



EARNINGS RELEASE & SHAREHOLDERS' LETTER

Q2 & H1 FY24 | November 16, 2023



About us:

- Panchsheel Organics Limited is an India-based company engaged in the manufacturing and exporting of active pharmaceutical ingredients (APIs), intermediates and finished formulations. The company was founded in 1990 by the Turakhia Bros Group, which has a 35-year track record in the pharma industry.
- The company has established itself as a prominent player in the manufacturing of Active Pharmaceutical Ingredients (APIs) with its state-of-the-art manufacturing plant and a strong R&D setup located in Indore, Madhya Pradesh.
- The facilities are equipped with machinery and technology to produce high-quality APIs which comply with all norms applicable as per GMP & WHO standards. The company is also ISO 9001:2008 certificated Further, the company has strong presence globally and exports to more than 15 countries.
- Company boasts product portfolio, encompassing a range of pharmaceuticals including Carbamazepine IP, Irbesartan BP, Eslicarbazepine Acetate IP, Nitrofurantoin (Hydrous) USP, and Oxcarbazepine IP, etc.
- Panchsheel Organics' impressive client portfolio, which includes leading domestic manufacturers and MNCs like Zydus, Abbott, Swiss Garnier, and Ajanta Pharma, etc. underscores its strong market presence and reliability as a strategic partner.

Product Category:

Active Pharmaceutical Ingredients (APIs) (Current Product Profile)

Nitrofurantoin IP (Anhydrous)

Rutin (Rutoside Trihydrate BP)

Nitrofurantoin (Hydrous) USP

Eslicarbazepine Acetate IP

Dobutamine HCL USP

Carbamazepine IP

Oxcarbazepine IP

Carbocisteine BP

Irbesartan BP

Carvedilol IP

Fermentation (Future Product Profile)

Probiotics

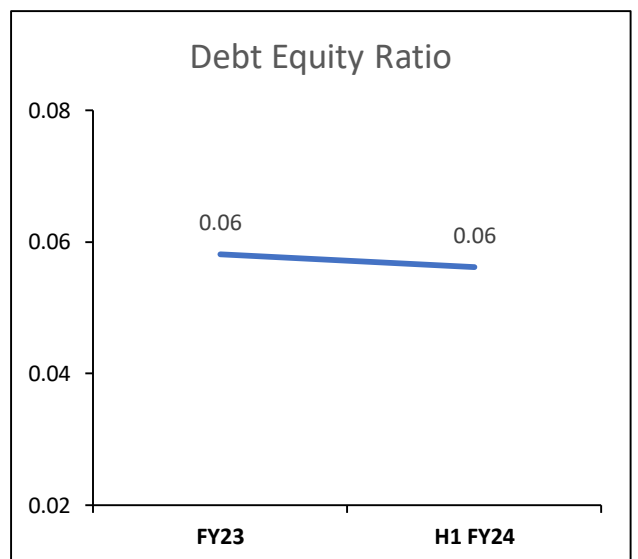
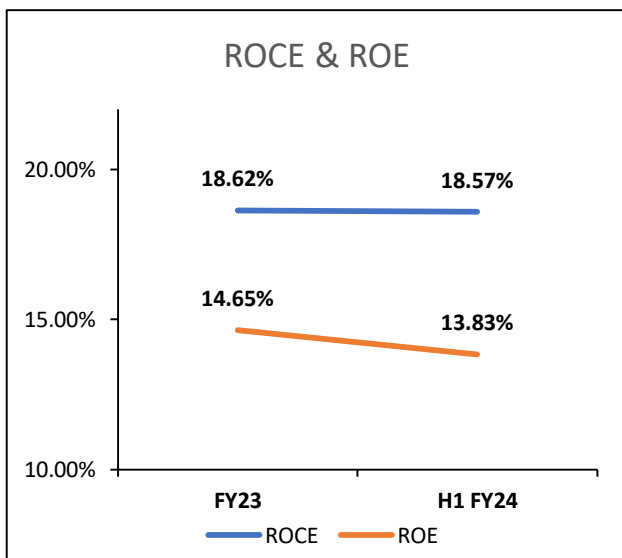
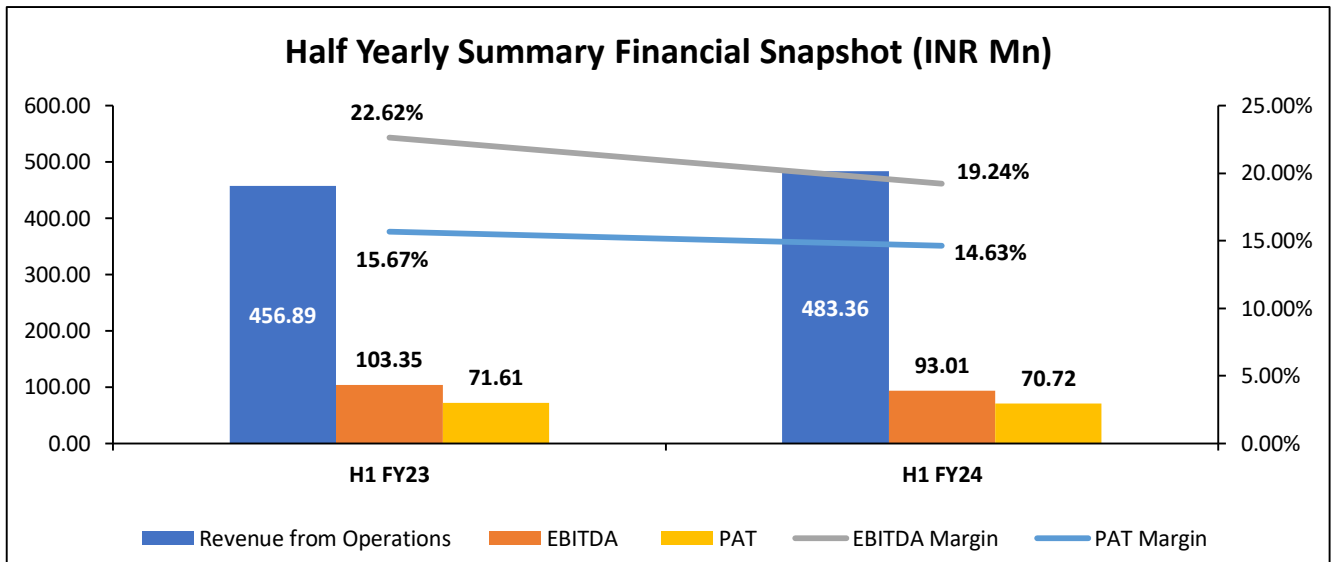
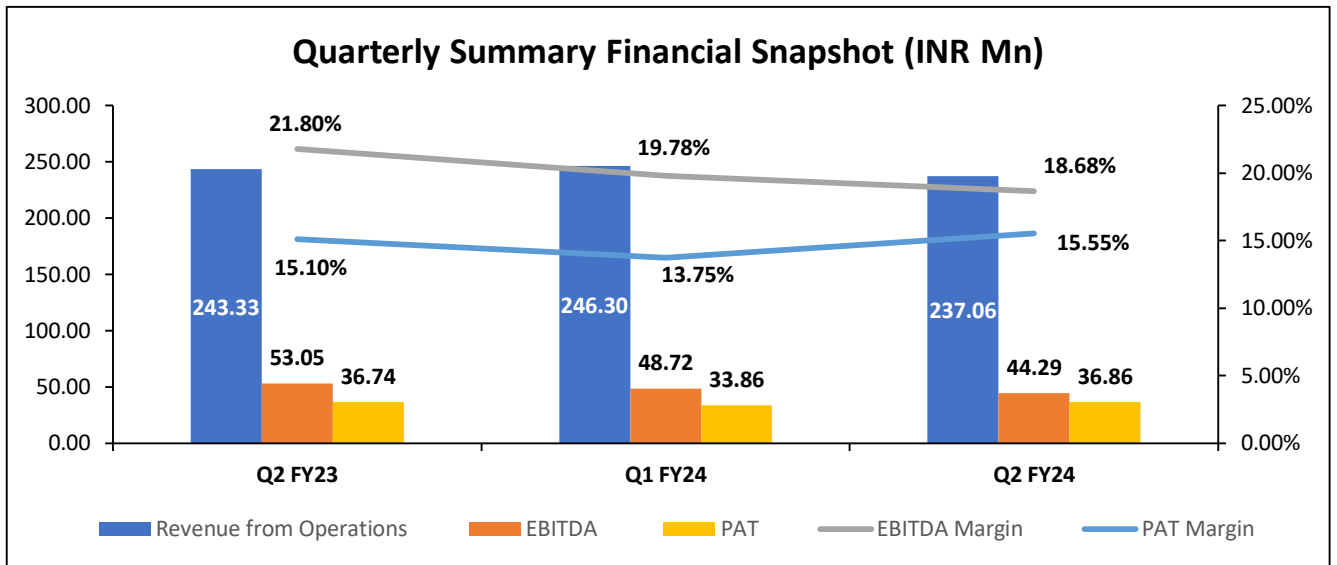
Antibiotics

Anti Cancer

Enzymes

API

Key Financial Matrix:



Consolidated Income Statement:

Particulars (Rs. Mn)	Q2 FY24	Q2 FY23	Y-o-Y	Q1 FY24	H1 FY24	H1 FY23	Y-o-Y
Revenue from Operations	237.06	243.33	(2.58)%	246.30	483.36	456.89	5.79%
Other Income	10.09	0.03		1.04	11.12	0.05	
Total Revenue	247.15	243.35		247.34	494.48	456.95	
Total Expenses excl. D&A & Finance Cost	192.77	190.27		197.58	390.36	353.54	
EBITDA	44.29	53.05	(16.52)%	48.72	93.01	103.35	(10.01)%
EBITDA Margin (%)	18.68%	21.80%		19.78%	19.24%	22.62%	
Finance Cost	1.06	0.87		0.67	1.73	1.36	
Depreciation & Amortization	4.05	3.12		3.84	7.89	6.35	
PBT	49.26	49.10		45.25	94.51	95.69	
Tax	12.40	12.36		11.39	23.79	24.08	
PAT	36.86	36.74	0.32%	33.86	70.72	71.61	(1.24)%
PAT Margin %	15.55%	15.10%		13.75%	14.63%	15.67%	
Other comprehensive profit/loss	0.21	0.30		0.21	0.43	0.60	
Net PAT	37.07	37.04		34.07	71.15	72.21	
Diluted EPS	2.47	3.41		2.59	4.74	3.41	

Consolidated Balance Sheet:

Particulars (Rs. Mn)	As on 30.09.23	As on 31.03.23
Assets		
Non-current assets		
Property, plant and equipment	82.14	76.92
Capital WIP	42.10	35.30
Financial Assets		
-Non current investments	30.01	0.01
-Loans	-	-
-Other Financial Assets	332.76	321.19
Def Tax Assets (Net)	3.59	3.59
Other non-current assets	28.06	28.06
Total non-current assets	518.66	465.07
Inventories	363.68	324.42
Trade Receivables	414.90	387.90
Cash & Cash Equivalents	62.70	37.09
Other Current Assets	12.48	10.17
Short Term loan and advances	2.31	2.19
Total current assets	856.08	761.77
TOTAL ASSETS	1,374.73	1,226.83

Particulars (Rs. Mn)	As on 30.09.23	As on 31.03.23
Equity & liabilities		
Equity		
Equity share capital	117.82	117.82
Other equity	904.54	842.81
Total equity	1,022.35	960.63
Financial Liabilities		
-Borrowings	4.16	5.40
-Trade Payables	-	5.67
Employee Benefit Obligations	11.94	12.22
Other Non -Current Liabilities	6.09	6.09
Total non-current liabilities	22.19	29.38
Financial Liabilities		
-Borrowings	53.28	50.39
-Trade Payables	244.82	158.82
-Other Financial Liabilities	8.05	9.37
Income tax liabilities (net)	15.37	7.18
Employee Benefit Obligations	7.08	5.24
Other Current liabilities	1.59	5.83
Total current liabilities	330.19	236.82
TOTAL EQUITY & LIABILITIES	1,374.73	1,226.83

Notable Updates during Q2 FY24:

- Company is happy to declare Interim Dividend of Rs. 0.80 per share and record date for dividend is 04th December 2023

Capex Update:

Panchsheel Organics Limited is making substantial progress towards the launch of their advanced fermentation plant in Q1 FY25, having completed 50% of the necessary construction work on schedule. They have already initiated the procurement of machinery and equipment, focusing on efficient installation and commissioning over the next 6-8 months, demonstrating their commitment to maintaining operational excellence and product quality.

Management Commentary:

Commenting on the performance of Q2 FY24, the management team of Panchsheel Organics Ltd. stated:

“It gives me immense pleasure to introduce Panchsheel Organics Ltd., a company engaged in manufacturing and trading of APIs, Intermediates and Formulations. The Company has rich experience of over 35 years in developing specialty molecules in the space of Antibacterial, Anticonvulsants, Autism and many more backed by its strong R&D and indigenous manufacturing capabilities.

Our R&D team has constantly enforced strict controls to uphold and sustain our high standards, which has helped the business broaden its product offering and client base. Further, we have a state-of-the-art API manufacturing facility situated in Indore, Madhya Pradesh spanning across 7,500 sq. mt. of land, accommodating four manufacturing blocks that cover an area of 5,000 sq. mt. With ~35 years in the industry, we have cultivated a reputed clientele comprising of companies like Abbott, Ajanta Pharma, Zydus, etc. and also have our footprints in the international markets.

On the financial front, our revenue from operations was ₹237.06 Mn in Q2 FY24. EBITDA remained stable at ₹44.29 Mn margins remained constant at 18.68%. PAT increased from ₹36.74 Mn in Q2 FY23 to ₹36.86 Mn in Q2 FY24 while PAT margins increased from 15.10% to 15.55% during the same period.

We are excited to announce that Panchsheel Organics Limited is making significant progress towards the commencement of our first state-of-the-art fermentation plant, scheduled for Q1 FY25. As of now, we have successfully completed 50% of the civil work required for the plant's construction. This marks a crucial milestone in our expansion strategy, reinforcing our commitment to meeting the increasing demand for our products. The plant's construction progress is on schedule, and we are confident in our ability to execute this project efficiently.

To ensure operational readiness, we have already placed orders for the necessary machinery and equipment. Over the next 6-8 months, we will focus on the installation and commissioning of these machines. This phased approach aligns with our commitment to maintaining high levels of operational efficiency and product quality. Once operationalize, the fermentation plant will have applications in Enzymes, Pro - biotics, Anti Cancer, etc. and significantly enhance our production capacity, enabling us to tap into new markets and revenue streams. We are optimistic that this expansion will contribute positively to our financial performance and long-term stakeholder value.

We would like to thank our employees for their continuous efforts, as well as our investors/stakeholders for their encouragement and support as we go forward in capturing the growth opportunities that lie ahead of us."

Disclaimer:

Certain statements in this document may be forward looking statements. Such forward-looking statements are subject to certain risks and uncertainties like government actions, local political or economic developments, technological risks, and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward-looking statements. Panchsheel Organics Limited will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstance

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