



Results Presentation - Q2 FY24

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Jai Hiremath

"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."



Quarterly Financials Highlights

Sequential Recovery in Q2 - Expect to see continuous improvement in revenues and margins



Revenue - Q2 FY24
Rs. 435 Crore



YoY
-22%



QoQ
12%



EBITDA - Q2 FY24
Rs. 57 Crore



YoY
-18%



QoQ
14%



EBITDA Margin - Q2 FY24
13.2%



YoY
73 bps



QoQ
27 bps



PAT - Q2 FY24
Rs. 13 Crore



YoY
-50%



QoQ
82%



EPS - Q2 FY24
Rs 1.02



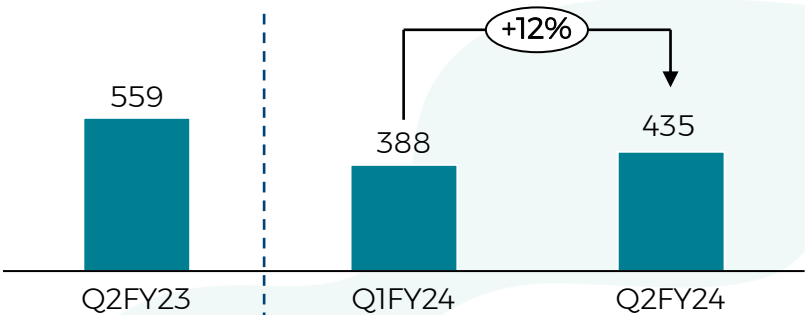
YoY
-50%



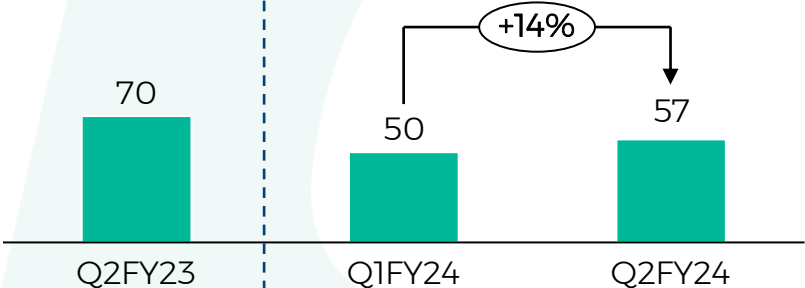
QoQ
82%

Quarterly Performance Highlights

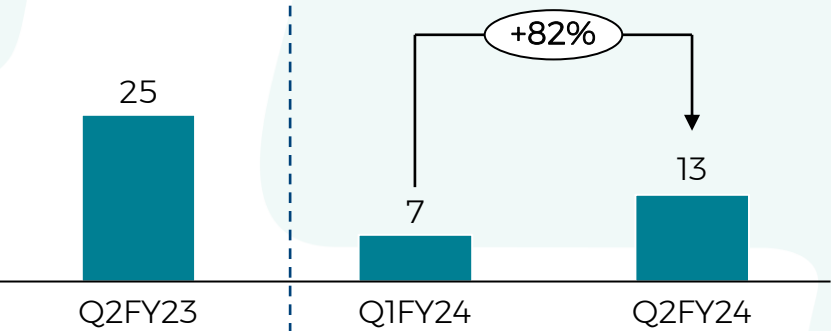
Revenue



EBITDA



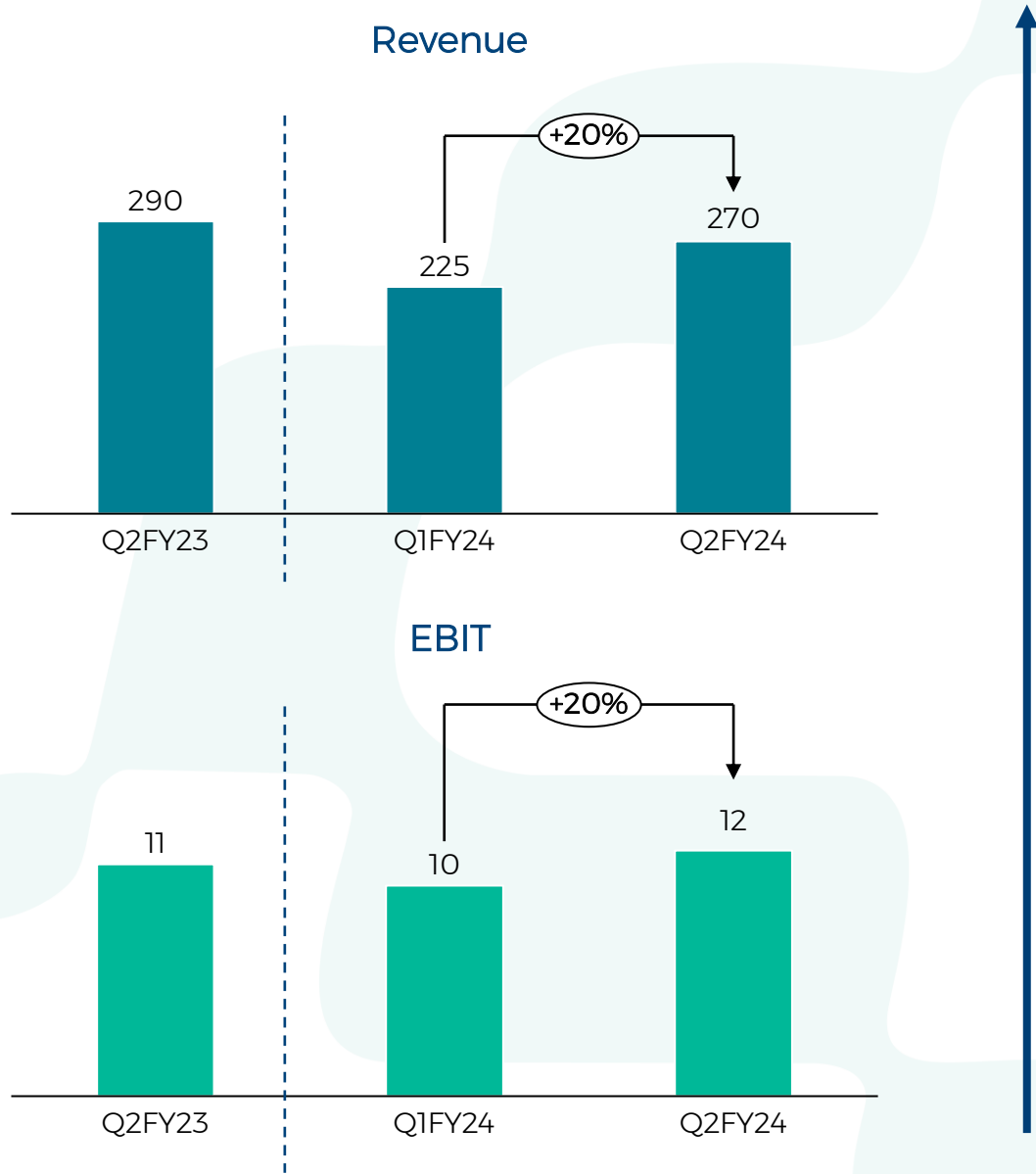
PAT



Rs. Crore

Performance Highlights

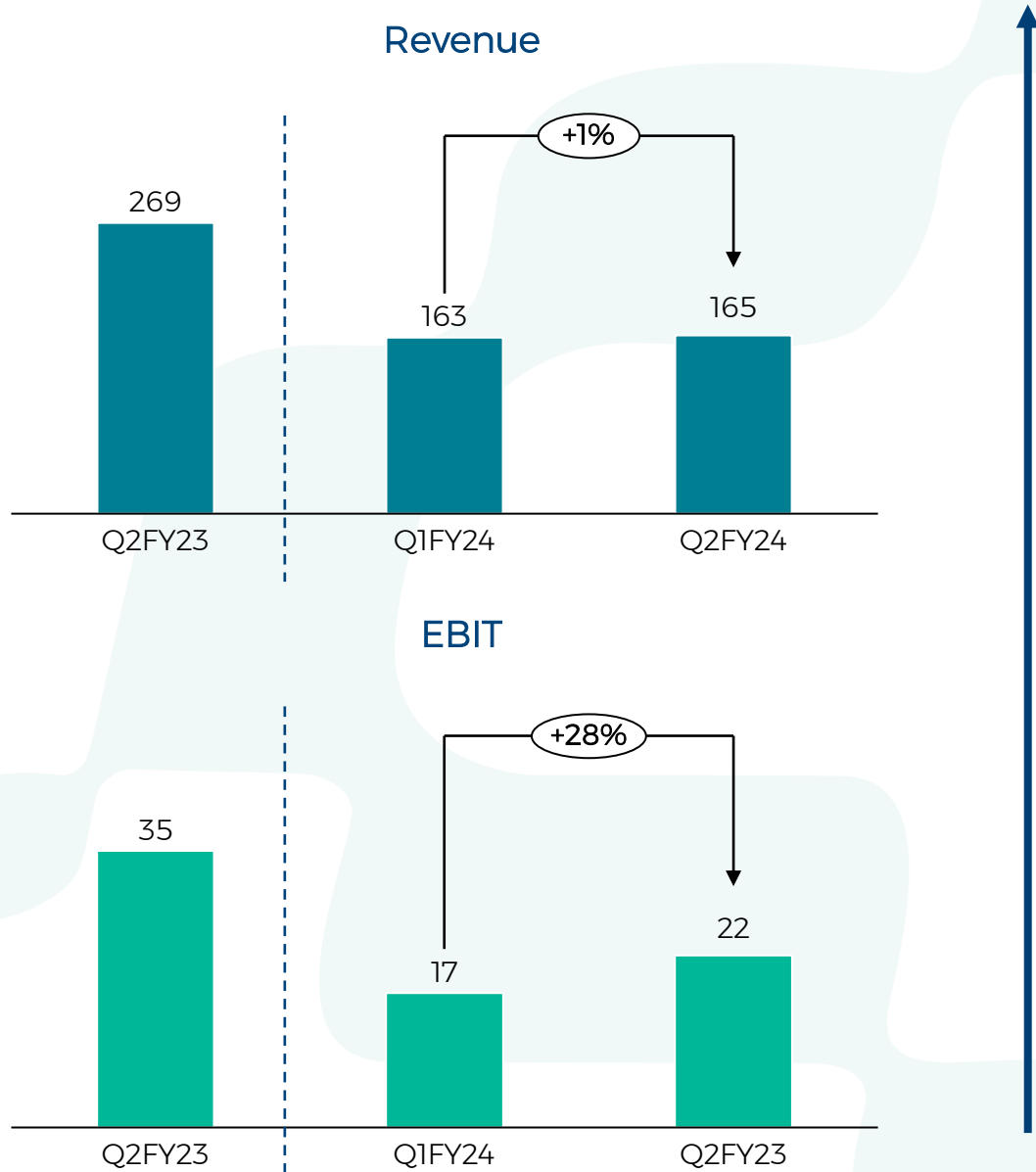
- Revenue recorded at Rs 435 Crore, 12% growth QoQ basis
 - Change in product mix
 - Positive traction in Pharmaceutical API segment
- EBITDA stood at Rs 57 Crore, 14% increase on QoQ basis
 - On account of cost improvement initiatives and softening of certain raw material prices
- PAT was Rs. 13 Crore
 - Lower operating leverage
 - Marginal increase in finance costs in view of interest rate hikes
- Hikal’s long term credit rating is maintained at A+ by ICRA
- Sequential growth in revenue and margins is expected in the upcoming quarters



Pharmaceuticals - Performance Highlights

- Revenue stood at Rs 270 Crore, 20% QoQ growth
 - Positive traction in Pharmaceutical API segment
- EBIT stood at Rs 12 Crore
 - Softening of certain raw material prices
 - Reduced operating leverage
 - Successful deployment of business excellence projects
- New multipurpose plant for Animal Health is completed at Panoli, Gujarat and commissioning is underway
- 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
- We have a strong pipeline of opportunities under discussion with various global innovators

Quarterly Performance Highlights - Crop Protection



Crop Protection - Performance Highlights

- Revenue stood at Rs 165 Crore
 - Disruptive channel inventory correction in Agrochemicals space which has deferred demand for key products
 - Demand from customers is expected to recover towards end of Q3 FY24
- EBIT stood at Rs 22 Crore
 - Softening of certain raw material prices
 - Successful deployment of business excellence projects
- New multipurpose facility at Panoli, Gujarat is under commissioning and stabilization activity is ongoing
- We are under advanced stage of discussion with various global innovators and have strong product pipeline

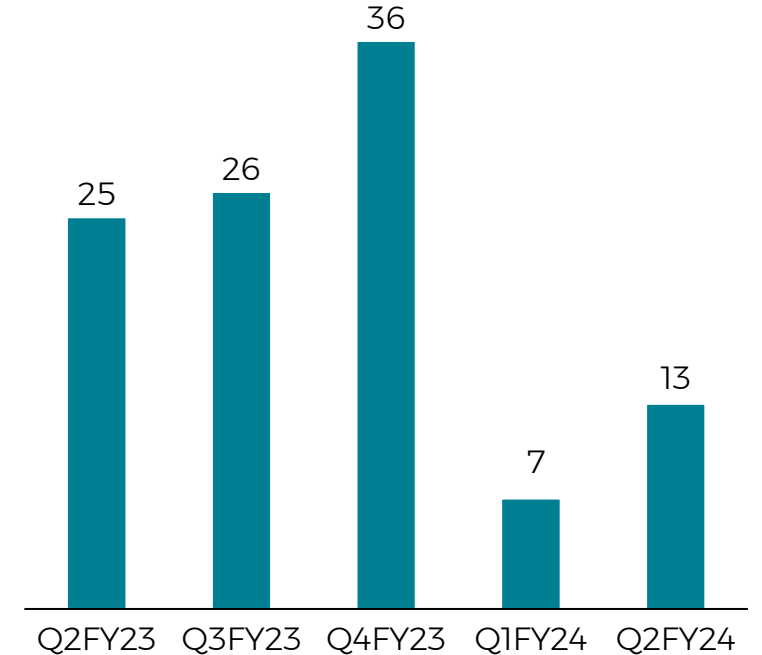
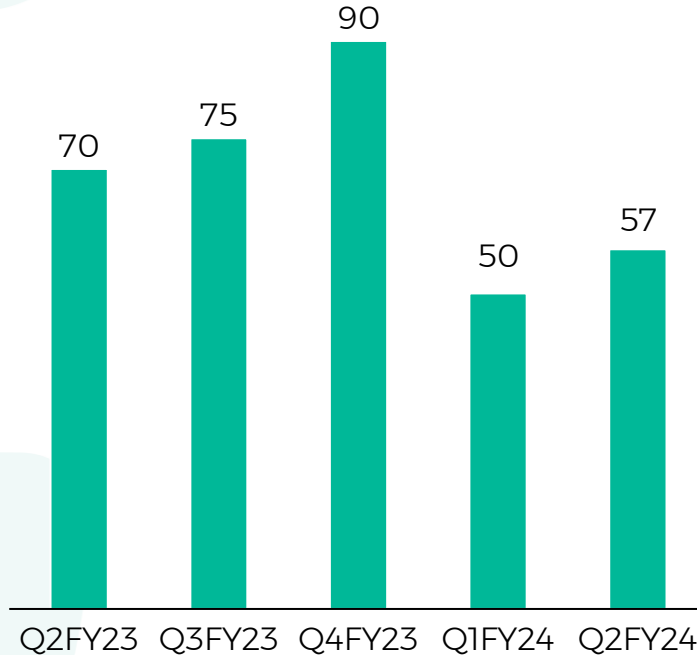
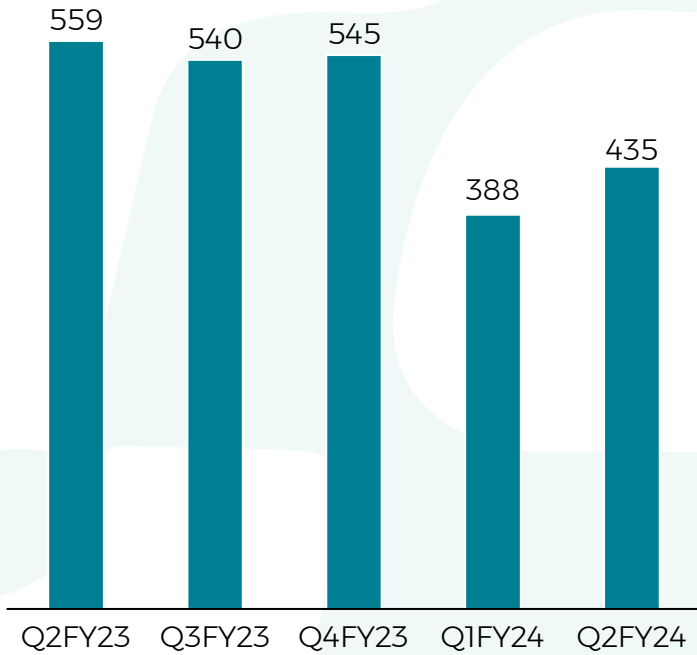
Quarterly Financial Highlights



Consolidated Revenue

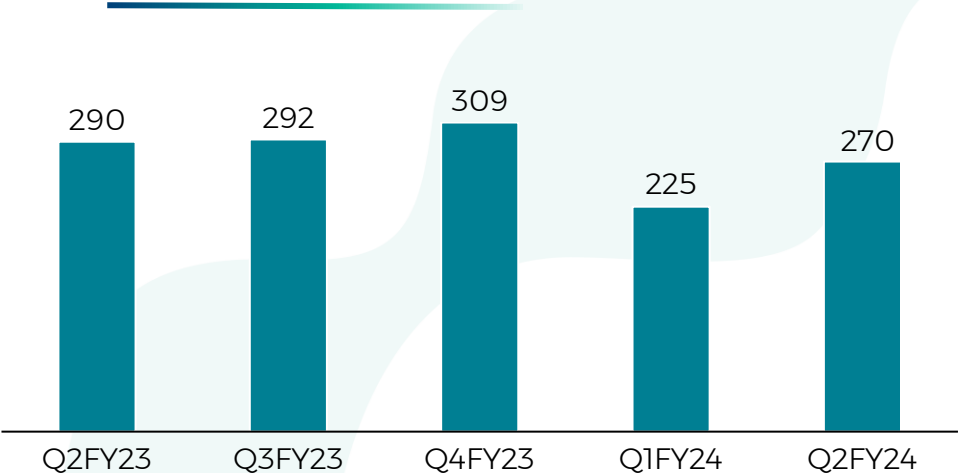
Consolidated EBITDA

Consolidated PAT

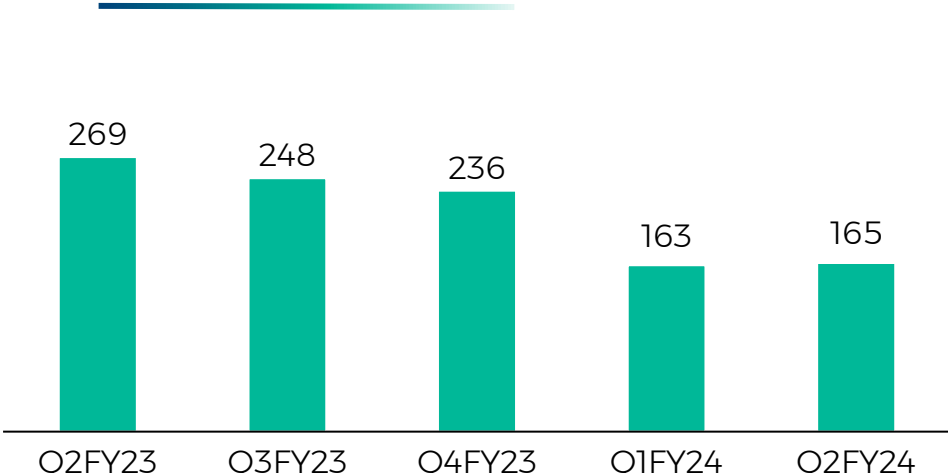


Quarterly Segmental Highlights

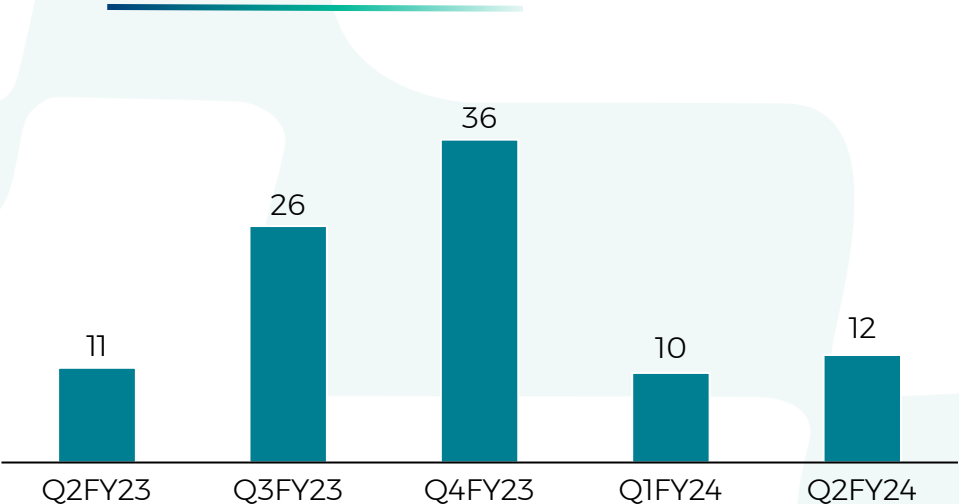
Pharmaceuticals Revenue



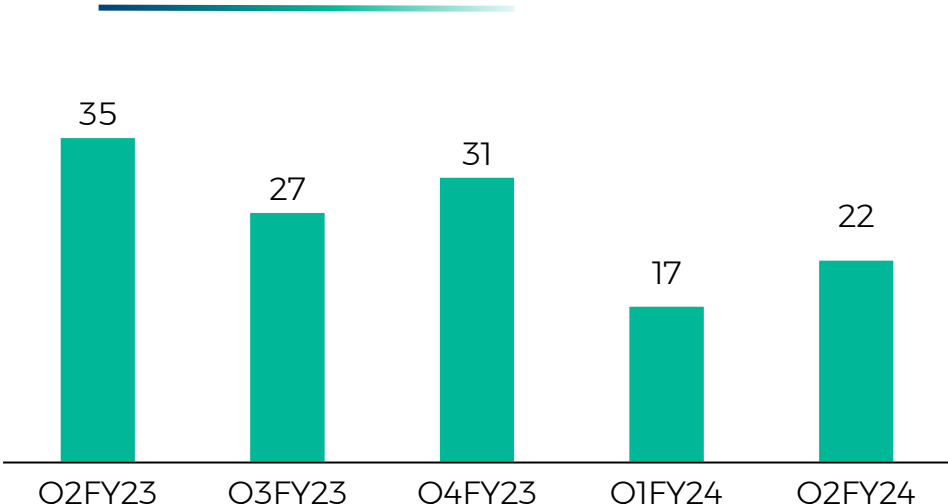
Crop Protection Revenue



Pharmaceuticals EBIT



Crop Protection EBIT



Consolidated Profit & Loss - Q2 FY24

Particulars (Rs. Crore)	Q2 FY24	Q1 FY24	Q-o-Q	Q2 FY23	Y-o-Y
Net Sales	435	388	12%	559	-22%
Expenditure	375	338		489	
EBITDA	57	50	14%	70	-18%
Margin	13.2%	12.9%		12.5%	
Other Income	1	1		1	
Depreciation	29	28		27	
Finance Costs	13	14		11	
PBT	17	10	74%	33	-49%
Tax	4	3		8	
Net Profit	13	7	82%	25	-50%



Half-Yearly Financials Highlights

Financial Highlights - Half-Yearly



Revenue - H1 FY24
Rs. 823 Crore



YoY
-12%



EBITDA - H1 FY24
Rs. 108 Crore



YoY
17%



EBITDA Margin - H1 FY24
13.1%



YoY
323 bps



PAT - H1 FY24
Rs. 19 Crore



YoY
22%



EPS - H1 FY24
Rs 1.57



YoY
22%

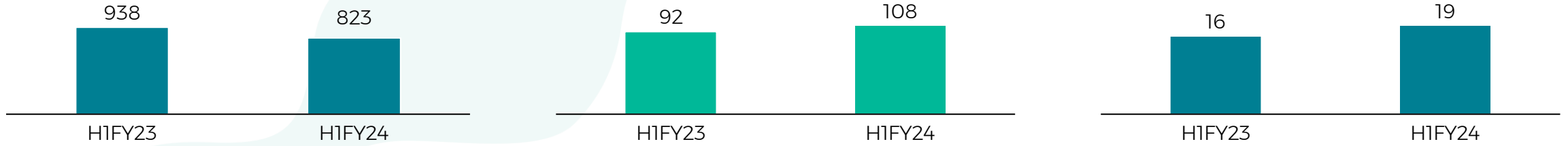
Half-Yearly Performance Highlights



Revenue

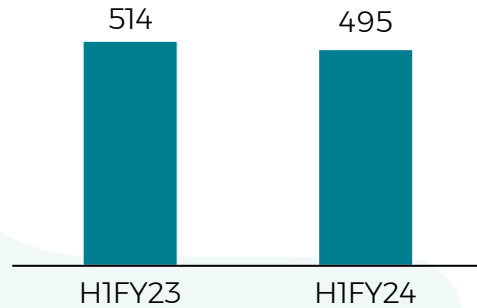
EBITDA

PAT

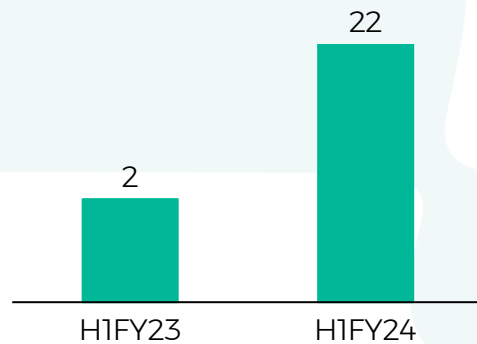


Pharmaceuticals Division

Revenue

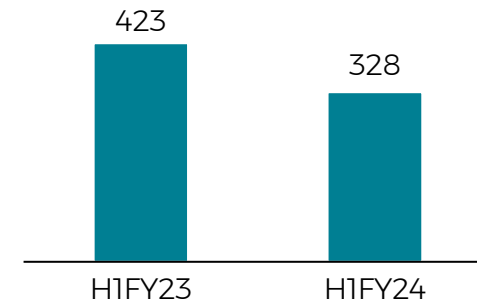


EBIT

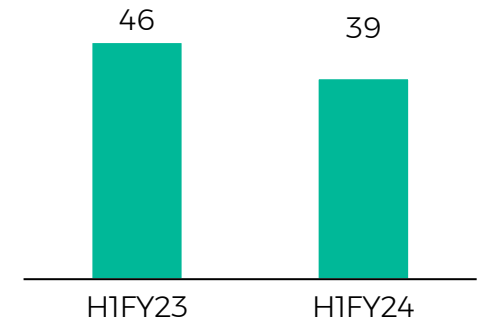


Crop Protection Division

Revenue



EBIT

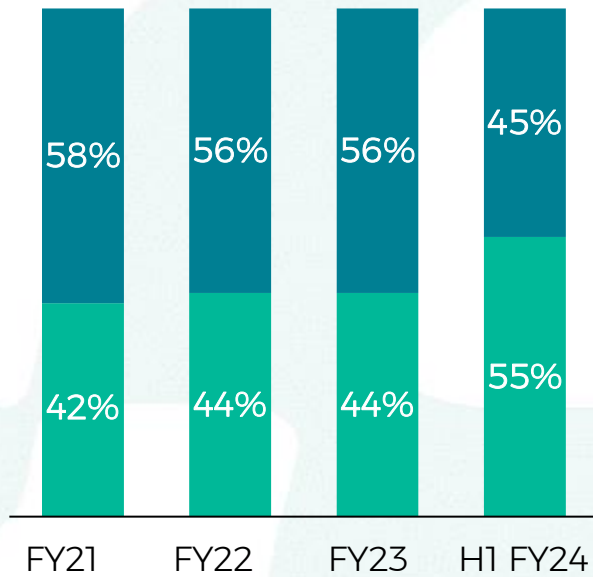


Sales Break-Up

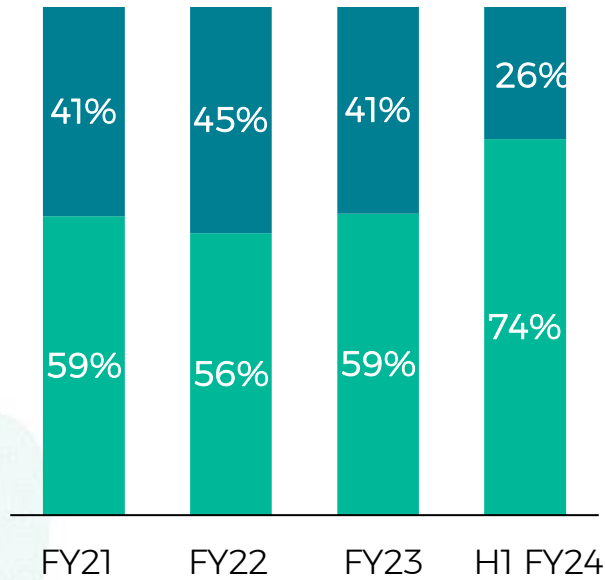


- CDMO
- Own products

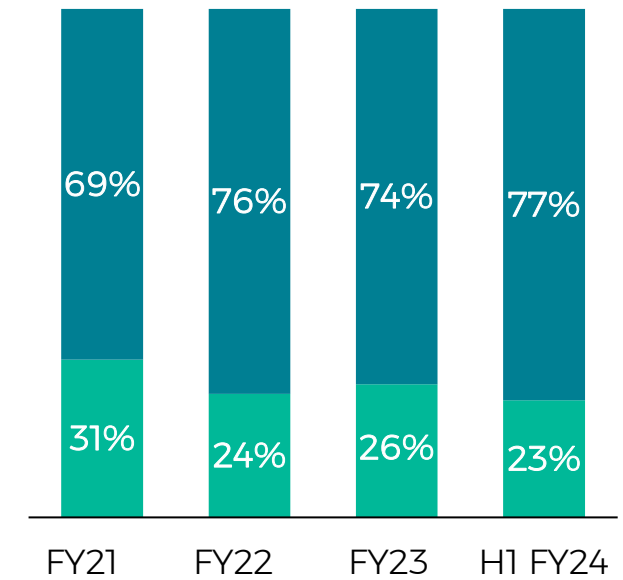
Company Revenue Break-Up



Pharmaceuticals Revenue Break-Up



Crop Protection Revenue Break-Up



Consolidated Profit & Loss - H1 FY24

Particulars (Rs. Crore)	H1 FY24	H1 FY23	Y-o-Y
Net Sales	823	938	-12%
Expenditure	715	846	
EBITDA	108	92	17%
Margin	13.1%	9.9%	
Other Income	2	5	
Depreciation	56	54	
Finance Costs	27	22	
PBT	26	21	26%
Tax	7	5	
Net Profit	19	16	22%

Consolidated Balance Sheet

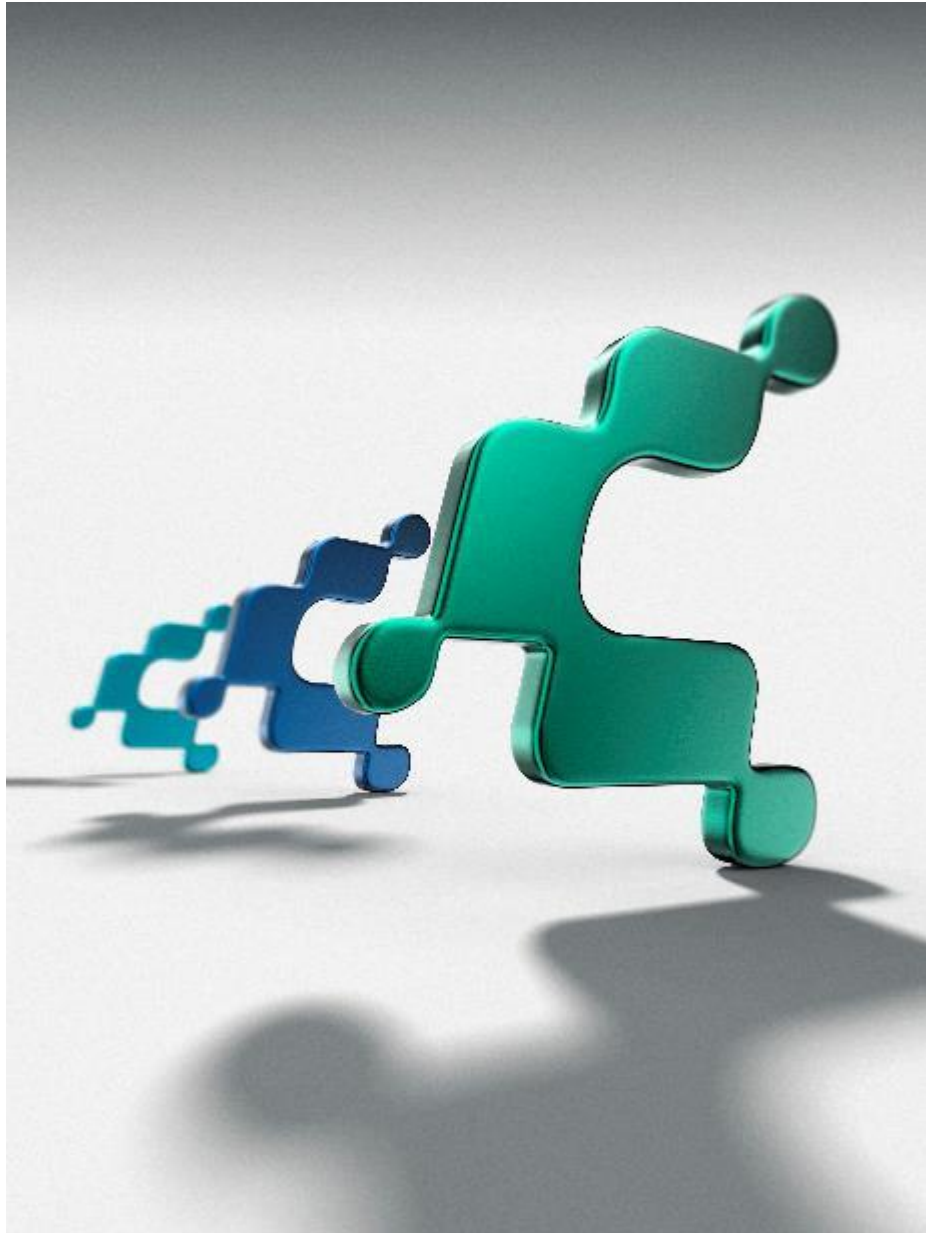
Assets (Rs. Crore)	Sep-23	Mar-23
Total Non Current Assets	1,497	1,446
Property, Plant and Equipment	856	885
Capital work in Progress	506	402
Right to Use Assets	62	63
Other Intangible Assets	11	-
Intangible Assets Under Development	-	10
Financial Assets		
Investments	5	5
Loans	-	-
Other	16	19
Income Tax Assets (Net)	2	2
Other Non Current Assets	37	60
Total Current Assets	894	940
Inventories	368	317
Financial Assets		
Current Investment	-	-
Trade Receivables	394	442
Cash & Cash Equivalents	11	27
Bank Balances	25	33
Loans	-	-
Other	13	17
Other Current Assets	83	104
TOTAL ASSETS	2,391	2,386

Equities & Liabilities (Rs. Crore)	Sep-23	Mar-23
Shareholders Fund	1,146	1,133
Share Capital	25	25
Other Equity	1,121	1,109
Total Non Current Liabilities	546	591
Financial Liabilities		
Borrowings	444	490
Lease Liability	-	-
Provisions	26	24
Deferred Tax Liabilities (net)	32	33
Other non current liabilities	44	44
Total Current Liabilities	699	661
Financial Liabilities		
Borrowings	329	258
Lease Liability	-	-
Trade Payables	296	313
Other Financial Liabilities	42	49
Other Current Liabilities	23	24
Provisions	3	3
Current Tax Liabilities (Net)	6	14
TOTAL EQUITY & LIABILITIES	2,391	2,386

Consolidated Cash Flow Statement



Particulars (Rs. Crore)	Half Year ended 30-Sep-23	Half Year ended 30-Sep-22
Profit before tax	26	21
<i>Adjustments</i>	87	70
Operating Profit Before Working Capital Changes	113	91
<i>Change in operating assets and liabilities</i>	3	2
Cash generated from operations	116	93
<i>Income taxes paid</i>	14	15
Net cash inflow from operating activities (A)	102	78
Net cash inflow/(outflow) from investing activities (B)	(105)	(138)
Net cash outflow from financing activities (C)	(13)	63
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(16)	3
Cash and cash equivalents at the beginning of the year	27	12
Cash and cash equivalents at the end of the year	11	15



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

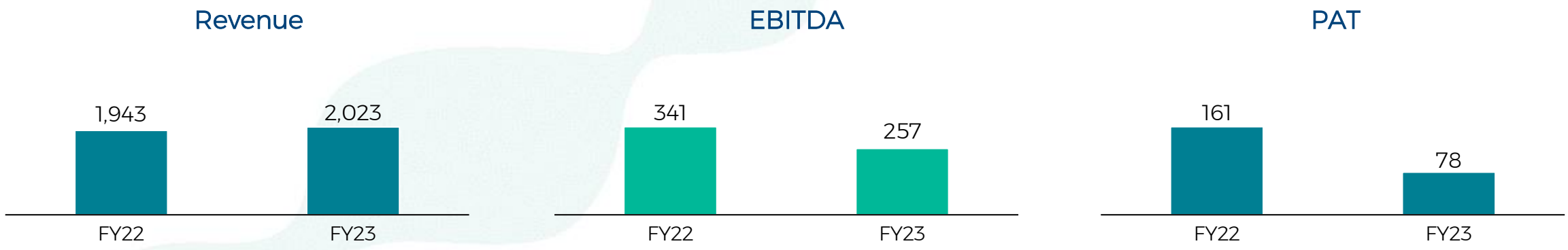
↓ YoY
-51%



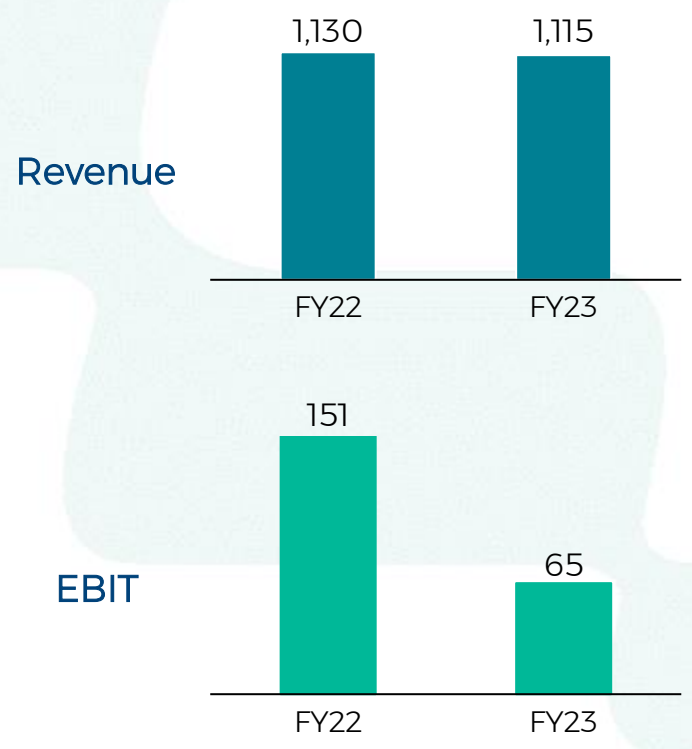
EPS – FY23
Rs 6.36

↓ YoY
-51%

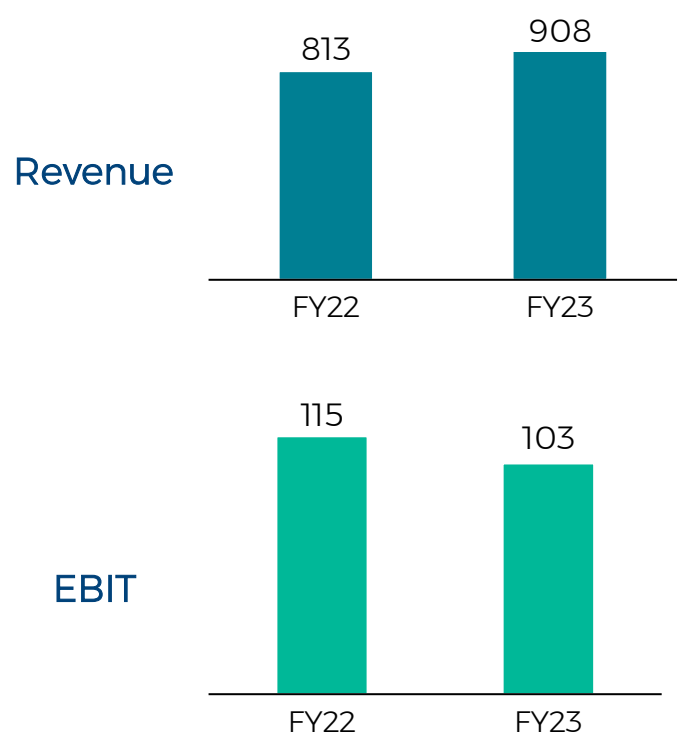
Annual Performance Highlights



Pharmaceuticals Division



Crop Protection Division



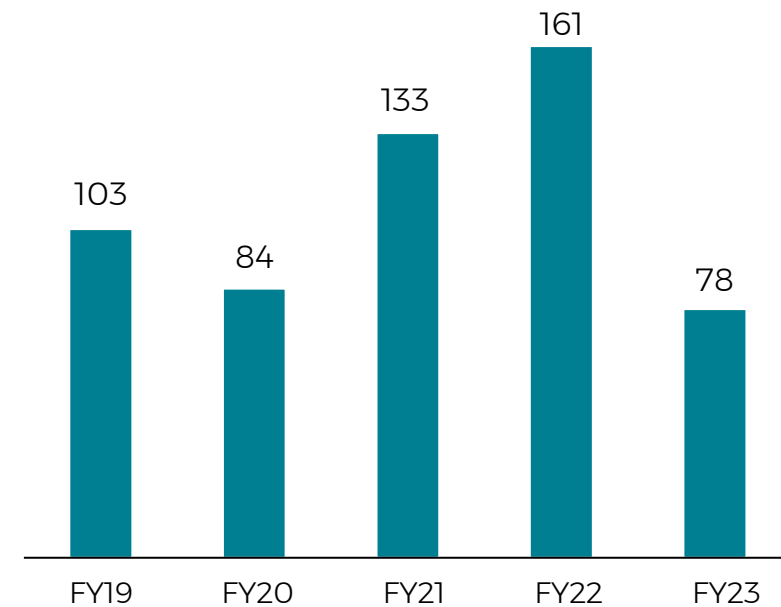
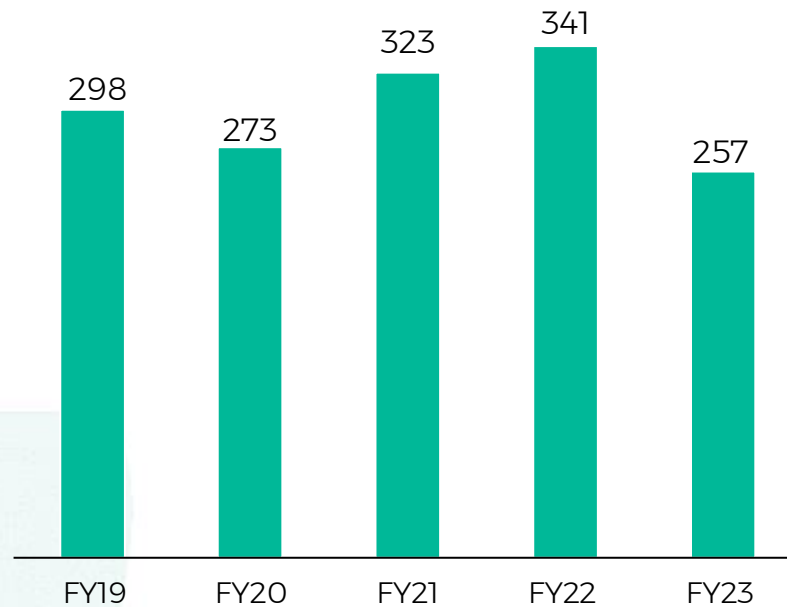
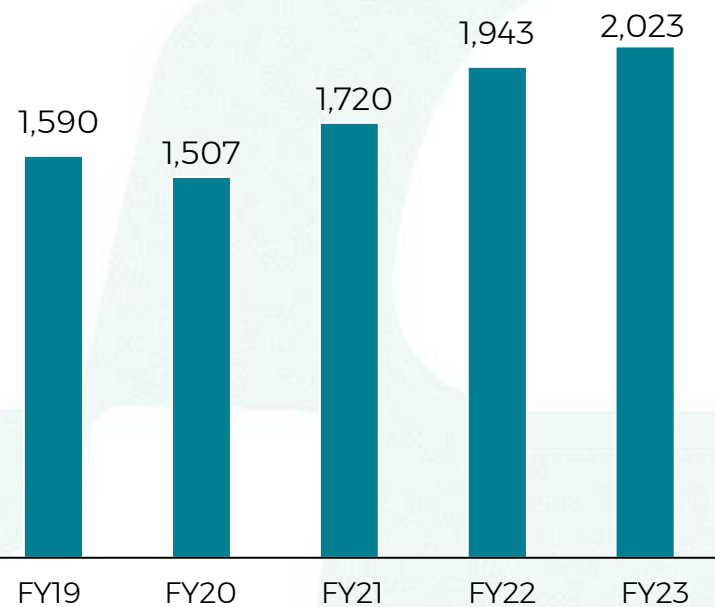
Yearly Financial Highlights



Consolidated Revenue

Consolidated EBITDA

Consolidated PAT



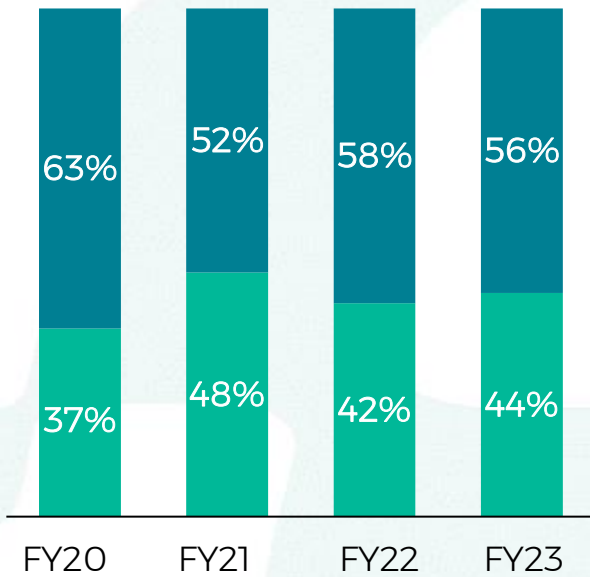
Rs. Crore

Sales Break-Up

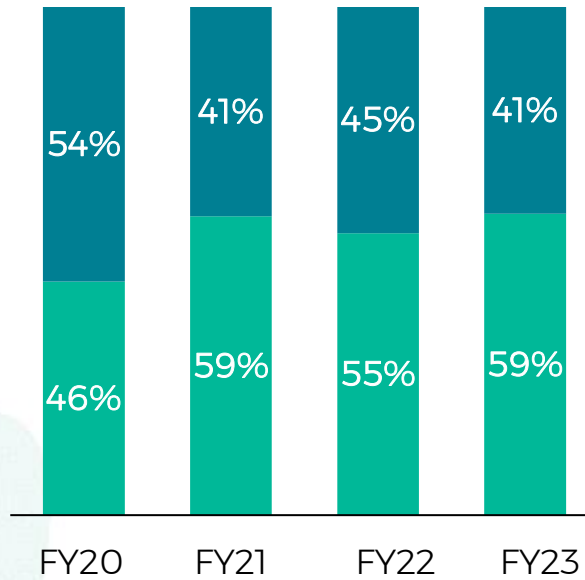


- CDMO
- Own products

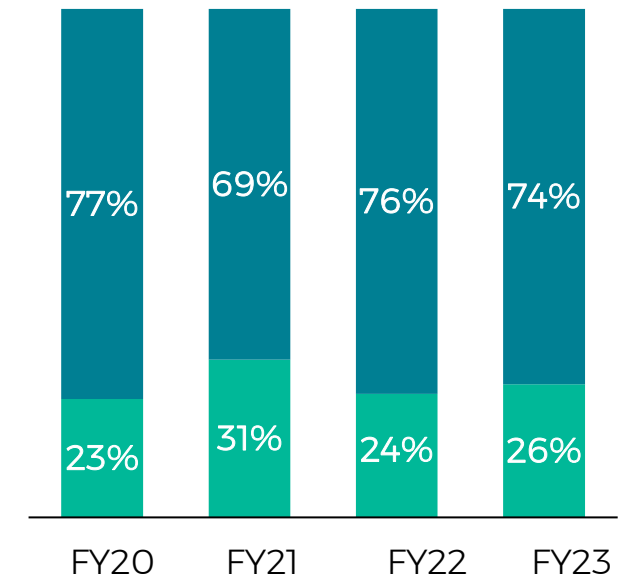
Company Revenue Break-Up



Pharmaceuticals Revenue Break-Up

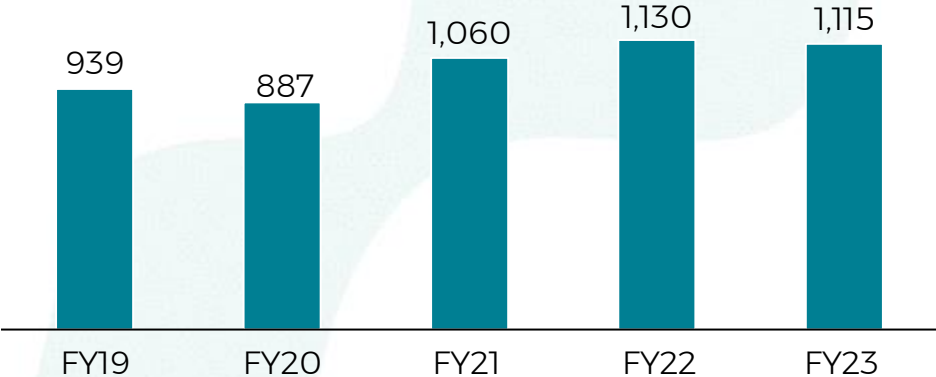


Crop Protection Revenue Break-Up

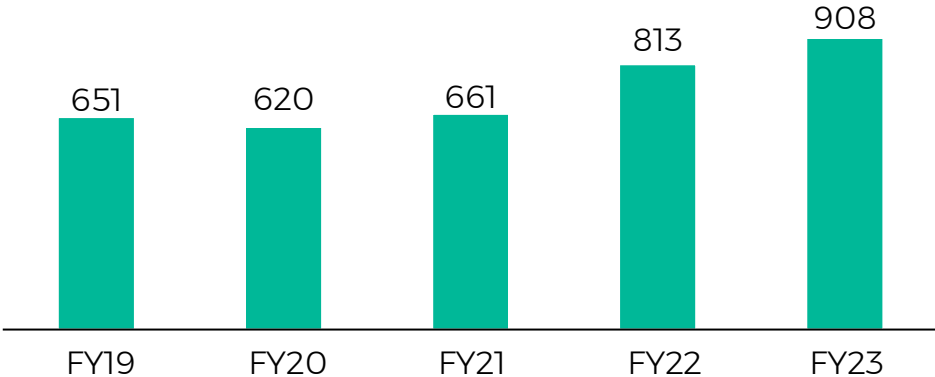


Yearly Segmental Highlights

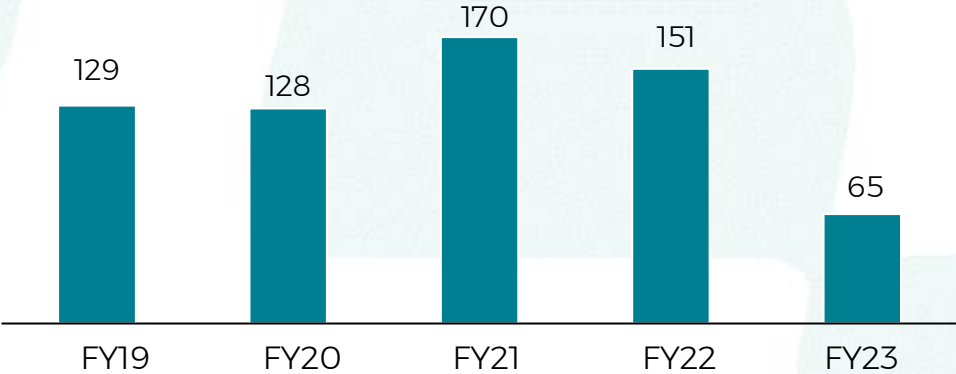
Pharmaceuticals Revenue



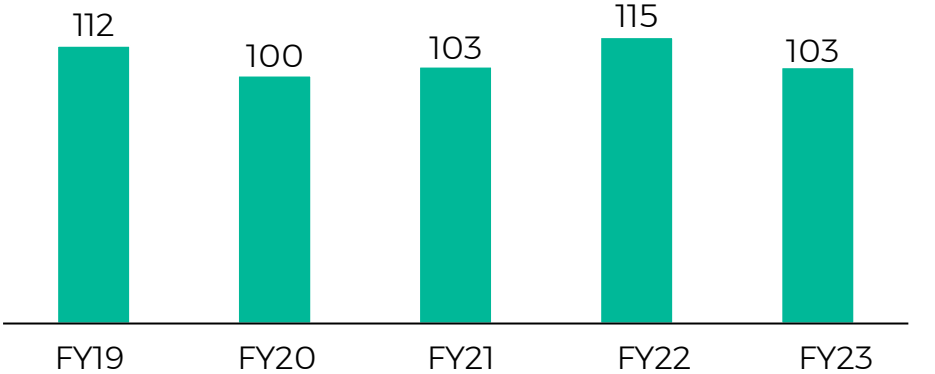
Crop Protection Revenue



Pharmaceuticals EBIT



Crop Protection EBIT



Consolidated Profit & Loss - Full Year



Particulars (Rs. Crore)	FY23	FY22	Y-o-Y
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			

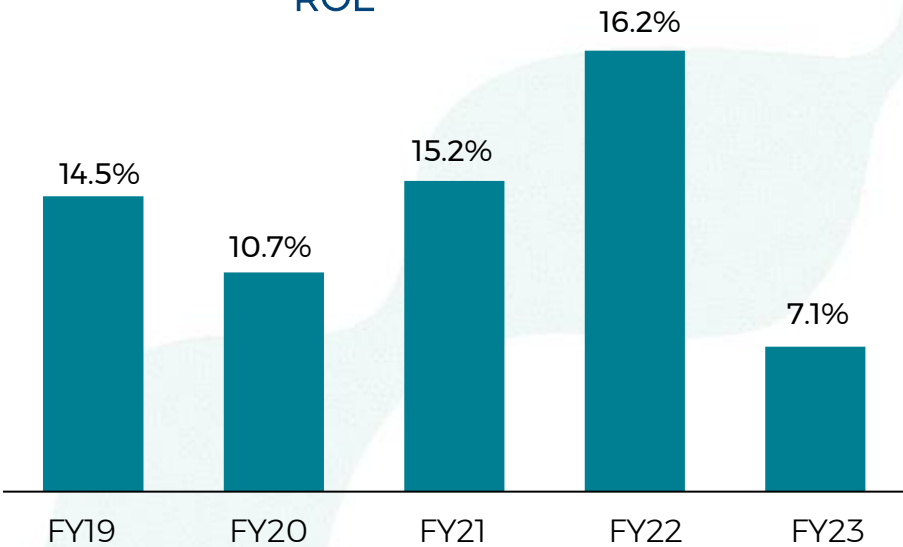
Consolidated Cash Flow Statement



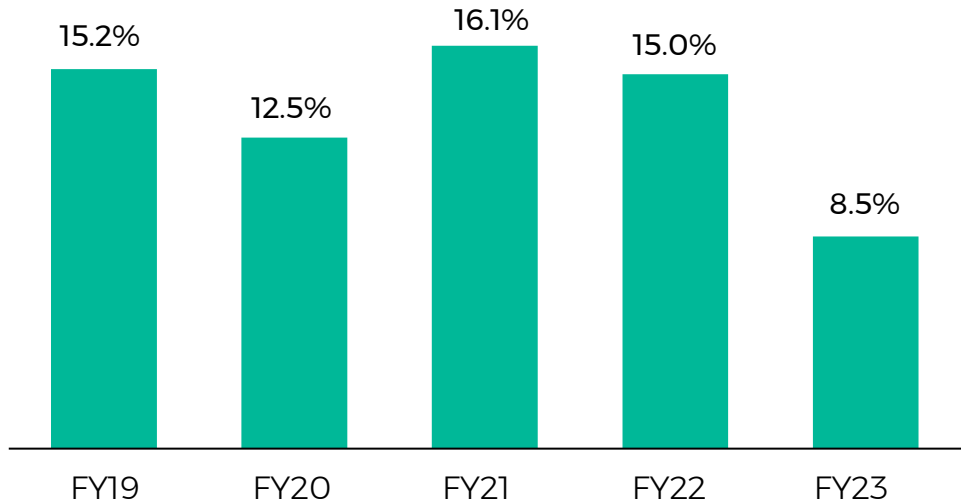
Particulars (Rs. Crore)	Full Year ended 31-Mar-23	Full Year ended 31-Mar-22
Profit before tax	105	219
<i>Adjustments</i>	163	126
Operating Profit Before Working Capital Changes	268	345
<i>Change in operating assets and liabilities</i>	76	19
Cash generated from operations	344	364
<i>Income taxes paid</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

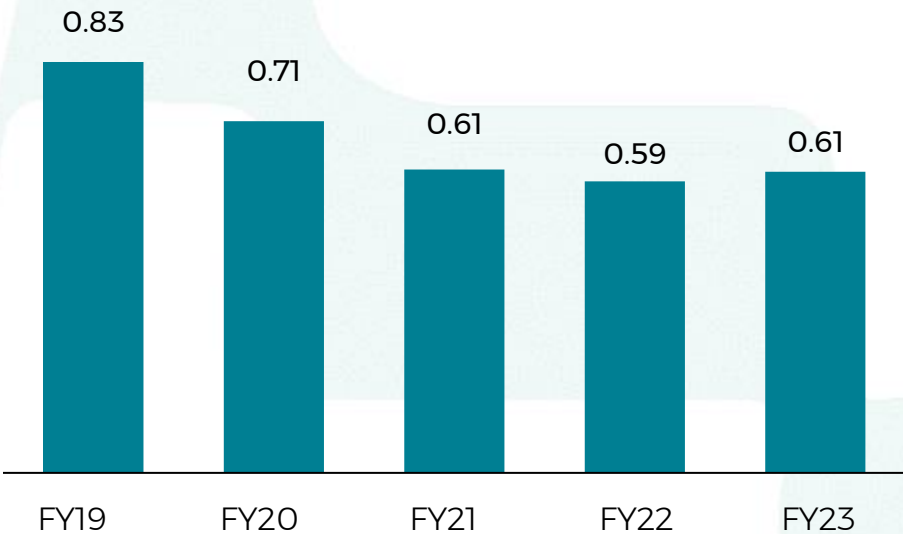
ROE



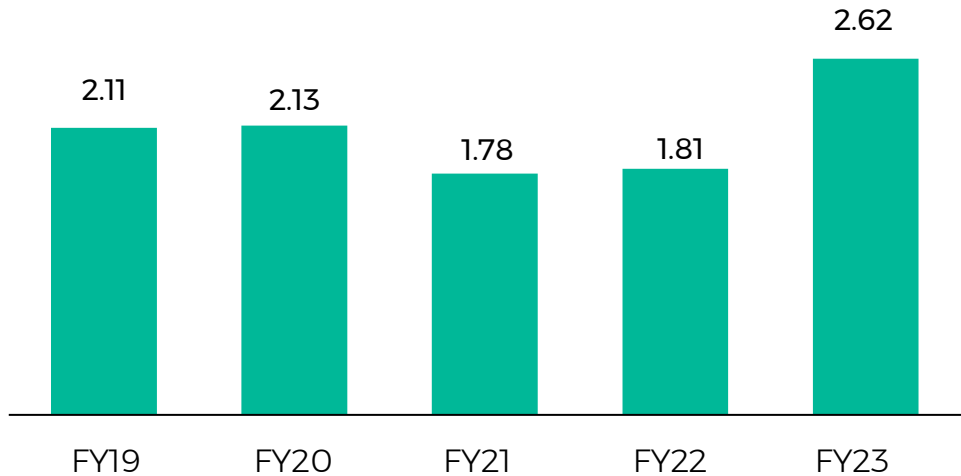
ROCE



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



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HIKAL
