]A+ (Stable)
Short-term – fund-based facilities	280.50	280.50	[ICRA]A1
Short-term – non-fund based facilities	40.00	40.00	[ICRA]A1
Short-term – unallocated facilities	195.74	195.74	[ICRA]A1
<b>Total</b>	<b>1,094.20 + \$ 6.27 million</b>	<b>1,094.20 + \$ 6.27 million</b>	

\*Instrument details are provided in Annexure I

#Though a part of the long-term loans of Hikal are denominated in foreign currency, ICRA's ratings for the same are on national rating scale, as distinct from an international rating scale

### Rationale

#### Material event

Hikal Limited (Hikal) announced its quarterly results for Q1 FY2026 on August 07, 2025 wherein, it reported a considerable decline in profitability owing to deferment of orders in the pharmaceutical division following the official action indicated (OAI) classification of its manufacturing unit at Jigani, Bengaluru in May 2025. The United States Food and Drugs Administration (USFDA) inspected the manufacturing facility in February 2025 and issued a Form 483 with six observations after the closure of the inspection. This was followed by the OAI classification in May 2025. Revenue from the crop protection division remained stable along with some recovery in volumes, however, profitability for the division continued to remain under pressure on account of global overcapacity and continued pricing pressure.

#### Impact of Material Event

As per the public disclosure made by the company, ICRA understands that the classification led to a deferment of orders valuing at around Rs. 50 crore by Hikal's customers, which resulted in an EBIT loss of Rs. 26.1 crore in the pharmaceuticals division, in turn leading to a net loss of Rs. 22.4 crore for the company. However, Hikal has not seen any order cancellation following successful customer visits and audits and is expected to recoup the lost revenue in H2 FY2026. Despite the net loss during the quarter, Hikal continues to maintain an adequate liquidity position, supported by cash and cash equivalents of around Rs. 32.4 crore and unutilised fund-based working capital limits of around Rs. 223.5 crore as on June 30, 2025.

While the company's performance is expected to remain moderated in H1 FY2026 relative to H1 FY2025, it is likely to improve considerably in H2 FY2026. As a result, the financial performance for the entire fiscal is likely to be in line with ICRA's expectations. However, ICRA will continue to monitor the remediation efforts of the company towards resolving the USFDA observations and expected improvement in the financial performance over the next few quarters.

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, Liquidity position and Rating sensitivities: [Click here](#)

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Pharmaceuticals</a> <a href="#">Agrochemicals</a>
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of Hikal Limited. Refer to the Annexure-II for the list of entities considered for consolidation.

## About the company

Hikal was incorporated on July 8, 1988 as a private limited company, Hikal Chemicals Industries Private Limited, by the Hiremath family and Surajmukhi Investments & Finance Limited, a wholly-owned subsidiary of Kalyani Steels Limited. The company was listed in 1995, and subsequently was renamed as Hikal Limited in 2000.

The company has a commercial production facility at Mahad (Maharashtra) for intermediates used in dyes, pharmaceuticals and agrochemicals. The plant at Taloja (Maharashtra), which manufactures crop protection chemicals, is the only fully integrated plant in the world to produce thiabendazole. The facility at Panoli (Gujarat) produces key intermediates and regulatory starting materials for the pharmaceutical industry and is certified by the USFDA, PMDA (Japan) and EU GMP. The Bangalore facility manufactures key APIs for the pharmaceutical industry and has been approved by the US FDA, PMDA (Japan) and EU authorities. The company has an R&D centre in Pune (Maharashtra), which provides end-to-end services for APIs, custom synthesis, analytical development and scale-up from development to commercial manufacturing.

## Key financial indicators (audited)

Hikal – Consolidated	FY2024	FY2025	Q1 FY2026*
Operating income	1784.6	1859.8	380.4
PAT	69.6	90.8	-22.4
OPBDIT/OI	15.0%	17.7%	6.6%
PAT/OI	3.9%	4.9%	-5.9%
Total outside liabilities/Tangible net worth (times)	1.1	1.0	-
Total debt/OPBDIT (times)	3.1	2.3	-
Interest coverage (times)	4.7	4.4	1.5

Source: Company, ICRA Research; \* Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

## Status of non-cooperation with previous CRA: Not applicable

## Any other information: None

## Rating history for past three years

Current rating (FY2026)				Chronology of rating history for the past 3 years							
Instrument	Type	Amount rated (Rs crore)	Aug 19, 2025	FY2026		FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating	Date	Rating
<b>Fund Based limits</b>	Long Term	254.00	[ICRA]A+ (Stable)	Apr 09, 2025	[ICRA]A+ (Stable)	-	-	Apr 03, 2023	[ICRA]A+ (Stable)	Jun 20, 2022	[ICRA]A+ @
				-	-	-	-	Mar 04, 2024	[ICRA]A+ (Stable)	Mar 14, 2023	[ICRA]A+ (Stable)
<b>Fund Based-Term Loan</b>	Long Term	323.96	[ICRA]A+ (Stable)	Apr 09, 2025	[ICRA]A+ (Stable)	-	-	Apr 03, 2023	[ICRA]A+ (Stable)	Jun 20, 2022	[ICRA]A+ @
				-	-	-	-	Mar 04, 2024	[ICRA]A+ (Stable)	Mar 14, 2023	[ICRA]A+ (Stable)
<b>Unallocated limits (\$ million)#</b>	Long Term	6.27	[ICRA]A+ (Stable)	Apr 09, 2025	[ICRA]A+ (Stable)	-	-	Apr 03, 2023	[ICRA]A+ (Stable)	Jun 20, 2022	[ICRA]A+ @
				-	-	-	-	Mar 04, 2024	[ICRA]A+ (Stable)	Mar 14, 2023	[ICRA]A+ (Stable)
<b>Fund Based limits</b>	Short Term	280.50	[ICRA]A1	Apr 09, 2025	[ICRA]A1	-	-	Apr 03, 2023	[ICRA]A1	Jun 20, 2022	[ICRA]A1 @
				-	-	-	-	Mar 04, 2024	[ICRA]A1	Mar 14, 2023	[ICRA]A1
<b>Non Fund Based limits</b>	Short Term	40.00	[ICRA]A1	Apr 09, 2025	[ICRA]A1	-	-	Apr 03, 2023	[ICRA]A1	Jun 20, 2022	[ICRA]A1 @
				-	-	-	-	Mar 04, 2024	[ICRA]A1	Mar 14, 2023	[ICRA]A1
<b>Unallocated limits</b>	Short Term	195.74	[ICRA]A1	Apr 09, 2025	[ICRA]A1	-	-	Apr 03, 2023	[ICRA]A1	Mar 14, 2023	[ICRA]A1
				-	-	-	-	Mar 04, 2024	[ICRA]A1	-	-
<b>Fund Based limits</b>	Long Term			-	-	-	-	Apr 03, 2023	[ICRA]A+ (Stable)	Mar 14, 2023	[ICRA]A+ (Stable)
				-	-	-	-	Mar 04, 2024	[ICRA]A+ (Stable)	-	-

@: Rating watch with Negative Implications

#Though a part of the long-term loans of Hikal are denominated in foreign currency, ICRA's ratings for the same are on national rating scale, as distinct from an international rating scale

## Complexity level of the rated instrument

Instrument	Complexity indicator
Long-term term loan	Simple
Long-term fund-based – Working capital	Simple
Long-term - Unallocated (USD million)	NA
Short-term fund-based	Simple
Short-term non-fund based	Very simple
Short-term – Unallocated	NA

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

**Annexure I: Instrument details**

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term loan-I	FY2019	NA	Feb 2027	26.20	[ICRA]A+ (Stable)
NA	Term loan-II	FY2019	NA	Sep 2026	21.10	[ICRA]A+ (Stable)
NA	Term loan-III	FY2021	NA	June 2028	185.00	[ICRA]A+ (Stable)
NA	Term loan-IV	FY2023	NA	June 2030	91.66	[ICRA]A+ (Stable)
NA	Term loan - Unallocated	NA	NA	NA	USD 6.27 million	[ICRA]A+ (Stable)
NA	Working capital Facilities	NA	NA	NA	254.00	[ICRA]A+ (Stable)
NA	Fund-based facilities	NA	NA	NA	280.50	[ICRA]A1
NA	Non-fund-based facility	NA	NA	NA	40.00	[ICRA]A1
NA	Unallocated	NA	NA	NA	195.74	[ICRA]A1

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

**Annexure II: List of entities considered for consolidated analysis**

Company Name	Hikal Ownership	Consolidation Approach
Acoris Research Limited	100.00%	Full Consolidation
Hikal LLC, USA	100.00%	Full Consolidation

Source: Hikal quarterly results, June 30, 2025

## ANALYST CONTACTS

**Jitin Makkar**

+91 124 4545 368

[jitinm@icraindia.com](mailto:jitinm@icraindia.com)

**Kinjal Shah**

+91 22 6114 3400

[kinjal.shah@icraindia.com](mailto:kinjal.shah@icraindia.com)

**Deepak Jotwani**

+91 12 4454 5870

[deepak.jotwani@icraindia.com](mailto:deepak.jotwani@icraindia.com)

**Gaurav Kushwaha**

+91 40 4547 4829

[gaurav.kushwaha@icraindia.com](mailto:gaurav.kushwaha@icraindia.com)

## RELATIONSHIP CONTACT

**L. Shivakumar**

+91 22 6114 3406

[shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

## MEDIA AND PUBLIC RELATIONS CONTACT

**Ms. Naznin Prodhani**

Tel: +91 124 4545 860

[communications@icraindia.com](mailto:communications@icraindia.com)

## HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

[info@icraindia.com](mailto:info@icraindia.com)

## ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit [www.icra.in](http://www.icra.in)

## ICRA Limited



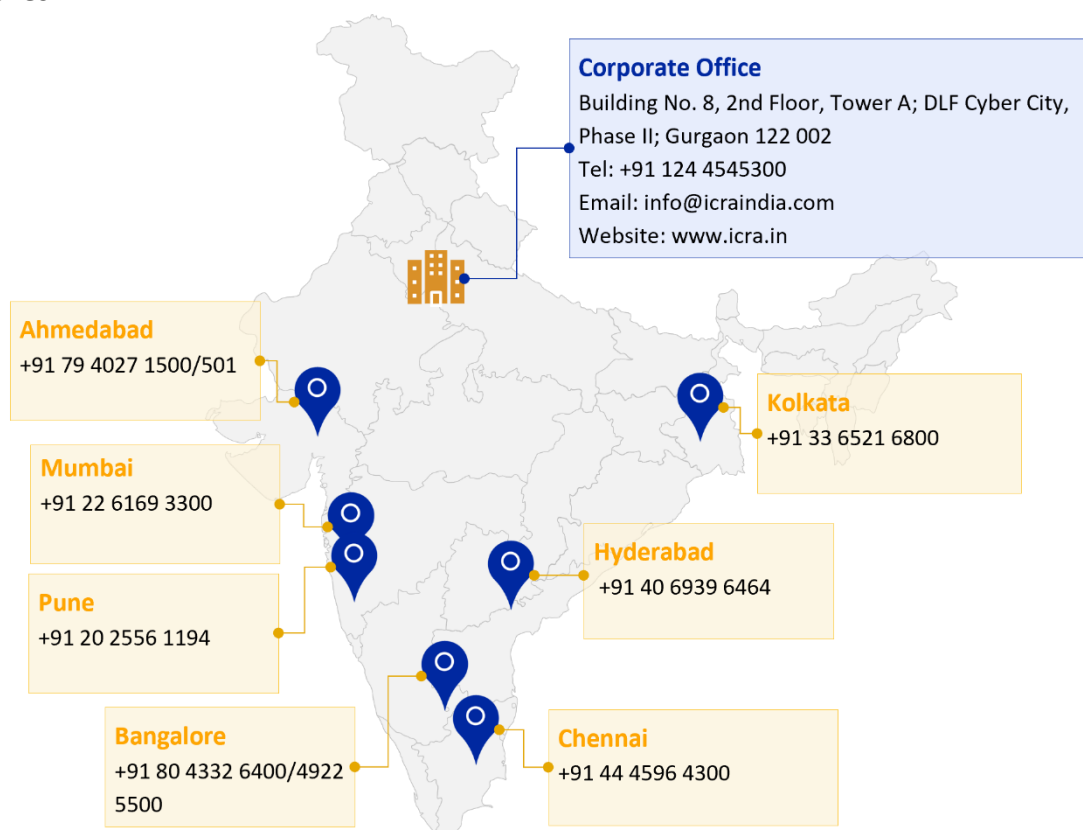
### Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



### Branches



© Copyright, 2025 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website [www.icra.in](http://www.icra.in) or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.