



Results Presentation - Q1 FY23

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Jai Hiremath

"We had a challenging quarter where we witnessed significant headwinds in both our businesses. Our Pharmaceutical business witnessed a de-growth of 18% and revenue stood at Rs. 224 Crores in Q1 FY23, predominantly due to channel inventory correction at customers' end. Additionally, this quarter we experienced margin pressure on account of higher input costs which have started easing out and a positive impact on margins is expected to be visible in the coming quarters. We expect the demand for our own products business to improve in the coming quarters. We continued to receive several new inquiries from global innovator companies for the partnerships in the CDMO business segment and successfully secured few projects from global innovators, which have a potential to turn into significant incremental revenues in the coming years. We have a healthy pipeline of new products and are confident of capitalizing on our product mix going forward.

In the Crop Protection business, revenue stood at Rs 154 Crores in Q1 FY23. Due to disruption in operations of our Taloja plant we lost production capacity for a significant part of the quarter. However, we utilized the time effectively by undertaking our annual preventive maintenance. Our plant is now fully operational, and our operations team is committed to make up the production loss to the best extent, over the next three quarters. We are on track for building our new multipurpose plant for launching new products, which is expected to come on stream by the end of this financial year. On the CDMO front, we continue to receive numerous new inquiries from both existing and new customers. We are working on several new products for global innovator companies. With the demand remaining robust in the market, we are very positive towards our growth story in the Crop Protection business.

With the ongoing Russia Ukraine war, supply chain continues to be a concern for the overall industry. We continued to see a rise in the input costs of raw materials, solvents, utilities and fuel which has affected our margins. Our focus is to passthrough these increases in the input costs to our customers and optimize the fuel mix. We expect the prices of some of our key raw materials to soften in the upcoming months, which will improve our overall margins and profitability. We continue our efforts on cost improvement projects as well as to improve operational efficiency within our business excellence program to partly absorb the higher input costs. We will continue developing alternate domestic suppliers to mitigate the supply chain disruptions prevailing in present market on account of global geopolitical situation.

Considering the uncertainties prevalent in macro environment, most global companies are looking for supply chain diversification (China-plus-one strategy). We are witnessing numerous inquiries from on potential collaborations, and we are well positioned to capture the influx of opportunities. In addition, we are also seeing significant traction in our emerging Animal Health business with enhanced inquiries. As part of our 10-year multi-product project with a global innovator, process development of several active ingredients is on-track, and a dedicated asset for Animal health business is under way which is expected to be commissioned by end of FY23.

Our transformation journey, "Pinnacle Program" is witnessing good momentum across both businesses. We have taken various initiatives across the company to make Hikal to go from 'Good to Great'. This will help reach our bold aspiration of driving profitable as well as sustainable growth.

We are optimistic about our growth story. We expect a step wise recovery in the upcoming three quarters with tailwinds supporting us and are confident of coming back to our profitable growth trajectory by end of FY23."



Quarterly Financials Highlights

Q1 was a challenging quarter for both Pharmaceutical and Crop Protection businesses, however a step-wise recovery is expected in next three quarters



Revenue – Q1 FY23
Rs. 379 Crore



YoY
-17%



QoQ
-25%



EBITDA – Q1 FY23
Rs. 23 Crore



YoY
-76%



QoQ
-63%



EBITDA Margin – Q1 FY23
6.0%



YoY
-1500 bps



QoQ
-620 bps



PAT – Q1 FY23
Rs. (9) Crore



YoY
-118%



QoQ
-143%



EPS – Q1 FY23
Rs (0.73)



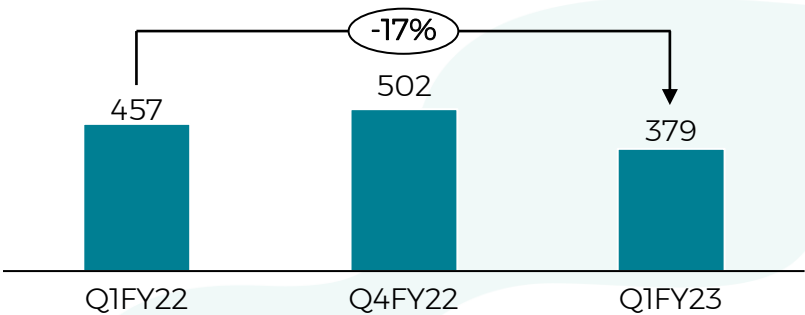
YoY
-118%



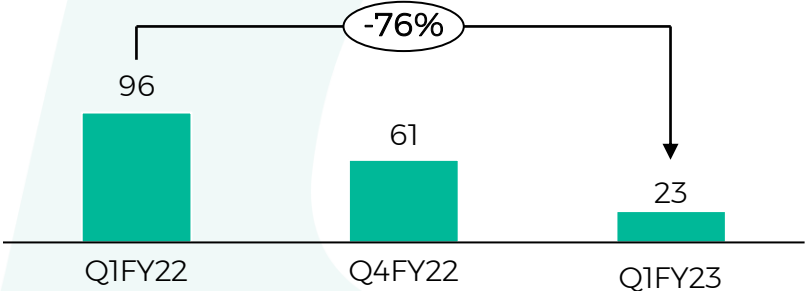
QoQ
-143%

Quarterly Performance Highlights

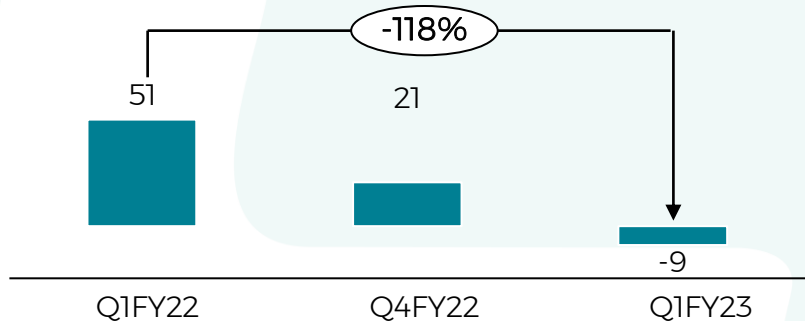
Revenue



EBITDA



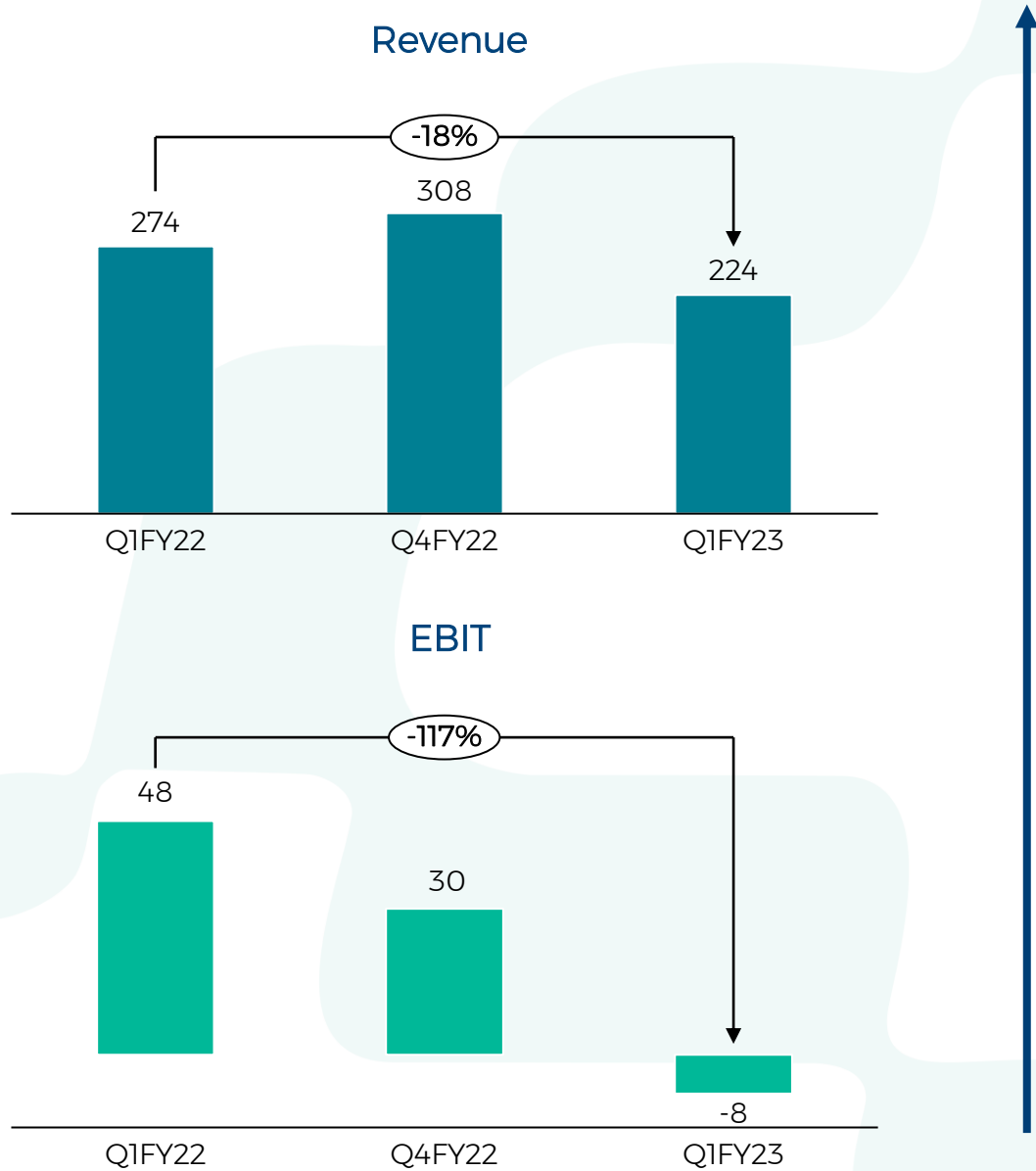
PAT



Rs. Crore

Performance Highlights

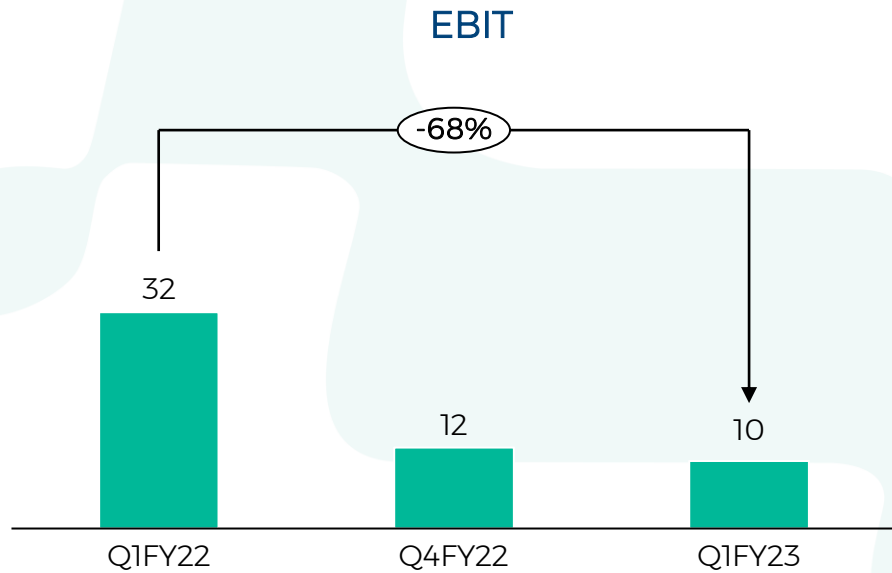
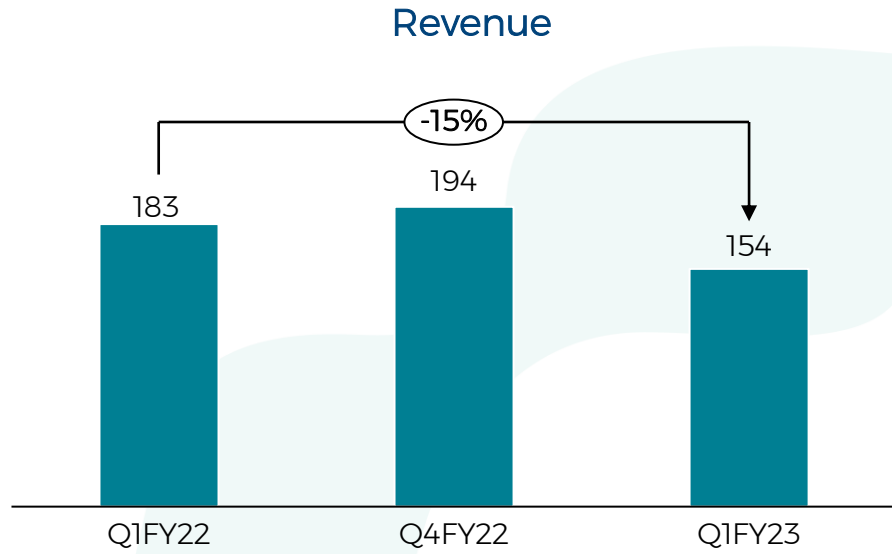
- Revenue recorded a decrease of 17% YoY
 - Channel inventory correction by the Pharma customers
 - Disruption in operations for the Crop Protection business
- EBITDA decreased to Rs 23 Crore
 - Increased input costs of raw materials, solvents and energy
 - Disruptions in operations
- PAT was Rs. (9) Crore
 - Lower operating profits
 - Increased depreciation on account of assets additions
 - Marginal increase in finance costs in view of interest rate hikes
- Hikal's long term credit rating is maintained at A+ by ICRA
- Expect a step-wise recovery in each of upcoming quarters



Pharmaceuticals - Performance Highlights

- Revenue recorded a decrease of 18% YoY
 - Temporary demand softening for key products
 - Channel inventory correction by customers
- EBIT decreased to Rs (8) Crore
 - Significant increase in input cost coupled with lag in passing the increased cost to the customer
- Business excellence initiatives have resulted in reduction of costs to absorb some of the impacts of higher input prices
- Key wins for CDMO business for potential future growth
 - Orders received for validation quantities for two intermediates of a COVID drug from a Global innovator company
- Increased penetration in Latin America and Middle east market for the API Generics business

Quarterly Performance Highlights - Crop Protection



Rs. Crore

Crop Protection - Performance Highlights

- Revenue recorded a decrease of 15% YoY
 - Decrease in sales volume on account of disruption in operations
- EBIT stood at Rs 10 Crore
 - Higher input costs of raw materials, solvents and energy
- Higher forecast from existing global innovator companies
- Demand continues to remain strong in both CDMO and own product
- Significant increase in inquiries from existing as well as new customers
- Construction of new multipurpose plant is on-track at Panoli. Expected to commission in the second half of FY23
- Annual Preventive maintenance undertaken at our Taloja plant

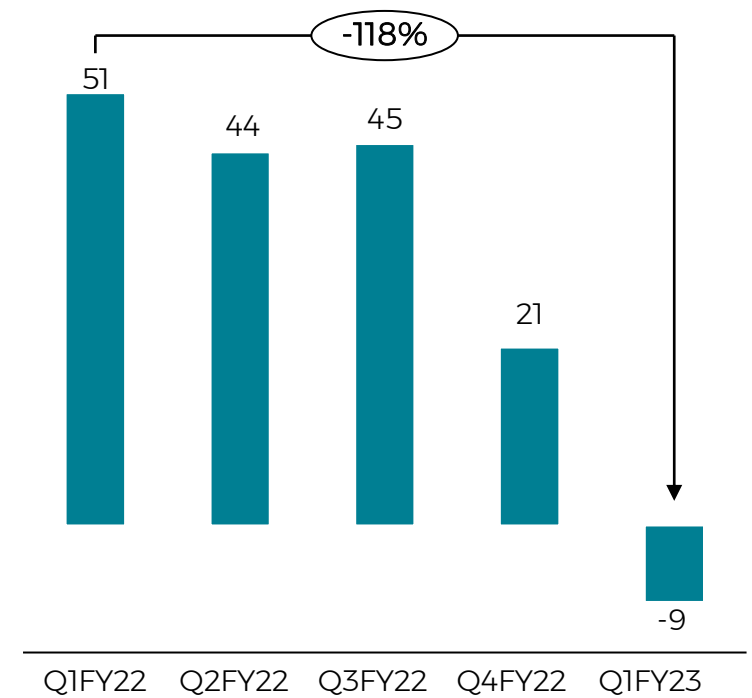
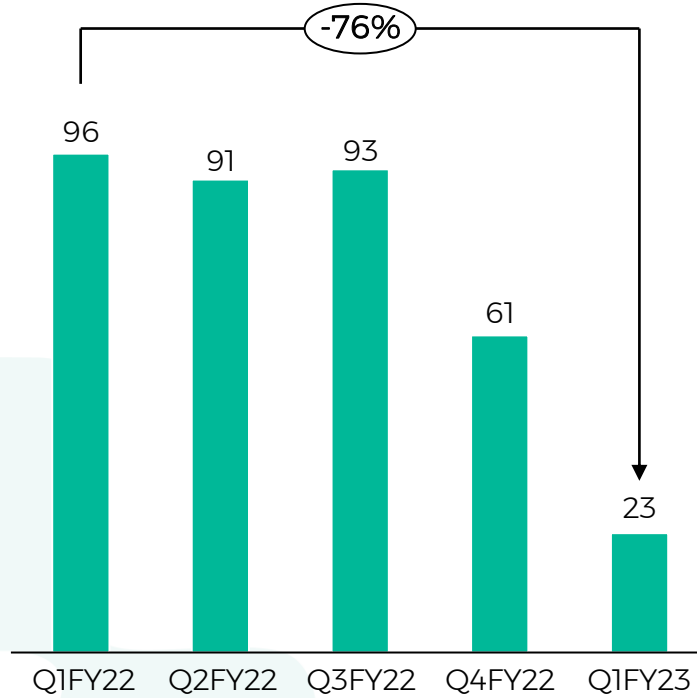
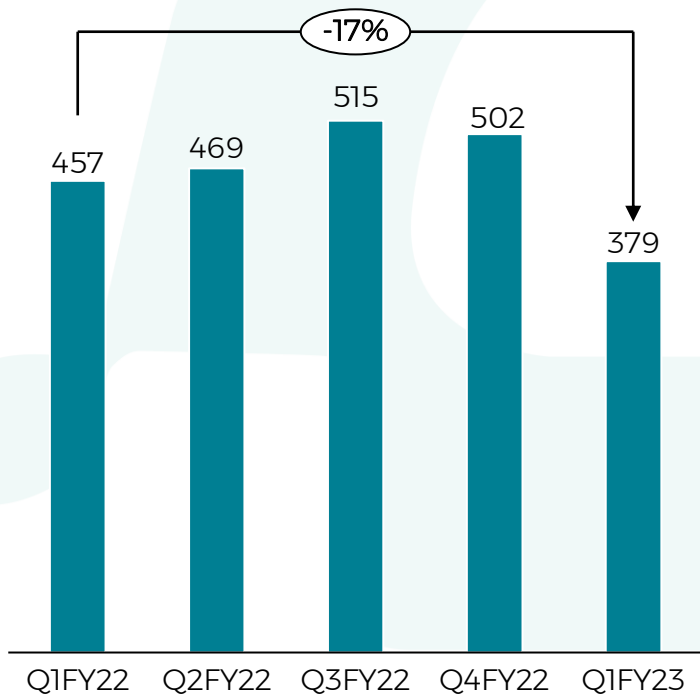
Quarterly Financial Highlights



Consolidated Revenue

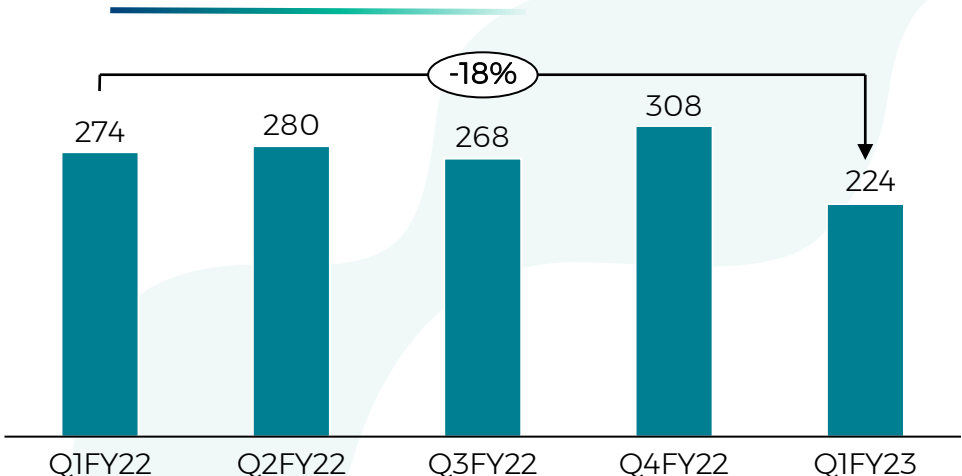
Consolidated EBITDA

Consolidated PAT

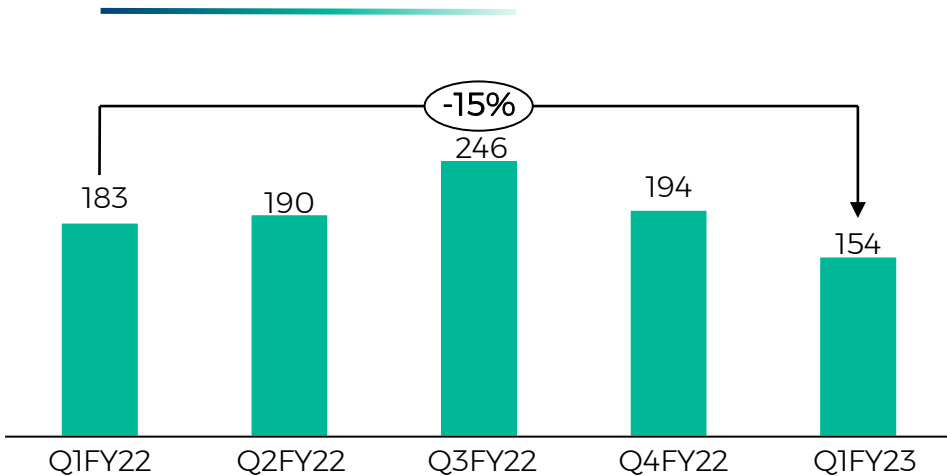


Quarterly Segmental Highlights

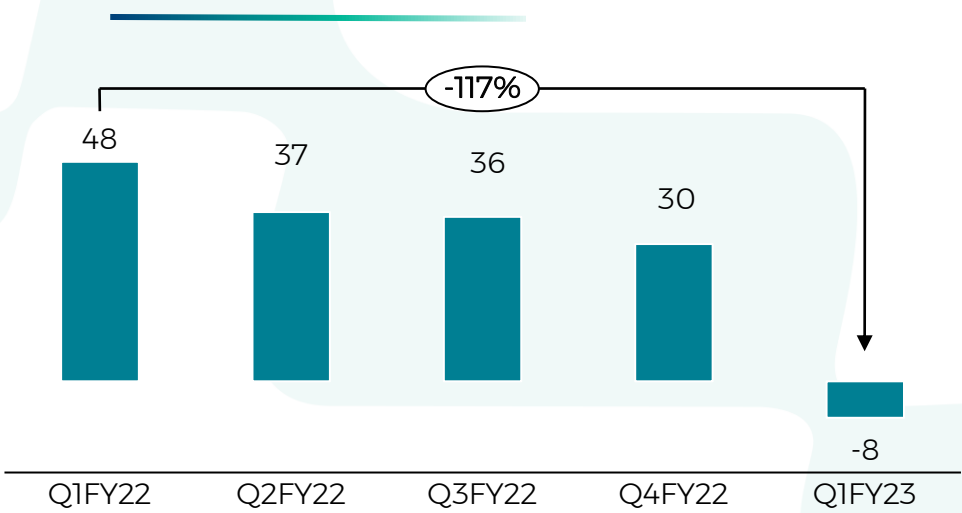
Pharmaceuticals Revenue



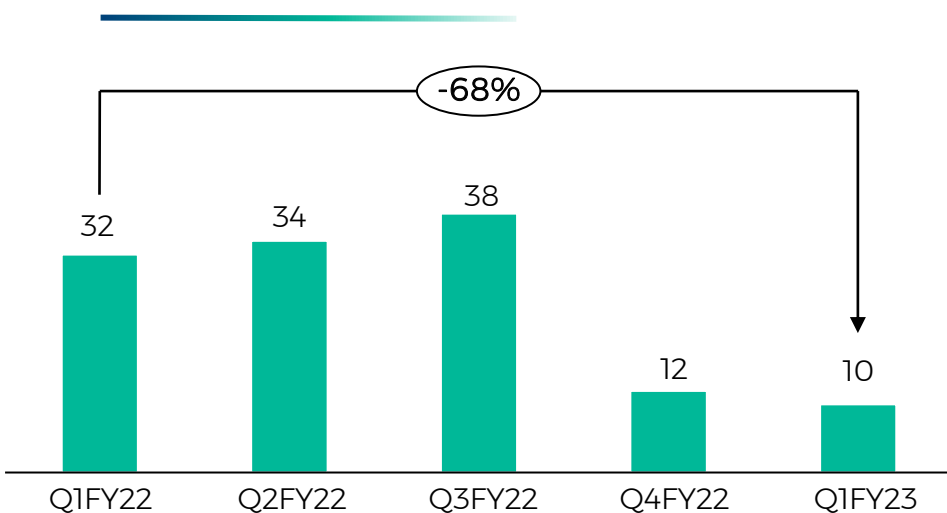
Crop Protection Revenue



Pharmaceuticals EBIT



Crop Protection EBIT



Consolidated Profit & Loss - Q1 FY23



Particulars (Rs. Crore)	Q1 FY23	Q1 FY22	Y-o-Y	Q4 FY22	Q-o-Q
Net Sales	379	457	-17%	502	-25%
Expenditure	356	361		441	
EBITDA	23	96	-38%	61	-63%
Margin	6.0%	21.0%		12.2%	
Other Income	3	3		0	
Depreciation	27	23		24	
Finance Costs	11	8		8	
PBT	(12)	68	-117%	29	-141%
Tax	(3)	18		8	
Net Profit	(9)	51	-118%	21	-143%
Margin	-2.4%	11.1%		4.1%	



Annual Financials Highlights

Financial Highlights - Annual



Revenue – FY22
Rs. 1,943 Crore

↑ FY18-22 CAGR 11% ↑ YoY 13%



EBITDA – FY22
Rs. 341 Crore

↑ FY18-22 CAGR 9% ↑ YoY 5%



EBITDA Margin – FY22
17.5%

↓ YoY -124bps



PAT – FY22
Rs. 161 Crore

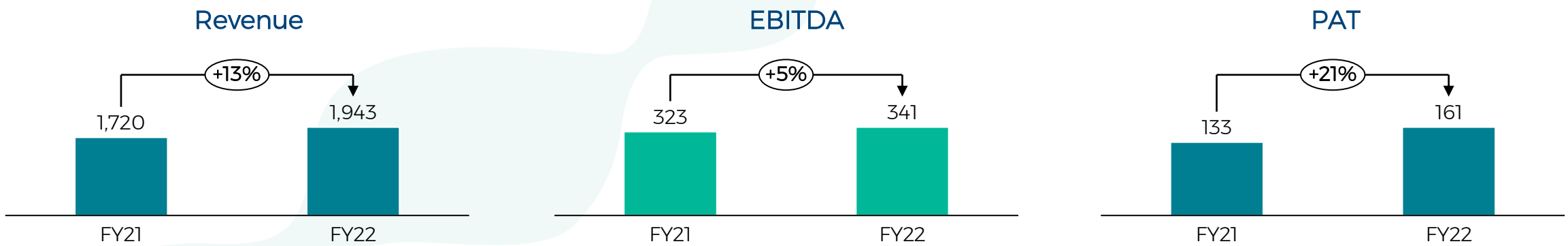
↑ FY18-22 CAGR 20% ↑ YoY 21%



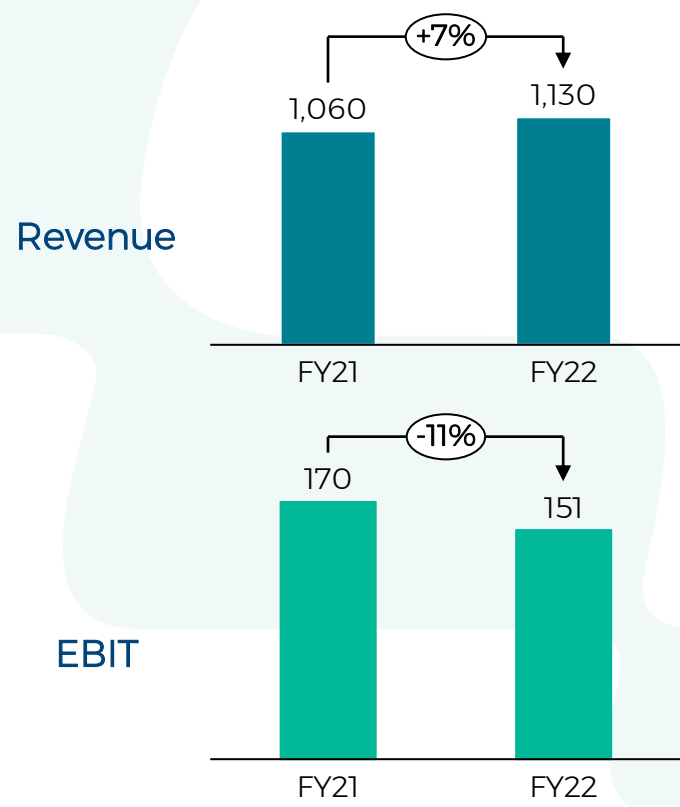
EPS – FY22
Rs 13.02

↑ FY18-22 CAGR 20% ↑ YoY 21%

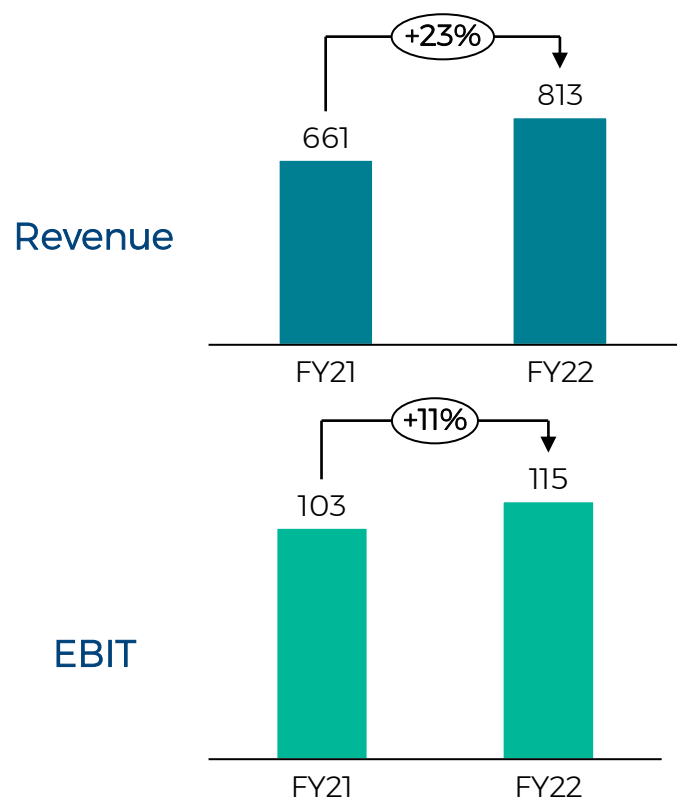
Annual Performance Highlights



Pharmaceuticals Division



Crop Protection Division



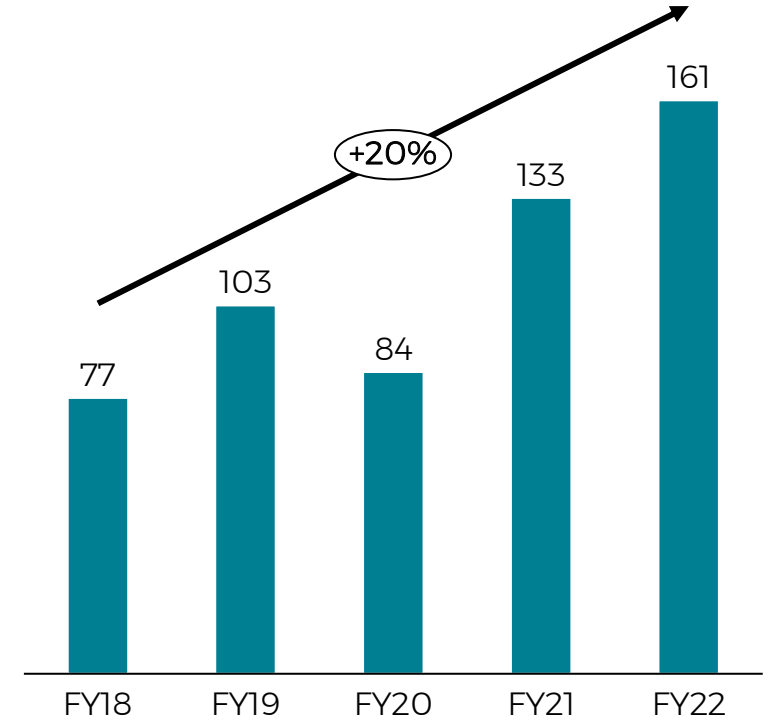
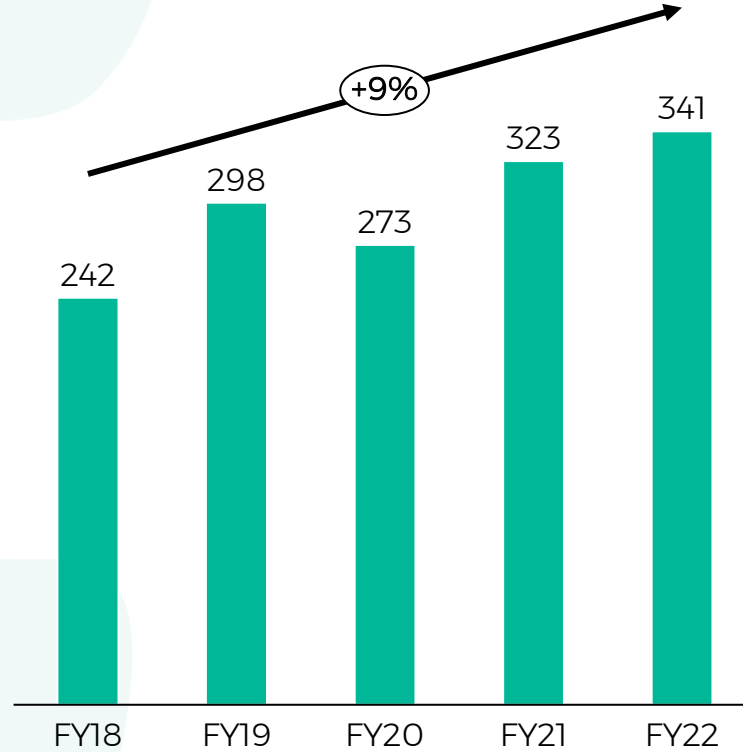
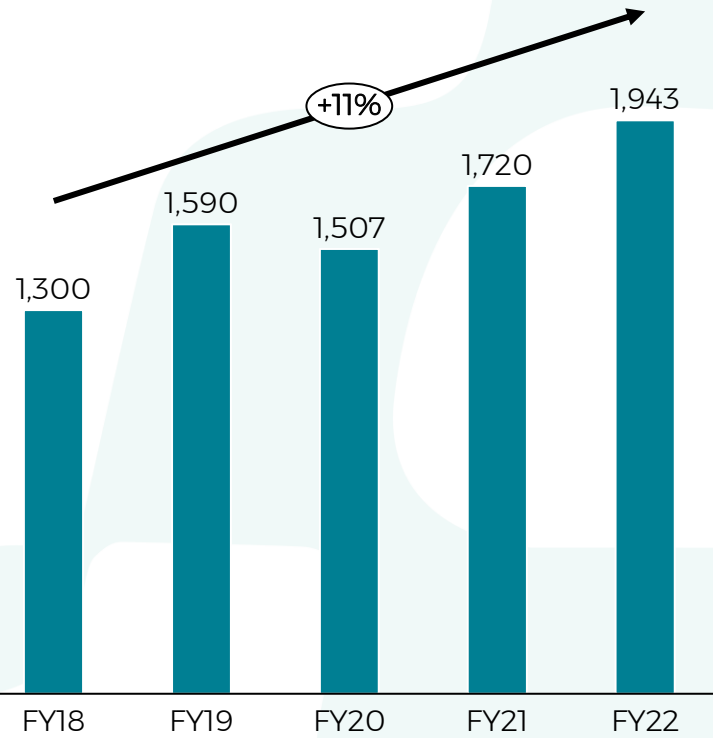
Yearly Financial Highlights



Consolidated Revenue

Consolidated EBITDA

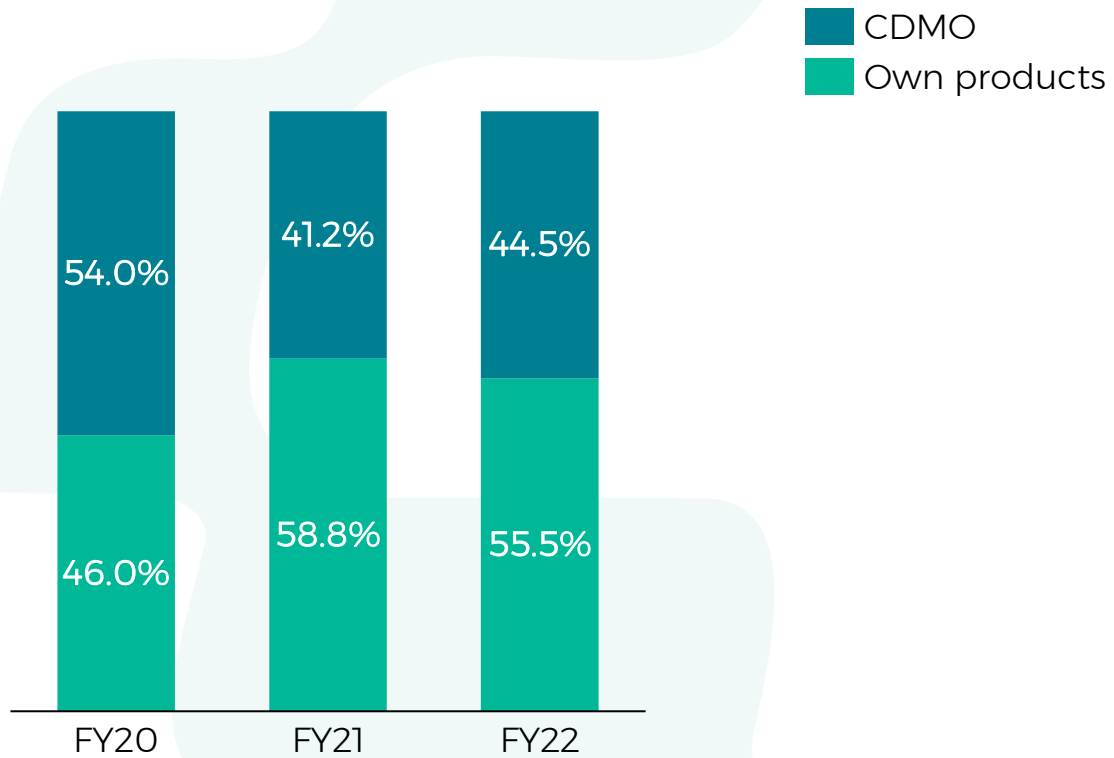
Consolidated PAT



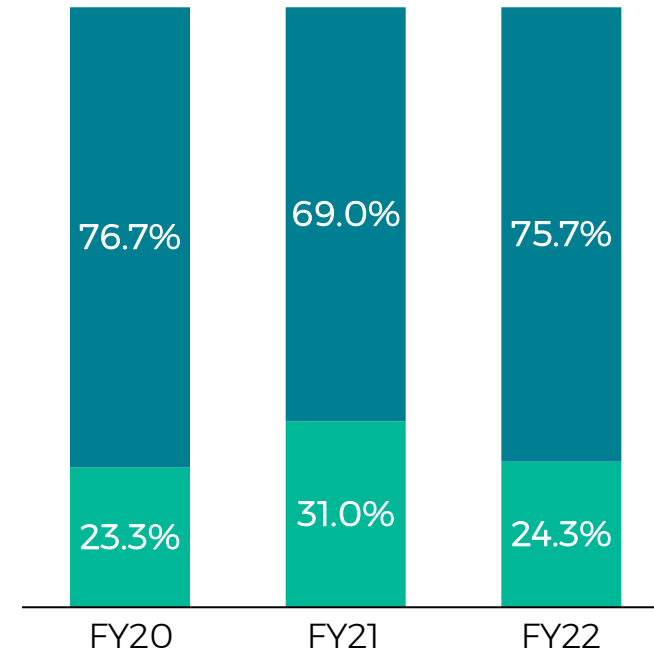
Rs. Crore

Sales Break-Up

Pharmaceuticals Revenue Break-Up

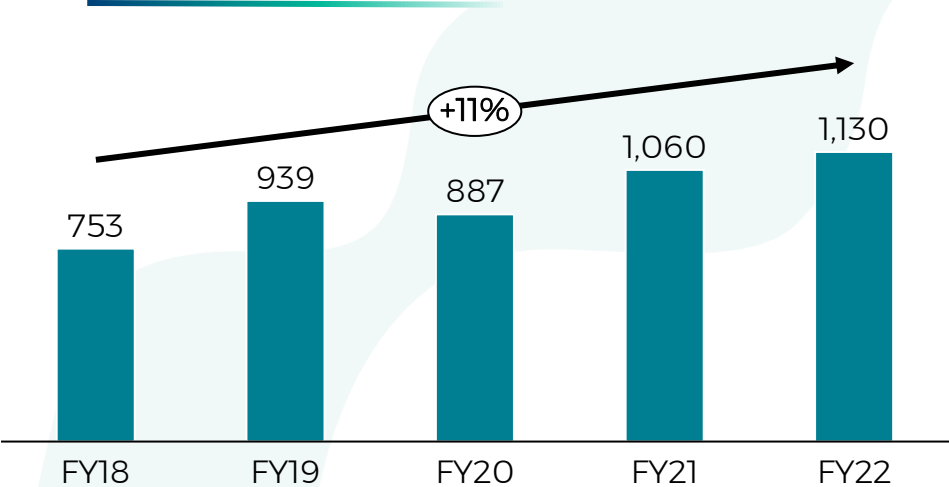


Crop Protection Revenue Break-Up

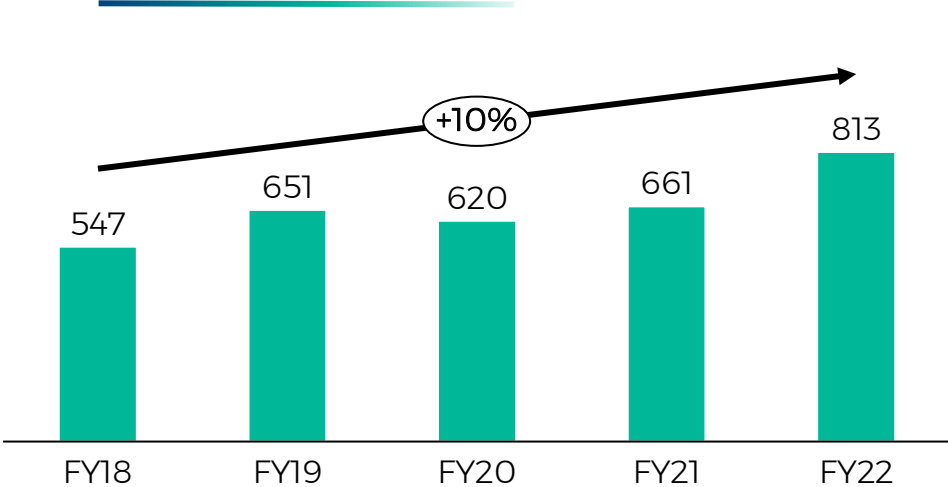


Yearly Segmental Highlights

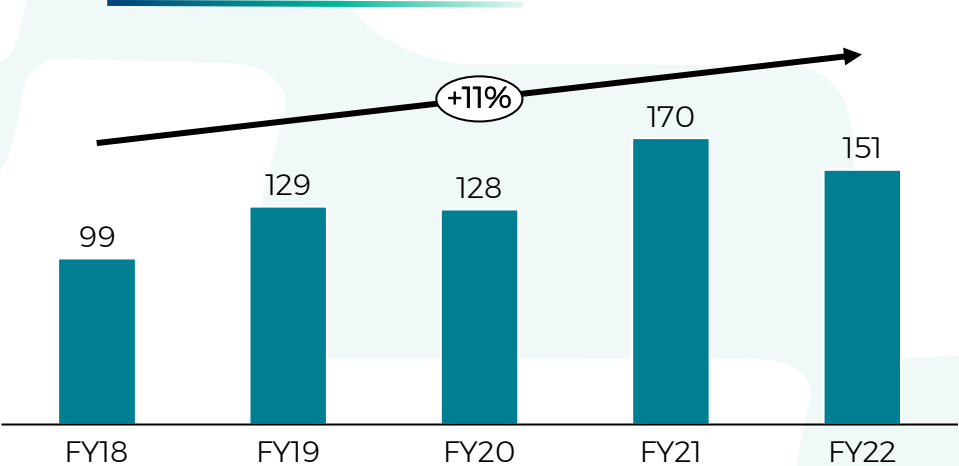
Pharmaceuticals Revenue



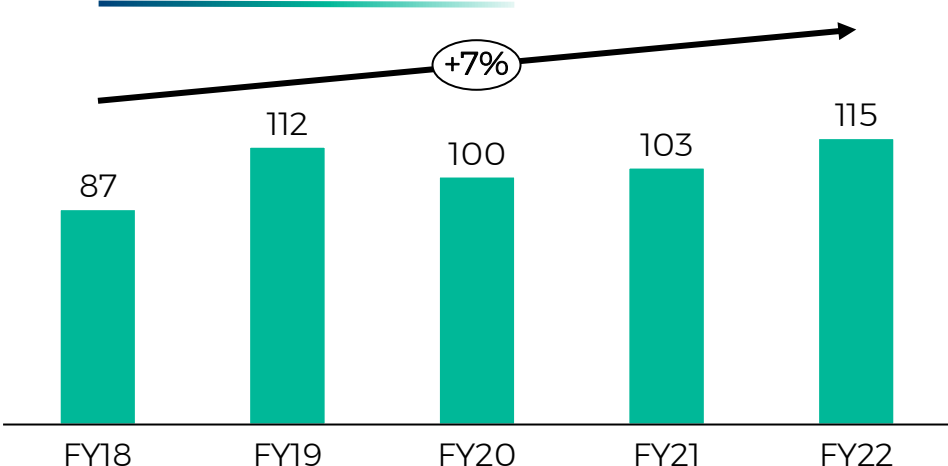
Crop Protection Revenue



Pharmaceuticals EBIT



Crop Protection EBIT

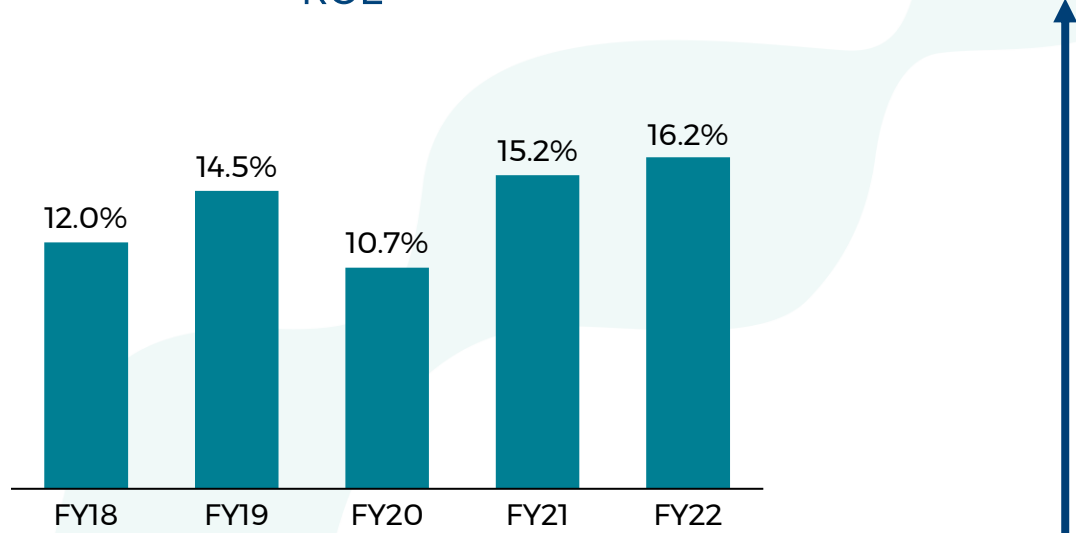


Consolidated Profit & Loss - Full Year

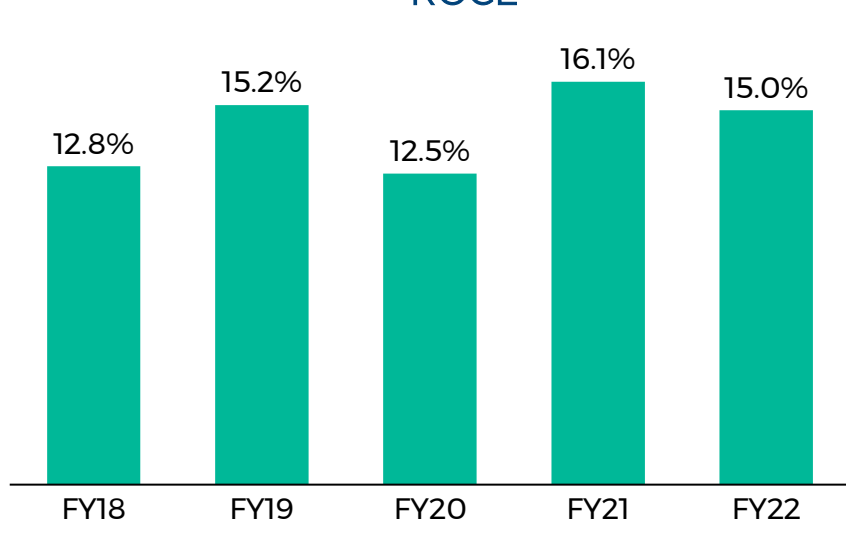
Particulars (Rs. Crore)	FY22	FY21	Y-o-Y
Net Sales	1,943	1,720	13%
Expenditure	1,602	1,397	
EBITDA	341	323	3%
Margin	17.5%	18.8%	
Other Income	5	5	
Depreciation	96	85	
Finance Costs	31	36	
Exceptional Item	-	-	
PBT	219	206	6%
Tax	58	73	
Net Profit	161	133	21%
Margin	8.3%	7.7%	

Ratio Analysis

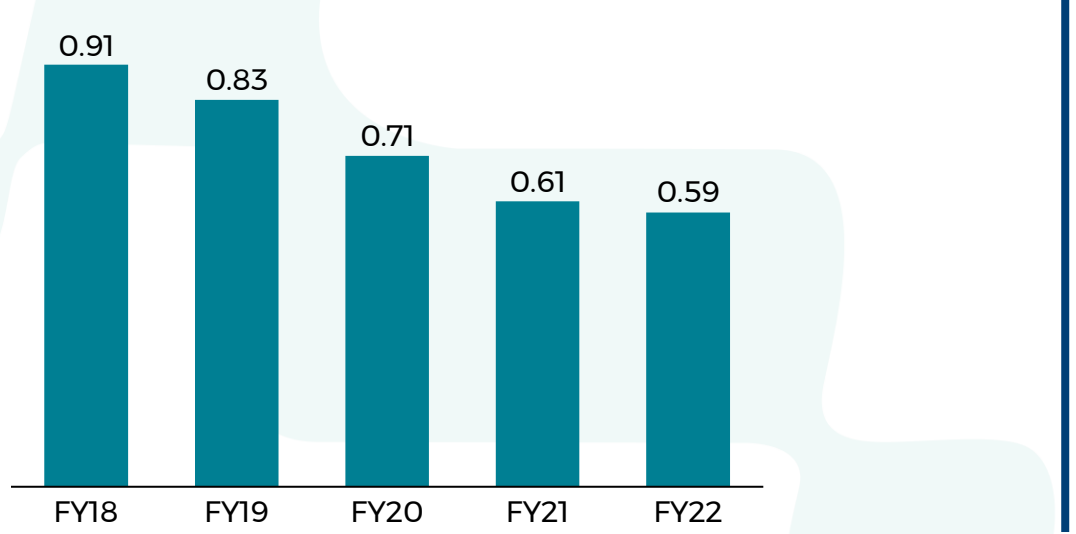
ROE



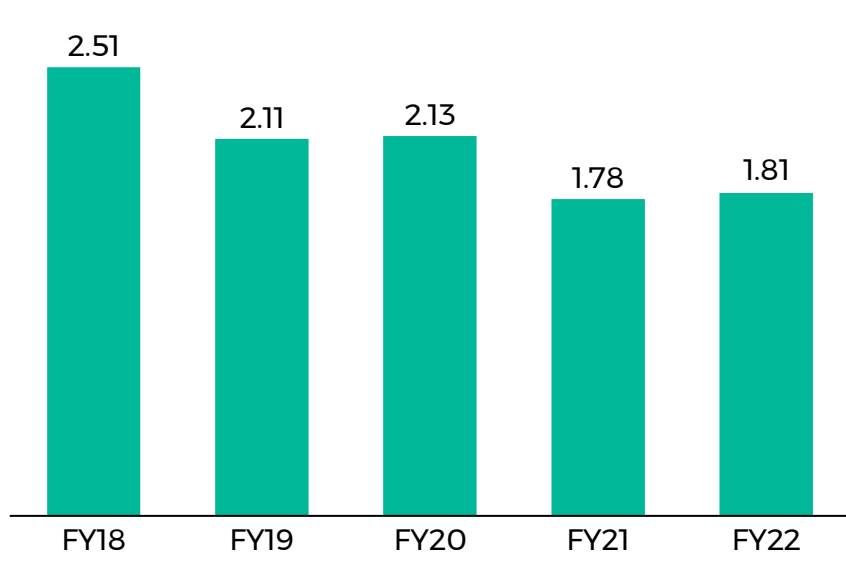
ROCE



Net Debt / Equity

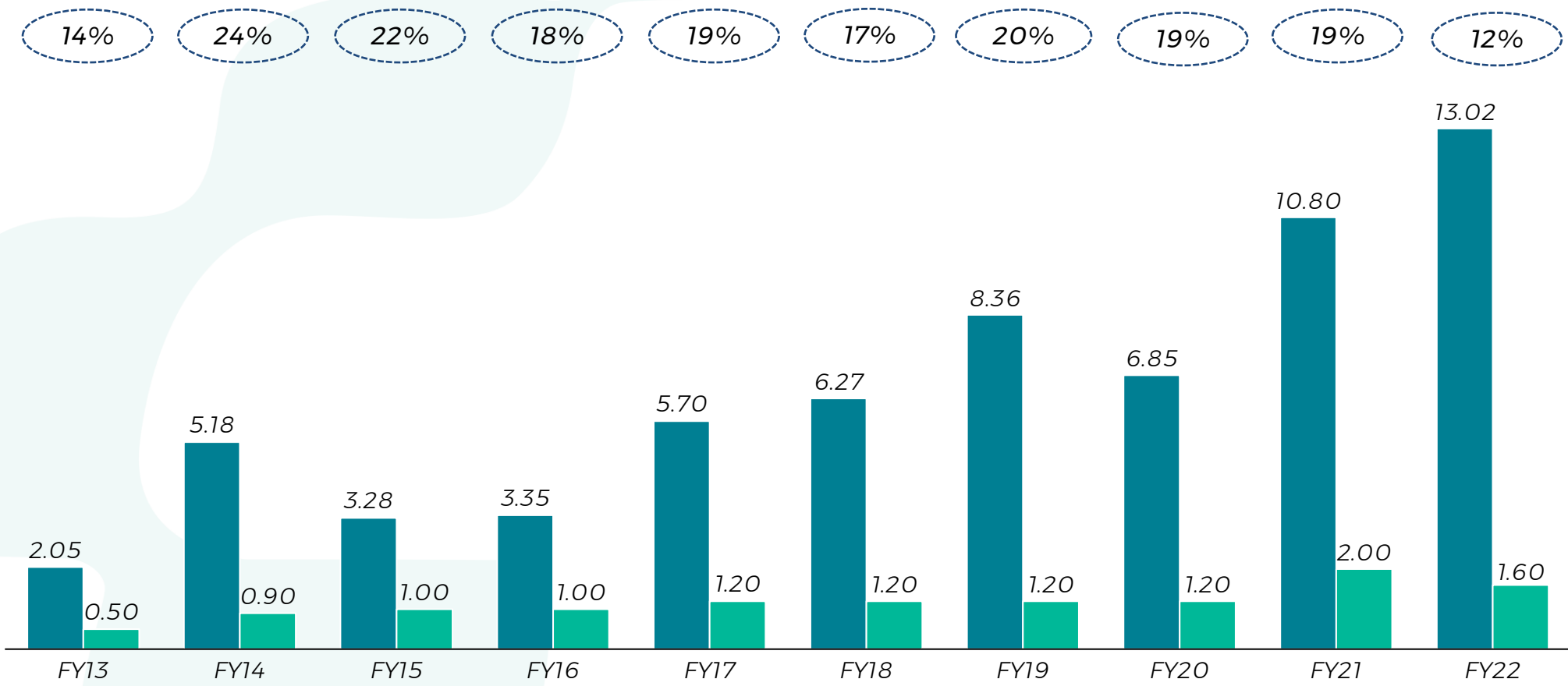


Net Debt / EBITDA



Annual Dividend Payout

Dividend Payout including DDT



The above dividend is based on Face Value of Rs. 2 per share



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HIKAL
