



August 8, 2023

BSE Ltd.,
P J Towers,
Dalal Street,
Mumbai - 400 001.
Scrip Code: 524735

National Stock Exchange of India Ltd.,
Exchange Plaza,
Bandra-Kurla Complex, Bandra,
Mumbai - 400 051.
Symbol: HIKAL

Dear Sir/Madam,

Subject: Results Presentation of the Company for the quarter ended June 30, 2023

With reference to the subject, we are enclosing a copy of the Results presentation on the Unaudited Standalone and Consolidated Financial Results of the Company for the quarter ended June 30, 2023.

This is for your information and records.

Thank you,

Yours sincerely,
for HIKAL LIMITED,

Rajasekhar Reddy
Company Secretary & Compliance Officer

Encl: As above

Hikal Ltd.

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Regd. Office: 717, Maker Chambers - 5, Nariman Point, Mumbai - 400 021, India. Tel. +91-22 6277 0477. Fax: + 91-22 6277 0500

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Results Presentation - Q1 FY24

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Jai Hiremath

"FY24 has started off on a challenging note due to global macro-economic pressures and high channel inventories leading to lower demand across both our businesses. The chemical industry faced difficulties due to China's opening up and depressed market conditions specifically in the Crop Protection end use markets.

For Q1FY24, we reported revenues of Rs. 388 Cr. and EBITDA of Rs. 50 Cr. During the quarter we witnessed disruptive channel inventory correction across the supply chain in both the businesses. We were able to navigate through the market headwinds on the back of improved cost control measures and softening of certain raw materials prices.

On 22nd July 2023, the company had received communication from Gujarat Pollution Control Board (GPCB) directing company to seize operations within 15 days from the order date citing certain technical violations. The company has responded to the queries raised by the GPCB and the closure notice has been revoked. There has been no interruption in production and operations at the site, which continues to operate as normal. We are deeply committed to upholding the principles of responsible care and sustainable business practices.

For Q1FY24, our pharmaceutical business reported revenues of Rs. 225 Cr. In the pharmaceutical industry, we witnessed softening of raw material prices at the same time competitive pricing environment. On the Generics side, sales have stabilized, and the inventory is expected to normalize by end of next quarter. We expect that the off take will return to normalcy in the second half of this financial year. We have strengthened our sales network in geographies like Latin America, Middle east and Japan. On the CDMO front, we continue to have a strong future pipeline and are aggressively capitalizing on new opportunities. During the quarter, our API facility in Panoli, Gujarat, was audited by the US FDA, and the audit was concluded with 'Zero' 483 observations as a testament of our commitment to high standards of regulatory compliance.

Our Crop Protection business reported revenue of Rs.163 Cr. for Q1FY24. The global agrochemical industry has been going through a challenging phase over the last several quarters as end customers are destocking amid high channel inventories. The market is witnessing pricing pressure given the higher base of previous year and very aggressive price competition from the Chinese companies. We are experiencing a decline in prices of certain products due to the cost of inventory with channel partners. However, we anticipate a recovery in demand towards end of Q3 FY24. On margins side, softening of raw material prices and deployment of cost improvement programs is expected to have a favorable impact.

In our Animal Health business, the progress on developing new products as part of a long-term contract with an innovator animal health company is progressing well. Our new multipurpose plant for Animal Health is on track at Panoli, Gujarat and commissioning is underway. We will be validating several products in the upcoming quarters.

We are well-positioned to benefit from the significant opportunities considering the current shift in the global supply chain and the diverse capability built over the period of three decades. We are anticipating a better second half of the year with an up-trending revenue, realization from cost improvement programs and raw material price stabilization. We are confident that the journey of longer-term sustainable growth and profitability is still very much intact."



Quarterly Financials Highlights

Q1FY24: Performance Highlights



Revenue - Q1 FY24
Rs. 388 Crore



YoY
+2%



QoQ
-29%



EBITDA - Q1 FY24
Rs. 50 Crore



YoY
+122%



QoQ
-43%



EBITDA Margin - Q1 FY24
12.9%



YoY
+696 bps



QoQ
-321 bps



PAT - Q1 FY24
Rs. 7 Crore



YoY
+177%



QoQ
-81%



EPS - Q1 FY24
Rs. 0.56

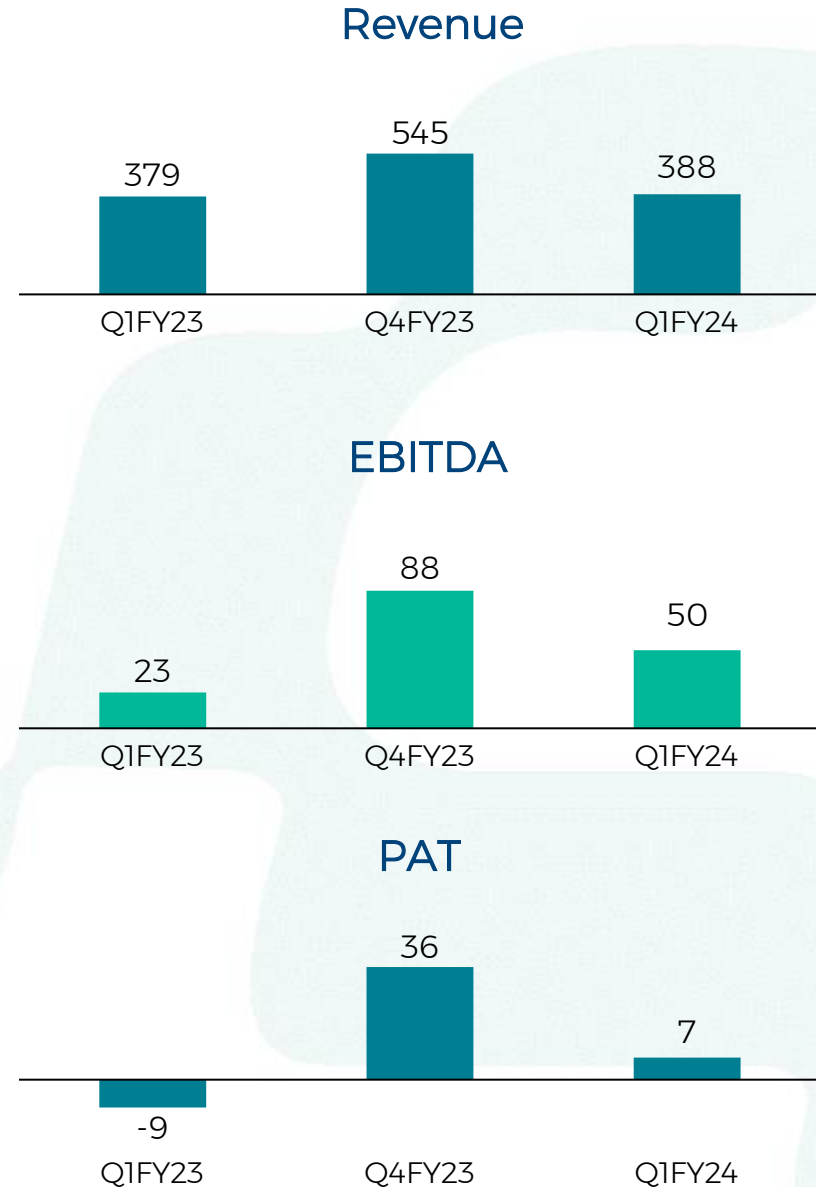


YoY
+177%



QoQ
-81%

Quarterly Performance Highlights

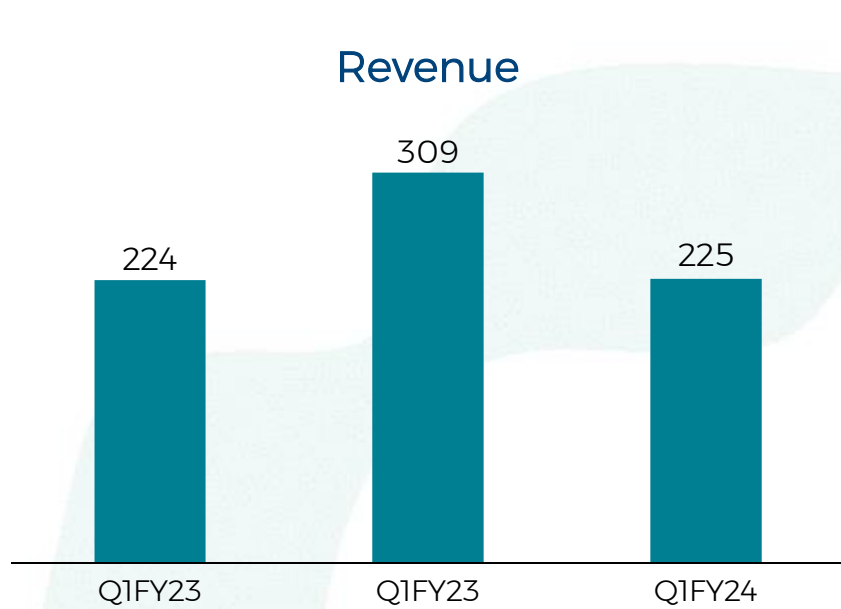


Rs. Crore

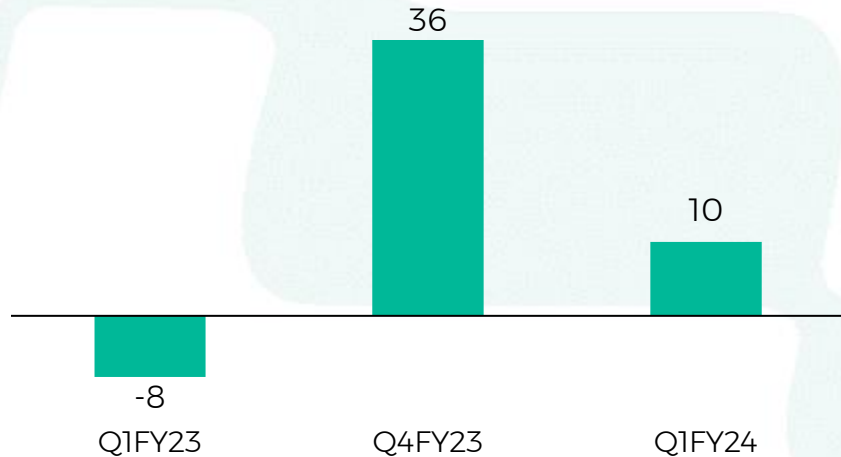
Performance Highlights

- Revenue recorded at Rs 388 Crore, 2% growth YoY basis
 - Change in product mix
 - Increased demand of select products
- EBITDA stood at Rs 50 Crore, 122% increase on YoY basis
 - Cost improvement initiatives, softening in RM costs and change in product mix
- PAT was Rs. 7 Crore
 - Lower operating leverage sequentially
 - 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 for Pharma business in the upcoming quarters
- Panoli site clears US FDA audit for API with 'Zero' 483 observation
 - US FDA approval is in line with derisking strategy for additional API site to service our global customer base

Revenue



EBIT

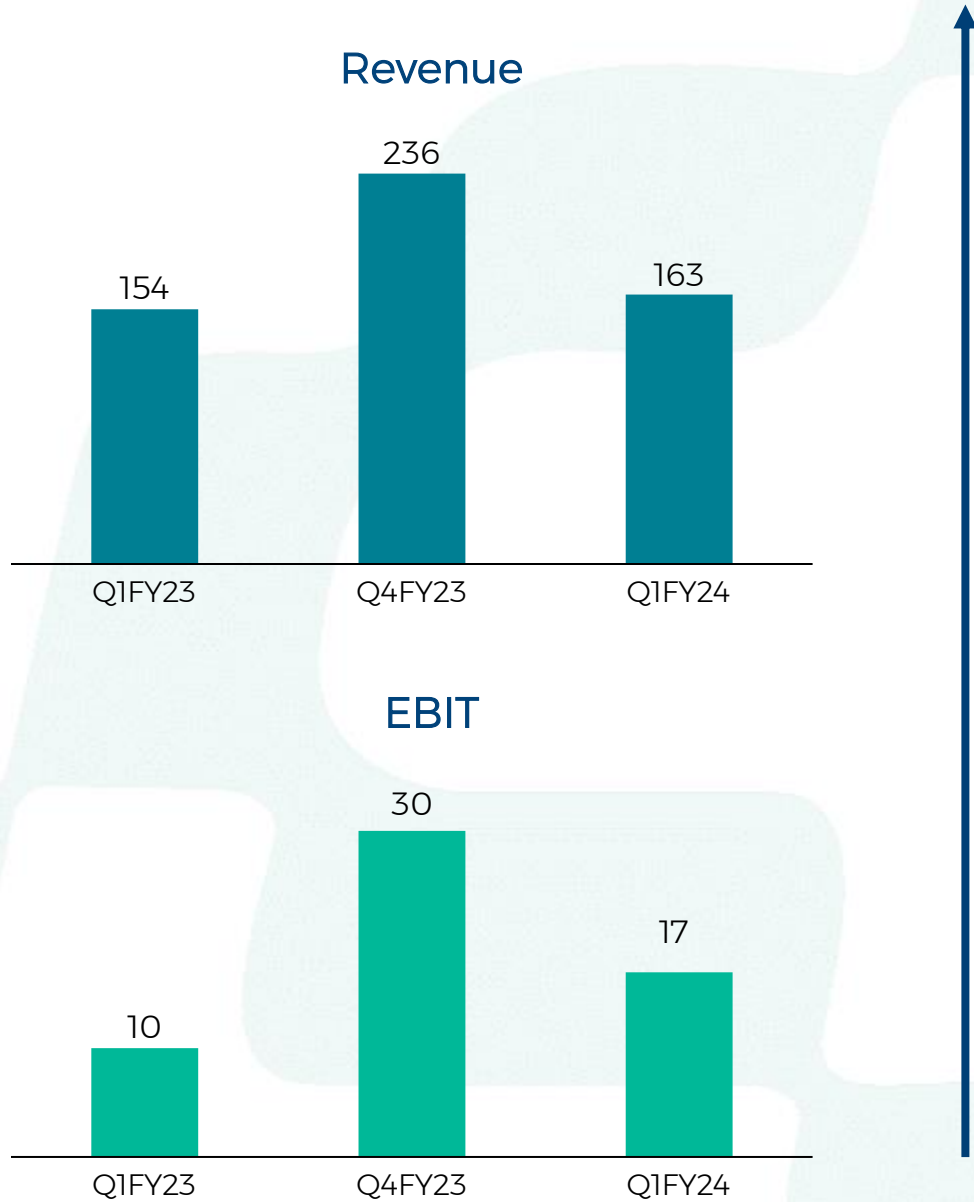


Rs. Crore

Performance Highlights

- Revenue stood flat at Rs 225 Crore vs same period last year
- EBIT stood at Rs 10 Crore
 - Softening of key RM prices
 - Lower operating leverage on sequential basis
 - Improvement in margins on account of business excellence initiatives
- New multipurpose plant for Animal Health is on track at Panoli, Gujarat and commissioning is underway
- Good traction in Generics from customers in Japan, Latin America and Middle East geographies for the newer product portfolio
- New opportunities are under advanced stage of discussion with various global innovators in CDMO business

Quarterly Performance Highlights - Crop Protection



Performance Highlights

- Revenue stood at Rs 163 Crore
 - Disruptive channel inventory correction in Agrochemicals space has reduced the demand of key products in the quarter
 - Demand from customers is expected to recover during H2 FY24 on account of channel inventory normalization
- EBIT stood at Rs 17 Crore
 - Softening of input raw material prices
 - Reduced operating leverage sequentially
 - Successful deployment of business excellence projects
- New multipurpose facility at Panoli, Gujarat is currently stabilizing and commissioning activity is going as per plan
- We have a strong pipeline of opportunities under discussion with various global innovators

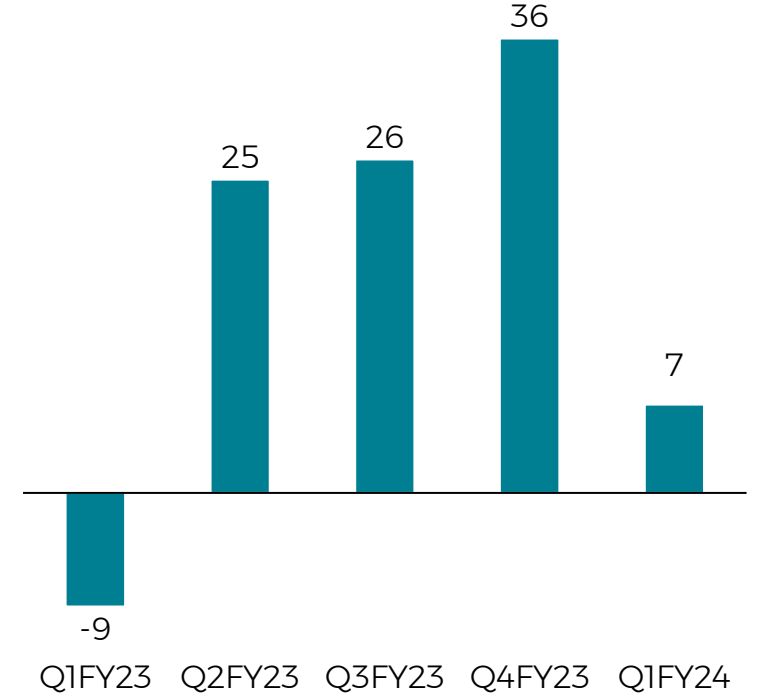
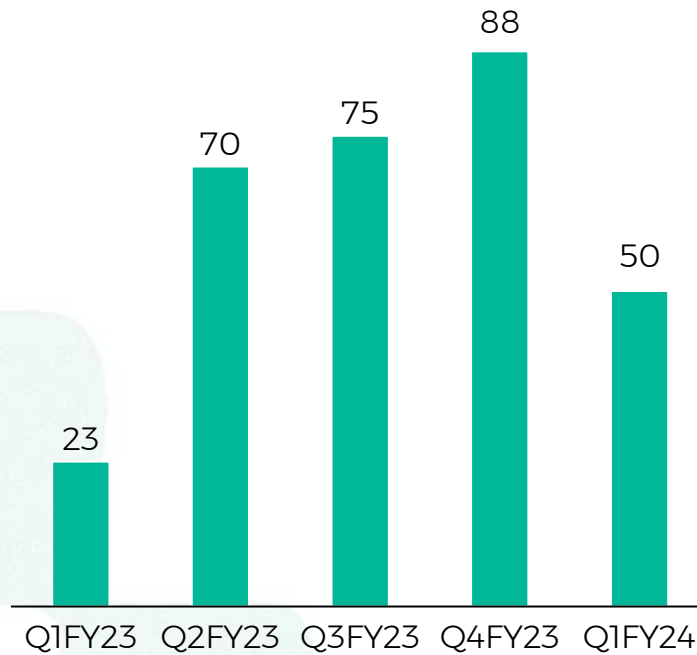
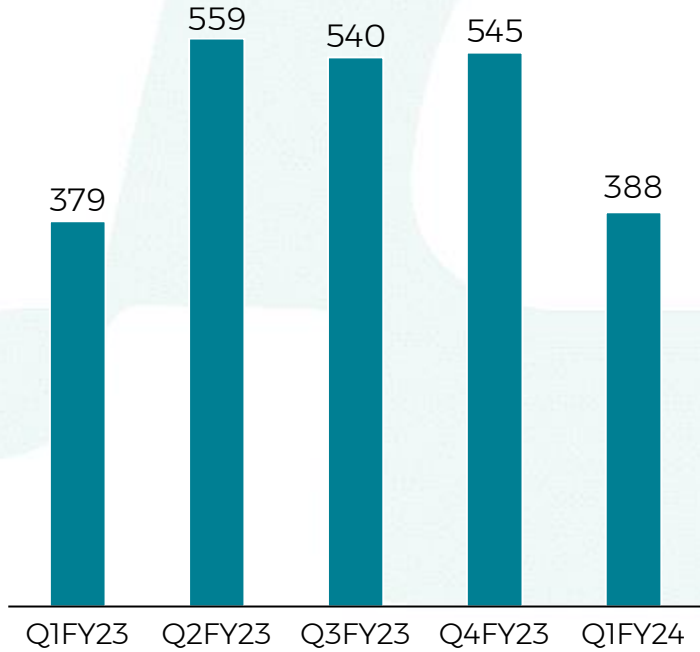
Quarterly Financial Highlights



Consolidated Revenue

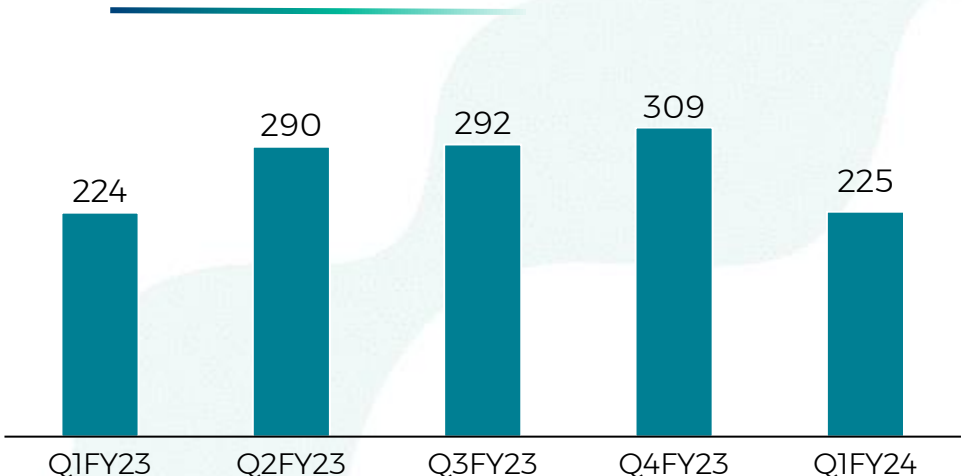
Consolidated EBITDA

Consolidated PAT

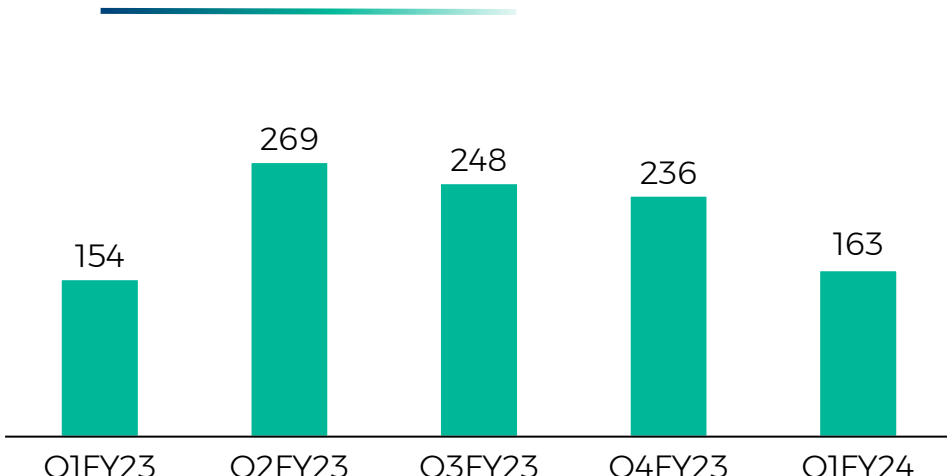


Quarterly Segmental Highlights

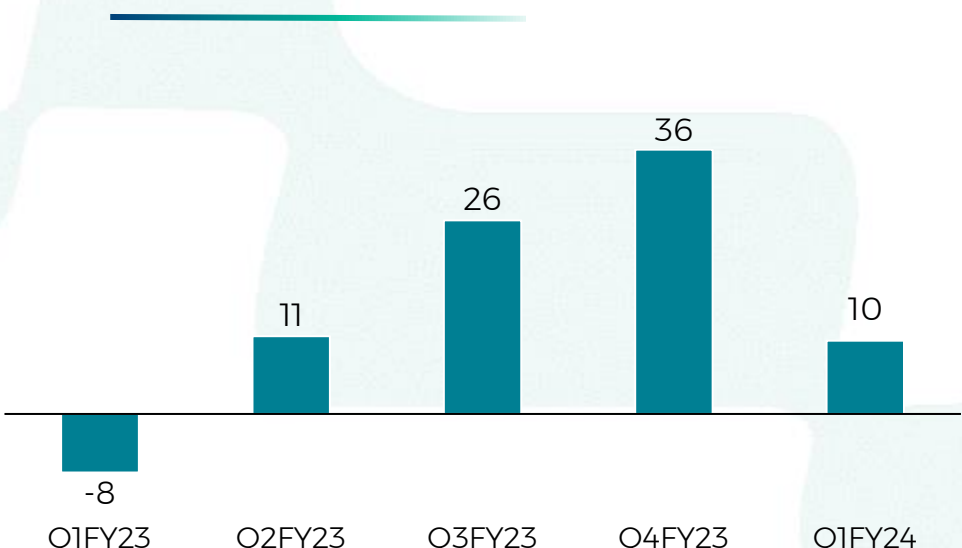
Pharmaceuticals Revenue



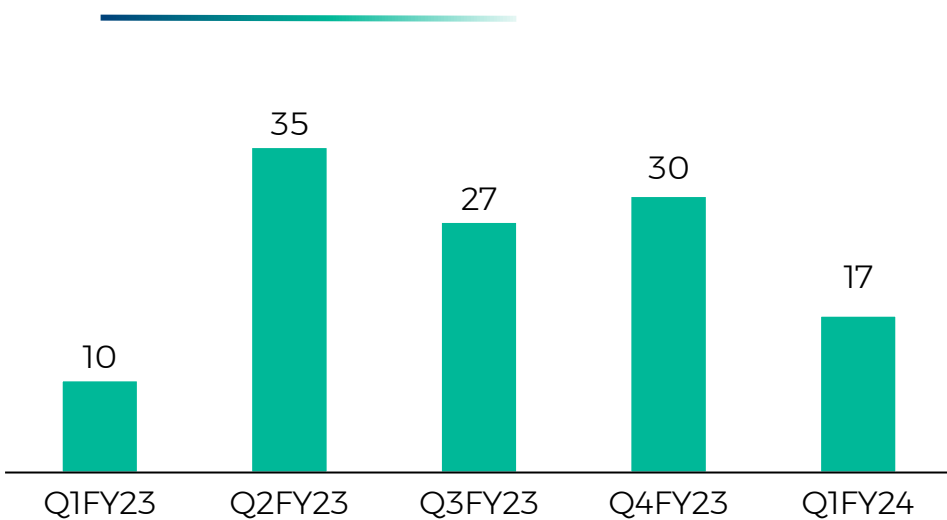
Crop Protection Revenue



Pharmaceuticals EBIT



Crop Protection EBIT



Rs. Crore

Consolidated Profit & Loss - Q1

Particulars (Rs. in Cr)	Q1 FY24	Q1 FY23	Y-o-Y
Net Sales	388	379	2%
Expenditure	338	356	
EBITDA	50	23	122%
Margin	12.9%	6.0%	
Other Income	1	3	
Depreciation	28	27	
Finance Costs	14	11	
PBT	10	(12)	181%
Tax	3	(3)	
Net Profit	7	(9)	177%
Margin	1.8%	-2.4%	



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

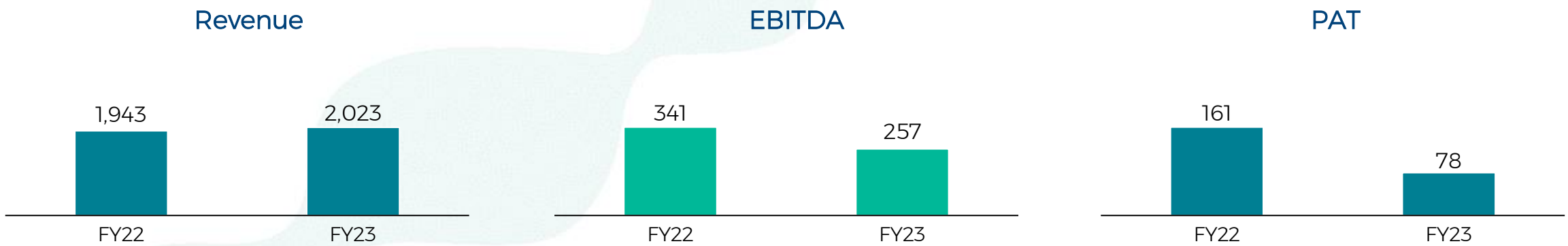
↓ YoY
-51%



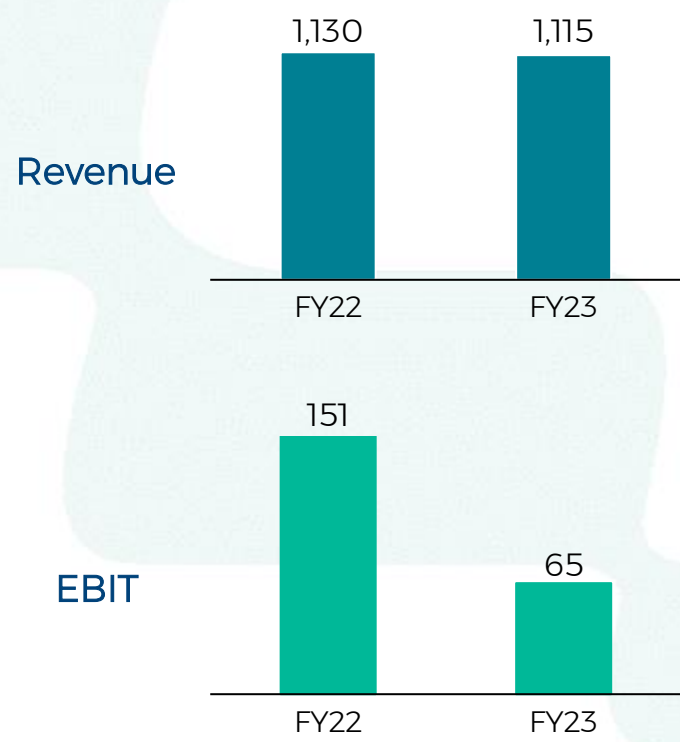
EPS – FY23
Rs 6.36

↓ YoY
-51%

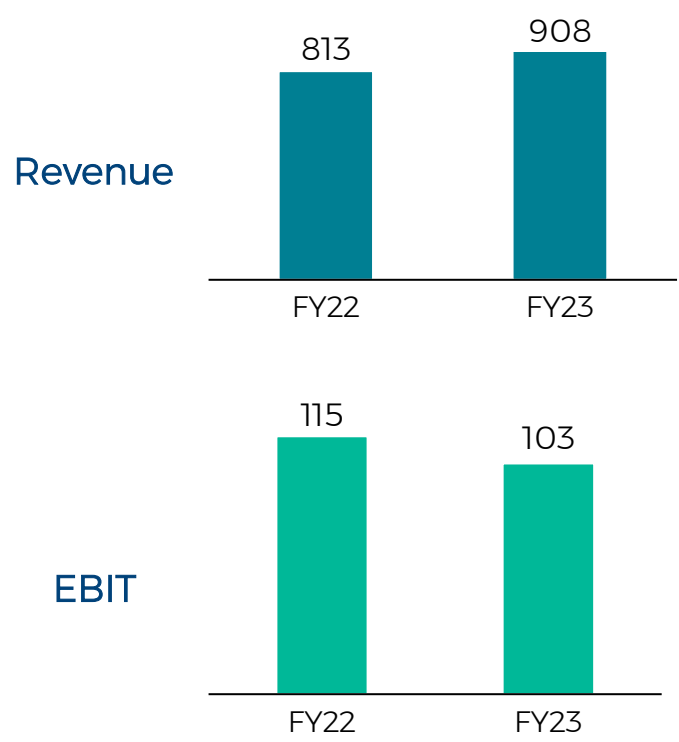
Annual Performance Highlights



Pharmaceuticals Division



Crop Protection Division



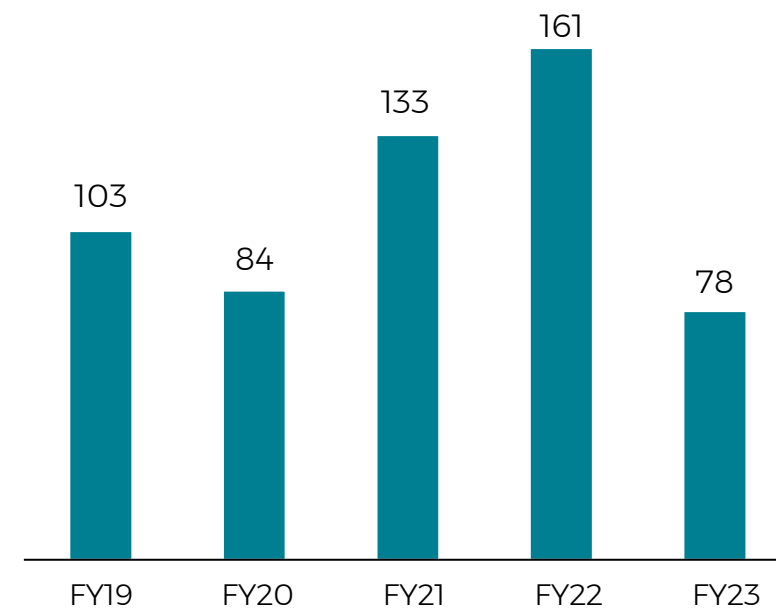
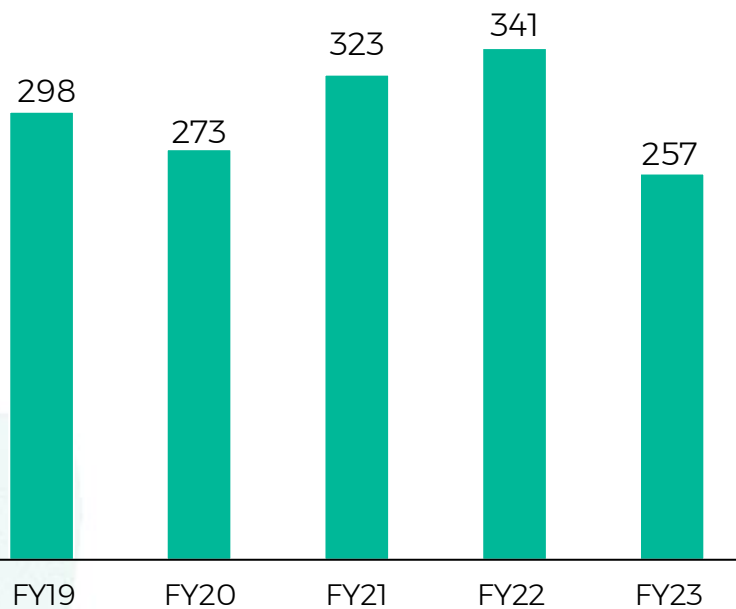
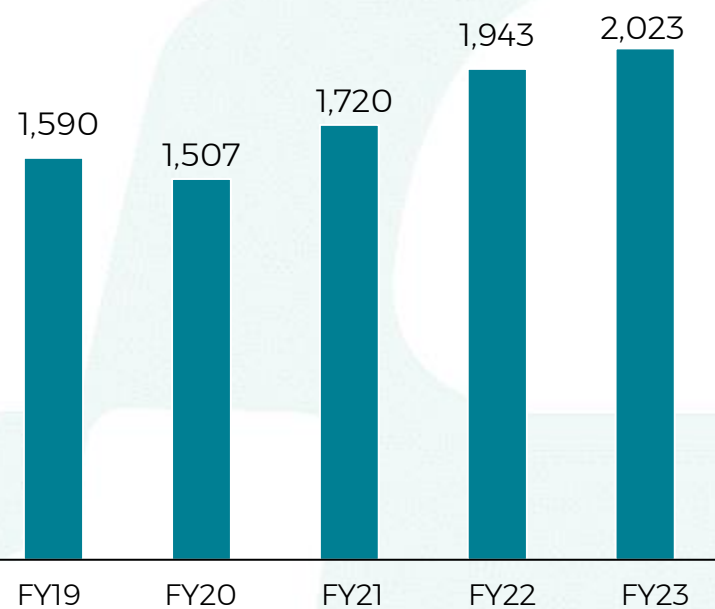
Yearly Financial Highlights



Consolidated Revenue

Consolidated EBITDA

Consolidated PAT



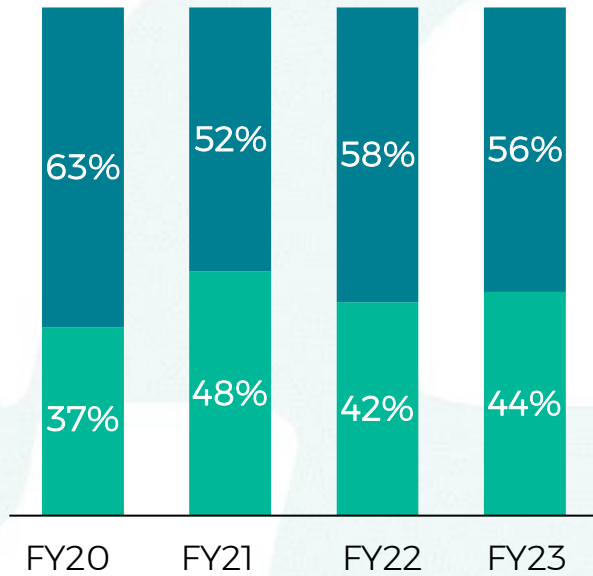
Rs. Crore

Sales Break-Up

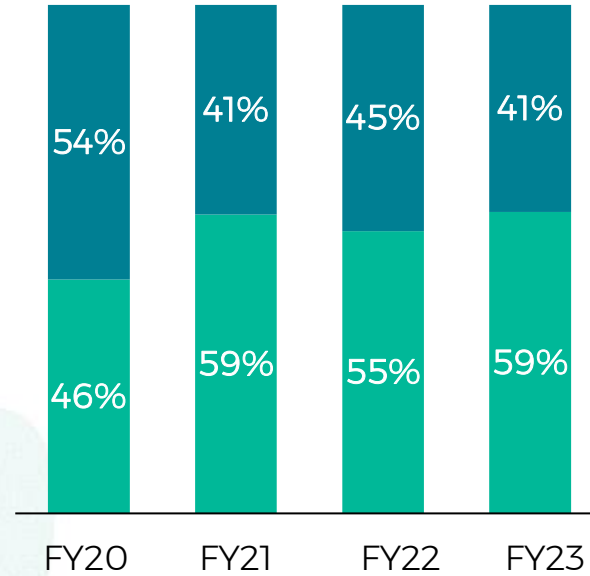


- CDMO
- Own products

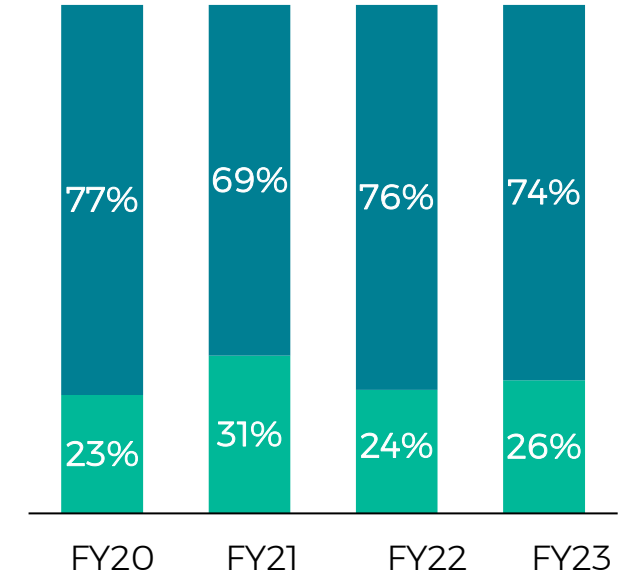
Company Revenue Break-Up



Pharmaceuticals Revenue Break-Up

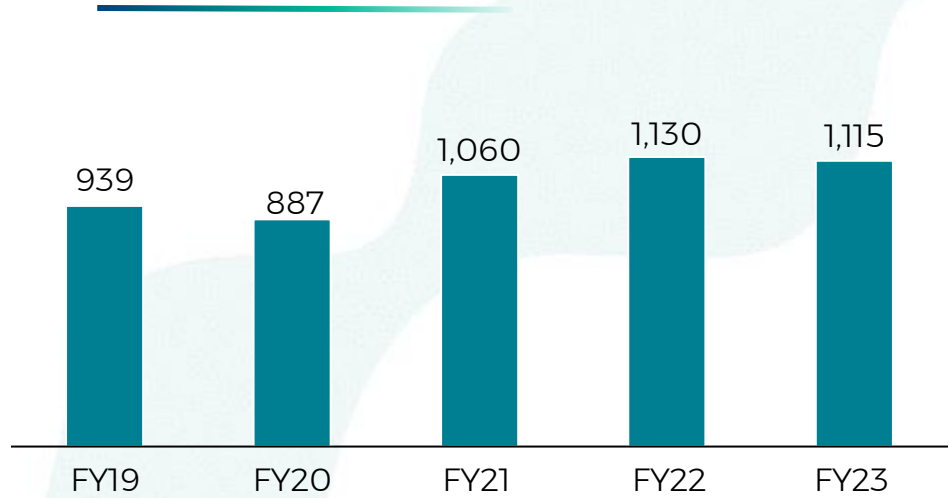


Crop Protection Revenue Break-Up

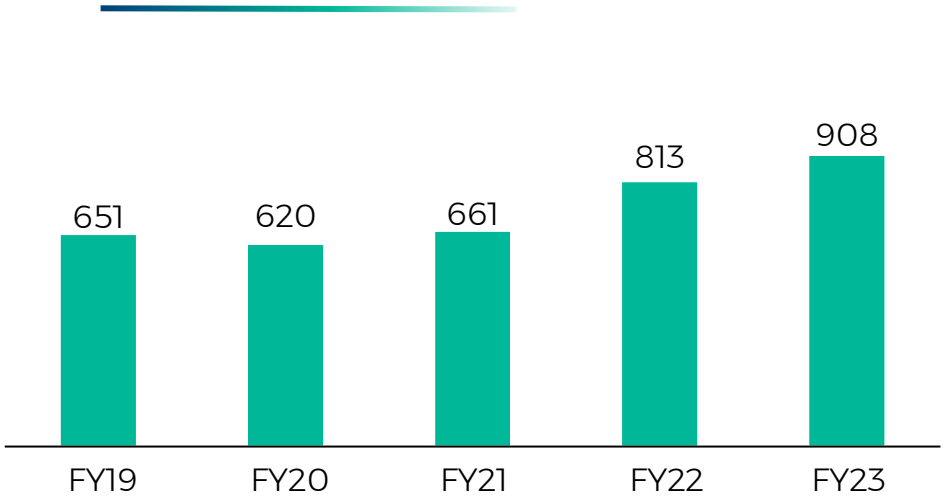


Yearly Segmental Highlights

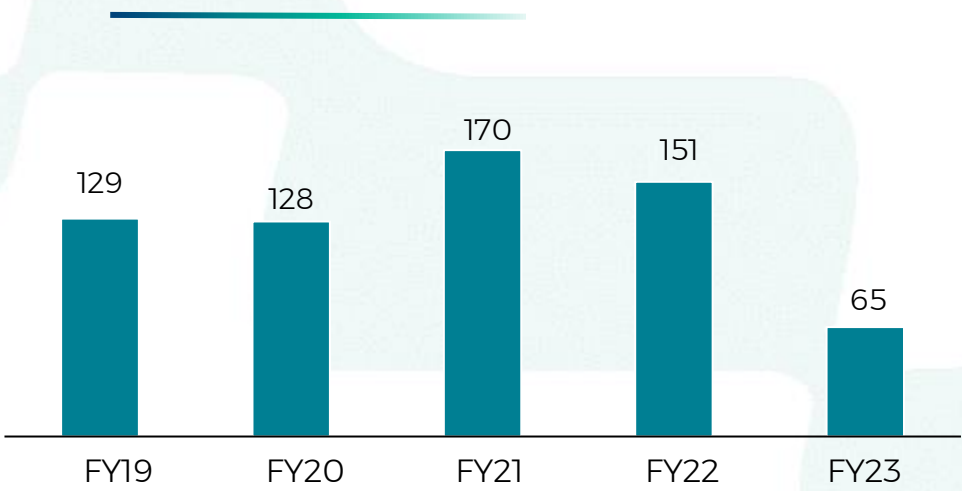
Pharmaceuticals Revenue



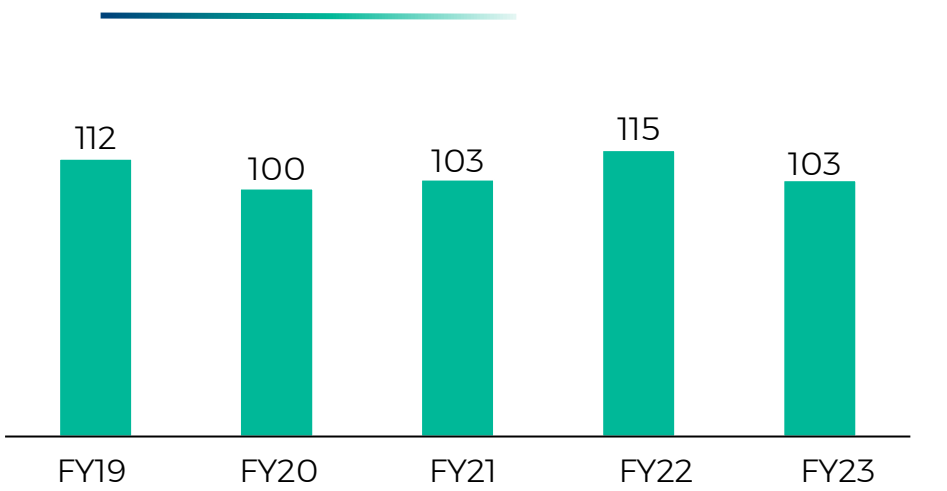
Crop Protection Revenue



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			

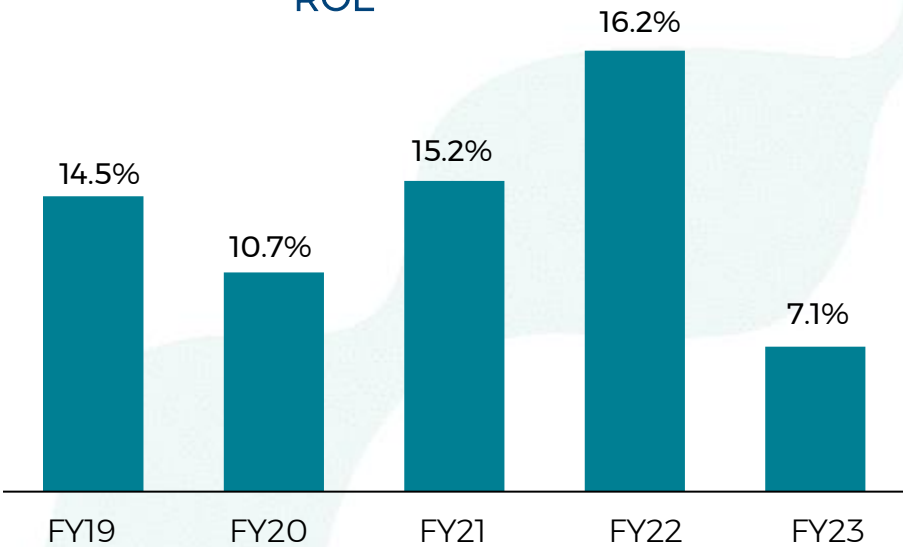
Consolidated Cash Flow Statement



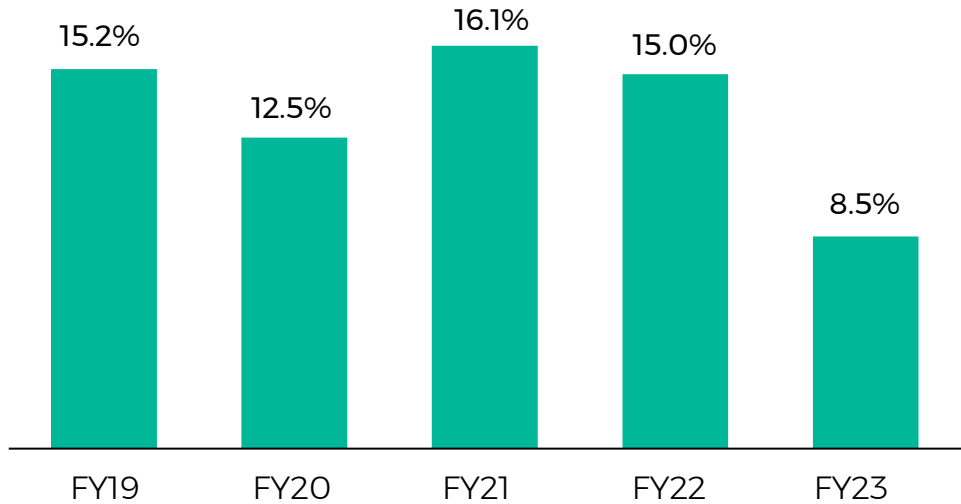
Particulars (Rs. Crore)	Full Year ended 31-Mar-23	Full Year ended 31-Mar-22
Profit before tax	105	219
<i>Adjustments</i>	163	126
Operating Profit Before Working Capital Changes	268	345
<i>Change in operating assets and liabilities</i>	76	19
Cash generated from operations	344	364
<i>Income taxes paid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

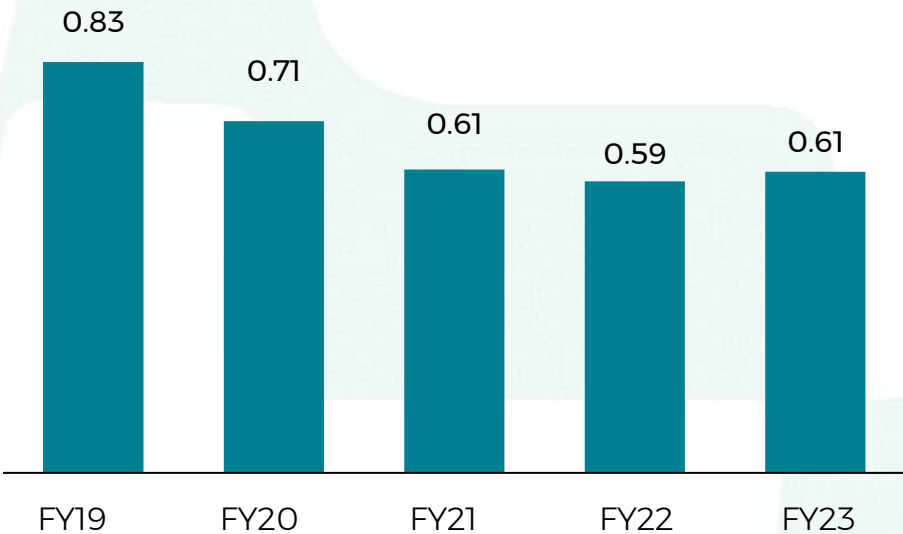
ROE



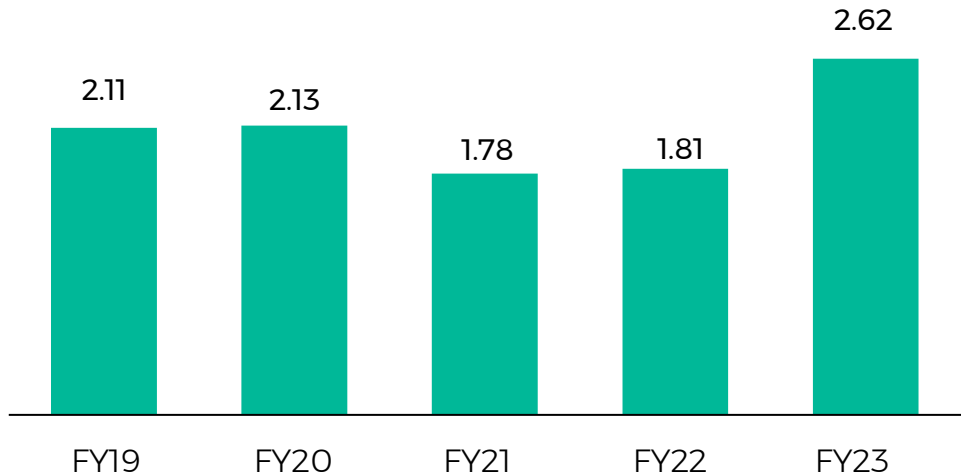
ROCE



Net Debt / Equity

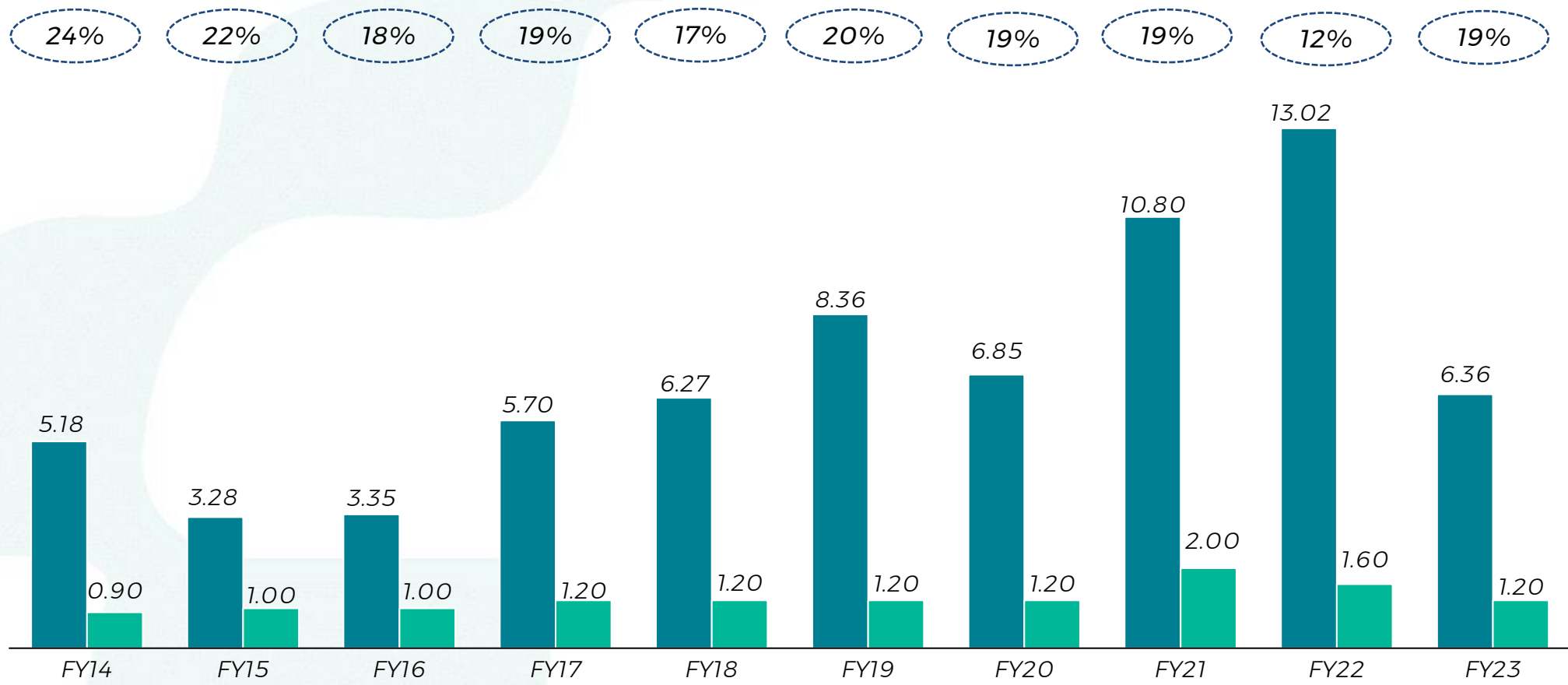


Net Debt / EBITDA



Annual Dividend Payout

Dividend Payout including DDT



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



Company :

Hikal Limited

CIN: L24200MH1988PTC048028

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Investor Relations Advisors :

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HIKAL
