



Results Presentation - Q4 FY23

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Jai Hiremath

"For the financial year '23, we achieved revenue of Rs 2,023 Crores, which is a growth of 4% as compared to last financial year. FY23 has been a challenging year where we witnessed significant headwinds in both our businesses. Despite the challenges we have recorded a sequential quarter-on-quarter growth in profitability.

Our Board of Directors has recommended a final dividend of Rs 0.6 per share (30% of FV). Along with an interim dividend of Rs. 0.6 per share (30% of FV) declared in February 2023, the total dividend for FY23 stands at Rs 1.2 per share (60% of FV).

We are pleased to report that during Q4FY23, despite limited top-line growth, we were able to sequentially expand operating margins with efforts put forth by our team to reduce costs and strengthen operational effectiveness.

The Crop Protection business revenue stood at Rs 236 Crores in Q4 FY23 with YoY growth of 22%. We have seen softening of key RM prices and prices are stabilizing. Our multipurpose plant at Panoli is reaching completion and commissioning is underway. The crop protection industry is currently witnessing an inventory correction across the supply chain. We expect the situation to normalize from second half of this year.

For Q4FY23, our pharmaceutical business reported revenues of Rs. 309 Crores. The pharmaceutical industry is facing fierce competition, but price erosion is currently occurring at a slower pace than in the year 2022 suggesting that the worst of the erosion is behind us supported by improved raw material and logistics cost. On the CDMO side, there is a lot of inventory and destocking is taking place. We expect the situation to normalize by the end of Q2. We have a strong future pipeline in our CDMO business and are actively pursuing new opportunities. We have increased our footprint in emerging markets and added several new customers.

I am pleased to inform you our API facility in Panoli, Gujarat, was audited by the US FDA from 8-12 May 2023, and the audit was concluded with 'Zero' 483 observations which highlights our high standards of regulatory compliance.

Our new multipurpose facility for animal health is on track and should be operational during H1 FY24. Development of new products as a part of a long-term contract with an innovator animal health company is going as per our plan.

One of the key factors that sets us apart is our commitment to sustainability, which is the core of our ESG Strategy. We understand the growing global concern for the environment, and we are working to make a positive impact through our operations. Our investments in technology, waste reduction initiatives, and sustainable manufacturing processes will help position us as a preferred partner for our global customers.

Project Pinnacle initiatives have already begun to yield positive results and will help us emerge stronger, and more sustainable.

We foresee a slowdown in the coming couple of quarters due to the global economic downturn and increasing pricing pressure. However, we are focusing on operational excellence and capital efficiency to reduce costs and improve our margins to remain competitive in this challenging global environment. We are well positioned for sustainable growth in the medium to long term, driven by our focus on innovation, commitment to sustainability, global presence, and a strong financial foundation."



Quarterly Financials Highlights

Robust performance in both Pharmaceutical and Crop Protection businesses, with recovery in EBITDA margins



Revenue – Q4 FY23
Rs. 545 Crore



YoY
+9%



QoQ
+1%



EBITDA – Q4 FY23
Rs. 90 Crore



YoY
+48%



QoQ
+21%



EBITDA Margin – Q4 FY23
16.5%



YoY
+437 bps



QoQ
+271 bps



PAT – Q4 FY23
Rs. 36 Crore



YoY
+74%



QoQ
+37%



EPS – Q4 FY23
Rs. 2.92



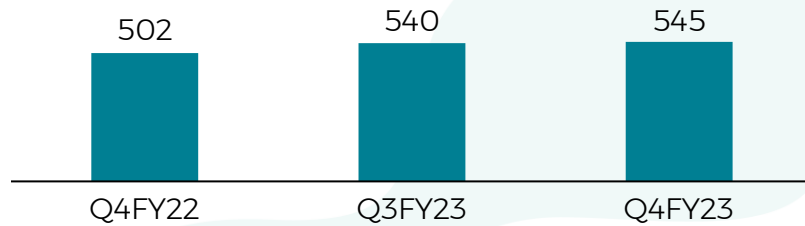
YoY
+74%



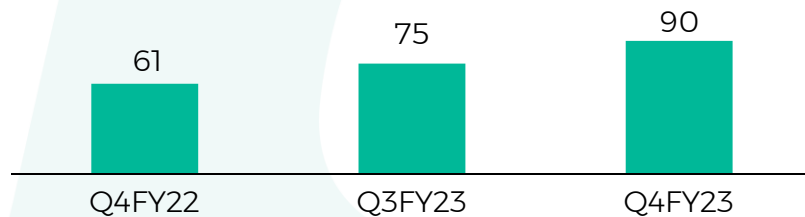
QoQ
+37%

Quarterly Performance Highlights

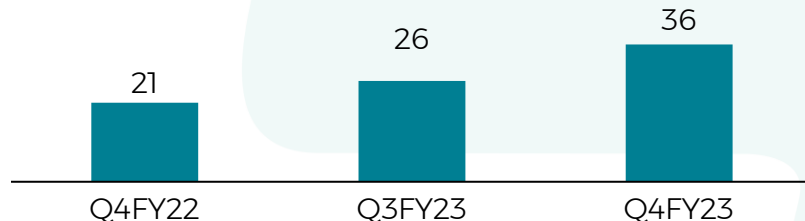
Revenue



EBITDA



PAT

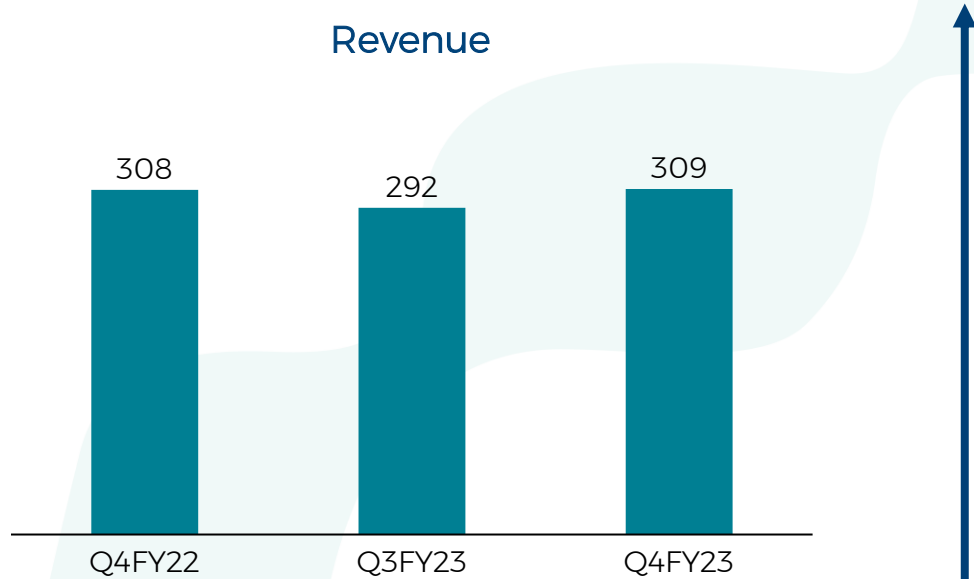


Rs. Crore

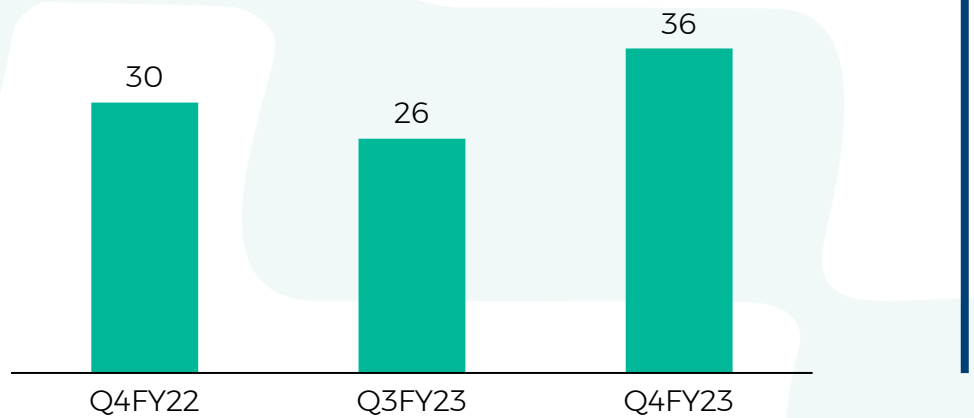
Performance Highlights

- Revenue recorded an increase of 9% YoY and stood at Rs 545 Crore
 - Change in product mix
 - Increased demand of select products
- EBITDA stood at Rs 90 Crore, 48% increase on YoY basis
 - Sequential QoQ recovery in margins on back of softening of raw material prices and several operational improvement initiatives
 - Enhanced efficiencies on account of ongoing business excellence programs across value chain
- PAT was Rs. 36 Crore, 74% increase on YoY basis
 - Improved business profitability driven by better product mix
- Hikal's long term credit rating is maintained at A+ by ICRA
- Hikal's Panoli site undergone US FDA audit which was concluded with 'Zero' 483 observations

Revenue



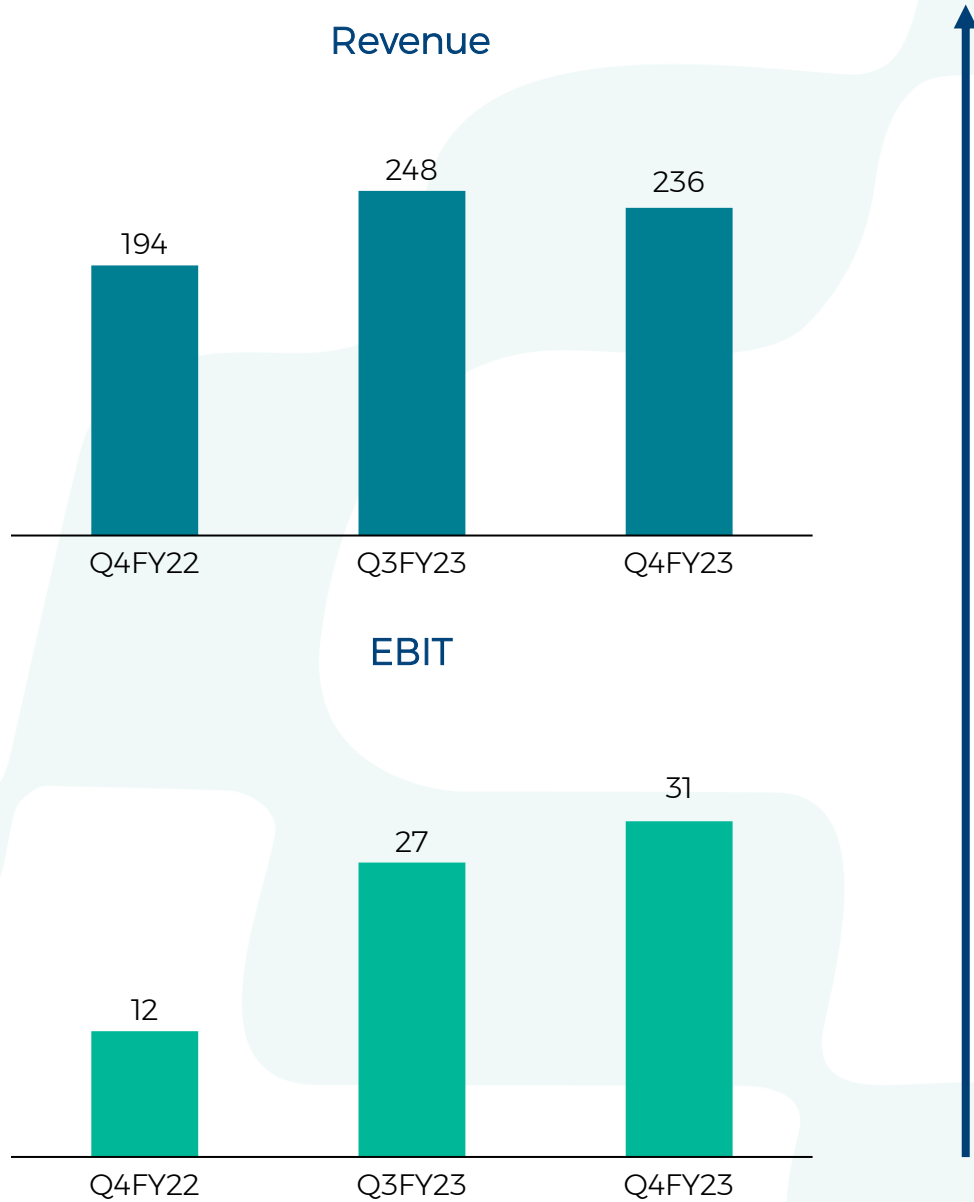
EBIT



Rs. Crore

Pharmaceuticals - Performance Highlights

- Revenue stood flat at Rs 309 Crore vs same period last year
 - Sequentially improved QoQ sales
- EBIT stood at Rs 36 Crore, 21% increase on YoY basis
 - Softening of key RM prices
 - Improvement in margins on account of business excellence initiatives
- New multipurpose plant for Animal Health is on track at Panoli, Gujarat and is expected to be completed in H1-FY24
- Cost improvement initiatives gaining momentum
- Strengthening deeper sales network in Latin America and Middle east market for the API Generics business segment
- Enhanced traction from existing as well as new customers in CDMO business



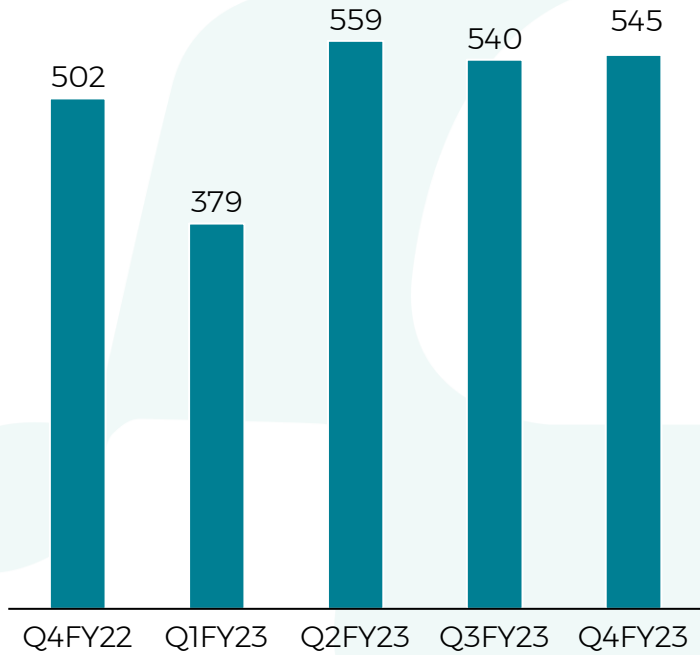
Crop Protection - Performance Highlights

- Revenue stood at Rs 236 Crore, 22% growth on YoY basis
 - Improved product mix
 - Positive price movement of select products
- EBIT stood at Rs 31 Crore, 167% growth on YoY basis
 - Softening of input raw material prices
 - Enhanced operational leverage
 - Successful deployment of business excellence projects
- New multipurpose facility at Panoli, Gujarat is reaching completion; currently stabilizing and commissioning activity is going as per plan
- New opportunities are under advance stage of discussion with various global innovators

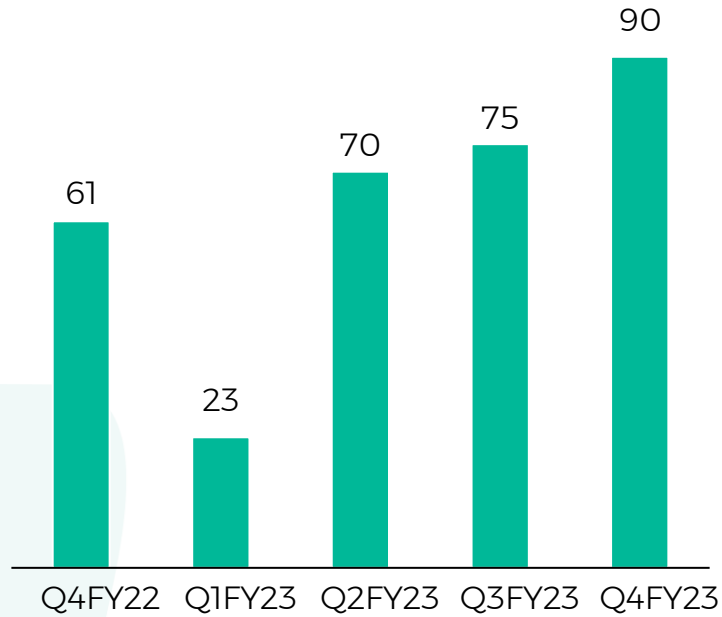
Quarterly Financial Highlights



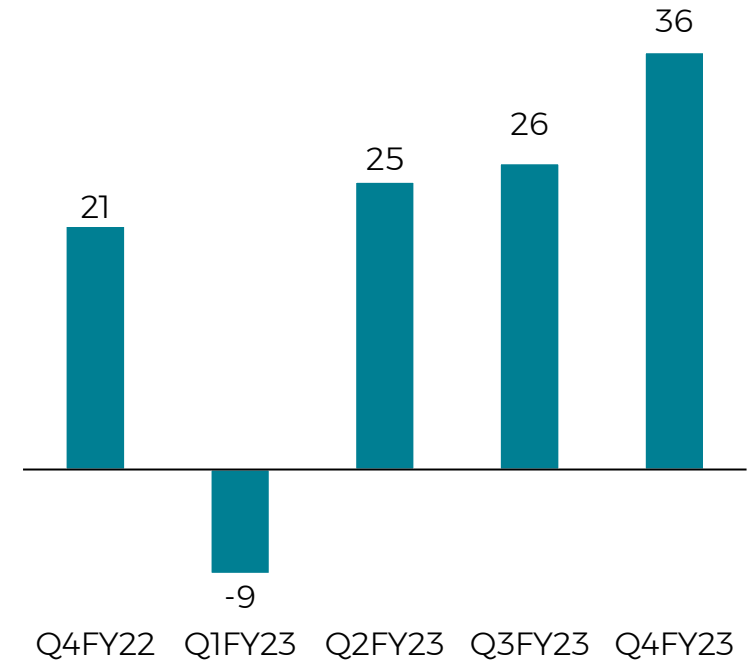
Consolidated Revenue



Consolidated EBITDA

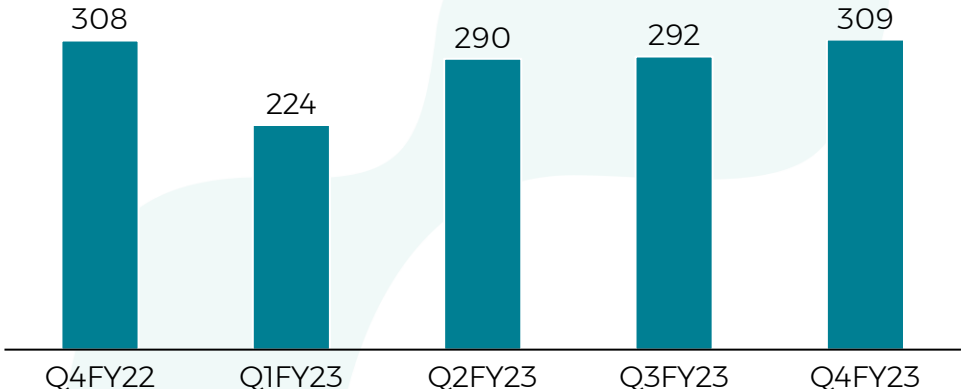


Consolidated PAT

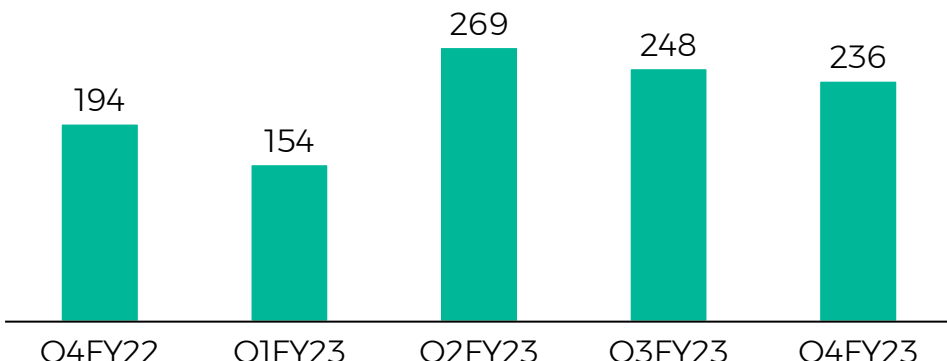


Quarterly Segmental Highlights

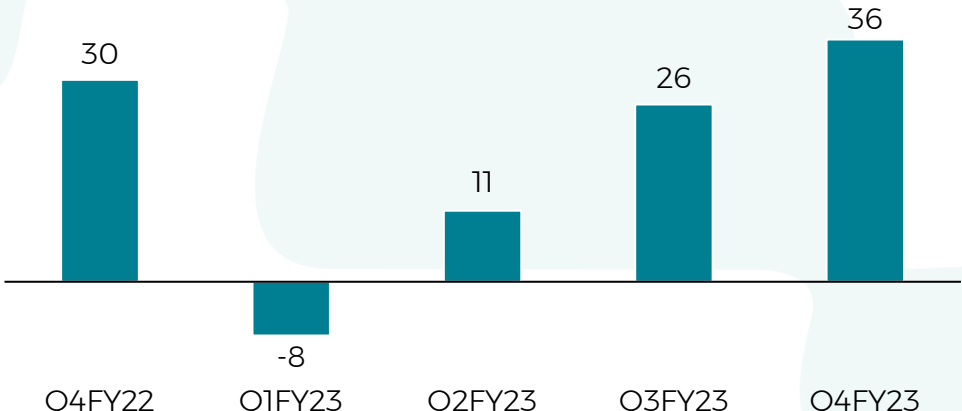
Pharmaceuticals Revenue



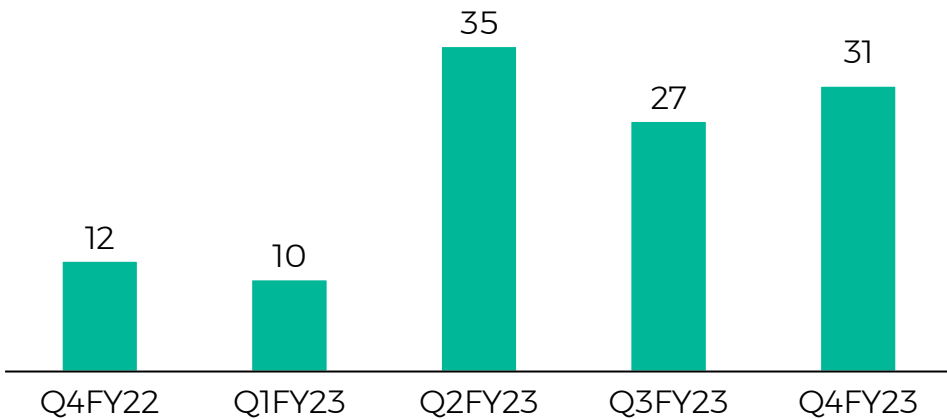
Crop Protection Revenue



Pharmaceuticals EBIT



Crop Protection EBIT



Rs. Crore

Consolidated Profit & Loss - Q4

Particulars (Rs. in Cr)	Q4 FY23	Q4 FY22	Y-o-Y	Q3 FY23	Q-o-Q
Net Sales	545	502	9%	540	1%
Expenditure	355	441		465	
EBITDA	90	61	48%	75	21%
Margin	16.5%	12.2%		13.8%	
Other Income	0	0		2	
Depreciation	27	24		28	
Finance Costs	13	8		13	
PBT	49	29	68%	36	36%
Tax	13	8		10	
Net Profit	36	21	74%	26	37%
Margin	6.6%	4.1%		4.9%	



Annual Financials Highlights

Financial Highlights - Annual



Revenue – FY23
Rs. 2,023 Crore

↑ YoY
+4%



EBITDA – FY23
Rs. 257 Crore

↓ YoY
-25%



EBITDA Margin – FY23
12.7%

↓ YoY
-482 bps



PAT – FY23
Rs. 78 Crore

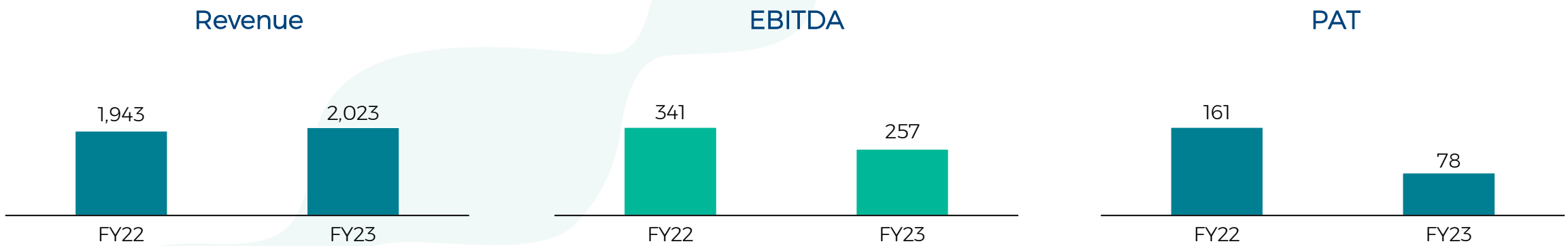
↓ YoY
-51%



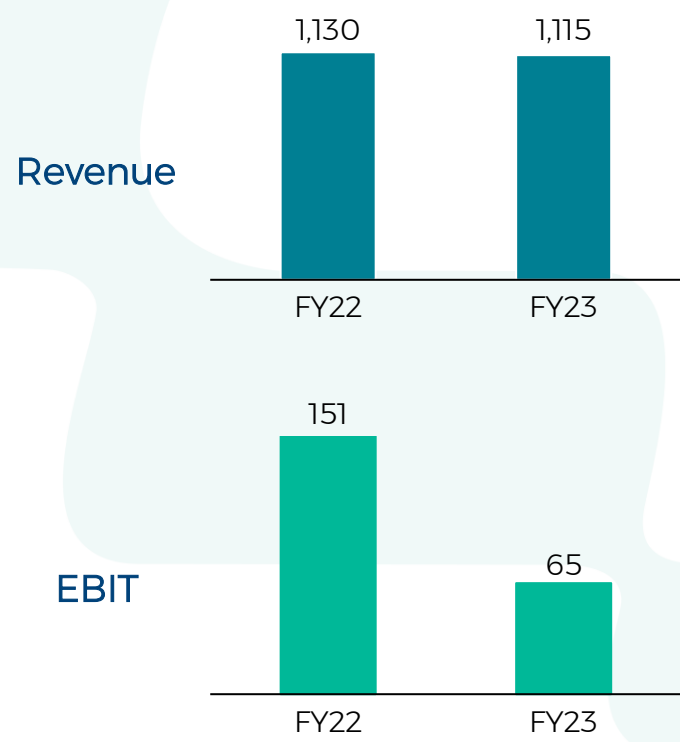
EPS – FY23
Rs 6.36

↓ YoY
-51%

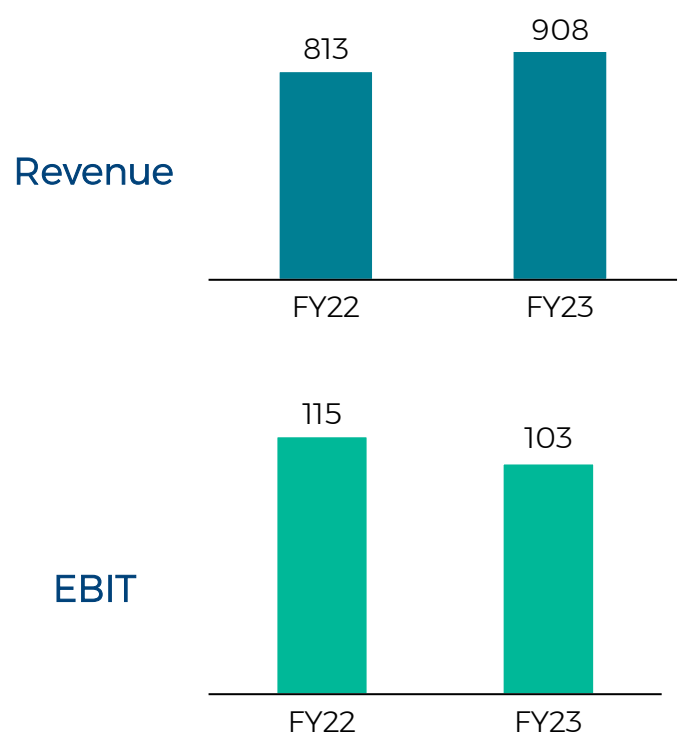
Annual Performance Highlights



Pharmaceuticals Division



Crop Protection Division



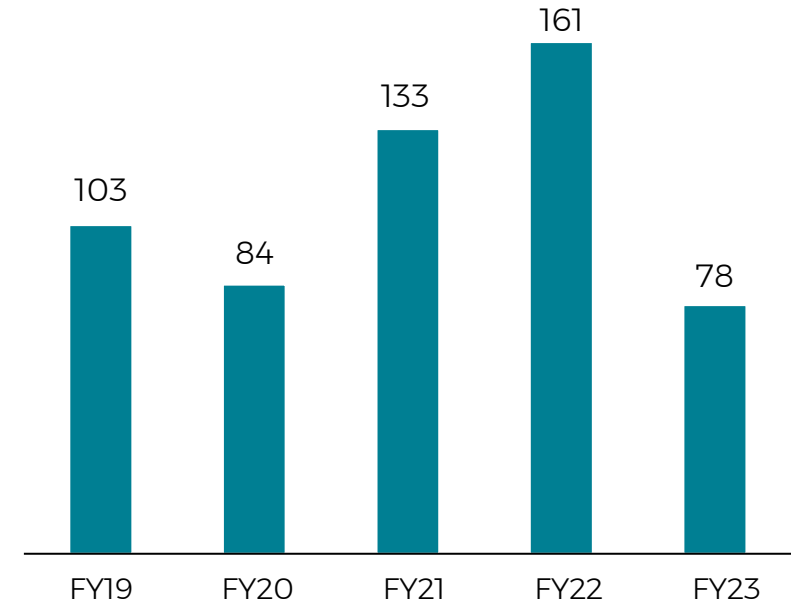
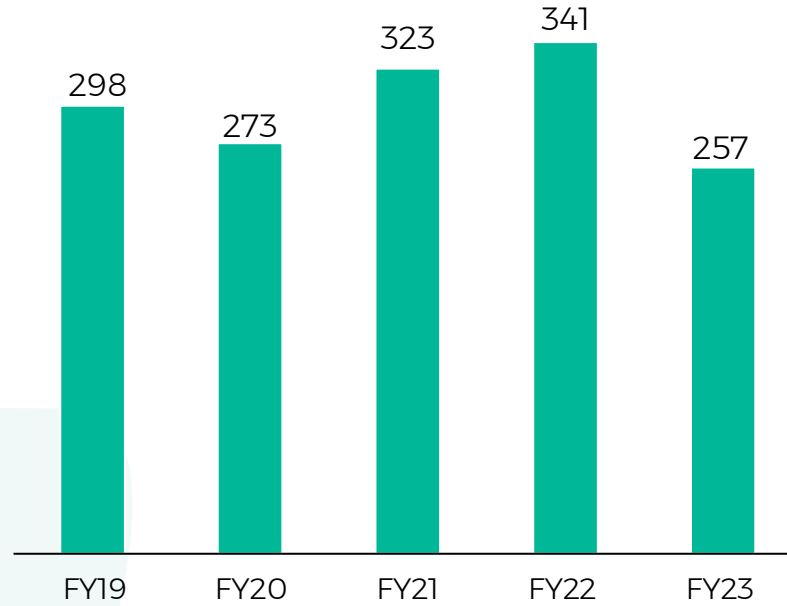
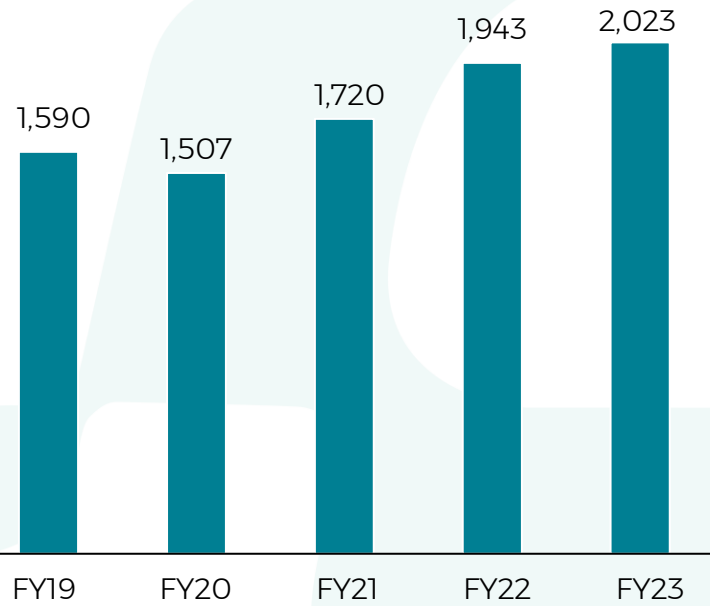
Yearly Financial Highlights



Consolidated Revenue

Consolidated EBITDA

Consolidated PAT



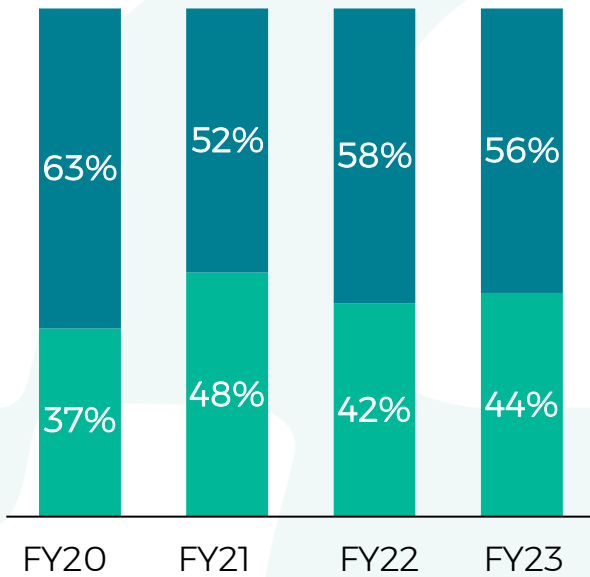
Rs. Crore

Sales Break-Up

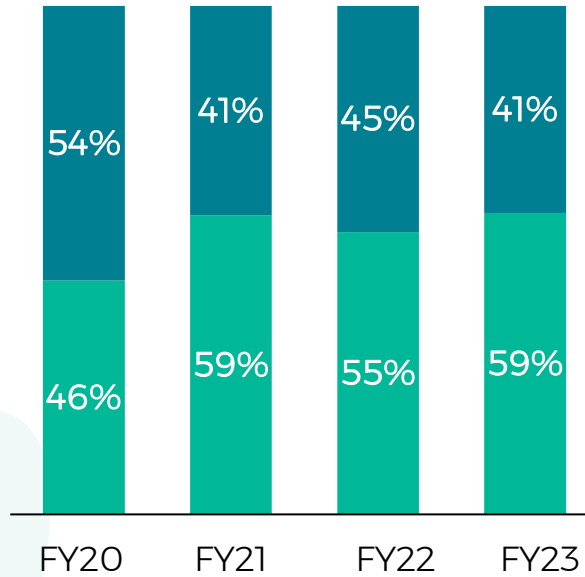


- CDMO
- Own products

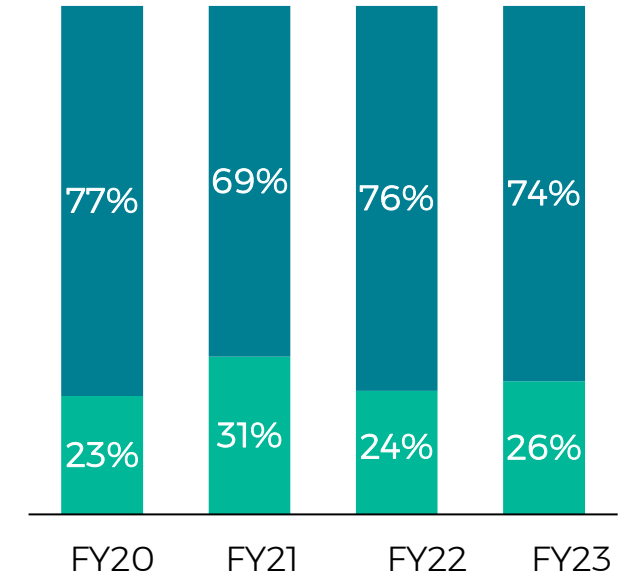
Company Revenue Break-Up



Pharmaceuticals Revenue Break-Up

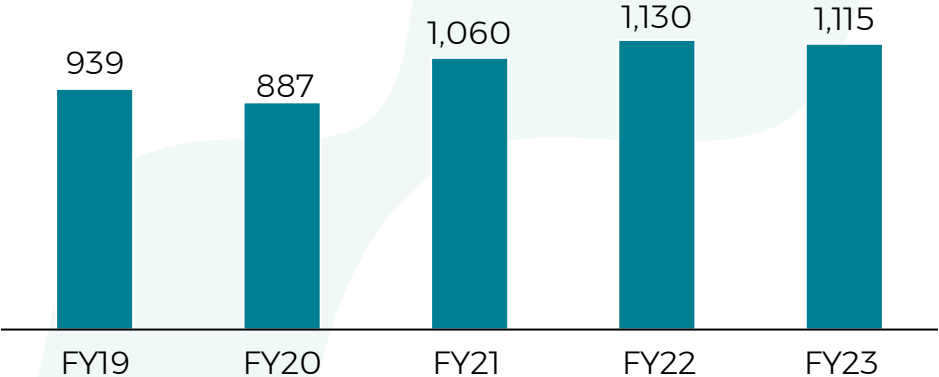


Crop Protection Revenue Break-Up

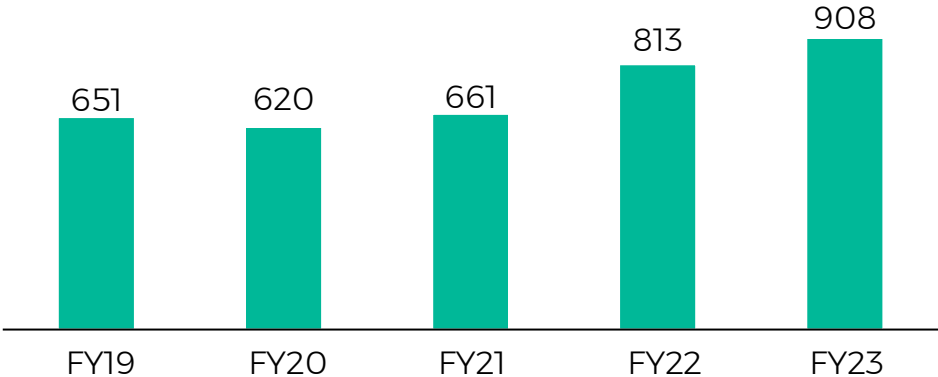


Yearly Segmental Highlights

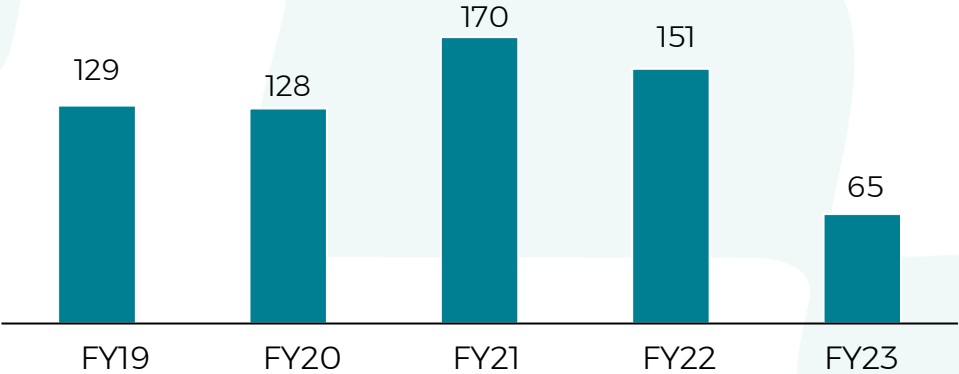
Pharmaceuticals Revenue



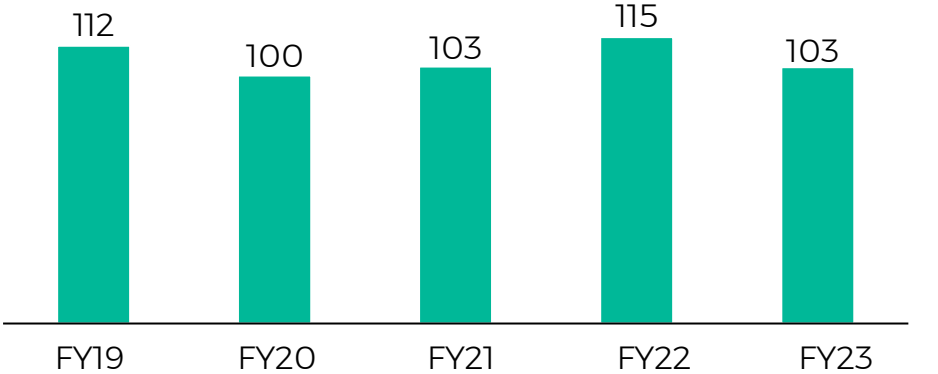
Crop Protection Revenue



Pharmaceuticals EBIT



Crop Protection EBIT



Consolidated Profit & Loss - Full Year

<i>Particulars (Rs. Crore)</i>	<i>FY23</i>	<i>FY22</i>	<i>Y-o-Y</i>
Net Sales	2,023	1,943	4%
Expenditure	1,766	1,602	
EBITDA	257	341	-25%
Margin	12.7%	17.5%	
Other Income	5	5	
Depreciation	109	96	
Finance Costs	48	31	
Exceptional Item	-	-	
PBT	105	219	-52%
Tax	27	58	
Net Profit	78	161	-51%
Margin	3.9%	8.3%	

Consolidated Balance Sheet

Assets (Rs. Crore)	Mar-23	Mar-22	Equities & Liabilities (Rs. Crore)	Mar-23	Mar-22
Total Non Current Assets	1,446	1,249	Shareholders Fund	1,134	1,068
Property, Plant and Equipment	885	815	Share Capital	25	25
Capital work in Progress	402	285	Other Equity	1,109	1,043
Right to Use Assets	63	64	Total Non Current Liabilities	591	376
Other Intangible Assets	-	1	Financial Liabilities		
Intangible Assets Under Development	10	10	Borrowings	490	287
Financial Assets			Lease Liability	-	-
Investments	5	1	Provisions	24	24
Loans	-	-	Deferred Tax Liabilities (net)	33	36
Other	19	15	Other non current liabilities	44	29
Income Tax Assets (Net)	2	2	Total Current Liabilities	661	769
Other Non Current Assets	60	57	Financial Liabilities		
Total Current Assets	940	964	Borrowings	258	388
Inventories	317	329	Lease Liability	-	-
Financial Assets			Trade Payables	313	249
Current Investment	-	10	Other Financial Liabilities	49	68
Trade Receivables	442	438	Other Current Liabilities	24	48
Cash & Cash Equivalents	27	11	Provisions	3	3
Bank Balances	33	38	Current Tax Liabilities (Net)	14	12
Loans	-	-	TOTAL EQUITY & LIABILITIES	2,386	2,213
Other	17	17			
Other Current Assets	104	120			
TOTAL ASSETS	2,386	2,213			

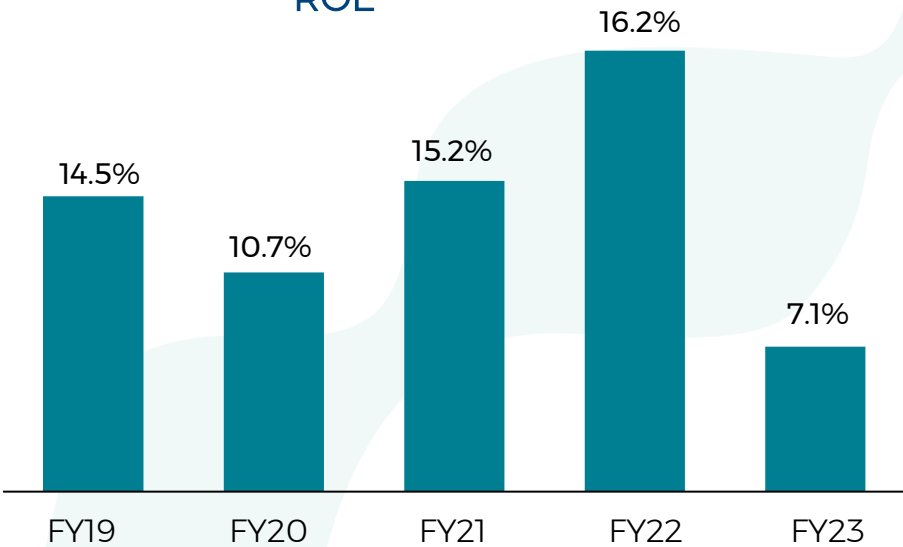
Consolidated Cash Flow Statement



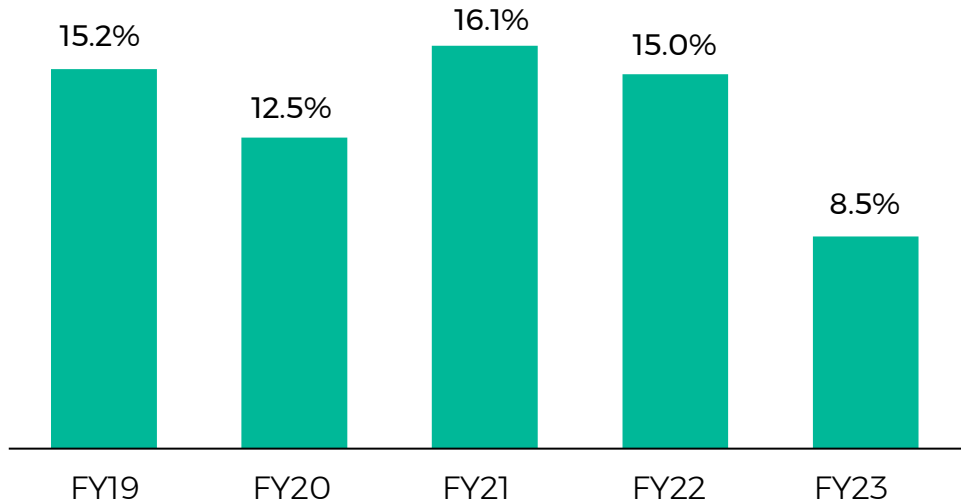
Particulars (Rs. Crore)	Full Year ended 31-Mar-23	Full Year ended 31-Mar-22
Profit before tax	105	219
<i>Adjustments</i>	163	126
Operating Profit Before Working Capital Changes	268	345
<i>Change in operating assets and liabilities</i>	76	19
Cash generated from operations	344	364
<i>Income taxes paid</i>	29	70
Net cash inflow from operating activities (A)	315	294
Net cash inflow/(outflow) from investing activities (B)	(292)	(284)
Net cash outflow from financing activities (C)	(8)	(6)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	15	3
Cash and cash equivalents at the beginning of the year	11	8
Cash and cash equivalents at the end of the year	26	11

Ratio Analysis

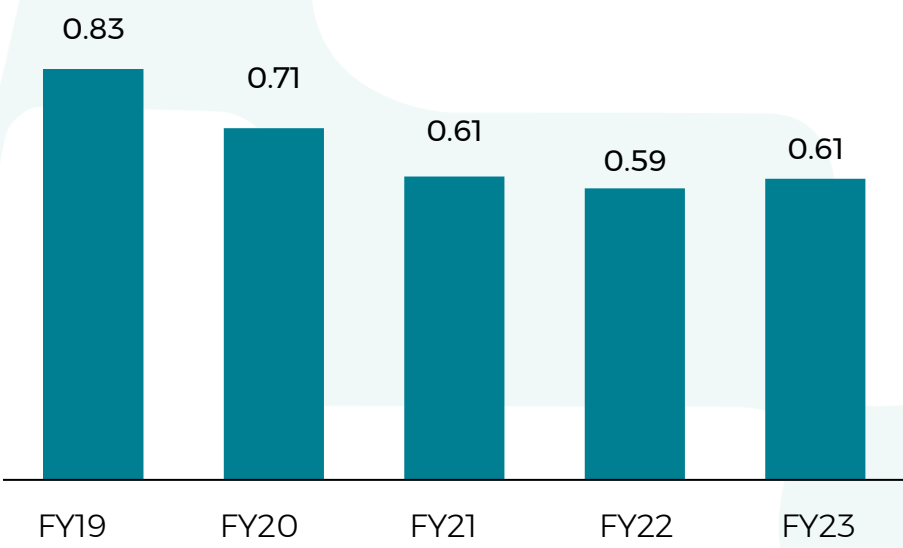
ROE



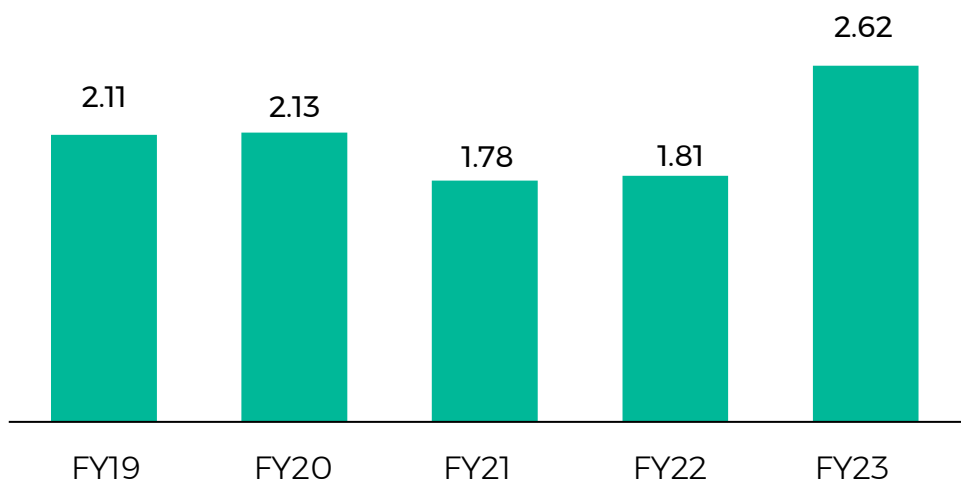
ROCE



Net Debt / Equity



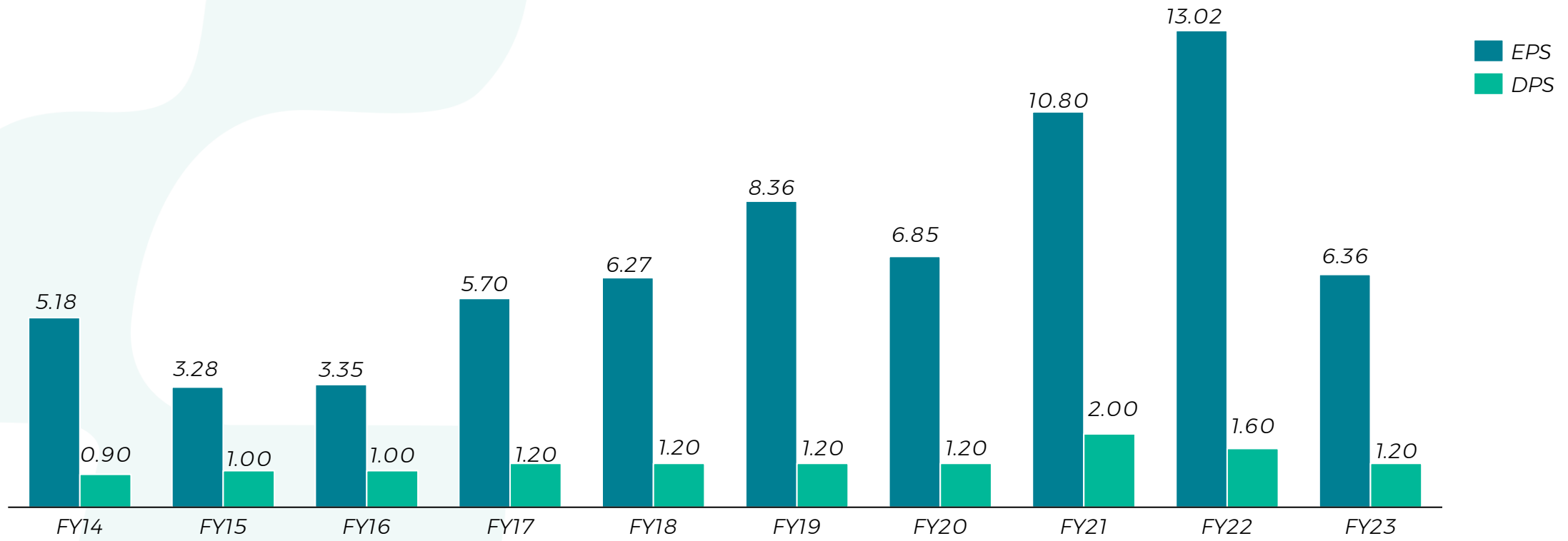
Net Debt / EBITDA



Annual Dividend Payout

Dividend Payout including DDT

24% 22% 18% 19% 17% 20% 19% 19% 12% 19%



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



Company :

Hikal Limited

CIN: L24200MH1988PTC048028

Mr. Kuldeep Jain

kuldeep_jain@hikal.com

www.hikal.com

SGA Strategic Growth Advisors

Investor Relations Advisors :

Strategic Growth Advisors Pvt. Ltd.

CIN: U74140MH2010PTC204285

Mr. Jigar Kavaiya / Ms. Ami Parekh

+91-9920602034 / +91-8082466052

jigar.kavaiya@sgapl.net / ami.parekh@sgapl.net

www.sgapl.net

HIKAL
