

Hikal Limited: Resilient Quarterly Performance

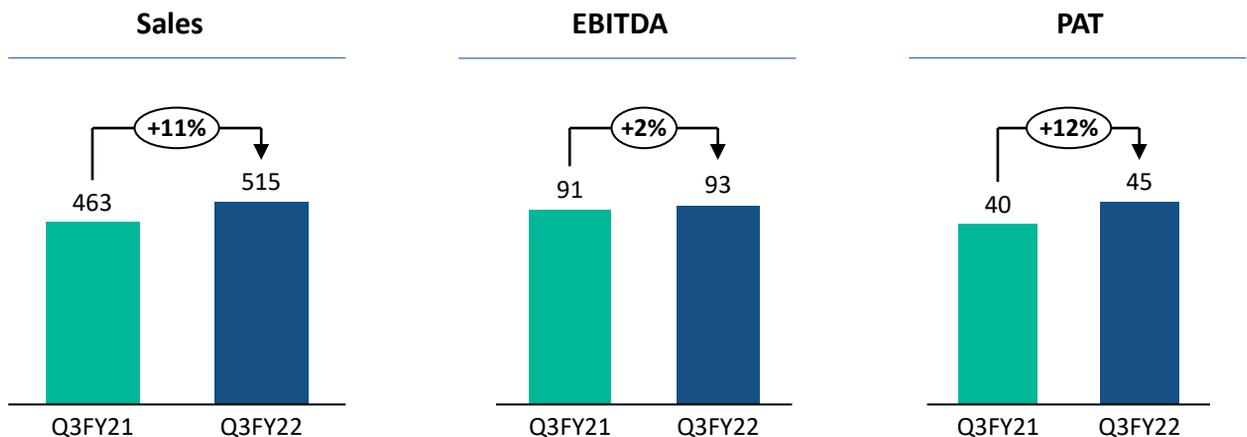
➤ Q3FY22 Highlights

- ✓ Declared an interim dividend of 60%
- ✓ Revenue of Rs. 515 crore; YoY growth of 11%
- ✓ EBITDA of Rs. 93 crore; EBITDA Margin of 18.1%
- ✓ PAT of Rs. 45 crores; YoY growth of 12%
- ✓ Hikal's long term credit rating upgraded to A+ by ICRA

Mumbai, February 14, 2022: Hikal Ltd., a preferred long-term partner for leading global life sciences companies, announced its financial results for the quarter ended 31st December 2021.

Q3FY22 Performance:

(Rs. in crore)

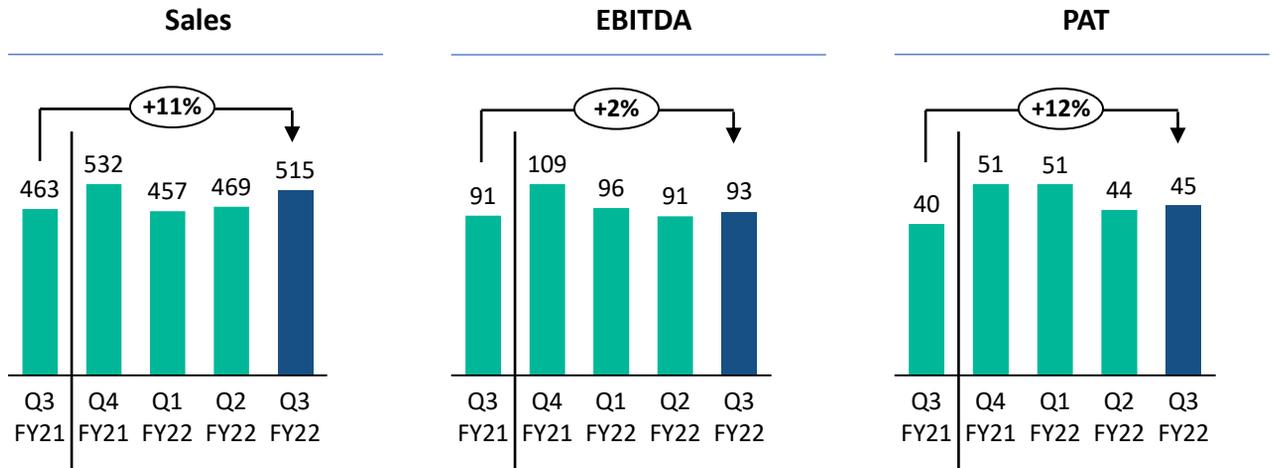


Key Highlights

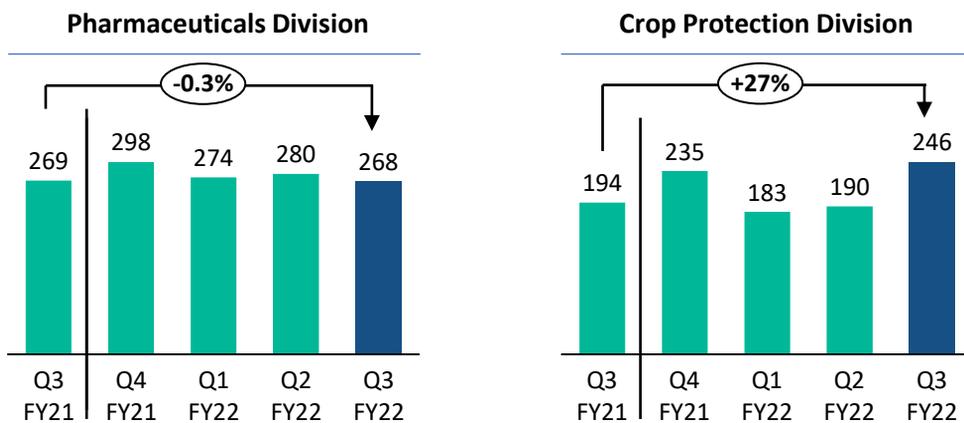
- Change in product mix and increase demand of key products
- Strong performance in Pharma own products and Crop Protection CDMO segments
- Positive impact of higher sales curbed by unfavorable product mix and increased utilities
- YoY PAT growth of 12% driven by increased EBITDA, reduced interest cost and change in tax regime
 - Lowered interest rates due to a combination of factors – improvement in Credit Rating and successful renegotiations
- The Company declared an interim dividend of 60% i.e., Rs. 1.20/share
- Pinnacle, our Business transformation initiative, is on track to create a roadmap across business vertical to drive growth as well as improve profitability, by giving new strategic direction and enabling to chart our progress in a sustainable manner

Consolidated Quarter Performance:

(Rs. in crore)



Segmental Performance for the quarter ended 31st December 2021



- **Pharmaceutical sales remained flat at Rs. 268 crore** as compared to Rs. 269 crore in Q3 FY21
 - Stable sales corresponding with change in product mix
 - Product mix change coupled with increased raw material and energy price
 - Higher fixed cost in combination with flat revenues resulted in lower EBIT
 - Several new customers acquired in different geographies
 - Anti-diabetic portfolio of APIs for future is receiving healthy traction from customers
 - Process development has started for several active ingredients for the multi-year Animal health project with a global innovator
- **Crop Protection sales up by 27% at Rs. 246 crore** as compared to Rs. 194 crore in Q3 FY21
 - Increased sales volume of CDMO products along with favorable price increases for certain products
 - Increase in new inquiries from CDMO customers in Q3 FY22
 - Demand continues to remain strong in domestic market
 - Construction of new multipurpose facility for new products at Panoli is on track

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

“Hikal has recorded a resilient performance in Q3 as we continued the growth trajectory that the company has established over the past few quarters. Despite the hurdles presented by global supply chain challenges combined with increasing raw material as well as utility prices, we have been able to grow our revenues as well as bottom line in the past quarter.

Our Pharmaceutical business was flat at Rs. 268 Crores in Q3 FY22 due to a slower offtake by several customers. We are in dialogue with our customers to pass on the rise in the input prices. This process generally has a lag of a few months which can be seen in the muted segmental profitability for the business. We continued to receive several new enquiries from global innovator companies regarding collaborations in our CDMO business segment. We also expect the demand to stay buoyant on our own products business in the coming quarters.

The Crop Protection business with Rs 246 Crores revenue in Q3 FY22 witnessed a growth of 27% on a YoY basis, on the back of higher demand from our leading CDMO customers. Several new enquiries for potential partnerships in our CDMO business segment were received. We expect this momentum to continue in the next several quarters. Sales of our own products faced challenges of raw material availability. However, we expect the supply to normalize in the coming months, providing a further boost to our Crop protection business.

Both of our businesses are seeing strong tailwinds with respect to the prevailing China plus one sentiment. We continue to invest in developing new products, capabilities and building new capacities considering our future business prospects. Our strategy to integrate backward and to develop alternate sourcing partners is yielding results in terms of sustainability.

The bottom line for the quarter improved 12% YoY due to higher operating profits, reduced interest cost and change in tax regime. We are pleased that our credit rating agency, ICRA, has upgraded our long-term rating to A+ on the back of healthy growth in operating income, operational efficiencies and a healthy pipeline of products. Our effective interest rates have come down due to successful negotiations with our bankers. We are positive that this trend will continue to further improve our bottom line and generate strong cashflows in the coming years.

As part of our efforts to fight the Pandemic, all our employees are fully vaccinated with both doses. The company had near-normal operations across all sites during the quarter, complying with all COVID protocols.

Pinnacle, our business transformation initiative, is on track to create a roadmap across business verticals to drive an aggressive yet profitable and sustainable growth over next five years through a new strategic direction.

We have a robust growth outlook for both of our businesses. We are confident about maintaining this growth momentum in upcoming quarters”.

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.

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