

Hikal Limited: Resilient Yearly Performance

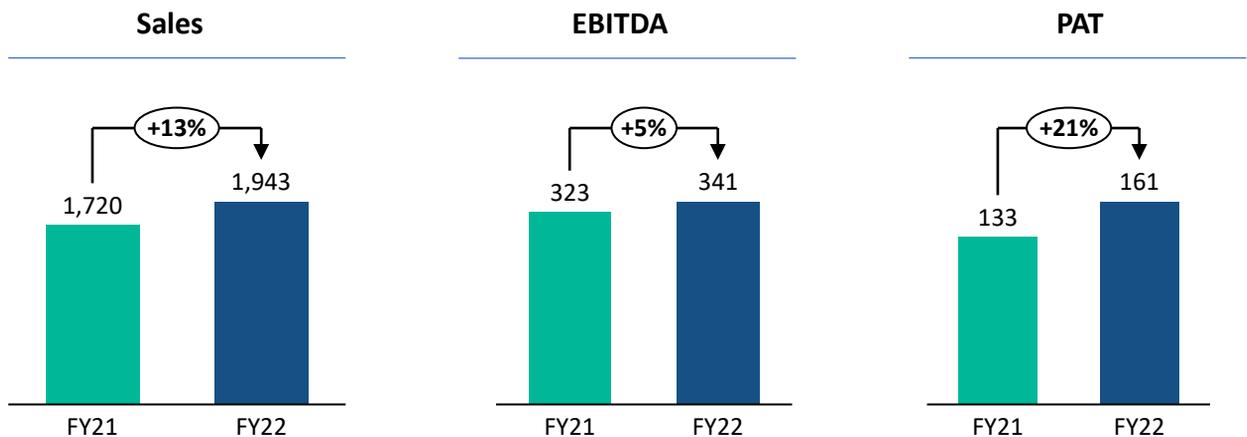
➤ FY22 Highlights

- ✓ Recommended a final dividend of Rs 0.40 per share (20% of FV); Total dividend for FY22 stands at Rs 1.60 per share (80% of FV)
- ✓ Revenue of Rs. 1,943 crore; YoY growth of 13%
- ✓ EBITDA of Rs. 341 crore; YoY growth of 5%
- ✓ PAT of Rs. 161 crores; YoY growth of 21%

Mumbai, May 28, 2022: Hikal Ltd., a preferred long-term partner for leading global life sciences companies, announced its financial results for the quarter and year ended 31st March 2022.

FY22 Performance:

(Rs. in crore)

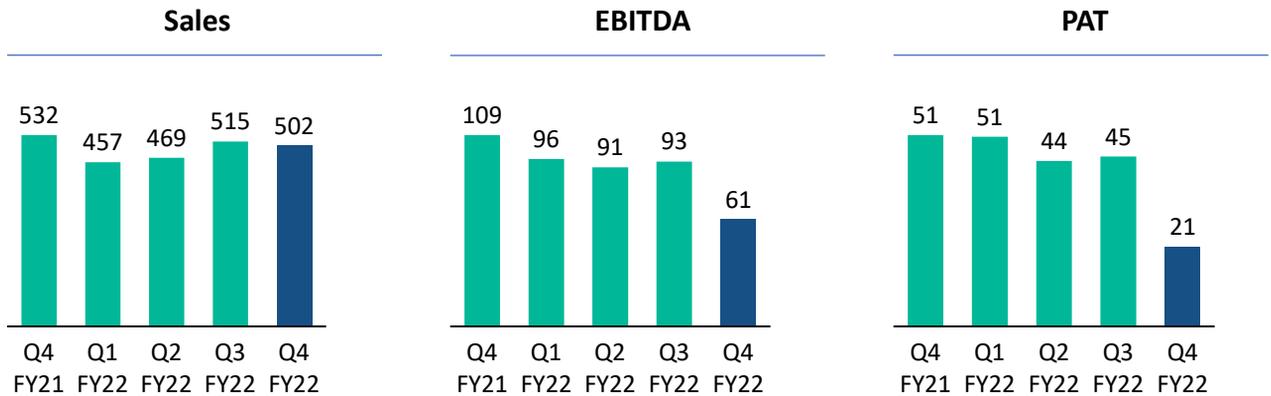


Key Highlights

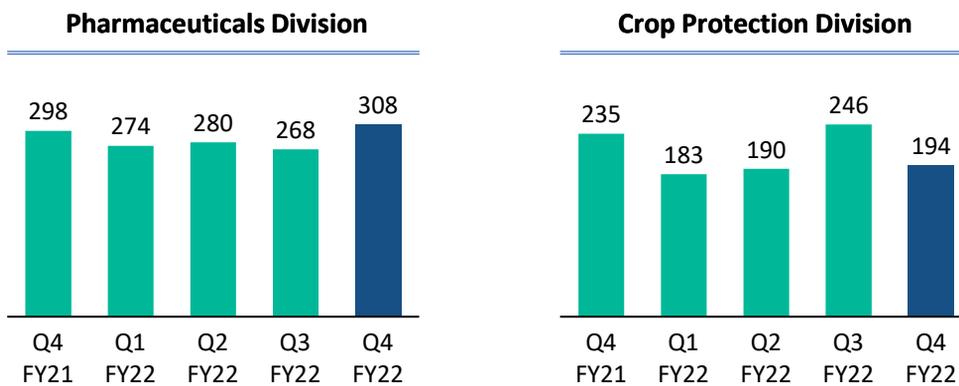
- Capital expenditure to build a production facility at Panoli, Gujarat has initiated as part of 10-year multi-product animal health contract
- Traction from global innovator companies continued for CDMO segment of Pharmaceuticals and Crop Protection businesses
- Business excellence program is in progress with an aim to achieve higher throughput and lower cost of production from existing assets

Consolidated Quarter Performance:

(Rs. in crore)



Segmental Performance for the quarter ended 31st March 2022



- **Pharmaceutical sales grew by 3% at Rs. 308 crore** as compared to Rs. 298 crore in Q4 FY21
 - Muted revenue growth due to demand softening and lower off-take by the customers
 - Significant focus on cost reduction and efficiency improvement projects to minimize the impact of rise in input costs
 - 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
 - Acquired several new customer and entered new geographies
 - Healthy influx of inquiries from key markets for recently launched and new pipeline of products
- **Crop Protection sales degrew by 17% at Rs. 194 crore** as compared to Rs. 235 crore in Q4 FY21
 - Demand for agrochemicals continues to remain strong for CDMO and Own Products segment
 - Enhanced inquiries from global innovators 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 H2 FY23

Commenting on the results, Jai Hiremath, Executive Chairman, Hikal Ltd. said,

“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”.

About Hikal Limited

Hikal is a reliable long-term partner to companies in the Pharmaceuticals, Crop Protection, and Specialty Chemicals industry. The company is in the business of supplying research services, active ingredients and intermediates, manufactured using stringent global quality standards, for its global customers. Hikal's advanced manufacturing facilities have been inspected and approved by leading multinational companies in the Crop protection and Pharmaceutical sectors. The Crop protection facilities are located at Taloja, Mahad (Maharashtra) and Panoli (Gujarat). Hikal's R&T facilities are located at Pune. The Pharmaceutical manufacturing facilities are situated in Jigani (Bengaluru) and Panoli (Gujarat). Hikal is the first Indian life-sciences company to receive the Responsible Care® certification governed by the International Council of Chemical Associations (ICCA).

Safe Harbor Statement

Statements in this document relating to future status, events, or circumstances, including but not limited to statements about plans and objectives, the progress and results of research and development, potential project characteristics, project potential and target dates for project related issues are forward-looking statements based on estimates and the anticipated effects of future events on current and developing circumstances. Such statements are subject to numerous risks and uncertainties and are not necessarily predictive of future results. Actual results may differ materially from those anticipated in the forward-looking statements. The company assumes no obligation to update forward-looking statements to reflect actual results changed assumptions or other factors.

For further information, please contact

Company :	Investor Relations Advisors :	PR Advisors :
Hikal Limited CIN: L24200MH1988PTC048028	Strategic Growth Advisors Pvt. Ltd. CIN: U74140MH2010PTC204285	
Mr. Anish Swadi anish_swadi@hikal.com	Mr. Jigar Kavaiya jigar.kavaiya@sgapl.net +91 9920602034	Ms. Meeral Salia meeral.s@sgapl.net +91 7738364559
www.hikal.com	www.sgapl.net	www.sgapl.net