



Results Presentation - Q2 FY23

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Jai Hiremath

"Hikal has recorded a steady performance in Q2 in line with earlier guidance of a sequential recovery as we continue to move towards resuming our strong growth trajectory. In Q2, we achieved the highest-ever quarterly revenue in the history of Hikal, backed by strong demand in our Crop Protection business. We continue to keep an eye on the macro-economic environment, any potential for supply chain disruption, rising energy costs and the ongoing geopolitical unrest.

The Crop Protection business, with Rs 269 Crores revenues in Q2 FY23, witnessed a strong growth of 42% on a YoY basis on the back of robust demand from customers in both own products and CDMO segments. We expect this momentum to continue in the next few quarters. We have received several new enquires from global innovator companies which are at various stages of execution. The commissioning of the new Crop Protection multipurpose facility at Panoli, Gujarat will be in Q4 FY23.

The Pharma division business revenue stood at INR 290 Cr registering a 4% growth on a YoY basis. Soft demand, as well as pricing pressures in the end market, continue to be a concern. We have commercialized two NCE advanced intermediate with large potential for global innovator companies. Cost improvement programs, softening of raw material prices and optimal product mix will improve margins going forward. Our new Animal Health multipurpose facility is expected to come on stream by the first half of next calendar year.

Our efforts to develop alternate suppliers to reduce dependence on a single geography or vendor is on track and will help us in being a partner of choice to our global customers. To mitigate the increase in energy costs, we are further implementing renewable energy projects which will help reduce costs and lower our carbon footprint significantly.

We are continuing our strategic transformation journey, 'Pinnacle Program'. Ongoing initiatives will help to reach our bold aspiration of driving profitable as well as sustainable growth. Significant progress is being made in building capabilities in terms of resources as well as infrastructure.

We expect to see a positive momentum in both businesses in the medium to long term."



Quarterly Financials Highlights

Gradual Recovery in Q2 - expect to see continuous improvement in revenues and margins



Revenue - Q2 FY23
Rs. 559 Crore



YoY
19%



QoQ
48%



EBITDA - Q2 FY23
Rs. 70 Crore



YoY
-23%



QoQ
207%



EBITDA Margin - Q2 FY23
12.5%



YoY
-690 bps



QoQ
650 bps



PAT - Q2 FY23
Rs. 25 Crore



YoY
-44%



QoQ
379%



EPS - Q2 FY23
Rs 2.01

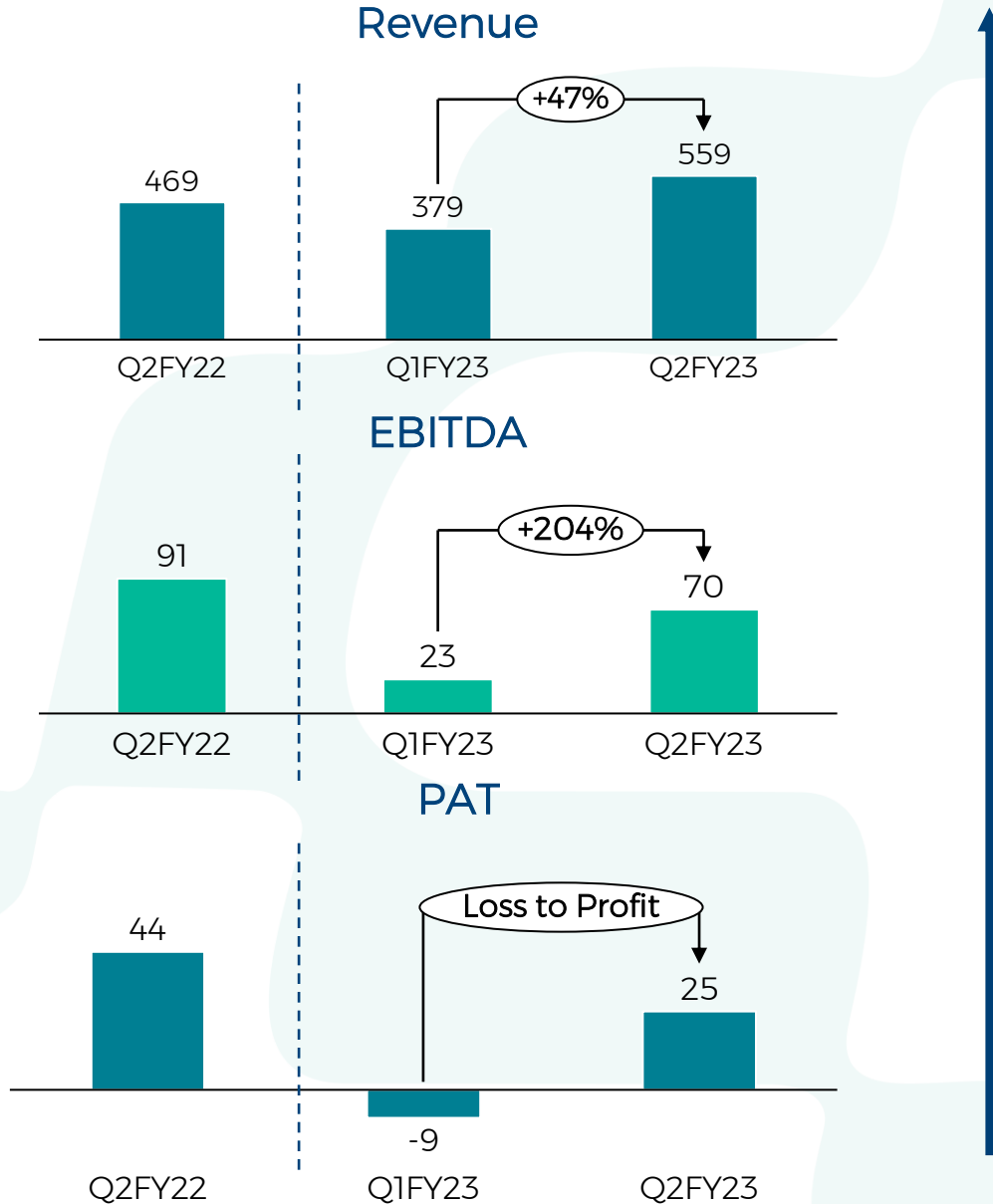


YoY
-44%



QoQ
379%

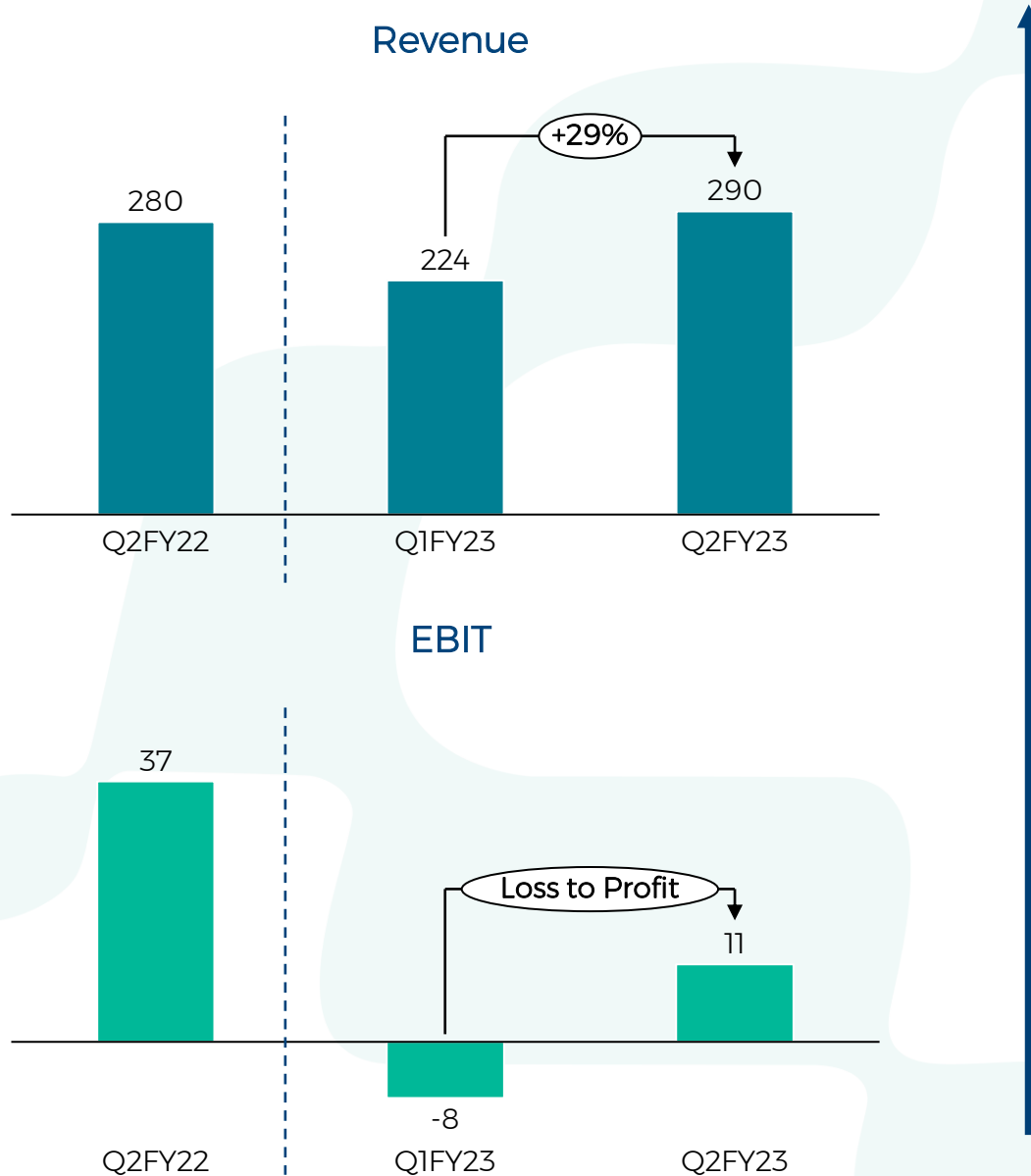
Quarterly Performance Highlights



Rs. Crore

Performance Highlights

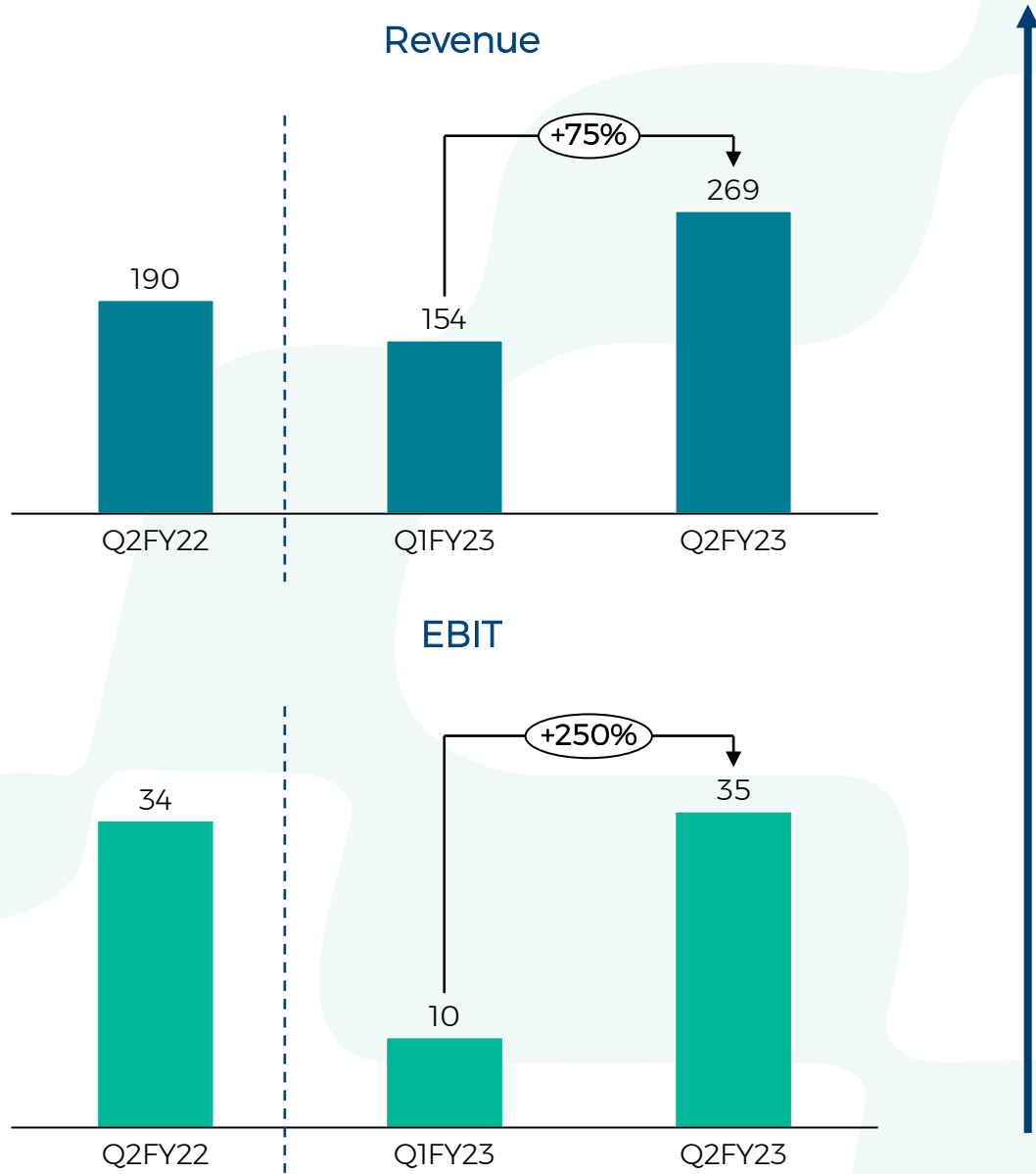
- Revenue recorded an increase of 19% YoY and stood at Rs. 559 Cr
 - Crop Protection business has demonstrated strong rebound on account of industry tailwinds
 - Sequential recovery in revenue and margin for Pharma business in upcoming quarters on back of improved demand outlook
- EBITDA increased to Rs. 70 Crore
 - Margins under pressure due to higher raw material and energy costs
- PAT was Rs. 25 Crore
 - Increase of Finance cost due to interest rate hikes
 - Increased depreciation on account of capex capitalization
- Hikal's long term credit rating is maintained at A+ by ICRA



Pharmaceuticals - Performance Highlights

- Revenue recorded an increase of 4% YoY and stood at INR 290 Cr
 - Demand slowdown as well as inflation pressures in the end market continue
- EBIT stood at Rs. 11 Cr
 - Significant increase in input costs
 - The pricing pressures on some of the key raw materials are easing up now and it should reflect in improved profitability in coming quarters
- Business excellence initiatives and optimization of product mix are helping absorb some of the impact of increased input costs
- Commercialized two new advanced intermediates for a global innovator company
- Construction of new multipurpose plant for animal health vertical is on-track at Panoli, Gujarat. We expect to commission it in the first half next calendar year.

Quarterly Performance Highlights - Crop Protection



Crop Protection - Performance Highlights

- Revenue recorded an increase of 42% YoY
 - Robust demand from customers in both own products and CDMO segments
- EBIT stood at Rs. 35 Crore
 - Higher input costs of raw materials, solvents and energy
- All plants operational at optimal capacity utilization
- Higher demand forecast from existing global innovator companies
- Construction of new multipurpose plant is on-track at Panoli. Expected to commission in Q4 FY23

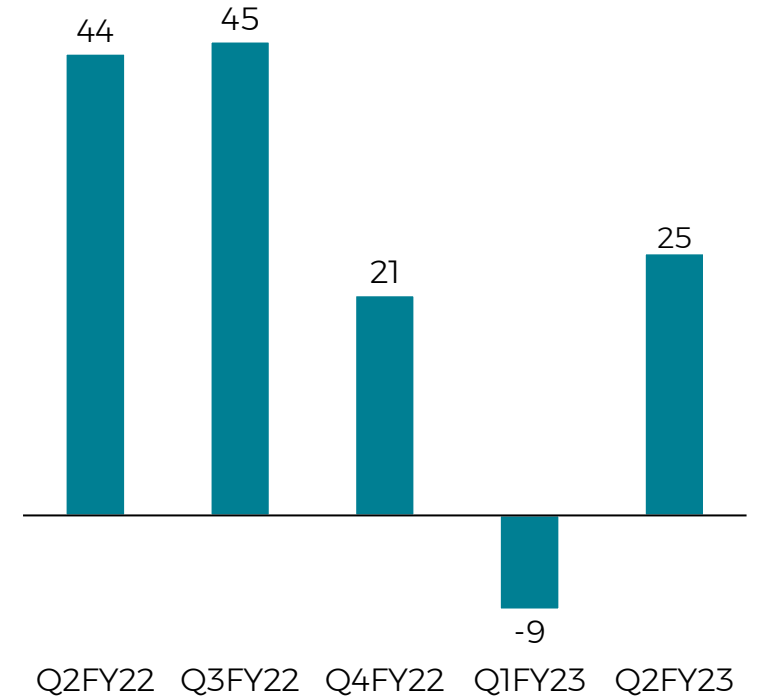
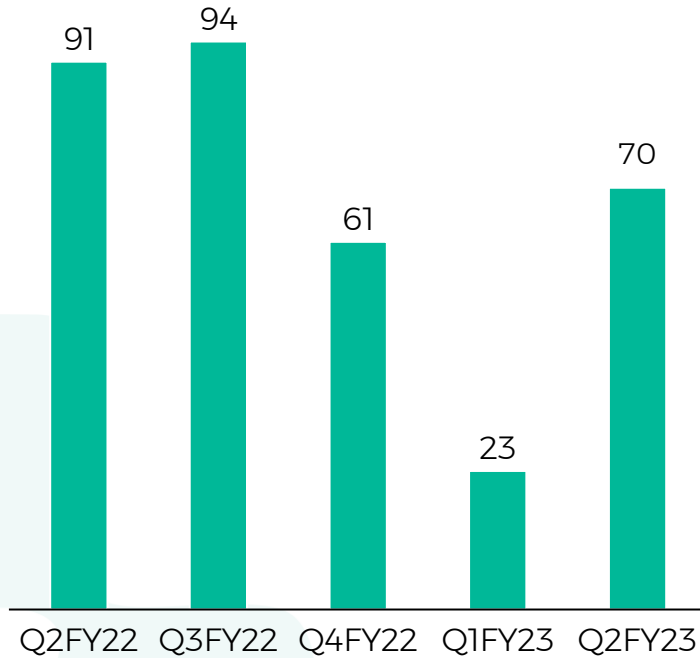
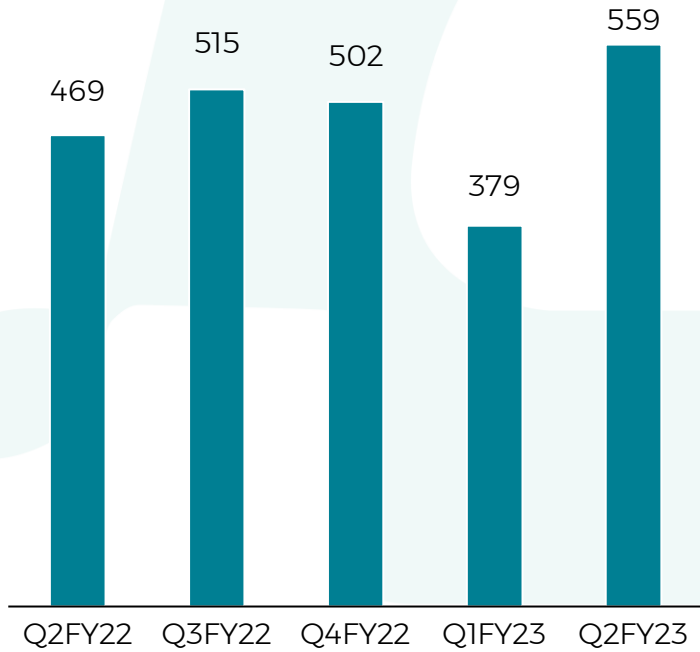
Quarterly Financial Highlights



Consolidated Revenue

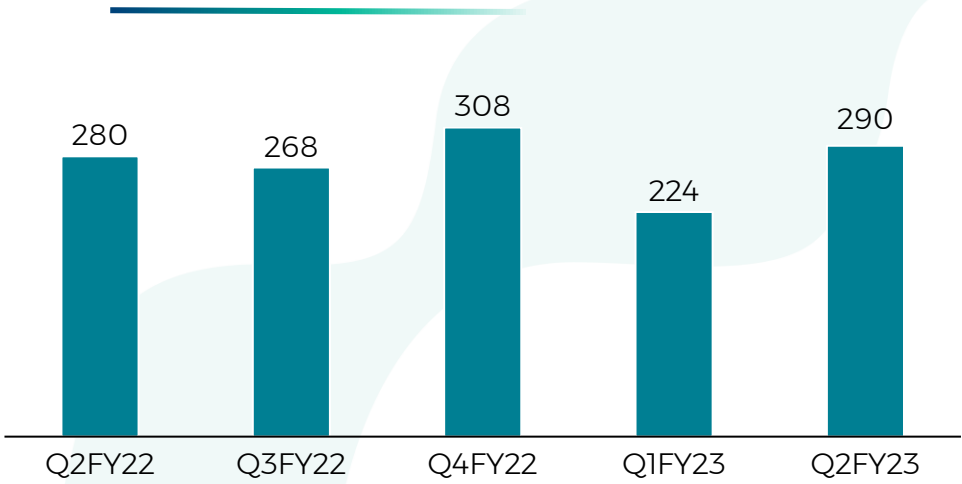
Consolidated EBITDA

Consolidated PAT

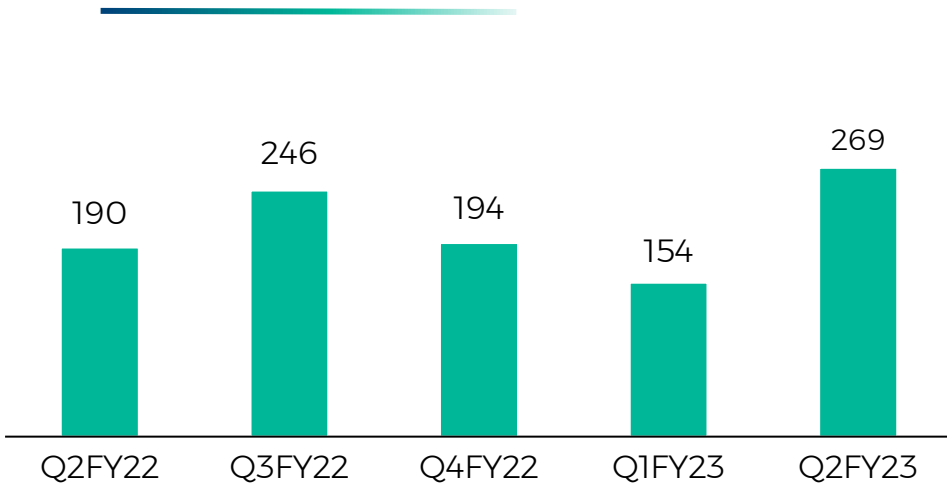


Quarterly Segmental Highlights

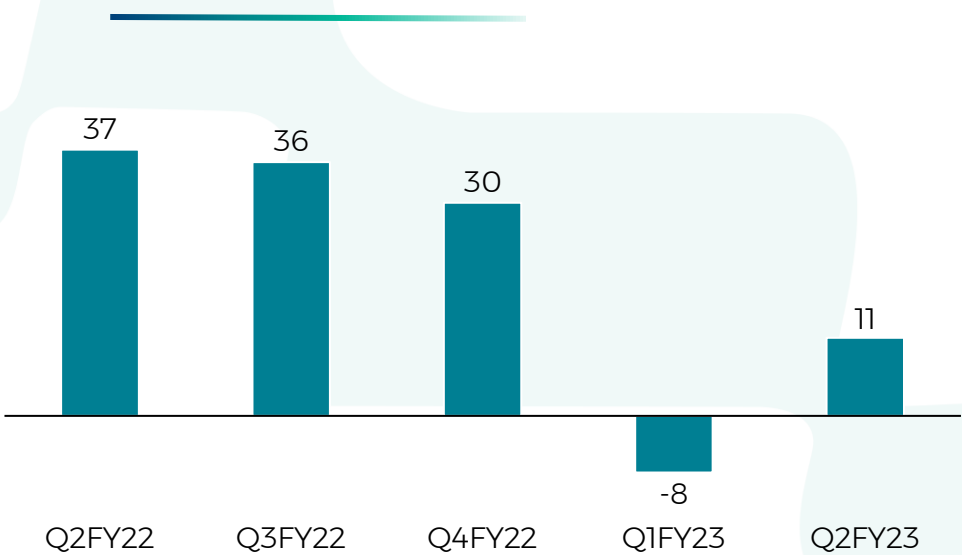
Pharmaceuticals Revenue



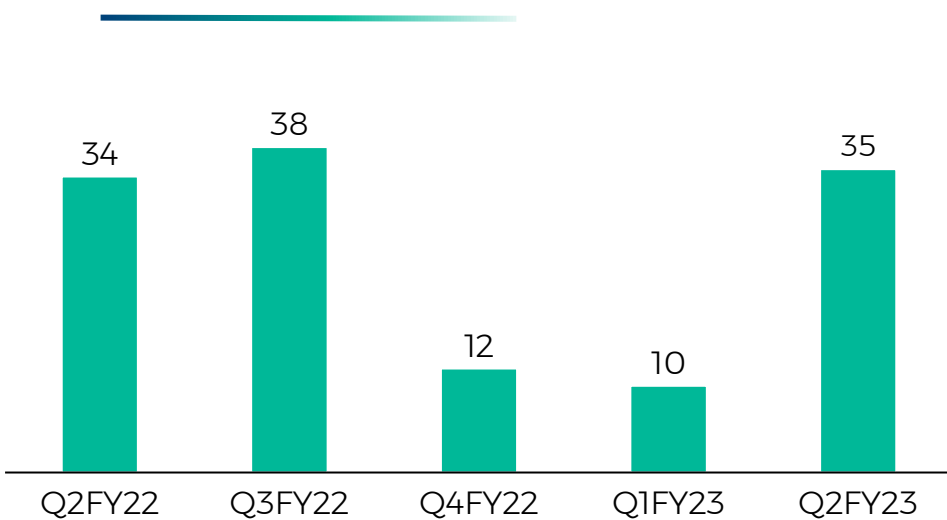
Crop Protection Revenue



Pharmaceuticals EBIT



Crop Protection EBIT



Rs. Crore

Consolidated Profit & Loss - Q2 FY23



Particulars (Rs. Crore)	Q2 FY23	Q2 FY22	Y-o-Y	Q1 FY23	Q-o-Q
Net Sales	559	469	19%	379	48%
Expenditure	489	378		356	
EBITDA	70	91	-23%	23	208%
Margin	12.5%	19.4%		6.0%	
Other Income	1	1		3	
Depreciation	27	24		27	
Finance Costs	11	8		11	
PBT	33	60	-45%	(12)	NA
Tax	8	16		(3)	
Net Profit	25	44	-44%	(9)	NA
Margin	4.4%	9.4%		-2.4%	

Consolidated Balance Sheet

Assets (Rs. Crore)	Sep-22	Mar-22
Total Non Current Assets	1,333	1,249
Property, Plant and Equipment	878	815
Capital work in Progress	306	285
Right to Use Assets	63	64
Other Intangible Assets	-	1
Intangible Assets Under Development	10	10
Financial Assets		
Investments	1	1
Loans	-	-
Other	17	15
Income Tax Assets (Net)	12	2
Other Non Current Assets	46	57
Total Current Assets	986	964
Inventories	334	329
Financial Assets		
Current Investment	-	10
Trade Receivables	489	438
Cash & Cash Equivalents	15	11
Bank Balances	36	38
Loans	-	-
Other	15	17
Other Current Assets	97	120
TOTAL ASSETS	2,319	2,213

Equities & Liabilities (Rs. Crore)	Sep-22	Mar-22
Shareholders Fund	1,080	1,068
Share Capital	25	25
Other Equity	1,055	1,043
Total Non Current Liabilities	427	376
Financial Liabilities		
Borrowings	338	287
Lease Liability	-	-
Provisions	25	24
Deferred Tax Liabilities (net)	36	36
Other non current liabilities	28	29
Total Current Liabilities	812	769
Financial Liabilities		
Borrowings	438	388
Lease Liability	-	-
Trade Payables	292	249
Other Financial Liabilities	39	68
Other Current Liabilities	27	48
Provisions	3	3
Current Tax Liabilities (Net)	12	12
TOTAL EQUITY & LIABILITIES	2,319	2,213

Consolidated Cash Flow Statement

Particulars (Rs. Crore)	Half Year ended 30-Sep-22 Half Year ended 30-Sep-21	
Profit before tax	21	128
<i>Adjustments</i>	70	67
Operating Profit Before Working Capital Changes	91	195
<i>Change in operating assets and liabilities</i>	2	28
Cash generated from operations	93	223
<i>Income taxes paid</i>	15	44
Net cash inflow from operating activities (A)	78	179
Net cash inflow/(outflow) from investing activities (B)	(138)	(156)
Net cash outflow from financing activities (C)	63	(19)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	3	4
Cash and cash equivalents at the beginning of the year	12	8
Cash and cash equivalents at the end of the year	15	11



Half-Yearly Financials Highlights

Financial Highlights - Half-Yearly



Revenue - H1 FY23
Rs. 938 Crore



YoY
1%



EBITDA - H1 FY23
Rs. 92 Crore



YoY
-50%



EBITDA Margin - H1 FY23
9.9%



YoY
-1030 bps



PAT - H1 FY23
Rs. 16 Crore



YoY
-83%



EPS - H1 FY23
Rs 1.29



YoY
-83%

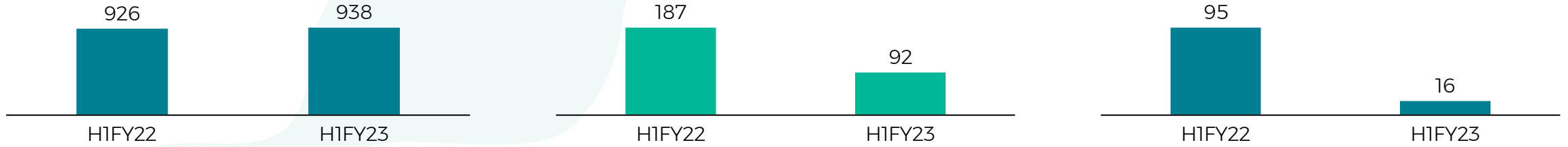
Half-Yearly Performance Highlights



Revenue

EBITDA

PAT



Pharmaceuticals Division

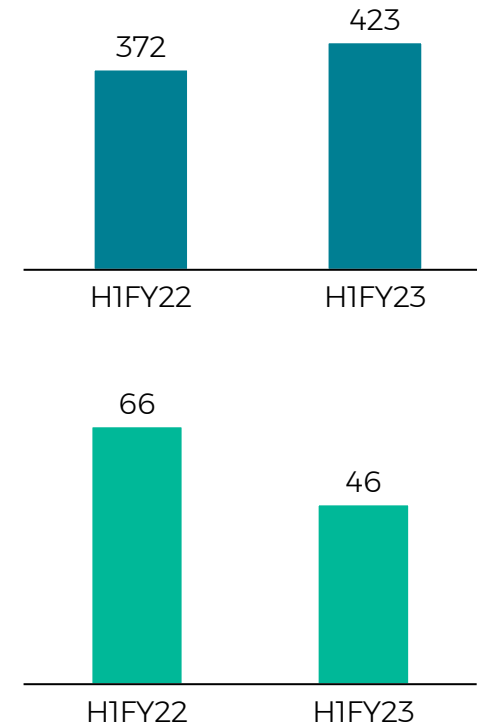
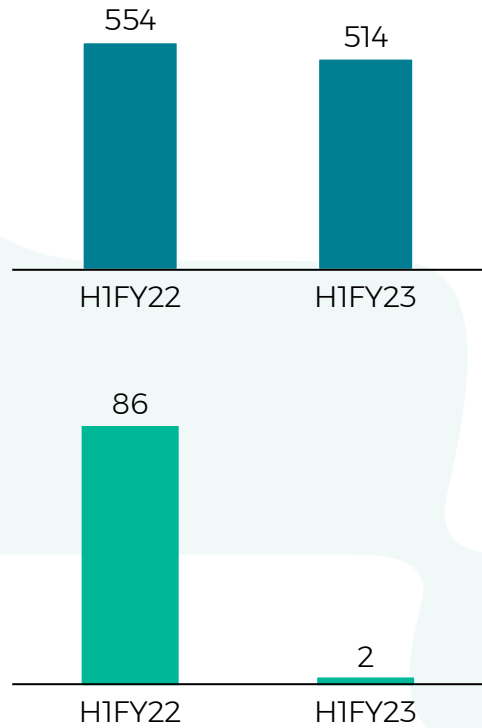
Crop Protection Division

Revenue

Revenue

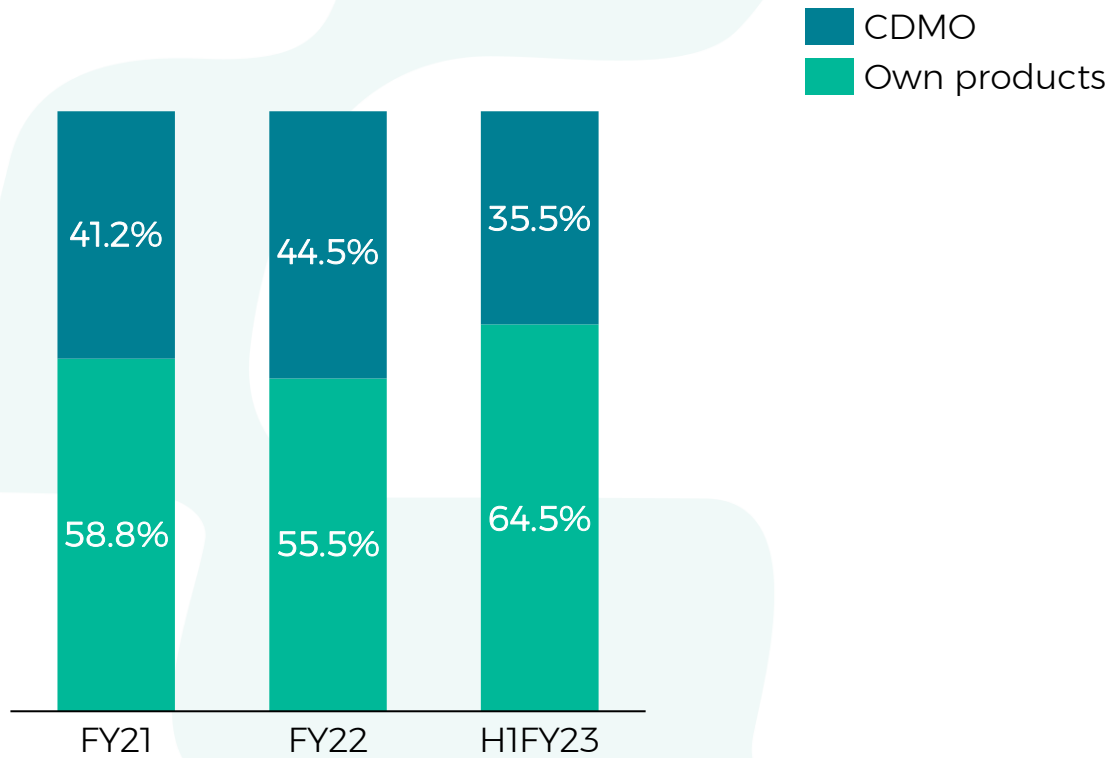
EBIT

EBIT

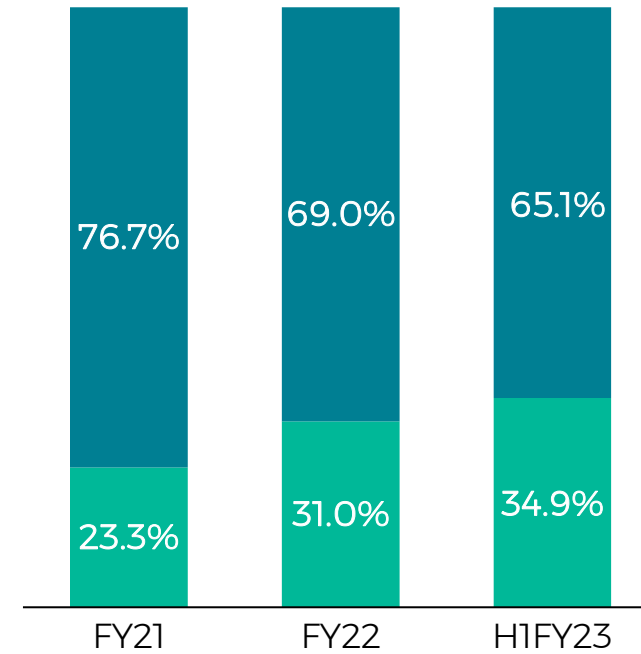


Sales Break-Up

Pharmaceuticals Revenue Break-Up



Crop Protection Revenue Break-Up





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%

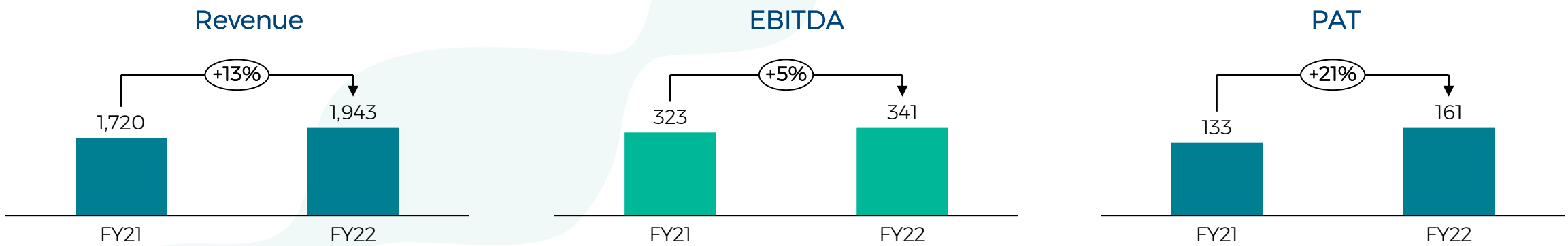


EPS – FY22
Rs 13.02

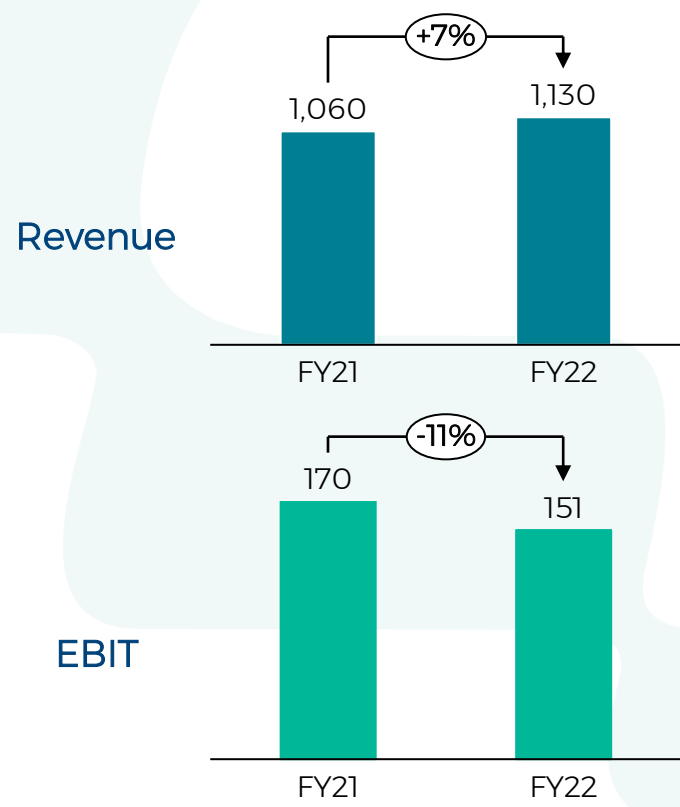
↑ FY18-22
CAGR
20%

↑ YoY
21%

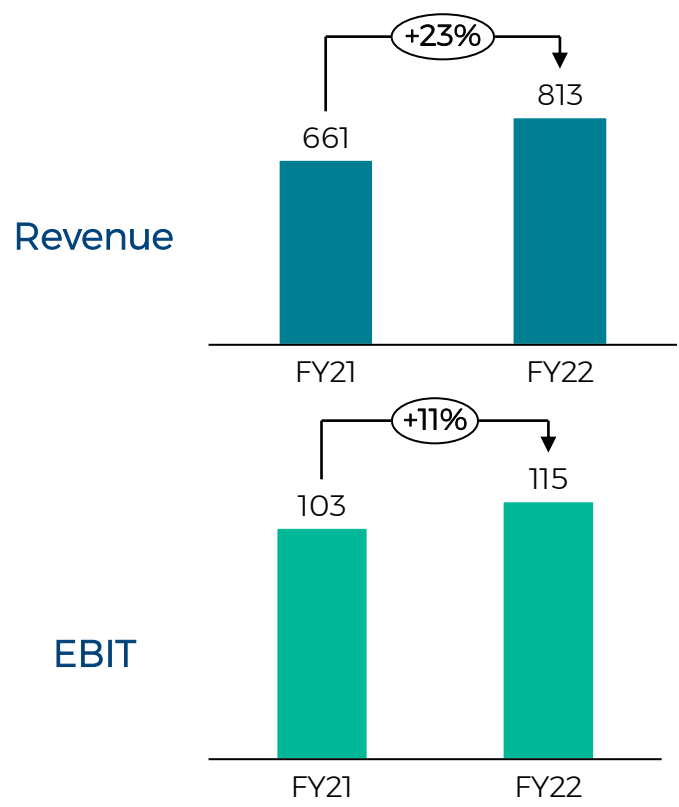
Annual Performance Highlights



Pharmaceuticals Division



Crop Protection Division



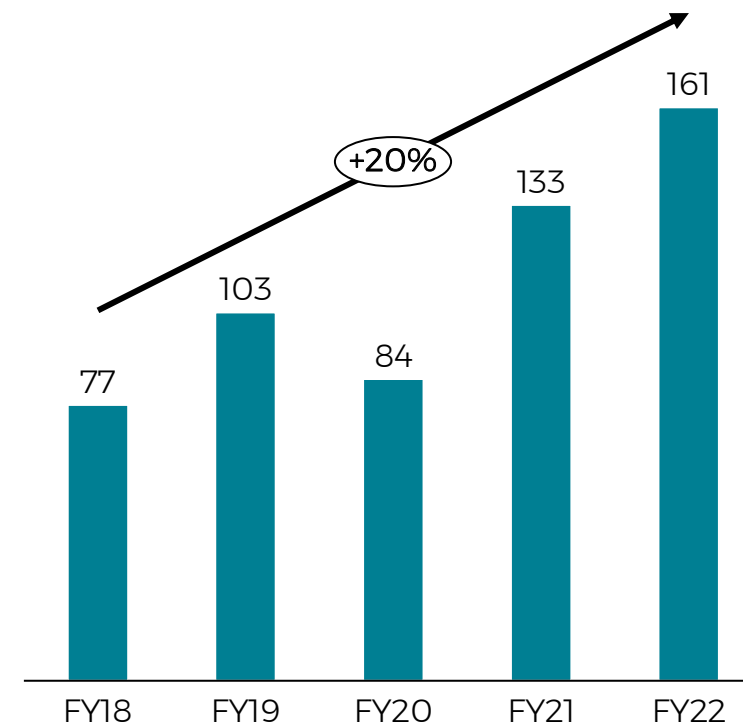
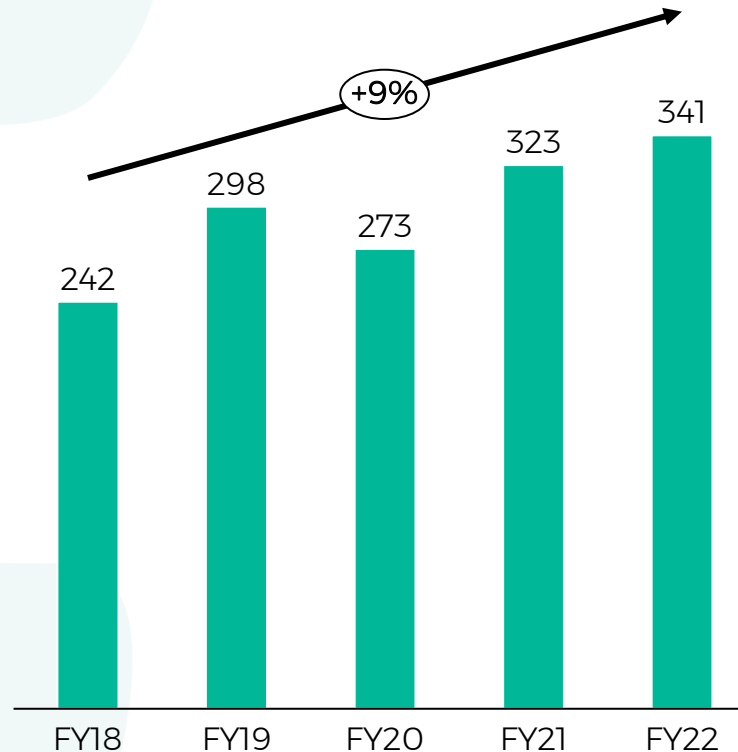
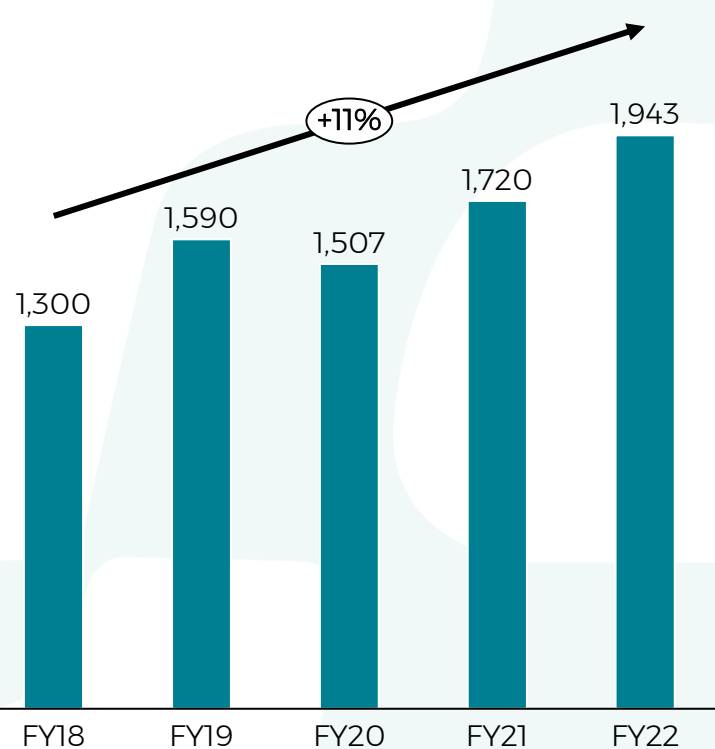
Yearly Financial Highlights



Consolidated Revenue

Consolidated EBITDA

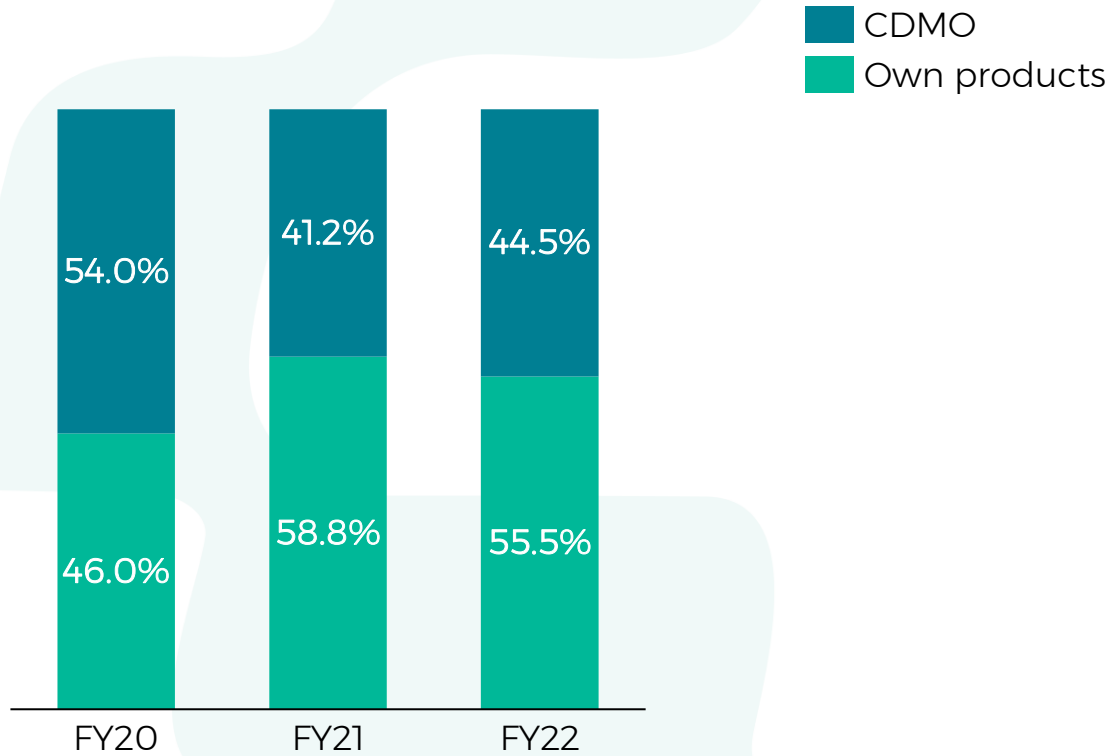
Consolidated PAT



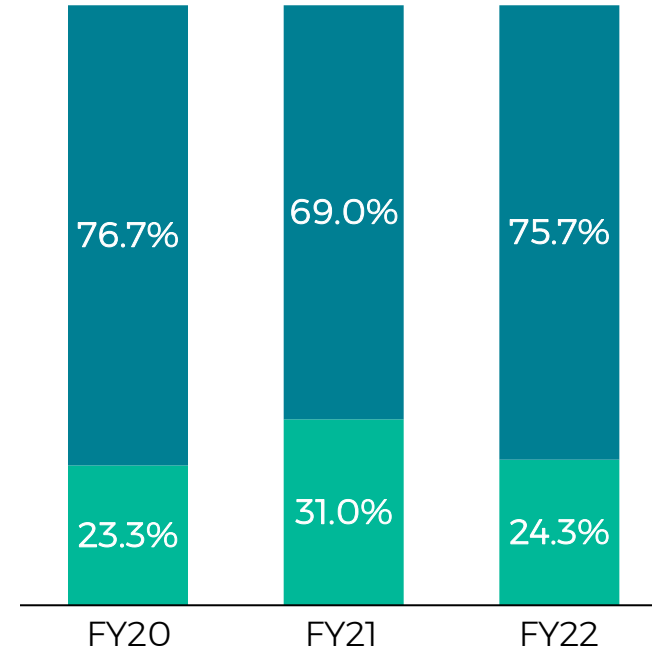
Rs. Crore

Sales Break-Up

Pharmaceuticals Revenue Break-Up

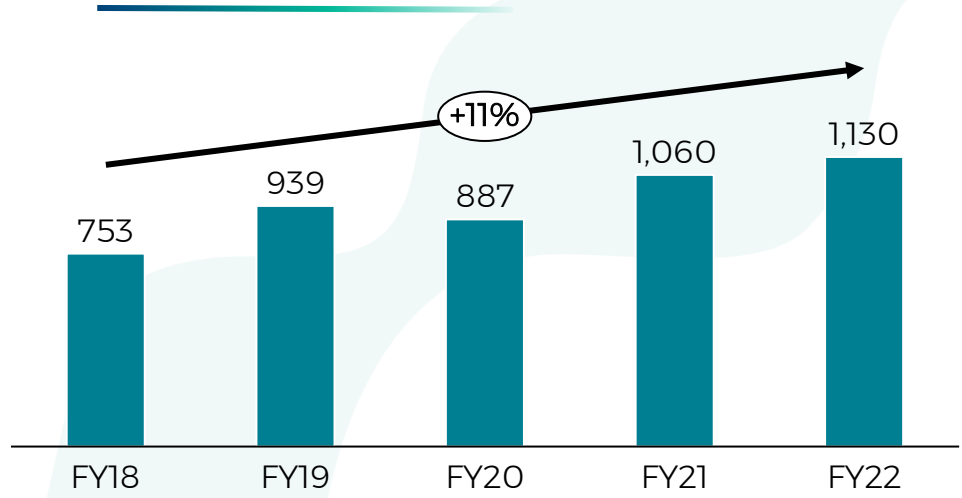


Crop Protection Revenue Break-Up



Yearly Segmental Highlights

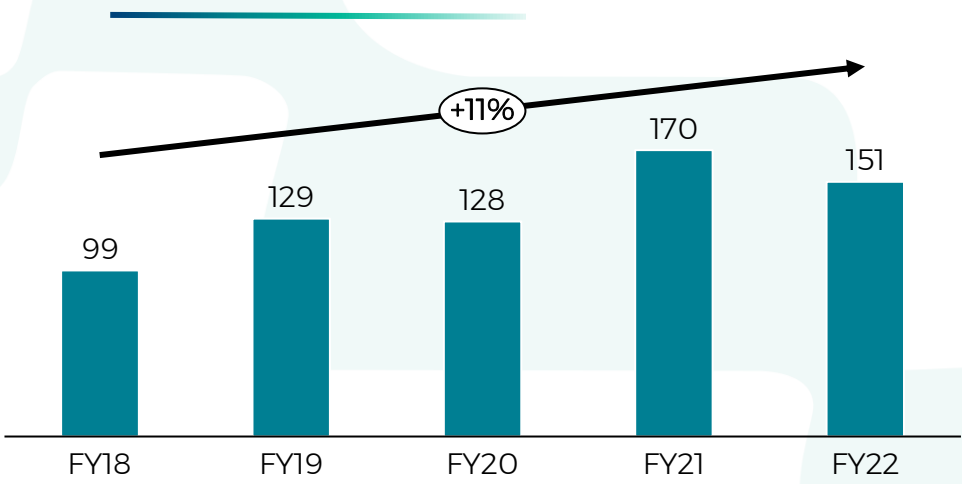
Pharmaceuticals Revenue



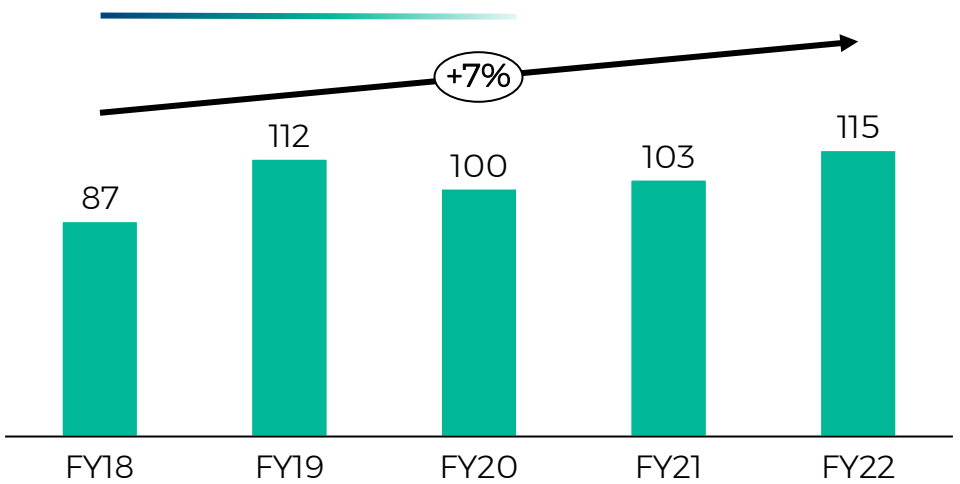
Crop Protection Revenue



Pharmaceuticals EBIT



Crop Protection EBIT

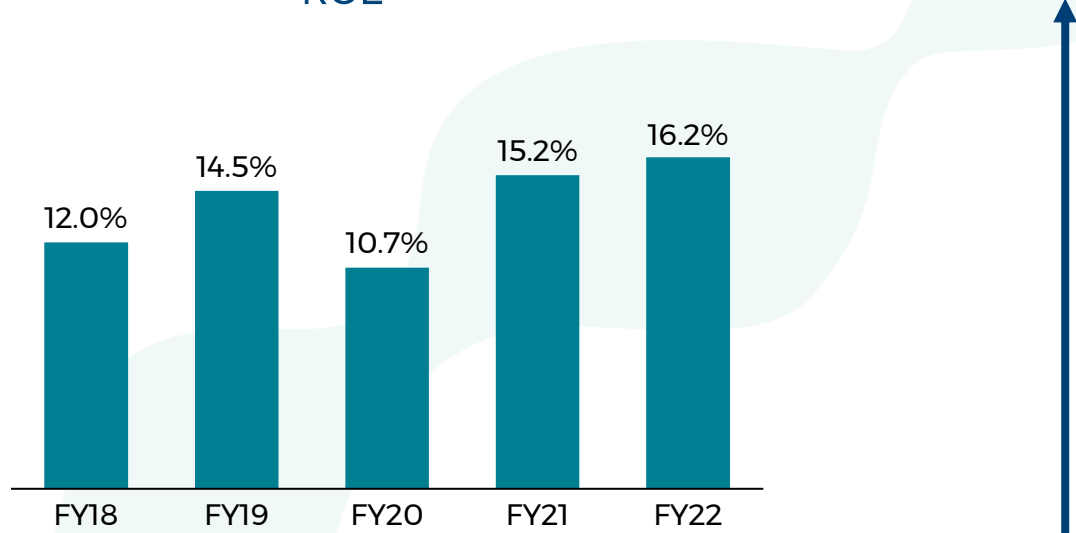


Consolidated Profit & Loss - Full Year

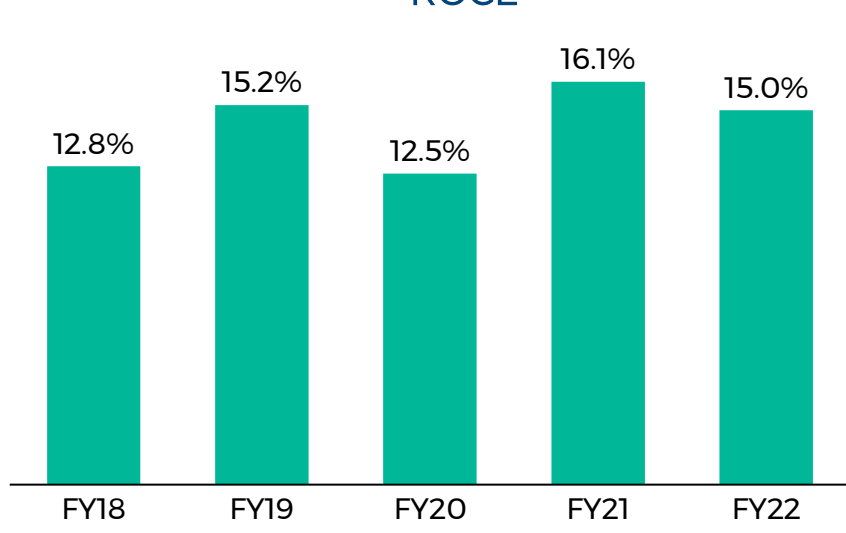
Particulars (Rs. Crore)	FY22	FY21	Y-o-Y
Net Sales	1,943	1,720	13%
Expenditure	1,602	1,397	
EBITDA	341	323	3%
Margin	17.5%	18.8%	
Other Income	5	5	
Depreciation	96	85	
Finance Costs	31	36	
Exceptional Item	-	-	
PBT	219	206	6%
Tax	58	73	
Net Profit	161	133	21%
Margin	8.3%	7.7%	

Ratio Analysis

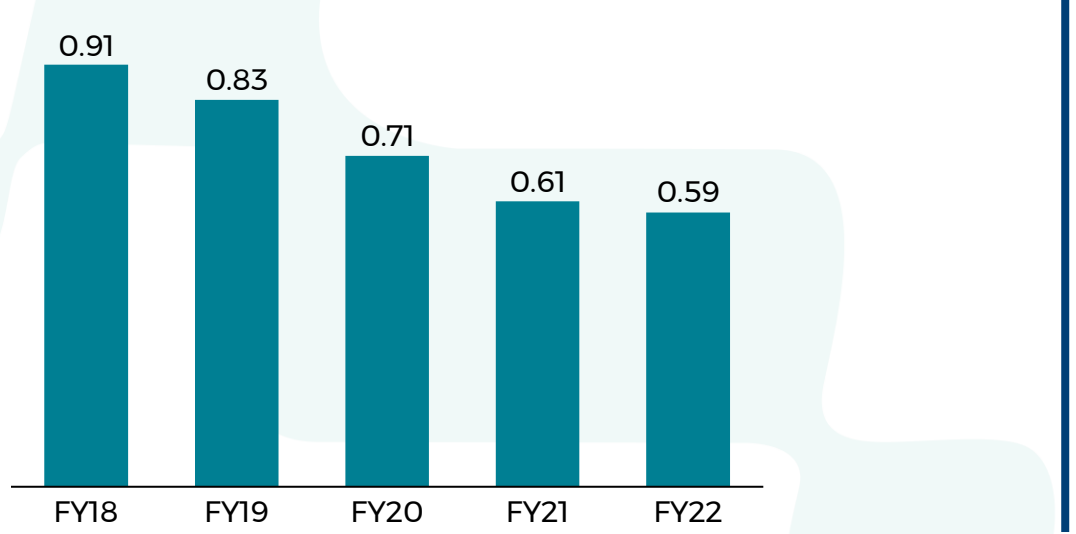
ROE



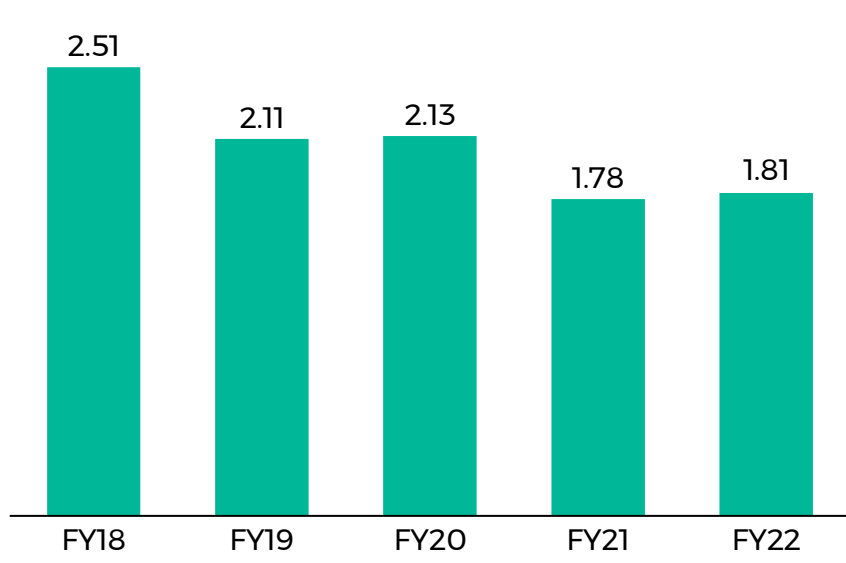
ROCE



Net Debt / Equity

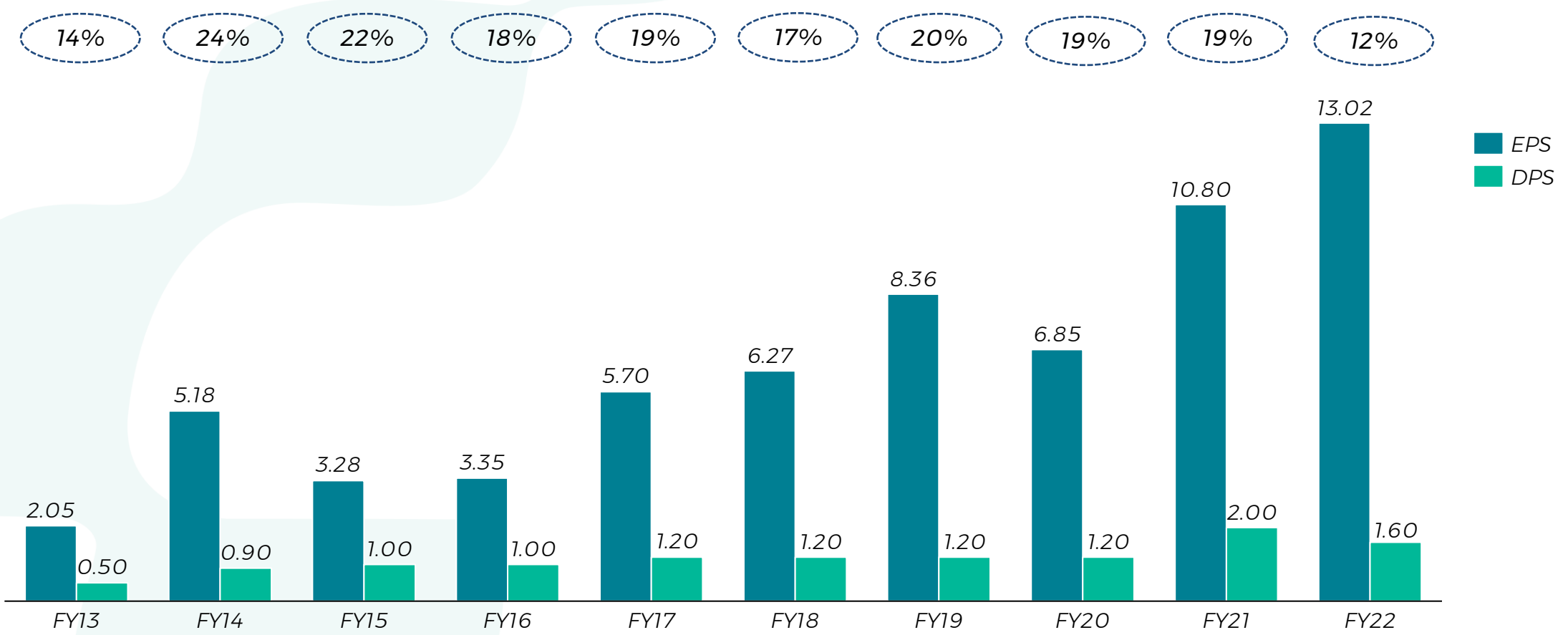


Net Debt / EBITDA



Annual Dividend Payout

Dividend Payout including DDT



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



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