



Results Presentation - Q4 FY22

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Jai Hiremath

"For the financial year '22, we achieved a PAT of Rs 161 Crores, which is a growth of 21% as compared to last financial year. Our Board of Directors has recommended a final dividend of Rs 0.40 per share (20% of FV). Along with an interim dividend of Rs. 1.20 per share (60% of FV) declared in February 2022, the total dividend for FY22 stands at Rs 1.60 per share (80% of FV).

On 6th Jan 2022, an unfortunate incident occurred at Sachin GIDC, Surat. Allegations were made that the tanker involved was carrying a by-product which allegedly came from Hikal's Taloja factory. All relevant employees of Hikal have voluntarily co-operated in the ongoing investigation. Since then, there has been a judicial recognition of the non-existent role of Hikal and its employees in the entire incident, as elucidated by the Hon'ble Gujarat High Court in its order. The matter is still sub-judice and presently the Company is in a very strong legal position. As a result of the Sachin GIDC incident the MPCB had given a closure notice to the Taloja factory. We have provided all the documents to MPCB and are confident of resolving the issue on the closure notice at the earliest.

The revenue for pharmaceutical business saw a muted growth of 3% and stood at Rs. 307 Crores in Q4 FY22. It was in line with the recent trend witnessed by the API industry due to strong transient headwinds of softening demand and disruptions in global supply chains. This combined with the challenging raw material disruptions and significant increase in input costs has seen a pressure on our margins in Q4 which we expect to continue through the first half of the year. On a positive side, we continued to receive new inquiries from global innovator companies in the CDMO business segment. We expect this segment to be a lead growth driver in the next few years.

The Crop Protection business revenue stood at Rs 194 Crores in Q4 FY22. We continued to face raw material availability challenges for some of our key products. However, the demand remains strong in the market. We will continue developing alternate domestic suppliers to mitigate future supply chain disruptions. We are investing in new capacity addition, which is expected to come on stream in second half of this financial year. On the CDMO front, we continued receiving several new inquiries and are working on a portfolio of new products for global innovator companies.

This year has marked the beginning of our strategic transformation journey, 'Pinnacle Program'. The program is seeing good momentum along with positive changes across both businesses. Along with a leading management consultant, we have developed a clear set of priorities for the growth of our Company over next five years through a new strategic direction. This will help reach our bold aspiration of driving profitable as well as sustainable growth and transforming our business to go from 'Good to Great'.

As the industry faces strong headwinds due to the inflationary pressures and a sharp rise in input costs of raw material, energy and solvents, we expect growth to be tapered and margins to be contract in the next year. We will continue to focus on passing through increased input costs to our customers. However, we do expect longer lead times given the inflationary pressures even customers are facing. To counteract the challenging environment, we continue to undertake multiple cost reduction as well as operational efficiency improvement initiatives within our business excellence program to minimize the impact of rising cost on our margins.

We expect FY 2022-23 to be a challenging year, one of consolidation and the following year we will return to sustainable and profitable growth".



Quarterly Financials Highlights

Financial Highlights - Q4 FY22



Revenue - Q4 FY22
Rs. 502 Crore



YoY
-6%



QoQ
-2%



EBITDA - Q4 FY22
Rs. 61 Crore



YoY
-44%



QoQ
-34%



EBITDA Margin - Q4 FY22
12.2%



YoY
-837 bps



QoQ
-591 bps



PAT - Q4 FY22
Rs. 21 Crore



YoY
-59%



QoQ
-54%



EPS - Q4 FY22
Rs 1.68



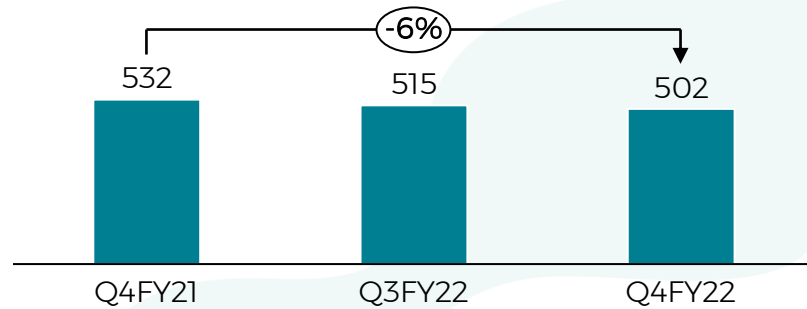
YoY
-59%



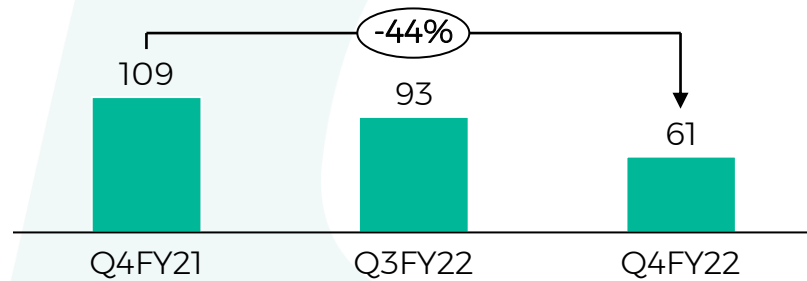
QoQ
-54%

Quarterly Performance Highlights

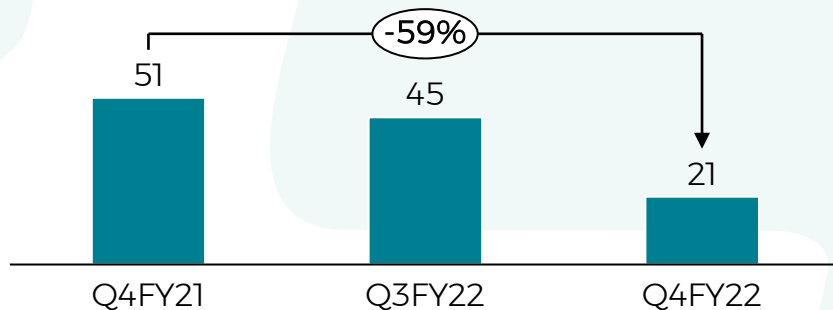
Revenue



EBIDTA



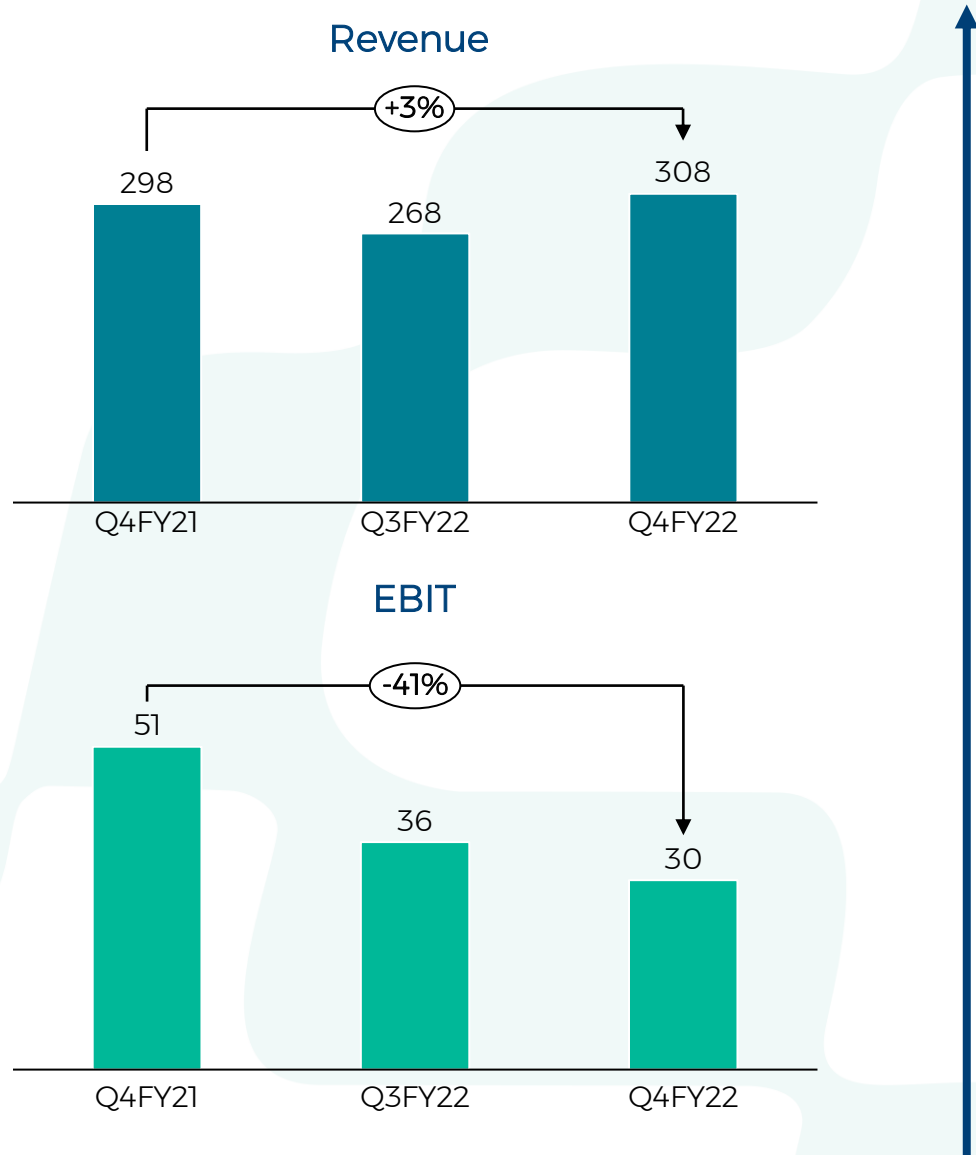
PAT



Rs. Crore

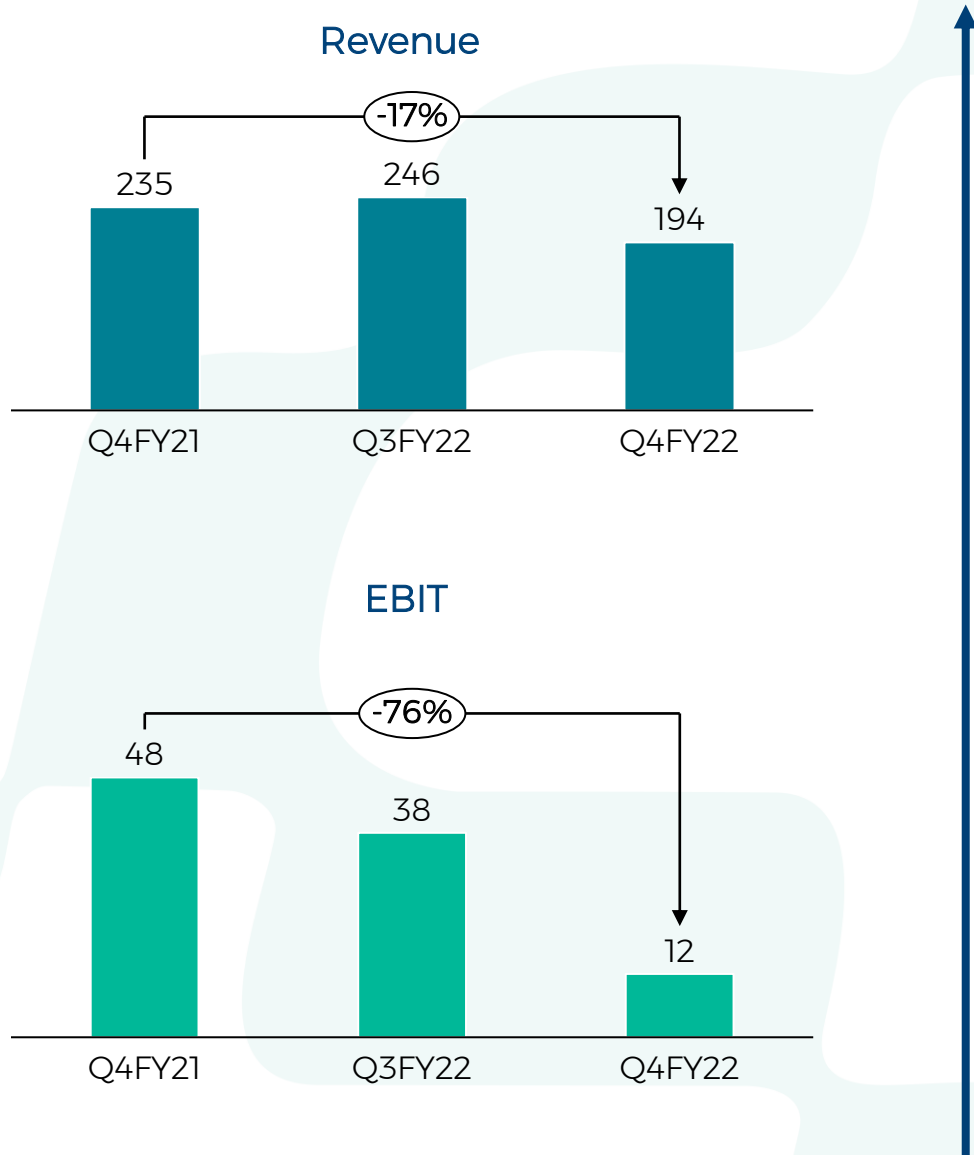
Performance Highlights

- Revenue marginally decreased by 6% on YoY basis to Rs 502 Cr in Q4 FY22 due to
 - Global slowdown in Generics business due to channel inventory and lower demand/off-take
 - Production delays due to unavailability of key raw materials caused by global supply chain and logistics disruptions
- EBITDA was at Rs 61 Cr due to transient external headwinds such as:
 - Increase in input costs of raw materials, energy and solvents on account of uncertainties arising out of Ukraine-Russia conflict as well as reemergence of Covid cases in China
 - Lag in pass through of costs to customers
- Lower operating margins resulted into lower PAT was Rs 21 Cr
- Board recommended final dividend of Rs 0.40 per share (20% of FV); the total dividend for FY22 stands at Rs 1.60 per share (80% of FV)
- Hikal's long term credit rating is maintained A+ by ICRA
- Capital expenditure to build a production facility at Panoli, Gujarat has initiated as part of 10-year multi-product animal health contract
- Traction from global innovator companies continued for CDMO segment of Pharmaceuticals and Crop Protection businesses
- Business excellence program is in progress with an aim to achieve higher throughput and lower cost of production from existing assets



Pharmaceuticals - Performance Highlights

- Revenue remained largely flat at Rs 308 Cr on YoY basis due to lower off-take by customers
- EBIT stood at Rs 30 Cr due to
 - Increase in key raw materials and energy cost due to global supply chain disruptions
 - Lag in passing the increased costs to the customers
- Significant focus on cost reduction and efficiency improvement projects to minimize the impact of rise in input cost
- Developed alternate suppliers to ensure supply chain security
- Order received for validation of an intermediate for a new potential drug from a leading global innovator company
- Significant traction in inquiries for emerging Animal Health business from several global innovator companies
- Acquired several new generic customers and entered new geographies
- Healthy influx of inquiries from key developed markets for recently launched and new pipeline of products



Crop Protection - Performance Highlights

- Revenue stood at INR 194 Cr witnessing -17% change on YoY basis due to
 - Supply chain disruptions in the global market on account of current geo-political situation
- EBIT stood at INR 12 Cr due to
 - Input cost inflationary pressures on raw materials, energy and solvents
 - Lag in pass through of costs to end-customers
- Demand for agrochemicals continues to remain strong for both CDMO and Own Products segment
- Enhanced inquiries from global innovator companies for CDMO segment owing to China-plus-one strategy
- Strong traction from a diverse set of global customers for the pipeline of new products
- Ongoing capex at Panoli, Gujarat to be commissioned during second half of the financial year 2022-23

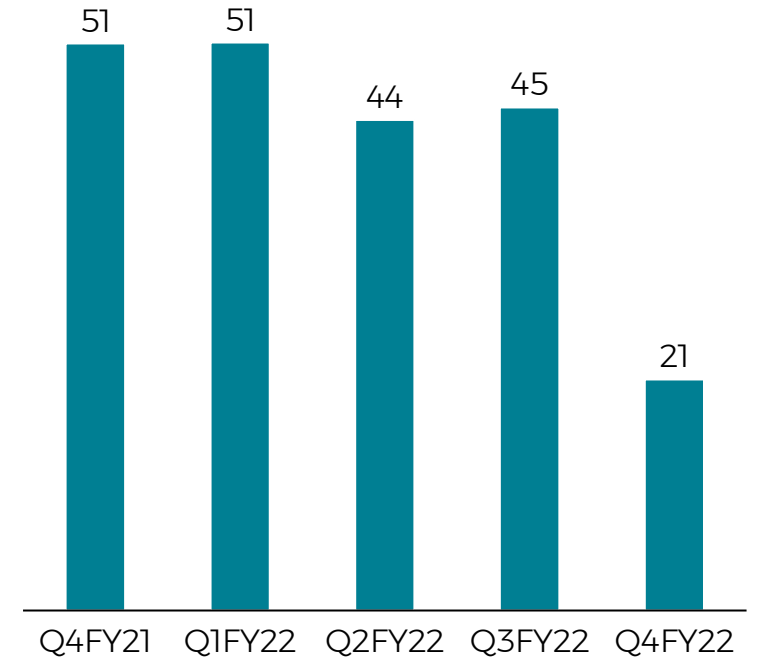
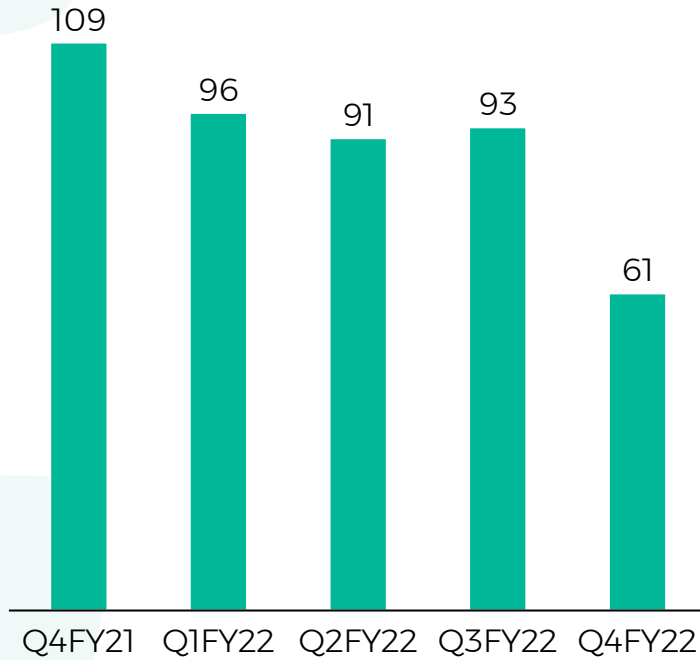
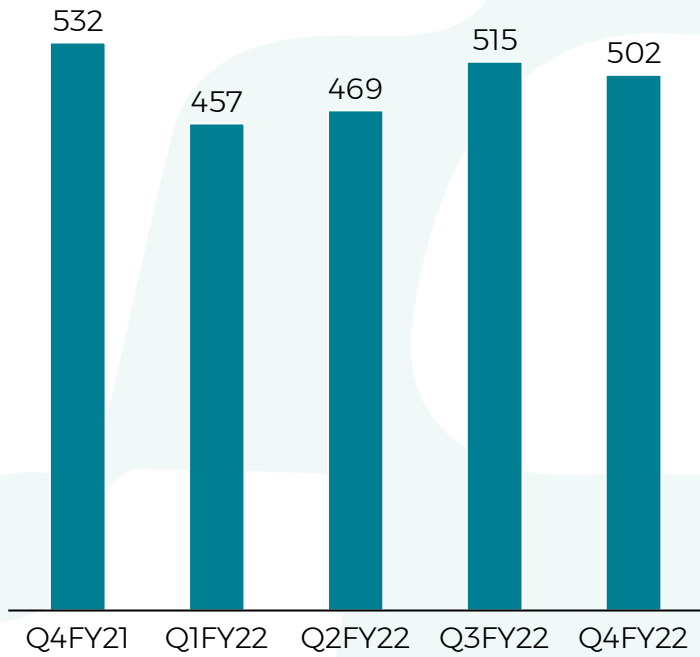
Quarterly Financial Highlights



Consolidated Revenue

Consolidated EBITDA

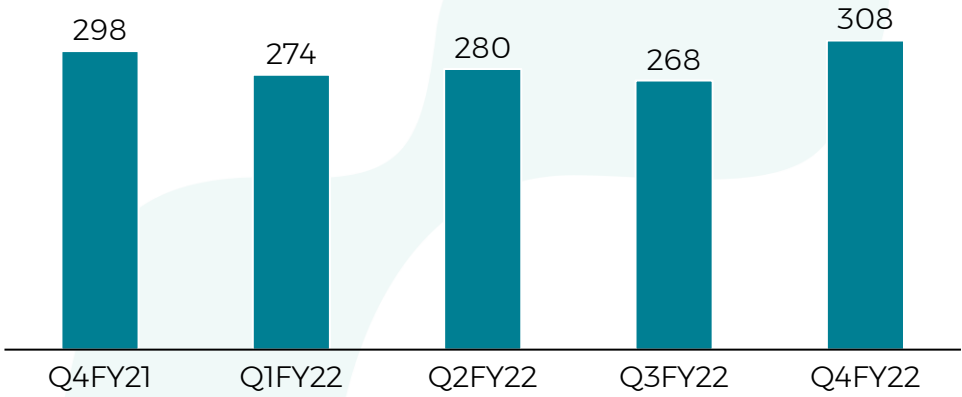
Consolidated PAT



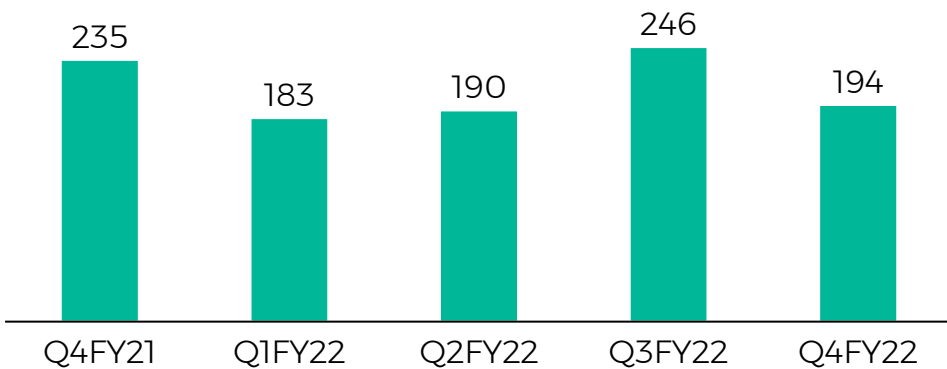
Rs. Crore

Quarterly Segmental Highlights

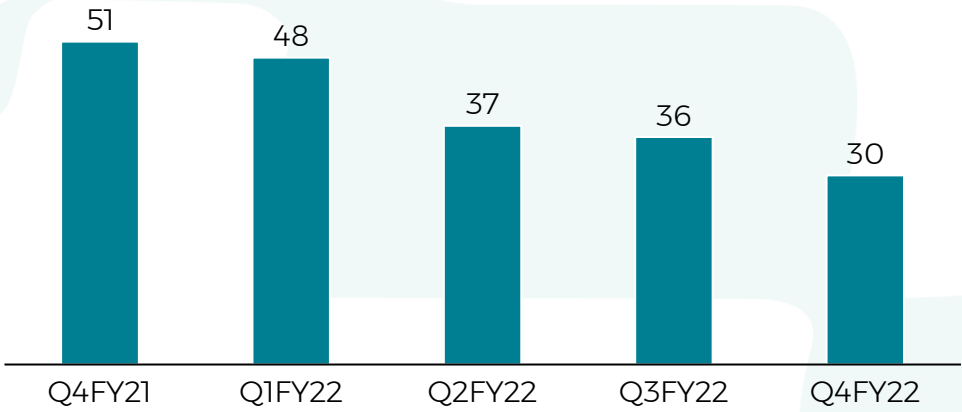
Pharmaceuticals Revenue



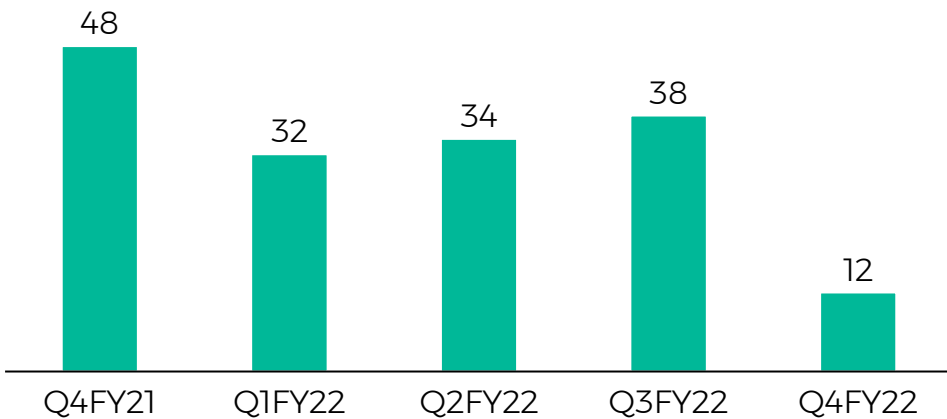
Crop Protection Revenue



Pharmaceuticals EBIT



Crop Protection EBIT



Consolidated Profit & Loss - Q4 FY22

| Particulars (Rs. Crore) | Q4 FY22 | Q4 FY21 | Y-o-Y | Q3 FY22 | Q-o-Q |
|-------------------------|--------------|--------------|-------------|--------------|-------------|
| Net Sales | 502 | 532 | -6% | 514 | -2% |
| Expenditure | 441 | 423 | | 420 | |
| EBITDA | 61 | 109 | -44% | 93 | -34% |
| Margin | 12.2% | 20.5% | | 18.3% | |
| Other Income | 0 | 3 | | -1 | |
| Depreciation | 24 | 22 | | 24 | |
| Finance Costs | 8 | 8 | | 7 | |
| PBT | 29 | 81 | -64% | 62 | -53% |
| Tax | 8 | 30 | | 16 | |
| Net Profit | 21 | 51 | -59% | 46 | -54% |
| Margin | 4.1% | 9.8% | | 8.8% | |



Annual Financial 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%

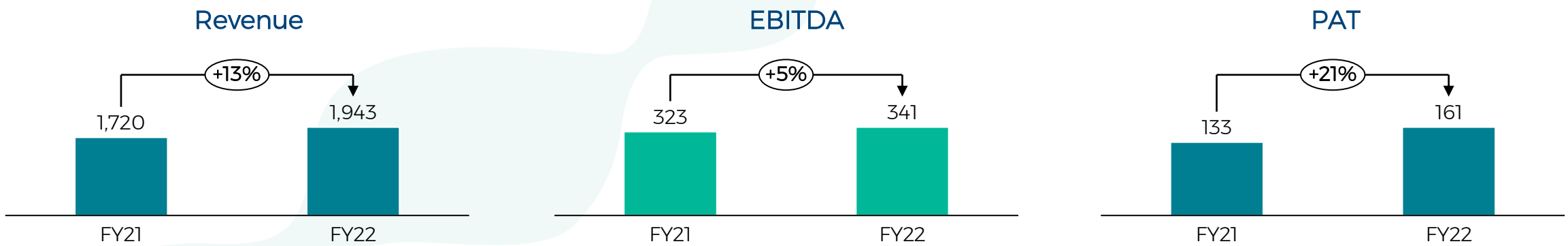


EPS – FY22
Rs 13.02

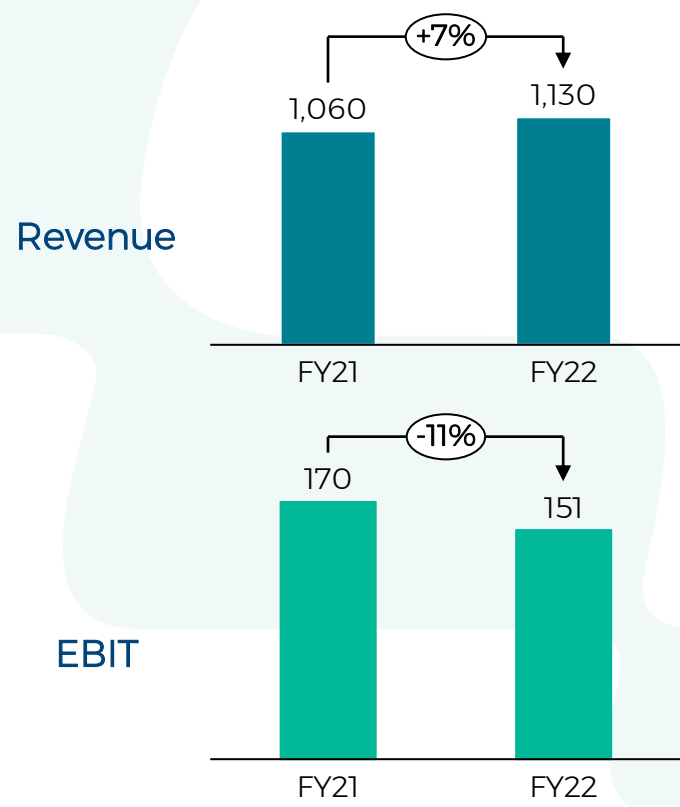
↑
FY18-22
CAGR
20%

↑
YoY
21%

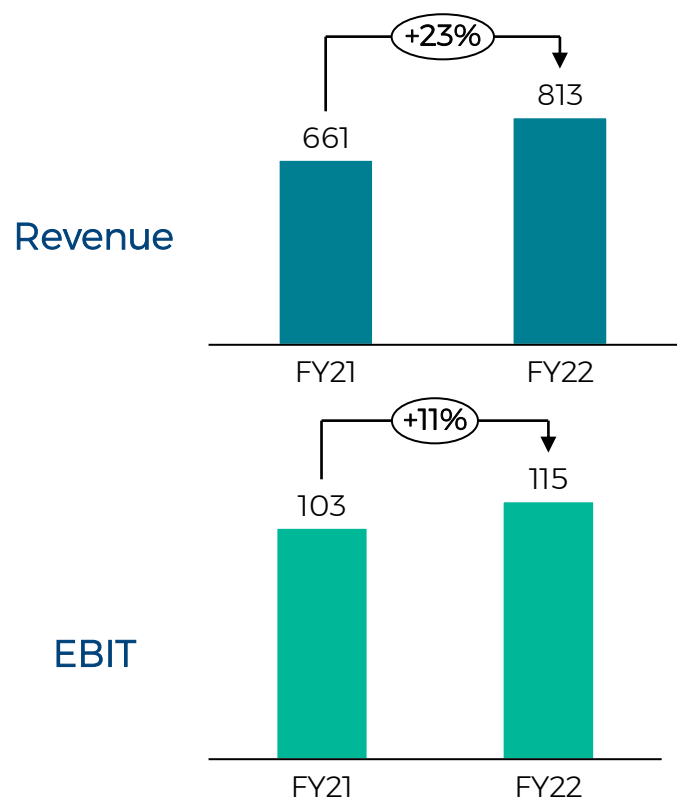
Annual Performance Highlights



Pharmaceuticals Division



Crop Protection Division



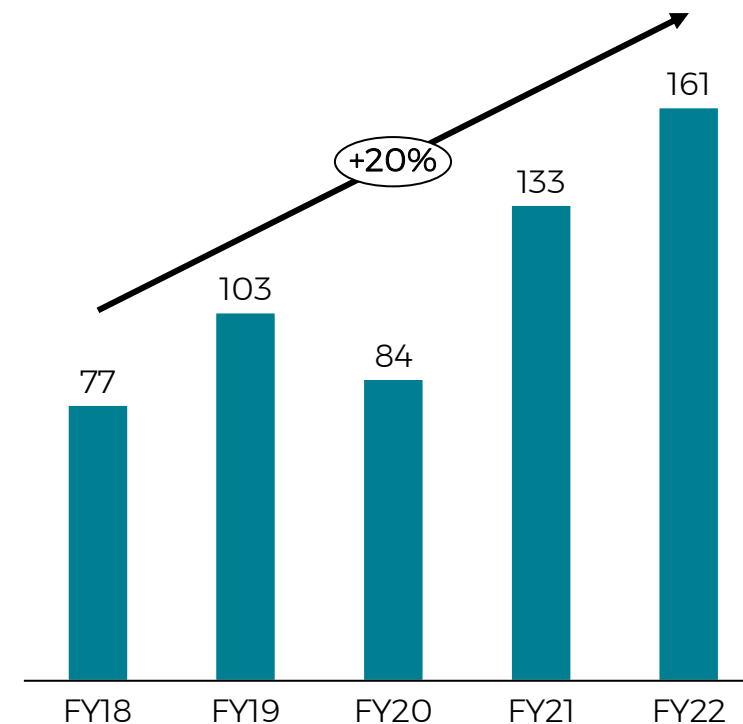
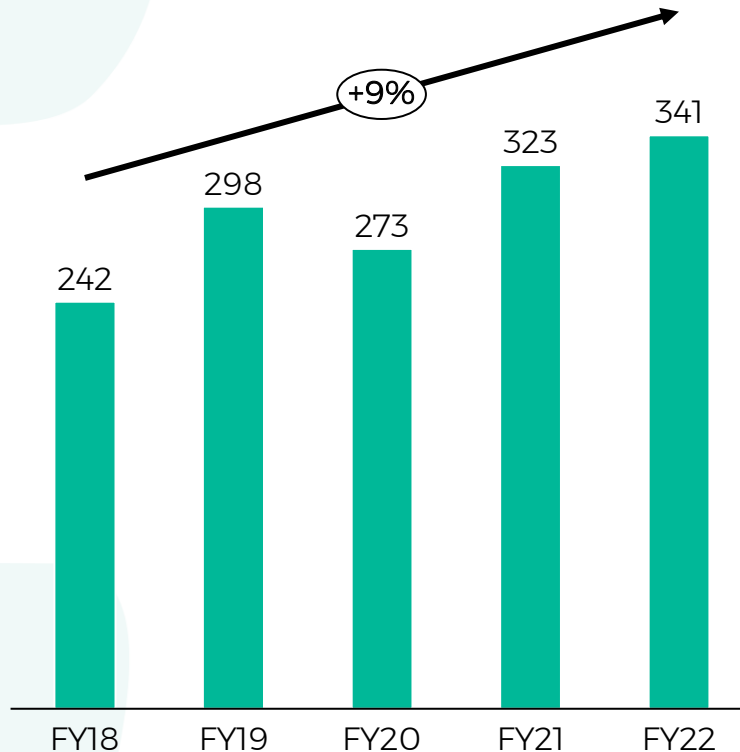
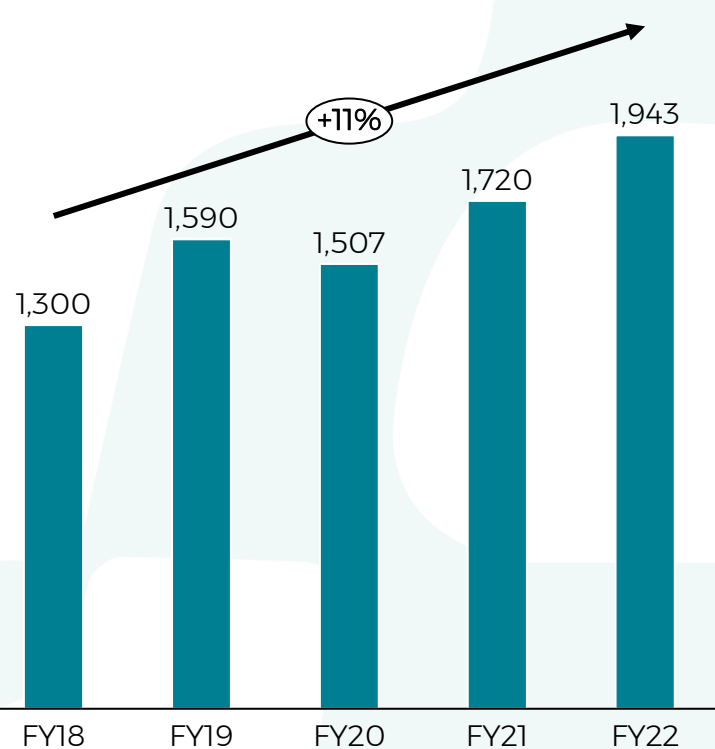
Yearly Financial Highlights



Consolidated Revenue

Consolidated EBITDA

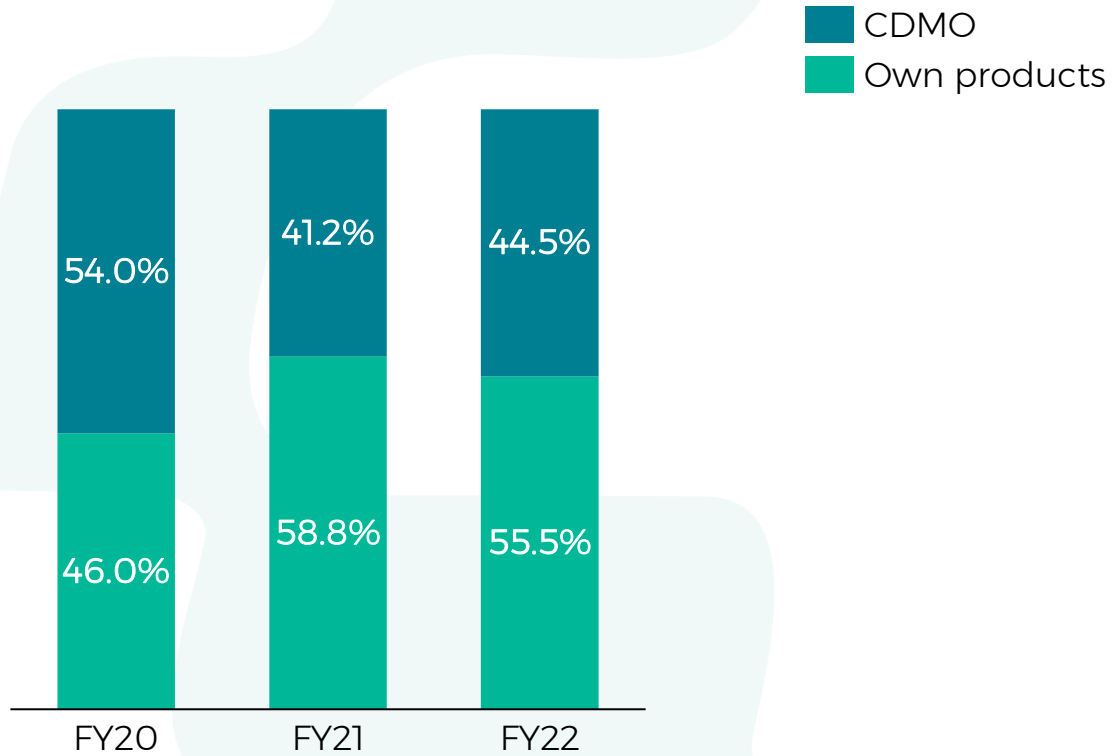
Consolidated PAT



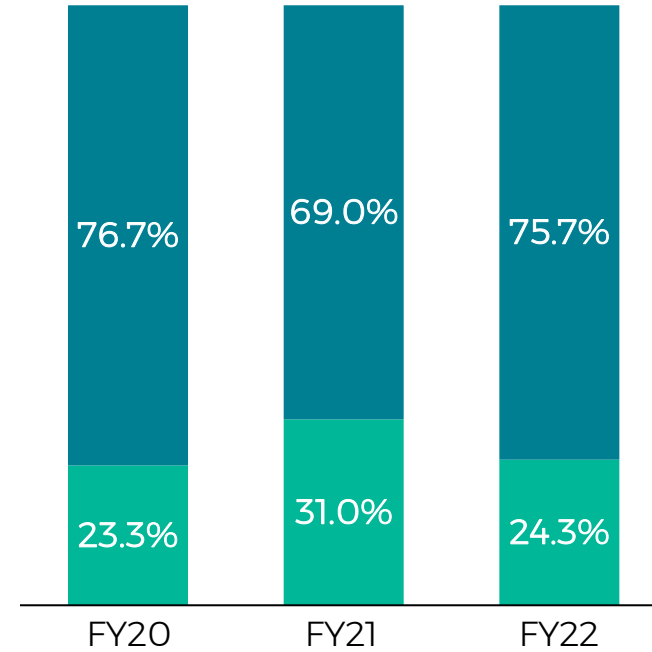
Rs. Crore

Sales Break-Up

Pharmaceuticals Revenue Break-Up

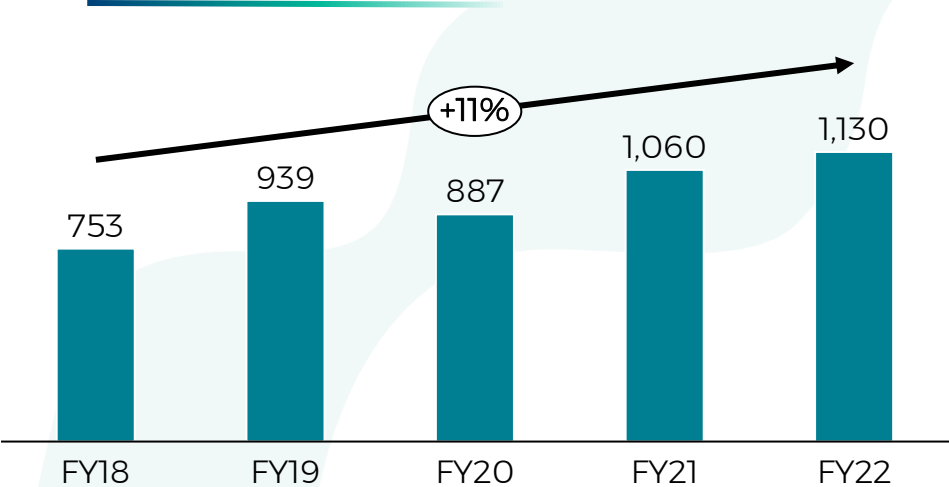


Crop Protection Revenue Break-Up

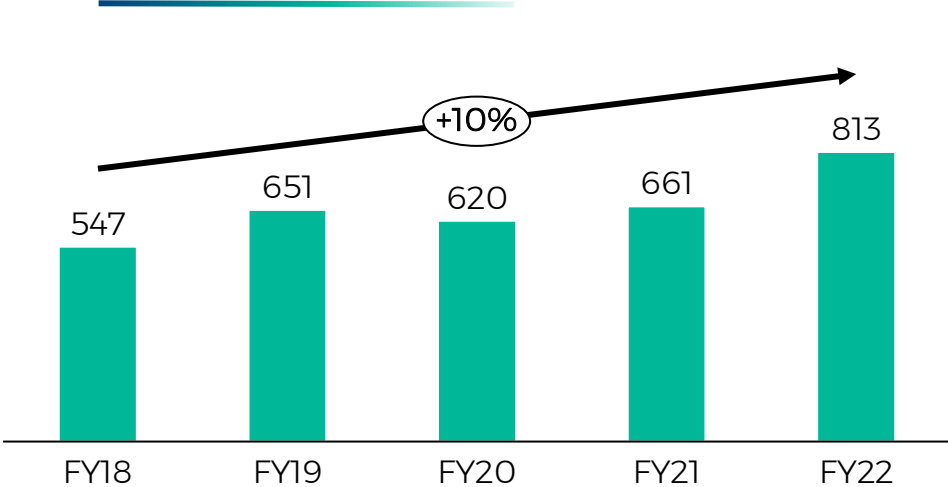


Yearly Segmental Highlights

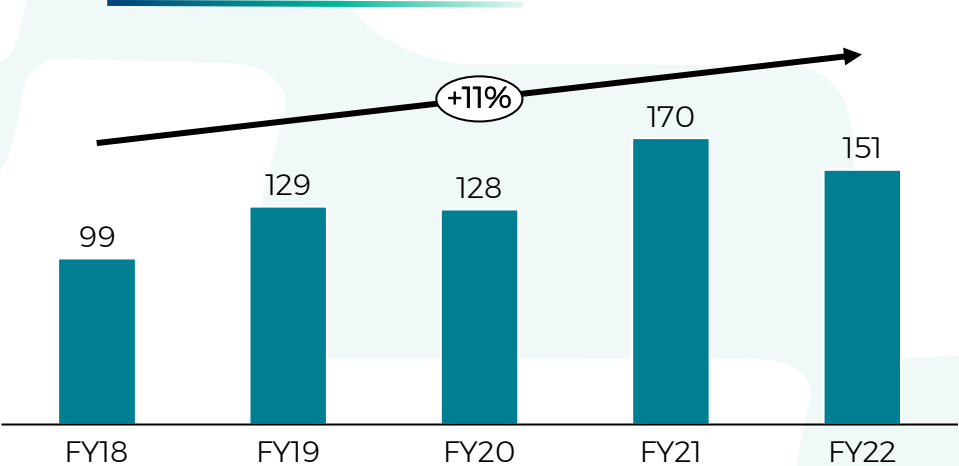
Pharmaceuticals Revenue



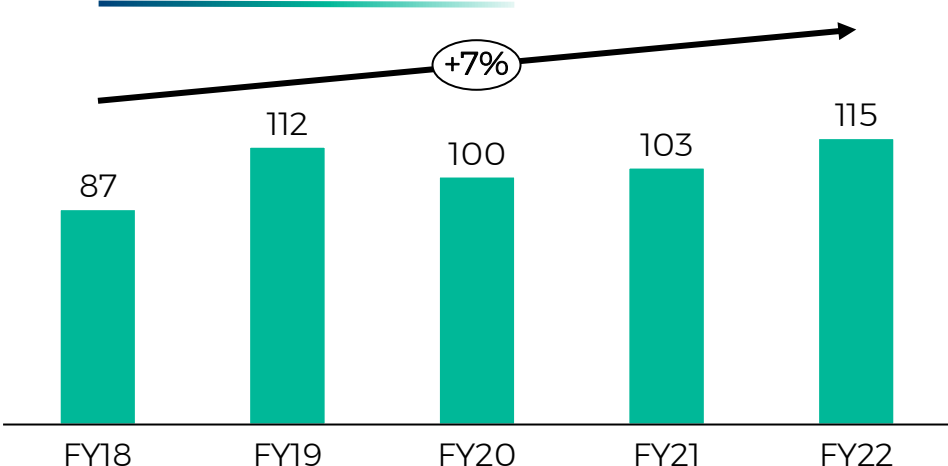
Crop Protection Revenue



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% | |

Consolidated Balance Sheet

| Assets (Rs. Crore) | Mar-22 | Mar-21 |
|-------------------------------------|---------------|---------------|
| Total Non Current Assets | 1,249 | 1,035 |
| Property, Plant and Equipment | 815 | 646 |
| Capital work in Progress | 285 | 245 |
| Right to Use Assets | 64 | 65 |
| Other Intangible Assets | 1 | 1 |
| Intangible Assets Under Development | 10 | 9 |
| Financial Assets | | |
| Investments | 1 | 1 |
| Loans | 0 | 0 |
| Other | 15 | 20 |
| Income Tax Assets (Net) | 2 | 2 |
| Other Non Current Assets | 57 | 45 |
| Total Current Assets | 964 | 1,035 |
| Inventories | 329 | 267 |
| Financial Assets | | |
| Current Investment | 10 | 0 |
| Trade Receivables | 438 | 486 |
| Cash & Cash Equivalents | 11 | 8 |
| Bank Balances | 38 | 29 |
| Loans | 0 | 0 |
| Other | 17 | 0 |
| Other Current Assets | 120 | 89 |
| TOTAL ASSETS | 2,213 | 1,913 |

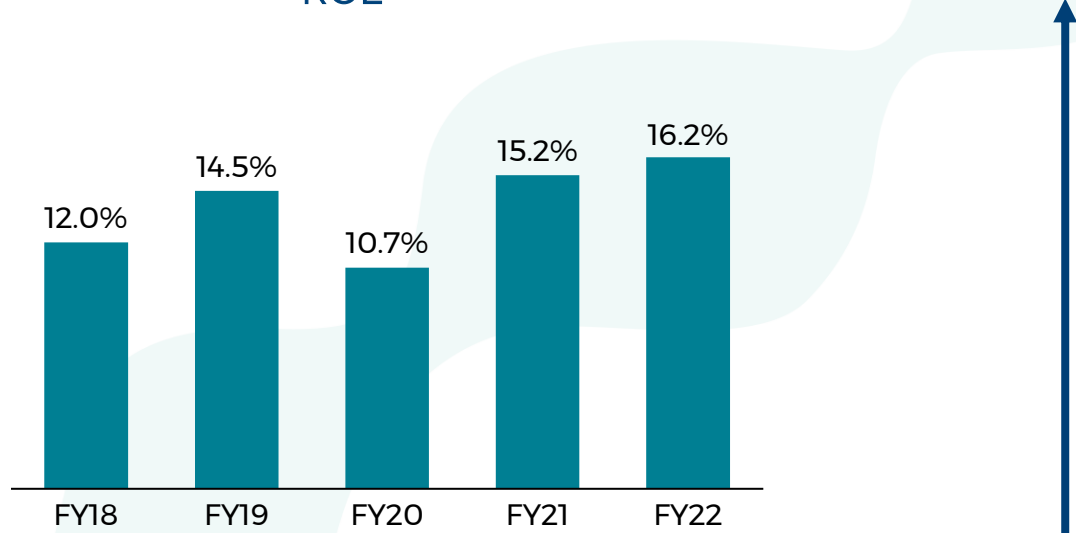
| Equities & Liabilities (Rs. Crore) | Mar-22 | Mar-21 |
|---|---------------|---------------|
| Shareholders Fund | 1,068 | 933 |
| Share Capital | 25 | 25 |
| Other Equity | 1,043 | 909 |
| Total Non Current Liabilities | 376 | 324 |
| Financial Liabilities | | |
| Borrowings | 287 | 263 |
| Lease Liability | 0 | 1 |
| Provisions | 24 | 22 |
| Deferred Tax Liabilities (net) | 36 | 38 |
| Other non current liabilities | 29 | 0 |
| Total Current Liabilities | 769 | 656 |
| Financial Liabilities | | |
| Borrowings | 388 | 346 |
| Lease Liability | 0 | 0 |
| Trade Payables | 249 | 230 |
| Other Financial Liabilities | 68 | 41 |
| Other Current Liabilities | 48 | 12 |
| Provisions | 3 | 4 |
| Current Tax Liabilities (Net) | 12 | 23 |
| TOTAL EQUITY & LIABILITIES | 2,213 | 1,913 |

Consolidated Cash Flow Statement

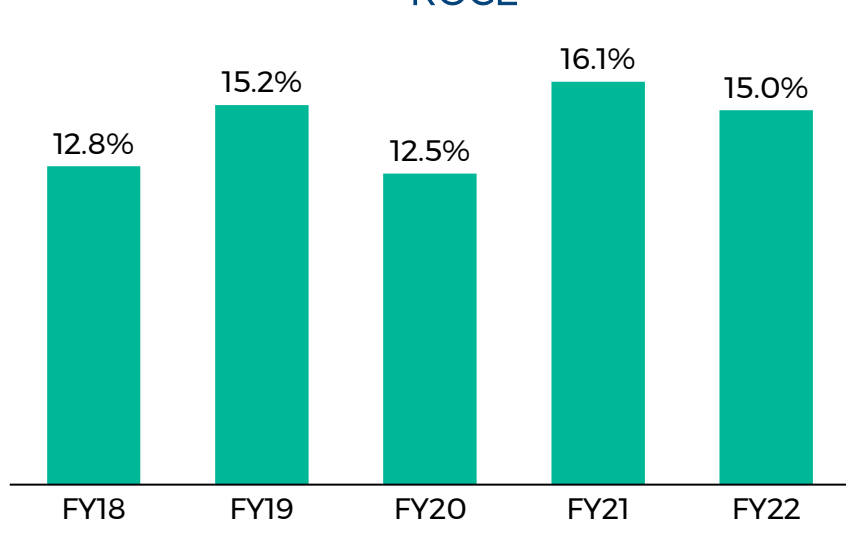
| Particulars (Rs. Crore) | Full Year ended 31-Mar-22 | Full Year ended 31-Mar-21 |
|---|---------------------------|---------------------------|
| Profit before tax | 219 | 206 |
| <i>Adjustments</i> | 128 | 127 |
| Operating Profit Before Working Capital Changes | 345 | 333 |
| <i>Change in operating assets and liabilities</i> | 19 | (58) |
| Cash generated from operations | 364 | 276 |
| <i>Income taxes paid</i> | 70 | 47 |
| Net cash inflow from operating activities (A) | 294 | 229 |
| Net cash inflow/(outflow) from investing activities (B) | (284) | (156) |
| Net cash outflow from financing activities (C) | (6) | (97) |
| Net increase/(decrease) in cash and cash equivalents (A+B+C) | 3 | (24) |
| Cash and cash equivalents at the beginning of the year | 8 | 32 |
| Cash and cash equivalents at the end of the year | 11 | 8 |

Ratio Analysis

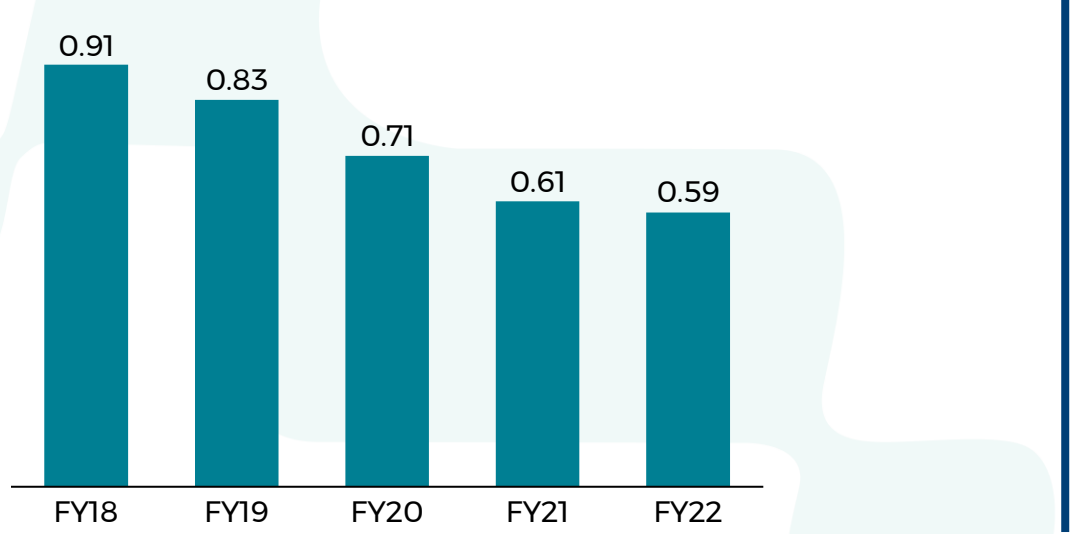
ROE



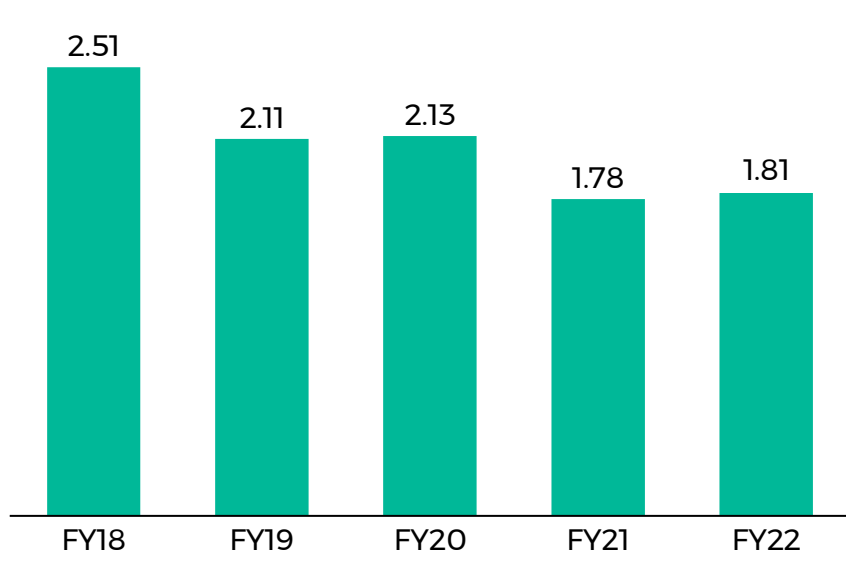
ROCE



Net Debt / Equity

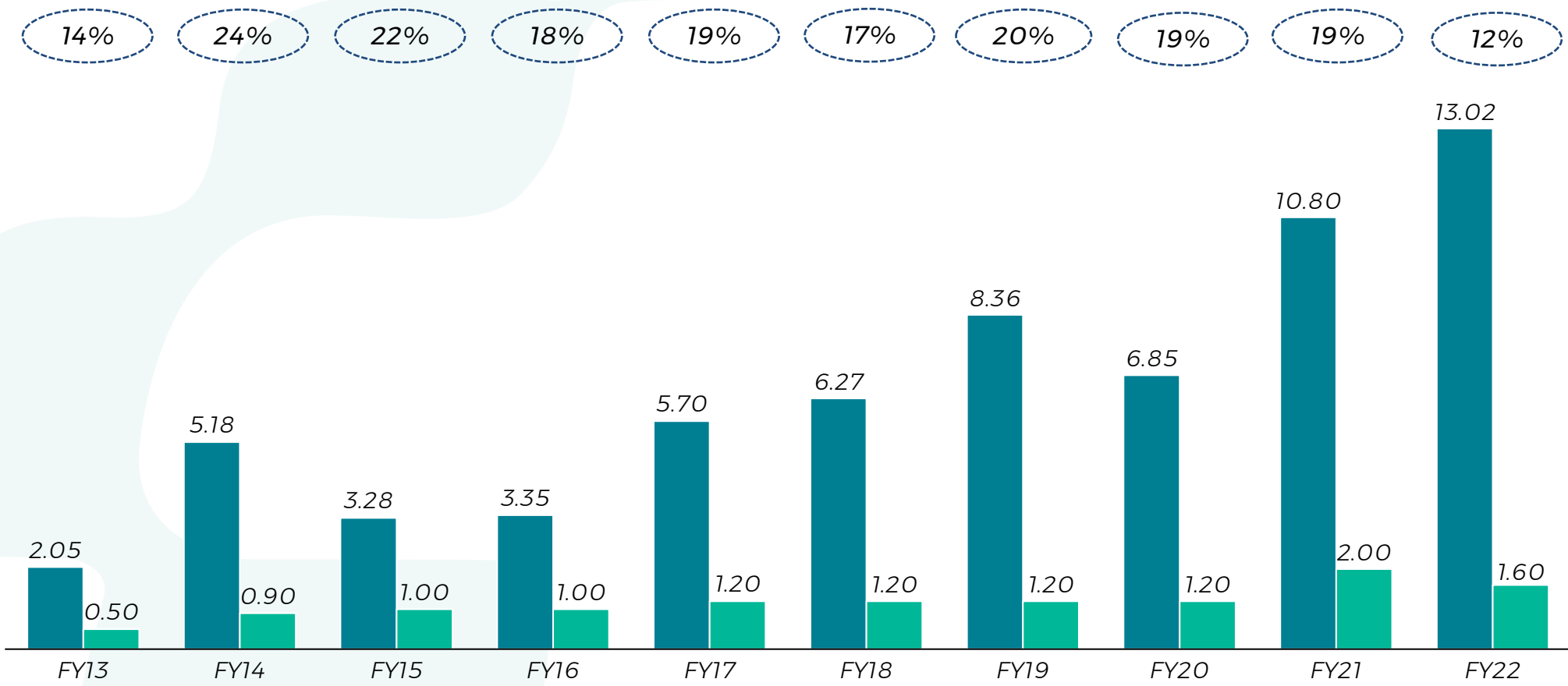


Net Debt / EBITDA



Annual Dividend Payout

Dividend Payout including DDT



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



Company :

Hikal Limited

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HIKAL
