

## Hikal Limited: Sequential Recovery in Q2 FY24

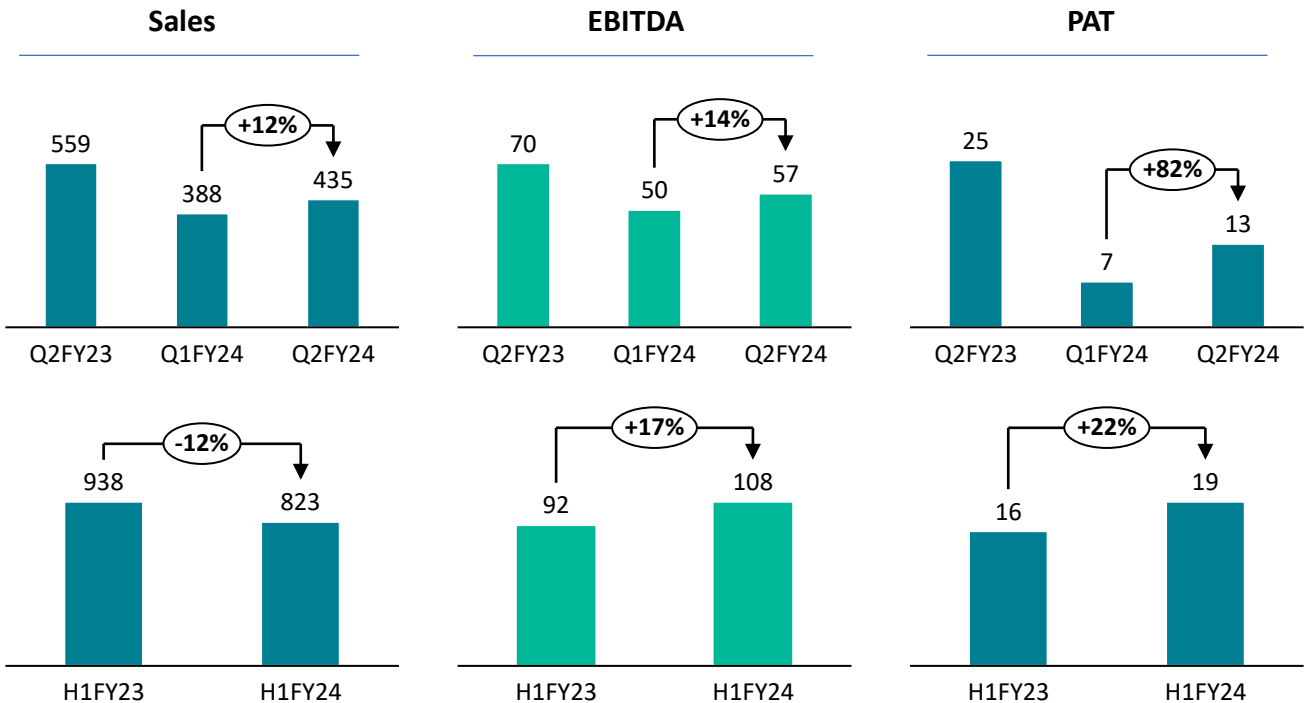
### ➤ Q2 FY'24 Highlights

- ✓ Revenue stood at Rs. 435 crore, up 12% on QoQ basis
- ✓ EBITDA stood at Rs. 57 crore, up 14% on QoQ basis
- ✓ PAT stood at Rs. 13 crores, up 82% on QoQ basis
- ✓ Hikal's long term credit rating is maintained at A+ by ICRA

**Mumbai, Nov 02, 2023:** Hikal Ltd., a preferred long-term partner for leading global life sciences companies, announced its financial results for the quarter ended 30<sup>th</sup> September 2023.

### Q2 & H1 FY24 Performance:

(Rs. in crore)

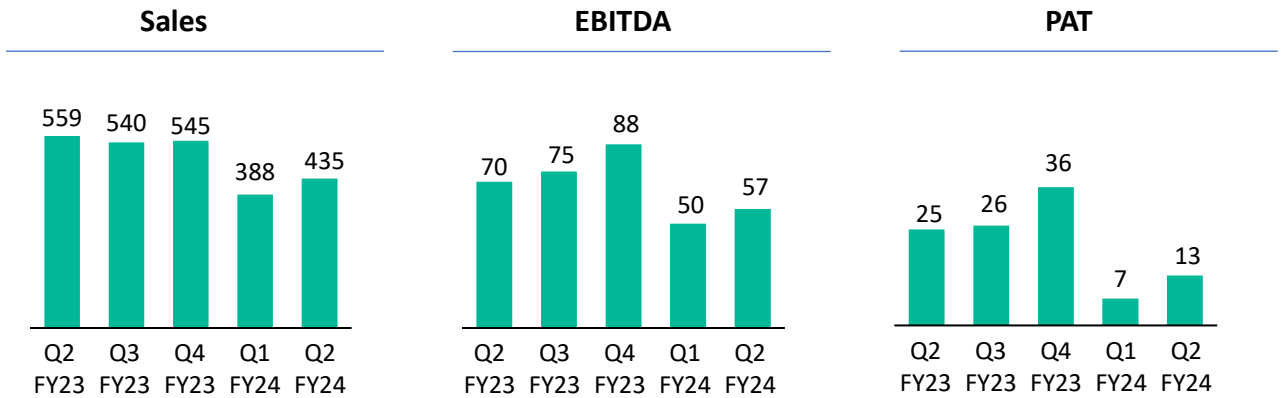


### Key Highlights

- Muted volumes coupled with pricing headwinds and high-cost inventories on our customers side impacted topline and profitability
- Sequential growth in revenue and margins is expected in the upcoming quarters

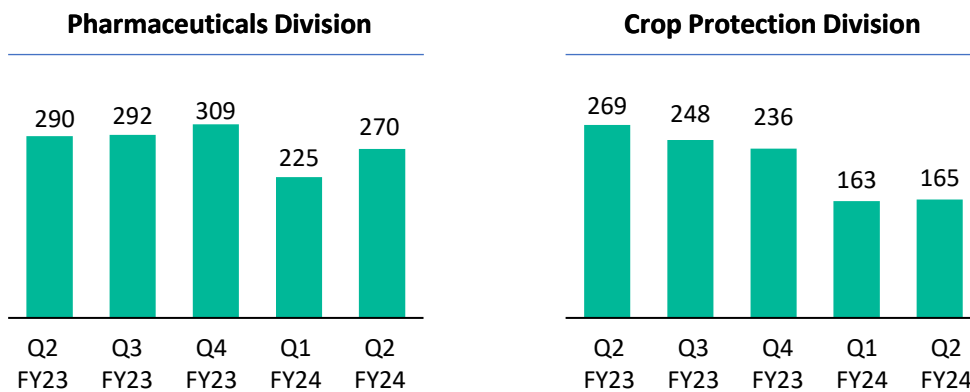
### Consolidated Quarter Performance:

(Rs. in crore)



### Segment wise Revenue Performance for the quarter ended 30<sup>th</sup> September 2023

(Rs. in crore)



#### ➤ **Pharmaceutical sales stood at Rs. 270 crore in Q2 FY24**

- Deeper penetration in Japan, Latin America and Middle East geographies started yielding positive traction in API segment
- We have started receiving regulatory approval across geographies for newer API product portfolio
- New multipurpose plant for Animal Health is completed at Panoli, Gujarat and commissioning is underway

#### ➤ **Crop Protection revenue stood at Rs. 165 crore in Q2 FY24**

- We are under advanced stage of discussion with various global innovators and have strong product pipeline
- New multipurpose facility at Panoli, Gujarat is under commissioning and stabilization activity is ongoing

## **Commenting on the results, Jai Hiremath, Executive Chairman, Hikal Ltd. said,**

*“The global chemical industry continues to experience a challenging period with prices declining across product segments coupled with the high channel inventory levels and intense price competition. Customers are focusing on lower prices to bring down their average inventory cost while selectively making new purchases. We expect prices to bottom out, elevated inventory levels to subside and demand is likely to pick up from the end of this financial year resulting in an improvement in operating profitability quarter on quarter going forward.*

*For Q2FY24, we reported revenues of Rs. 435 Cr. and EBITDA of Rs. 57 Cr. The softening of raw materials prices along with focused cost improvement initiatives helped us to improve our margins both on a QoQ and YoY basis.*

*Our pharmaceutical business reported revenues of Rs. 270 Cr. and EBIT of Rs. 12 Cr. for Q2 FY24. On CDMO side, we continue to receive enquiries and we are in advanced stages of discussion with various global innovators. In the API segment, we are seeing signs of recovery on account of reduced price-erosion coupled with softening of certain raw materials prices leading to improved profitability. In the Animal Health segment, the progress on developing new products as part of a long-term contract with an innovator animal health company is on track. Our new multipurpose plant for Animal Health is completed at Panoli, Gujarat and commissioning is underway. We will be validating several products in the upcoming quarters.*

*For Q2FY24, our Crop Protection business reported revenue of Rs. 165 Cr and EBIT of Rs. 22 Cr. The global agrochemical industry continues to go through its most challenging phase as customers and distributors are destocking amid high channel inventories. We anticipate a recovery in demand towards the end of FY24. Softening of certain raw material prices and deployment of cost improvement programs are helping maintaining margins. Our new multi-purpose facility at Panoli is under commissioning and stabilization of the plant is in progress.*

*We are continuing our strategic transformation ‘Pinnacle Program’. Significant progress has been made in building new capabilities for technology and digitization and we are gaining traction with new customers.*

*We are well positioned to benefit from the significant opportunities considering the current shift in the global supply chain and the diverse chemistries and capabilities across our various businesses. We expect a better second half with realization from cost-improvement programs and higher revenues. We expect to have sustainable growth along with profitability and are confident of medium to long term prospects of our business.”*

## About Hikal Limited

Hikal is a reliable long-term partner to companies in the Pharmaceuticals, Crop Protection, and Specialty Chemicals industry. The company is in the business of supplying research services, active ingredients and intermediates, manufactured using stringent global quality standards, for its global customers. Hikal's advanced manufacturing facilities have been inspected and approved by leading multinational companies in the Crop protection and Pharmaceutical sectors. The Crop protection facilities are located at Taloja, Mahad (Maharashtra) and Panoli (Gujarat). Hikal's R&T facilities are located at Pune. The Pharmaceutical manufacturing facilities are situated in Jigani (Bengaluru) and Panoli (Gujarat). Hikal is the first Indian life-sciences company to receive the Responsible Care® certification governed by the International Council of Chemical Associations (ICCA).

## Safe Harbor Statement

Statements in this document relating to future status, events, or circumstances, including but not limited to statements about plans and objectives, the progress and results of research and development, potential project characteristics, project potential and target dates for project related issues are forward-looking statements based on estimates and the anticipated effects of future events on current and developing circumstances. Such statements are subject to numerous risks and uncertainties and are not necessarily predictive of future results. Actual results may differ materially from those anticipated in the forward-looking statements. The company assumes no obligation to update forward-looking statements to reflect actual results changed assumptions or other factors.

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