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**November 2017 Presentation**

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Leading Sustainable Technology driven company serving the Crop Protection & Pharmaceutical Industries

- Amongst the few Global Company to offer customized, cost effective and sustainable solutions from **R&D to Commercial Manufacturing**
  - One of very few global and only Indian Company to provide APIs for both **Pharmaceuticals and Agrochemicals - Hybrid Model**
    - Preferred Supplier to Large Global Customers across the **Regulated Markets**
  - **First Responsible Care** custom manufacturing Life Science Company in India
- First Indian Company to be member of **Rx - 360**, a global pharmaceutical supply chain consortium for upholding world class quality standards

# Hybrid Business Model

## 1 Pharmaceuticals

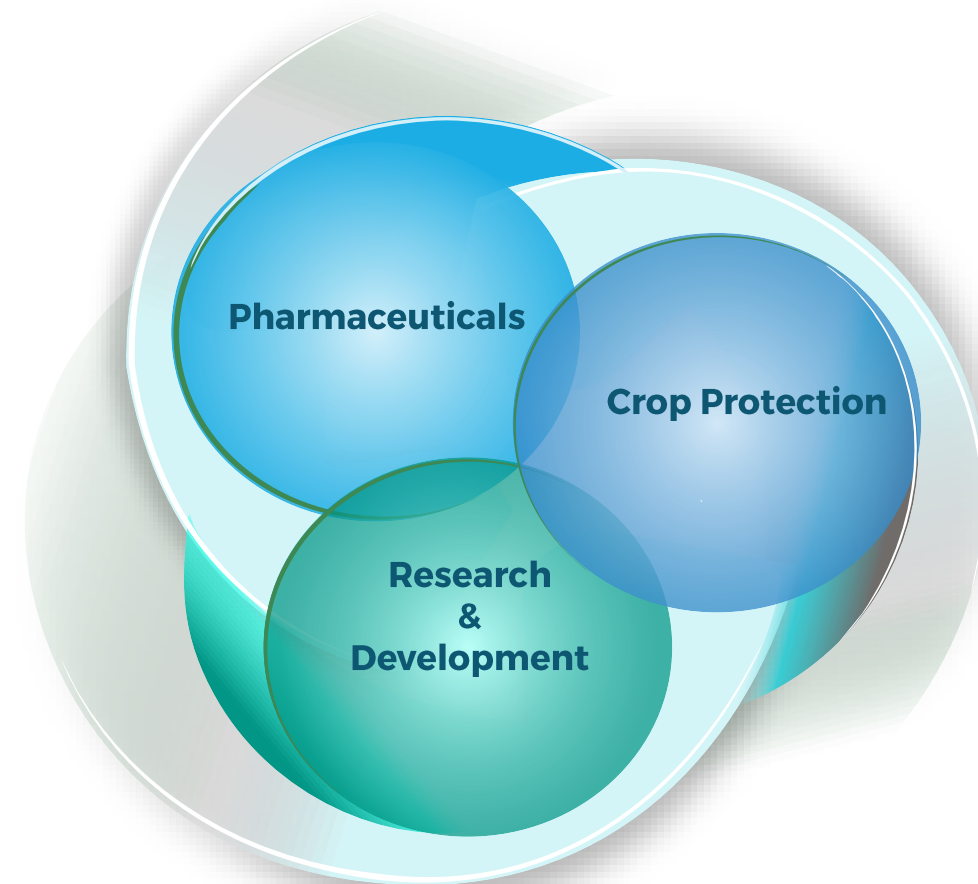
- Contract & Custom Manufacturing
- Generics
- Human Health
- Animal Health
- Strong Relationships with Innovators, Mid size Pharma, Biotech & Generic Companies

## 3 Research & Development

- Offers Right Combination of Capabilities, Quality combined with significant Cost Arbitrage
- Full development & Scale up Service to Innovator Companies , Generic & Biotech Companies

## 2 Crop Protection

- Custom Synthesis and Contract Manufacturing of Agrochemicals, Intermediates, Biocides and Specialty Chemicals
- Preferred Supplier to Top Crop Protection Companies



## Evolution

### Crop Protection

*Commenced operations with a plant in Mahad.*

**Second Plant commissioned in Taloja along with Merck, USA**



### Pharmaceuticals

*Diversified into pharmaceuticals business by acquiring Panoli plant from Novartis (formerly Sandoz) and drug manufacturing plant from Wintac (formerly Recon) in Bangalore*

### R&D

*Established R&D center in Pune to focus on R&D and augment pharmaceuticals and crop protection processes*

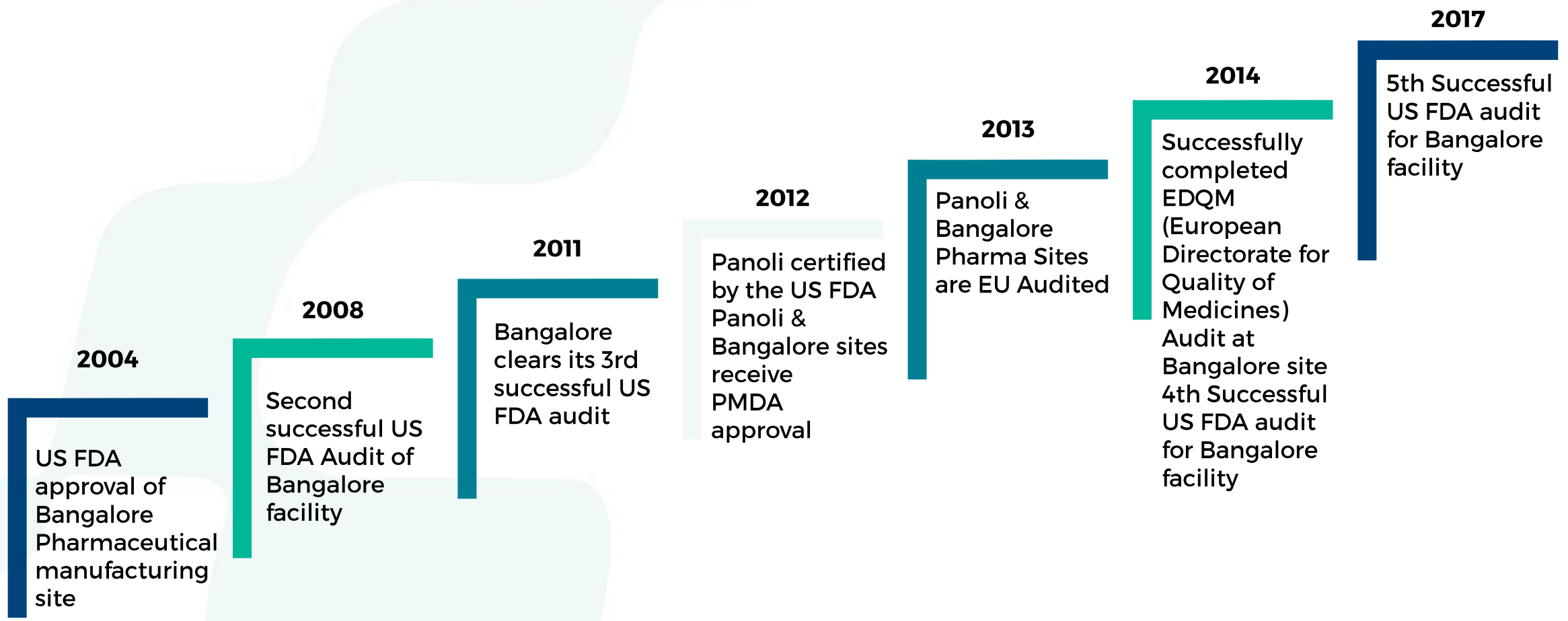


Year	Milestones
1988	Hikal is incorporated
1991	First Manufacturing site at Mahad begins operations - Signed a long term supply agreement with Hoescht India
1995	Signed a long term manufacturing and supply agreement with Merck, U.S., for a large volume Agvet Active Ingredient
1997	Manufacturing of the Active Ingredient for Merck begins at Taloja site
2000	Hikal acquires manufacturing site from Novartis in Panoli, Gujarat
2001	Acquired R&D and Manufacturing site in Bangalore. Hikal enters the Pharmaceutical business
2002	First Pharmaceutical API patent for non infringing process filed in the U.S.
2003	First new API plant commissioned at Bangalore. Multi-purpose Pharmaceutical intermediate plant commissioned at Panoli.
2005	Hikal Scientific Advisory Board formed Signed long term supply agreement with a multinational Crop Protection company
2006	Signed Long term supply contract with global innovator company for commercial supply of API's
2007	Signed long term contract API manufacturing supply agreement with a leading Animal health company
2008	IFC (World Bank) invests 8.27% equity into the company.
2009	Acoris (Research & Development Centre) becomes operational Signed Long term supply contract for an on patent molecule with a global crop protection innovator company.
2012	Hikal wins Aditya Birla Award for "Best Responsible Care Company" in India
2013	Signed a long term supply agreement for human health products with a global biopharmaceutical company
2014	Pharmaceutical Sites, Panoli & Bangalore received EU GMP Approval
2015	New Development & Launch Plant in Bangalore successfully commission for new products from the Pharmaceutical Division Company successfully commissioned Co generation Plant and Biomass boilers at all sites as part of its sustainability program

# Global Regulatory Compliances



# Regulatory Milestones





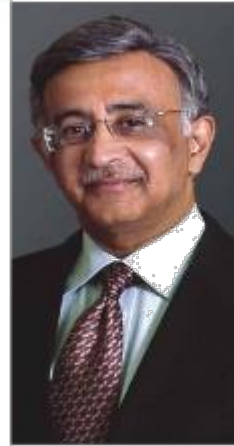
## Board of Directors



**Jai Hiremath**  
Chairman & MD



**Sameer Hiremath**  
President & Joint MD



**Baba Kalyani**



**Amit Kalyani**



**Dr. Wolfgang Welter**



**Dr. Axel Kleemann**



**Sugandha Hiremath**



**Prakash Mehta**



**Kannan Unni**



**Shivkumar Kheny**



**Jai Hiremath**  
Chairman & MD



**Sameer Hiremath**  
President & Joint MD



**Anish Swadi**  
Strategy



**Dr. Sudhir Nambiar**  
Research &  
Technology Strategy



**Manoj Mehrotra**  
Pharmaceuticals



**Kumar Inamdar**  
Crop Protection



**Sham Wahalekar**  
Finance



**Kumaar Priyaranjan**  
HR

### Dr. Goverdhan Mehta

- He holds a D.Sc. from the University of Marseilles, France; Ph.D. In Organic Chemistry from Pune University - National Chemical Laboratory; and a Ph.D. from Michigan State University and Ohio State University USA
- He is a National Research Professor, Eli Lilly Chair, School of Chemistry at the University of Hyderabad and a Bhatnagar Fellow
- Padma Shri in 2000 by the President of India
- Chevalier de la Légion d'Honneur
- Fellow of the Royal Society and a member of the Scientific Advisory Committee to the Prime Minister of India

### Prof. K Nagarajan

- He is B.Sc. (Hons) in Chemistry from Loyola College, Madras, and Ph.D. from the University of Madras. He is a postdoctoral Fellow from Wayne State University, California Institute of Technology, Pasadena and Zurich University, Switzerland
- He has held various positions as Head, Medicinal Chemistry, Ciba Research Center; Director, R&D of Searle India, among others
- Bhatnagar Prize in Chemistry and Lifetime Research Award from the Chemical Research Society of India. Dr. K. Nagarajan spearheads the scientific efforts at Hikal

### Prof. Axel Kleemann

- He is a Ph.D. in Chemistry from the Johann Wolfgang Goethe University, Frankfurt am Main, where he is the Honorary Professor of Chemistry
- Prof. Kleemann is the Chairman of the Board of Directors of Protagen AG and a member of the Board of Directors of several non-listed and listed biotech and fine chemical companies
- Co-author of the standard reference book, 'Pharmaceutical Substances'

## Focused Strategy

To be a leading reliable & high quality sustainable CDMO player globally

Vision

Strategy



### Aggressive Growth

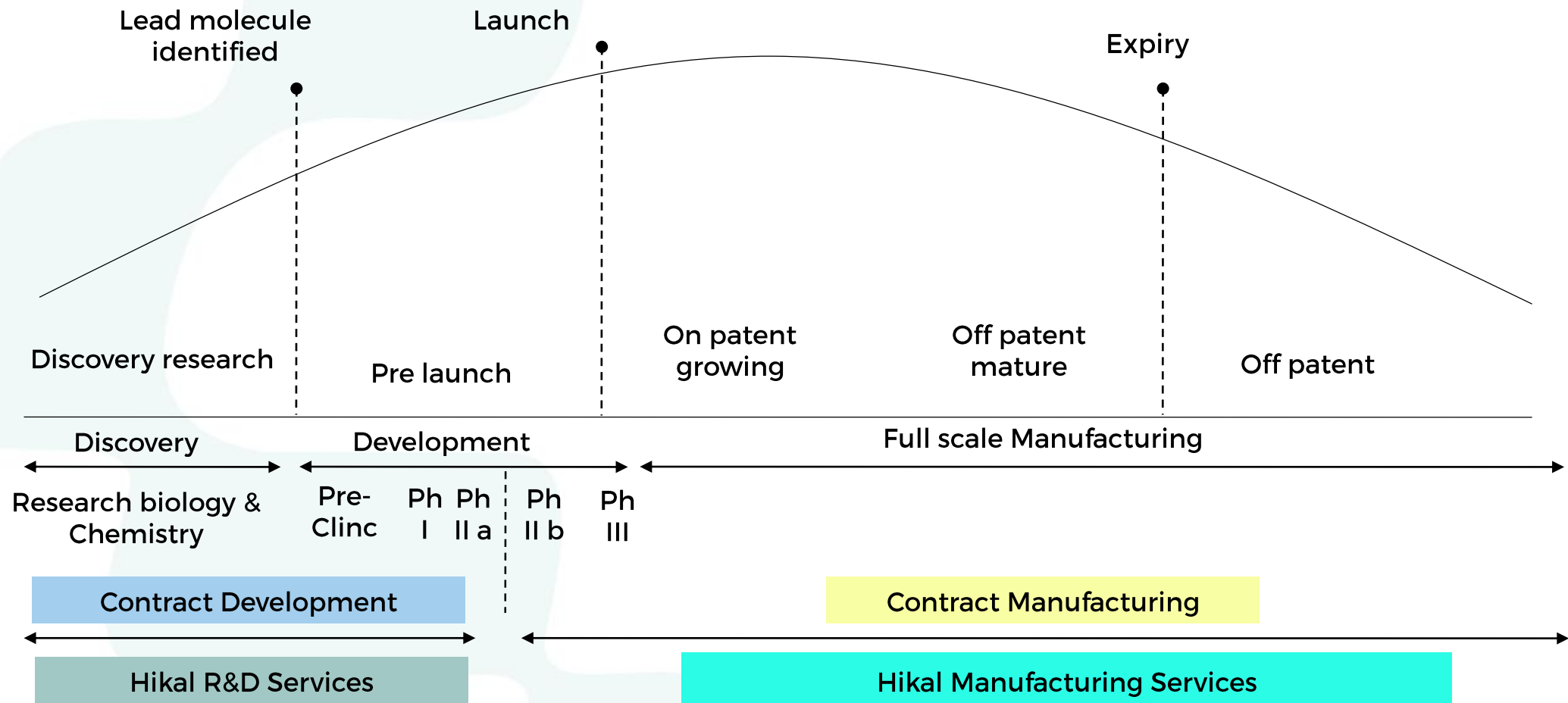
- Aggressive growth in Pharmaceuticals , Animal Health & Crop Protection
- Support NCE & Gx Molecules Serving a large range of Customers

### Develop Own Portfolio

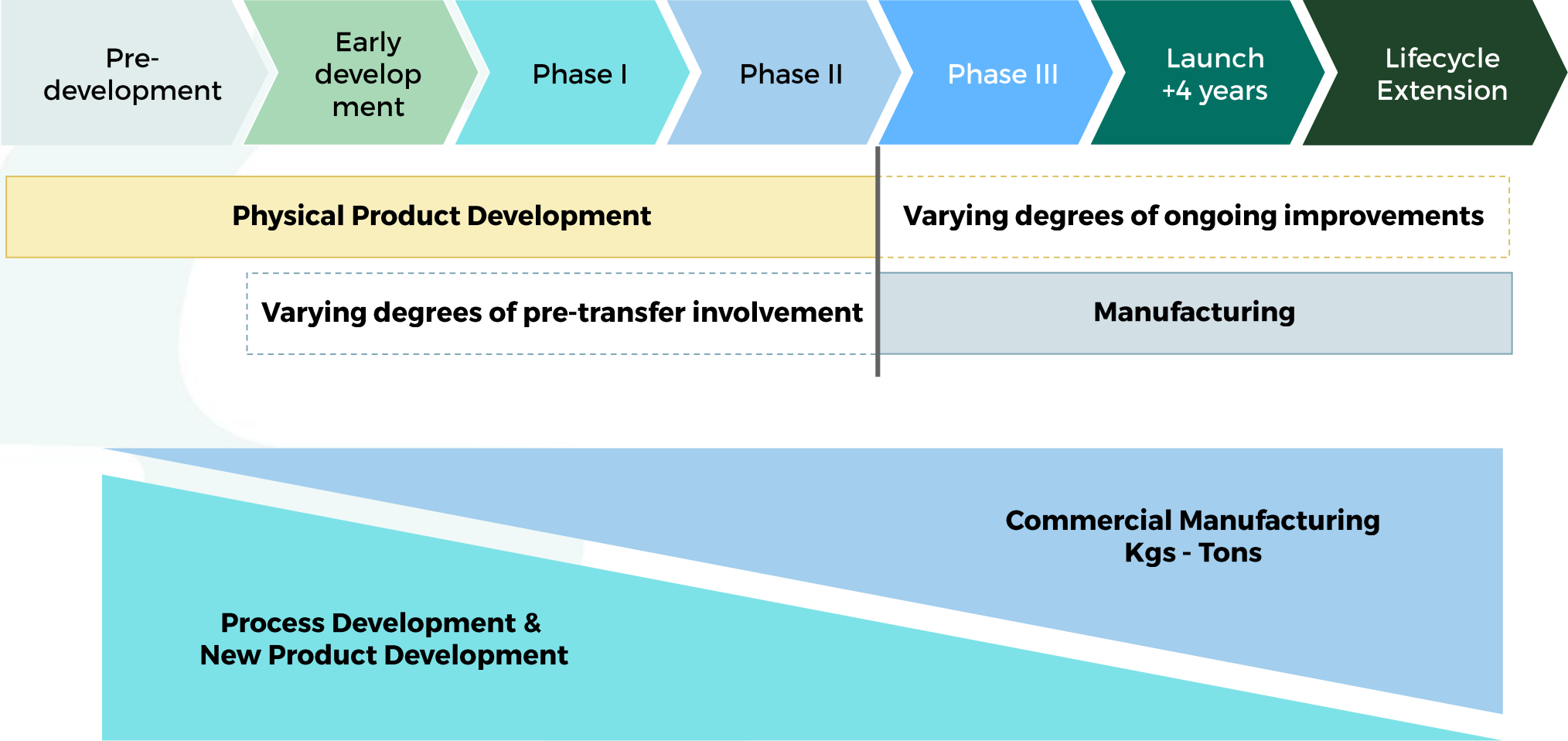
- Develop own portfolio of products as next wave of Hikal growth
- Life cycle extension

Positive track record with Existing Customers to expand the Relationships and Target New Customers

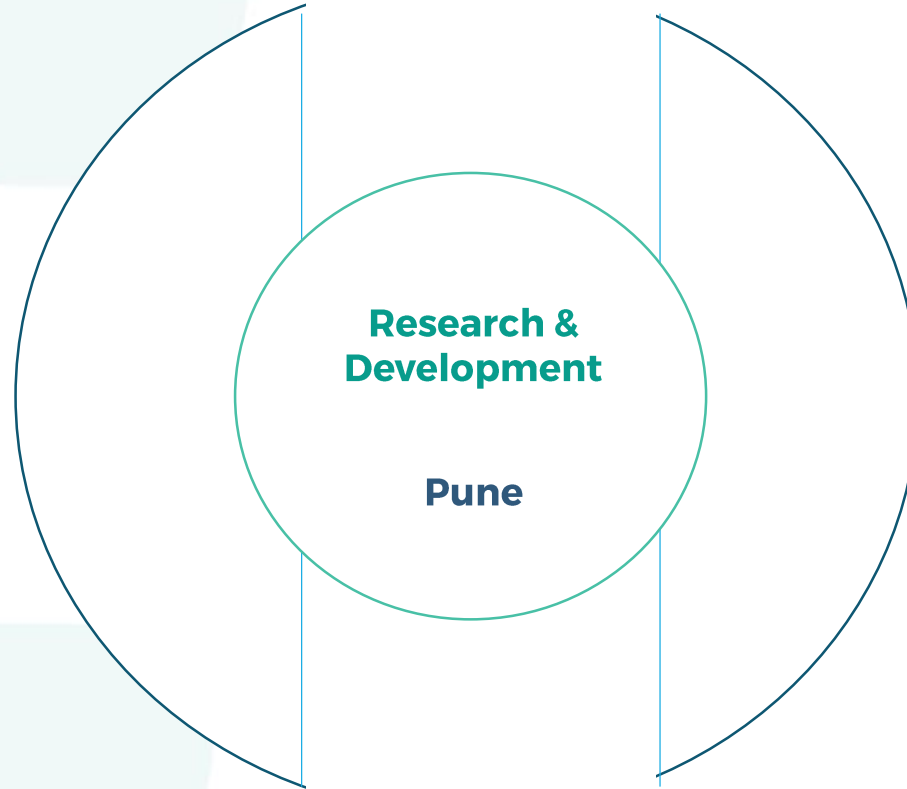
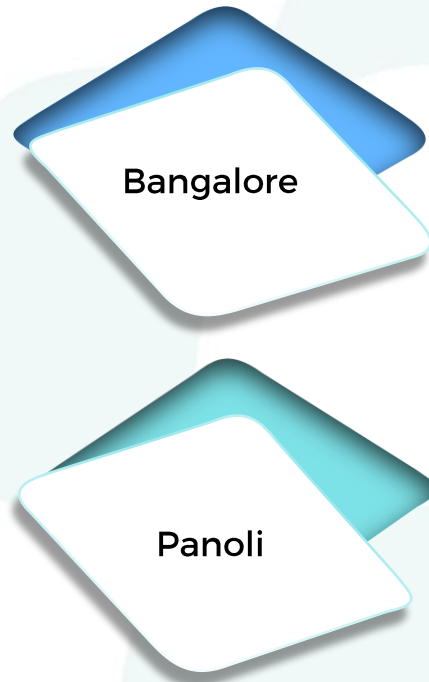
Expertise in Custom Synthesis and Contract Research with capabilities scaling up from Gram to Kilo and Ton level of Production



Hikal's Business Model is to provide Services and Support across the Value Chain



## Pharmaceuticals



## Crop Protection



# Manufacturing Capabilities

## Pune

R&D Center in Pune becomes operational

2009

## Bangalore & Panoli

First new API plant commissioned at Bangalore. Multi-purpose pharma intermediate plant commissioned at Panoli

2003

## Bangalore

Acquired R&D and manufacturing site; enters the Pharmaceutical Business

2001

## Panoli

Acquires manufacturing site from Novartis in Panoli, Gujarat

2000

## Taloja

Manufacturing of the Active Ingredient for Merck begins at Taloja site

1997

## Mahad

First Manufacturing site at Mahad begins operations - Signed a long term supply agreement with Hoescht India

1991



## Overview

- Contract Development & Custom Manufacturing (CDMO) projects in Intermediates and APIs
- World's largest supplier of Gabapentin, API for Neuropathic use
- Developing own Generic Portfolio
- Strong Customer Relationships with Large Global Generic & Innovator Cos.



R&D, Contract, cGMP Kilo Lab - Pune



USFDA Approved Site - Panoli



USFDA Approved Site - Bangalore



### Jigani, Bangalore

- Products : API's & Bulk Drug Intermediates
- Accreditations: USFDA, KFDA, TGA, PMDA (Japan) & ISO 9001, ISO 14001, OHSAS 18001
- Offers scale up capabilities and can provide validation and launch quantities under cGMP conditions
- Audited frequently by Innovator companies from US, European and Japan
- Debottlenecking completed at two API blocks
- Commissioned a large bio-mass boiler & a co-generation plant



### Panoli, Gujarat

- Products: Bulk Drug Intermediates
- Accreditations: US FDA certified, PMDA (Japan)
- ISO 9001, ISO 14001, OHSAS 18001
- Manufactures cGMP Intermediates & Regulatory starting Materials
- Audited & Approved for supply by Innovator Companies
- Expanded capacity for key starting raw materials
- Evaluating further expansion plans which would de-risk our Bangalore site for the manufacture of final APIs

### European Innovator Client

- Long-term contract manufacturing agreement with a European innovator client to exclusively manufacture molecules commercially gaining momentum
- Molecules are performing well in the market & volumes have increased substantially
- These products are expected to grow in the future according to positive indications received from our client

### Business in Japan

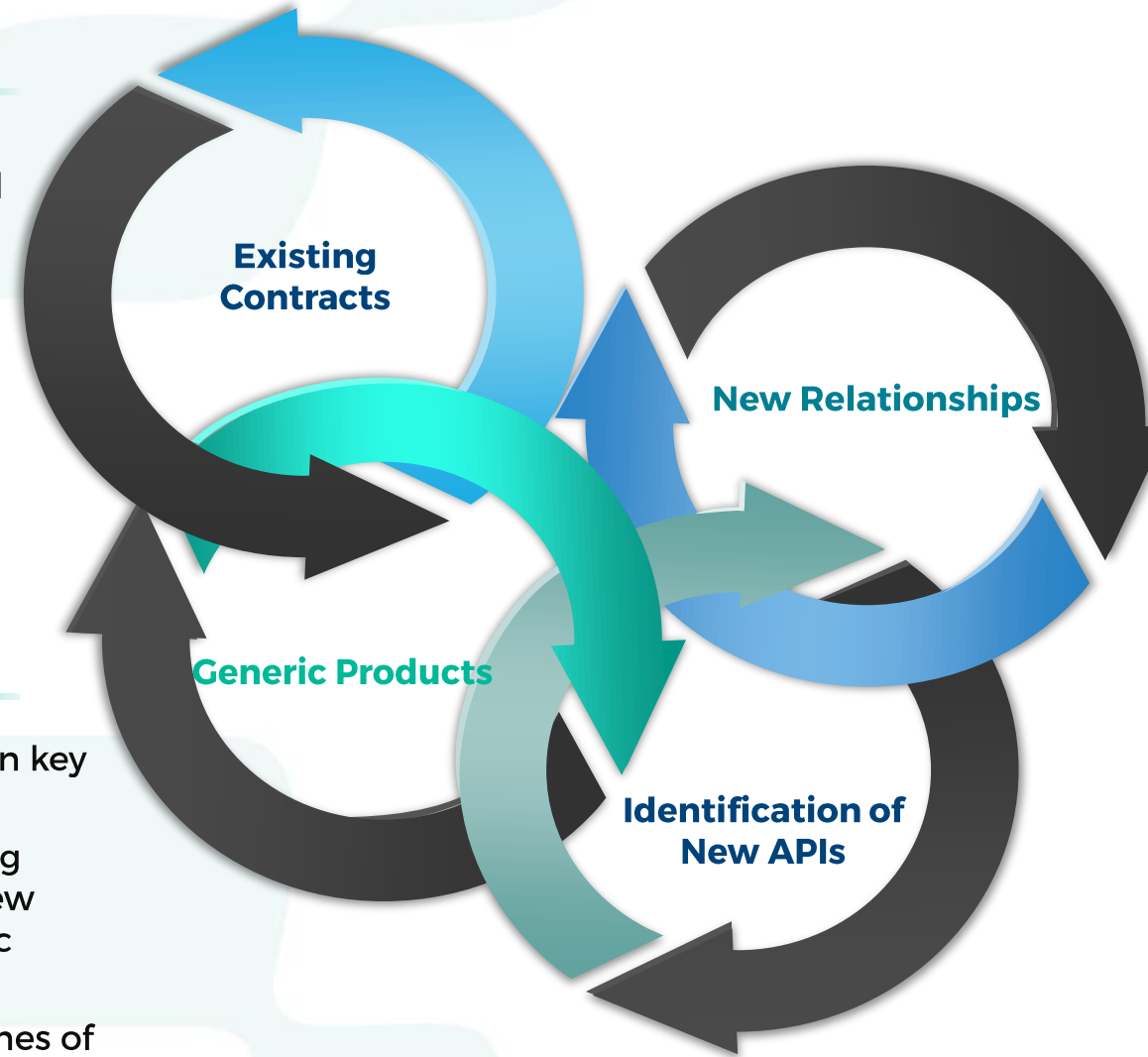
- Track record of meeting quality requirements in Japan established
- Several contract manufacturing opportunities in discussion for intermediates and advanced intermediates
- Several products that have come through R&D have also progressed to the semi-commercial stage
- Commercial manufacturing business to expand over the next few years in Japan

## Existing Contracts

- Start with a specific product and expand horizontally
- European Innovator
- USA based Food Ingredient
- Japan - Several contract manufacturing opportunities

## Generic Products

- Gain market share in key APIs
- Will file DMFs having identified 8 to 10 new products for generic development
- Increased the volumes of our exclusive contract manufacturing clients for their molecules



## New Relationships

- Added New innovator and biotech customers for early stage molecules for contract development
- Projects in various stages of clinical trials
- Approval process is lengthy & uncertain

## Identifying New APIs

- Plans to file 5-6 DMFs per year
- Products selected are a combination of :
  - Clients' interest
  - Niche molecules where we have a distinct technology advantage to gain a considerable market share
- Pursuing allied niche opportunities in steroids, oncology and peptides

## Overview

- Custom Synthesis and Contract manufacturing of Agrochemicals, Intermediates and Specialty Chemicals
- World's largest supplier of Thiabendazole (TBZ)
- On Patent Molecule Manufacturer
- Strong Relationships with Global Leading Agrochemical Companies
- Strong Japanese Presence



Control Room - Taloja



Agro Chemical Plant - Panoli



Agro Chemical Facility - Taloja



### Taloja, MH

- Products: Crop Protection AIs & Intermediates
- Accreditations : ISO 9001, ISO 14001, OHSAS 18001 & ISO 17025 (GLP)
- Manufactures Fungicides, Insecticides and Intermediates
- The site manufactures on patent active ingredients for innovator companies



### Mahad, MH

- Products: Crop Protection AIs & Intermediates
- Accreditations : ISO 9001, ISO 14001, OHSAS 18001
- Manufactures Intermediates
- Audited frequently by several Fine Chemical and Multinational Companies

# Key Relationships

**Thiabendazole**

The product is used on grapes, potatoes, tobacco and vegetables. The wide use of this product would help the molecule to grow over several years

**On-Patent New Generation Product**

Fully commercialized in 2013 and volumes are expected to grow in the years to come as registrations come through for countries around the world

**Product for Japanese Innovator**

Successfully completed the lab trials of an Intermediate Final stages to manufacture pilot plant batches which will determine the success

Versatile product used to control mold and other diseases in fruits and vegetables caused due to fungi, as an anti-parasitic to control roundworms and in materials protection

**Product exclusively for Innovator Client**

Fungicide Exclusively manufacture for a global innovator used on vegetables, potatoes & Specialty crops  
It is receiving additional market approvals thereby increasing volumes

**On - Patent Key Advanced Intermediate**

Successfully scaled up and provided commercial quantities for a product  
Pilot Plant quantities were completed for an additional product - under patent

**Innovator Clients Blockbuster Product**

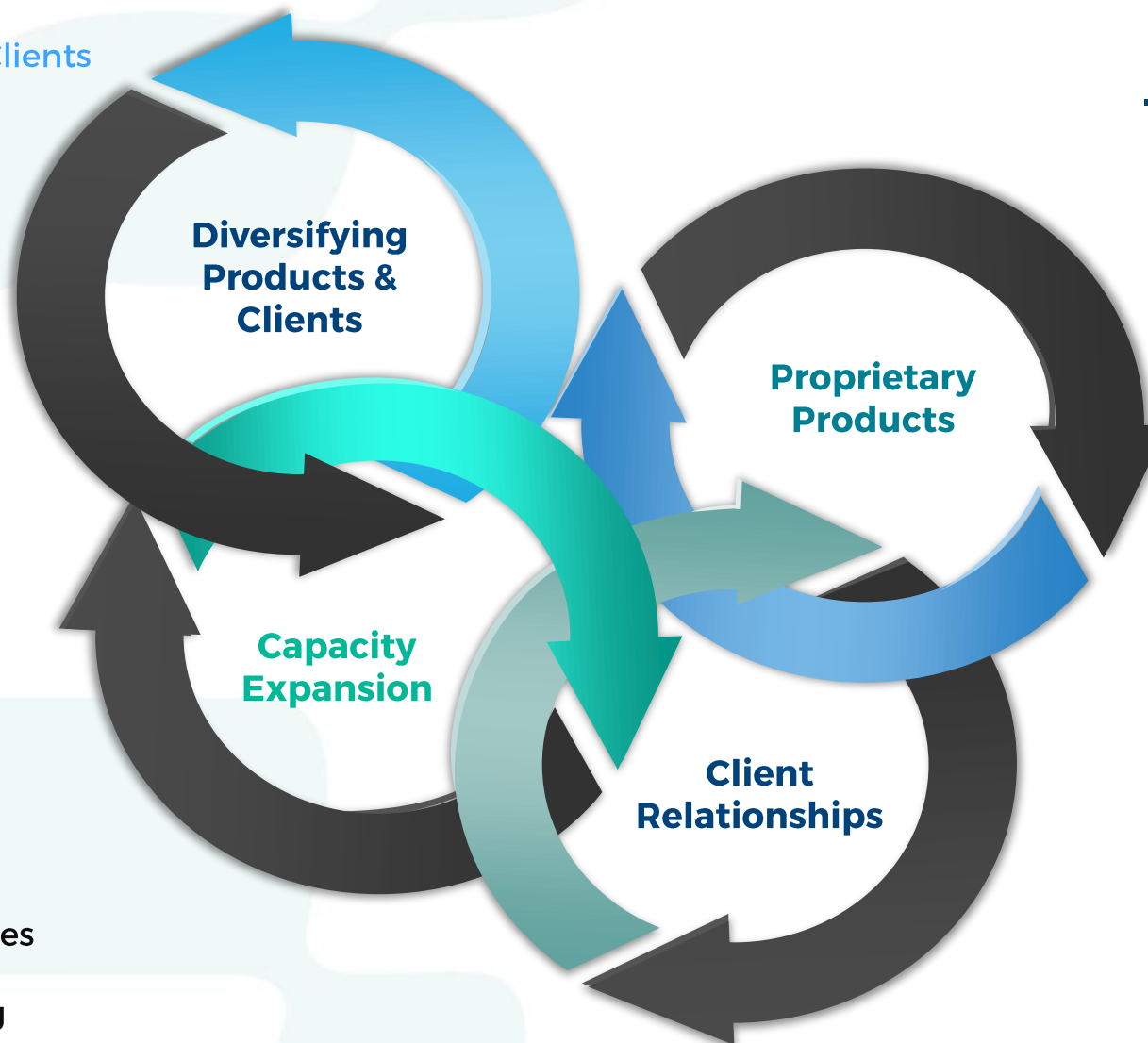
## Future Strategy

### Diversifying Products & Clients

- Several projects have been completed on development and pilot plant level
- Clients - Japanese, European and mid-size Specialty Chemical Companies
- Products - Advanced Intermediates to final Actives and are Herbicides, Fungicides and Insecticides

### Capacity Expansion

- Streamlined some of our large manufacturing facilities by debottlenecking plants and improving existing processes through the support of our R&D



### Proprietary Products

- Started manufacturing & selling our own products developed by our R&D such as Quinalphos, Diuron and 3,5DCA

### Existing Client Relationships

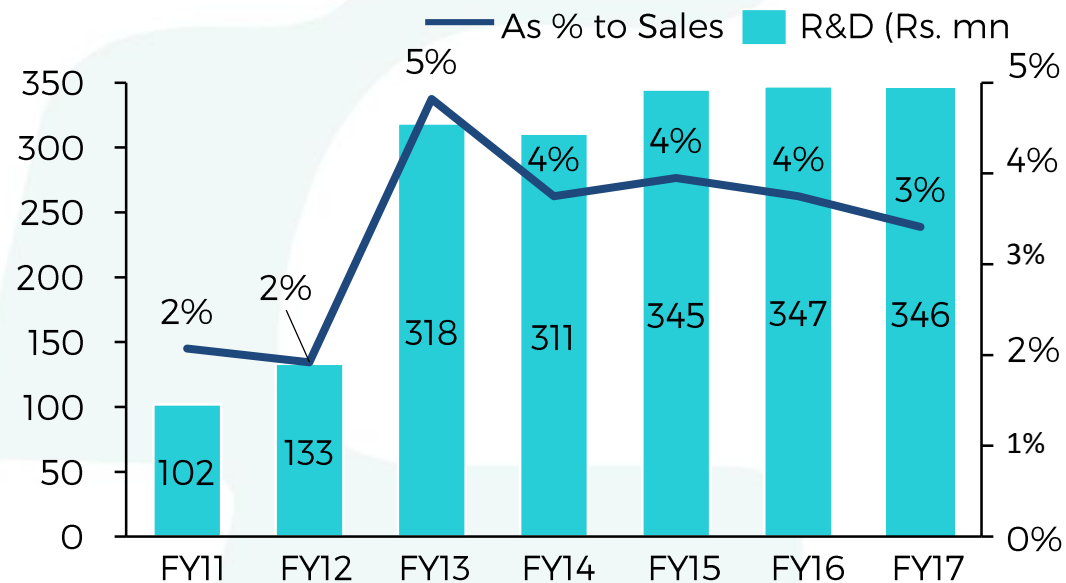
- Target existing clients for additional molecules in their portfolio
- Focusing on commercializing new molecules for several clients in existing & new markets
- Select new clients based on chemistries to execute on a commercial scale and in-house technologies developed



## Research & Development Update

Research Molecules in various stages of Phase II & III - Building a pipeline for future commercial supplies

### Investments in R&D



### Future Plans

- File 4-5 DMF's every year
- Continue to generate our own IP through Process Patents

### R&D – Benefits Accrued

- Developed a new API using an enzymatic process which is both cost-effective and environmentally-friendly
- Successfully scaled up two intermediates for an API and delivered it to our client for our custom development & manufacturing business
- Started commercial operations at a new development and launch plant for small and medium-sized products in Bangalore
- Filed 3 DMFs as part of our proprietary portfolio in the pharmaceutical division
- Several animal health projects in the pipeline

### Crop Protection

- Several early stage projects in pipeline majority of these are from innovator clients in Japan & Europe
- Completed piloting and validation of two on-patent herbicides for Japanese clients and an intermediate herbicide for an on-patent European innovator company
- Commercialized 2 fungicides for different Japanese companies & a fungicide for an innovator
- A niche acaricide's process was successfully custom-developed & delivered to client for registration
- Processes for several proprietary molecules and a fungicide were developed in-house and will be ready for commercial sale

### Pharmaceuticals

- Filed four DMFs as part of our proprietary portfolio
- DMFs are for Pregabalin which is used for neuropathic pain, Valacyclovir which is an antiviral drug which slows the growth and spread of herpes, Quetiapine which is an antipsychotic and Venlafaxine which is an antidepressant
- Successfully scaled up 2 intermediates for an API and delivered to our client for our custom development and manufacturing business

### Animal Health

- Business development of Animal Health portfolio was well supported by our R&D with the synthesis of developmental quantities of three different steroidal APIs
- Scale-up and validation of an animal health medication to kill external parasites for pets was completed for an exclusive client

## R&D - Facility Overview

PUNE, MH



- **Provides process research of APIs and intermediates involving multi-step synthesis**
  - Successful track record in developing non-infringing processes and scaling up from lab to kilo to commercialization
- **Supports clients with:**
  - Route Scouting
  - Contract Research & Custom synthesis
  - Process Development & scale Up
  - cGMP Contract Manufacturing



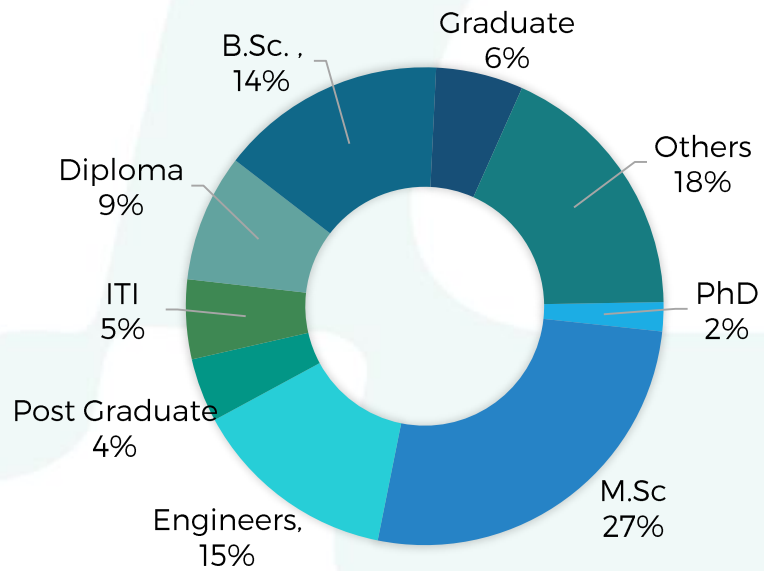
- **R&D Facility offers :**
  - Troubleshooting support
  - Synthesis of Intermediates and APIs
  - Process Development

Facilities ensures seamless scale up from Lab to Commercialization

Activities	R&D Pune	Mahad	Bangalore Manufacturing	Panoli	Taloja
Drug Discovery Support					
Analytical method Development	<input checked="" type="checkbox"/>				<input checked="" type="checkbox"/>
Process Research	<input checked="" type="checkbox"/>				
Process Development	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Process Improvement		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Kilogram Laboratories	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
Pilot Plants			<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
cGMP compliance			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	

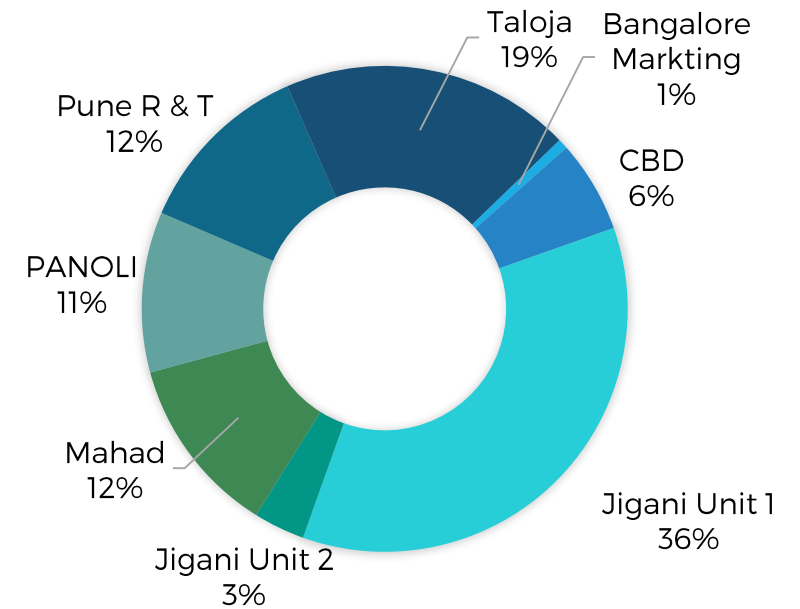
We are creating a Sustainable Culture with the help of our team of Experienced Scientists and Specialists

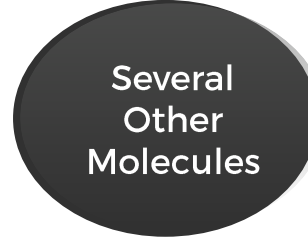
## Qualification



No. of Employees  
(as on 31<sup>st</sup> March'2017) : 1,319

## Location





Exclusively contract manufactured for a leading US innovator company

Pursuing allied niche opportunities in steroids

Completed the kilo lab trials of a product which we expect to validate in the next financial year

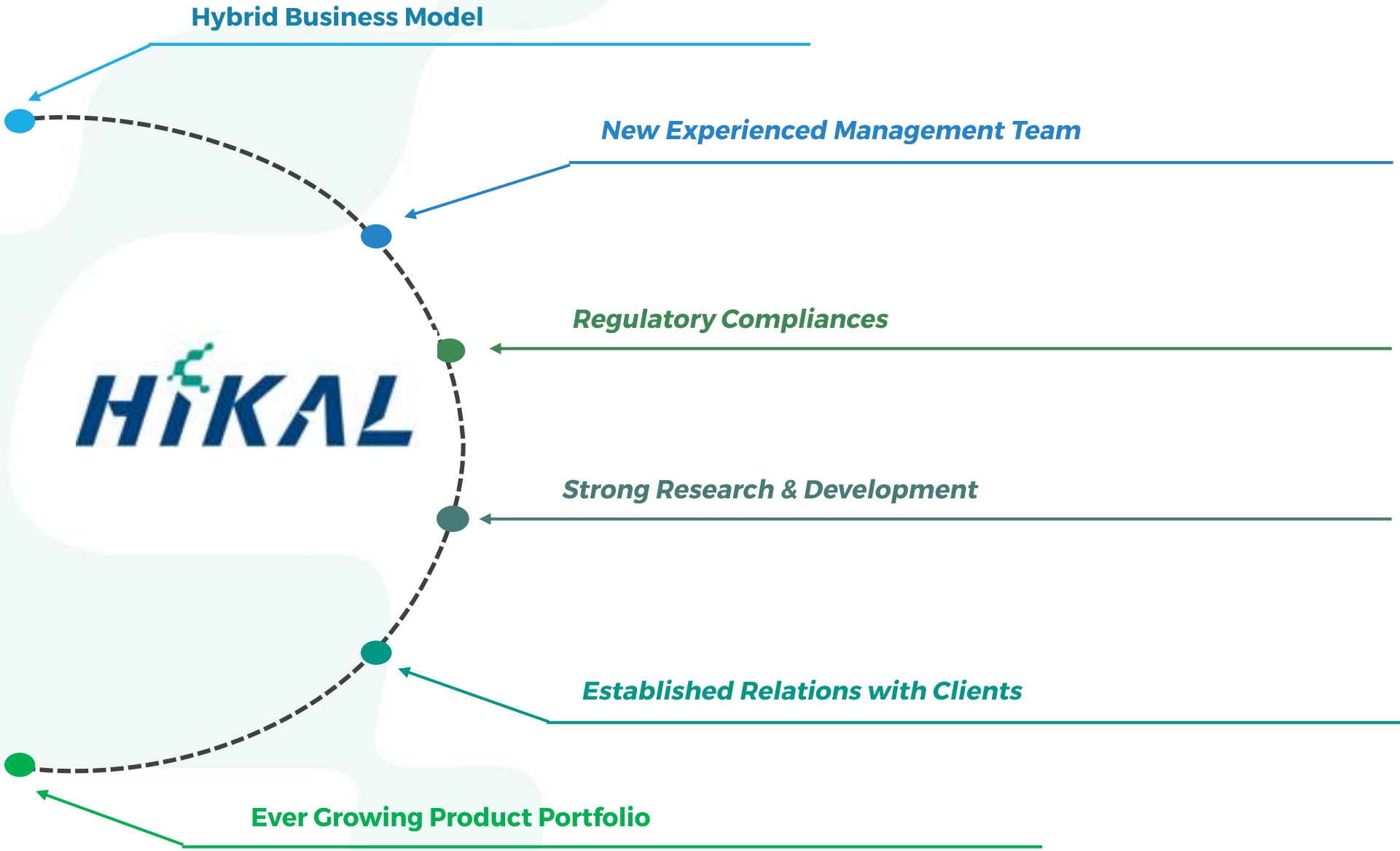
An alternative economical route was developed for an additional product

Completed the pilot trials of another Animal Health product for a leading Japanese company

Products are a mix of molecules coming off- patent and new generation molecules

Lab work is in process of completion and awaiting scale up to the semi-commercial stages

# Key Strengths



Uniquely positioned to become an integral part of Pharmaceutical and Crop Protection Supply Chain

## Blocks Built

- Asset Creation
- Relationships
- Research & Development



## Growth Drivers

- Expansion of Product Portfolio
- Increase in Volumes
- Margin Enhancement





## Financials

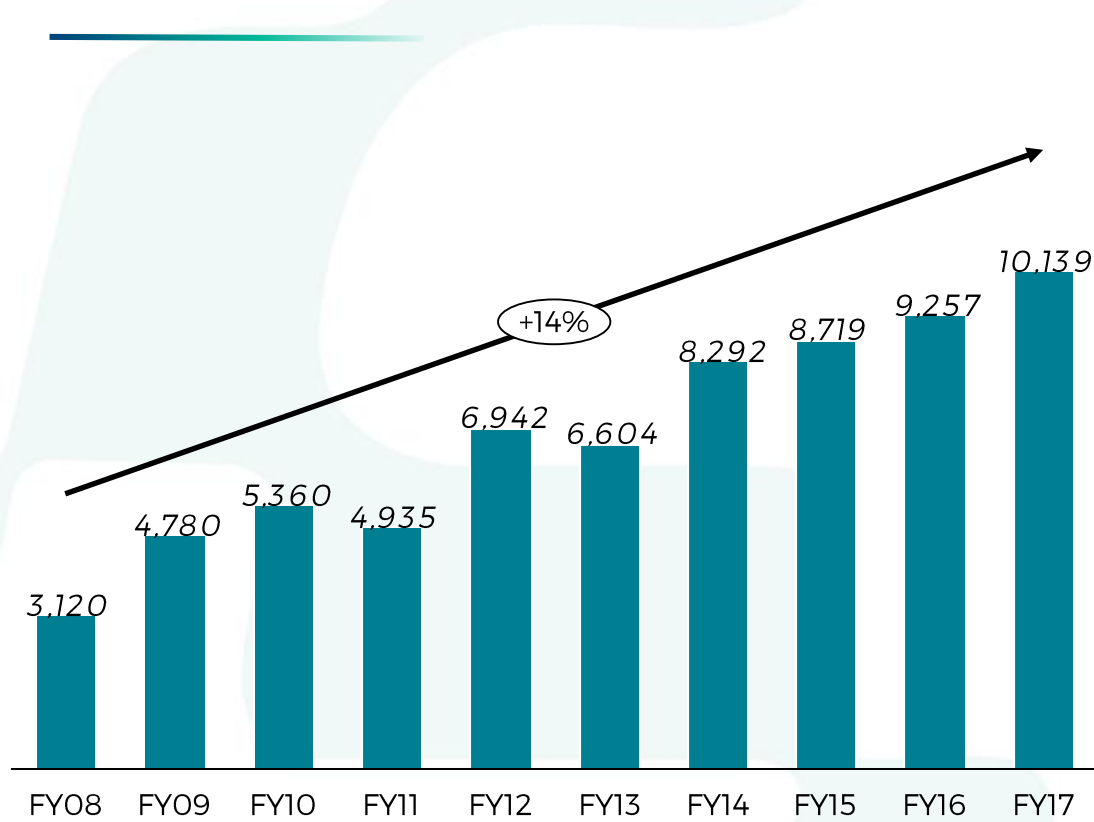
# Operational Highlights



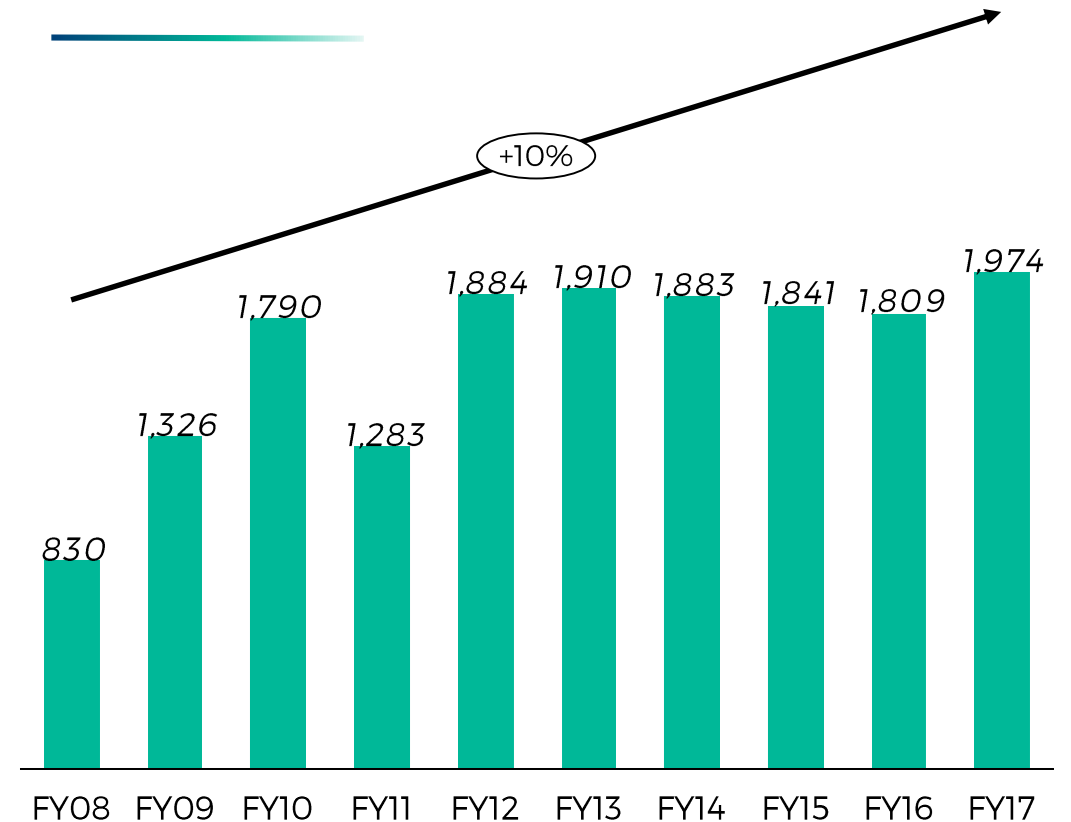
We expect growth in both our divisions with increased volumes from our existing products which provides sustainability to Revenues

Rs. Million

### Standalone Revenues



### Standalone EBITDA

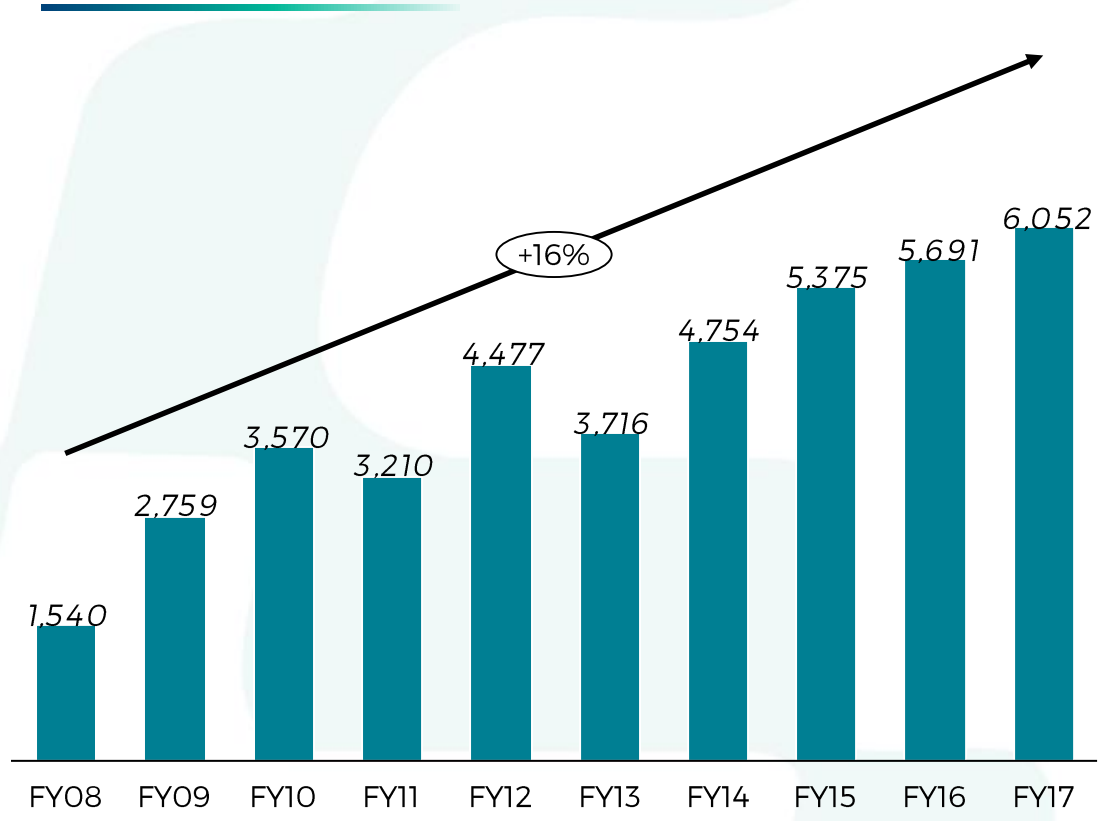


# Operational Highlights

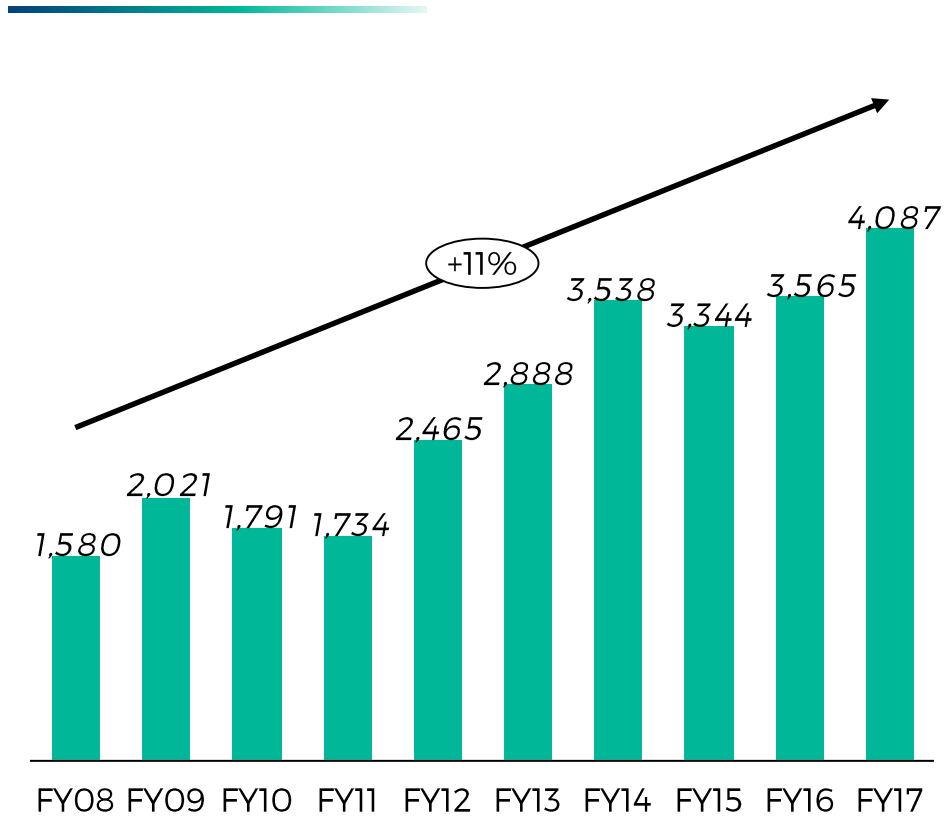
Higher EBITDA Margin on account of Higher Margin Products, Quality Conscious Customers and Efficient Operations

Rs. Million

Pharmaceuticals Revenue



Crop Protection Revenue

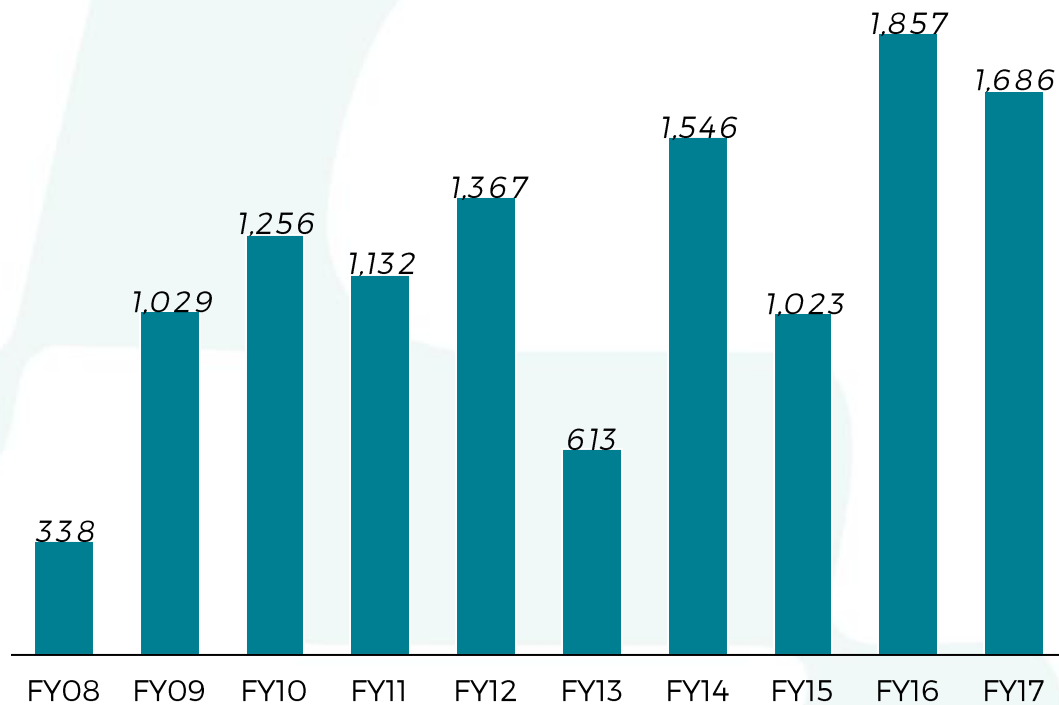


# Capital Expenditure

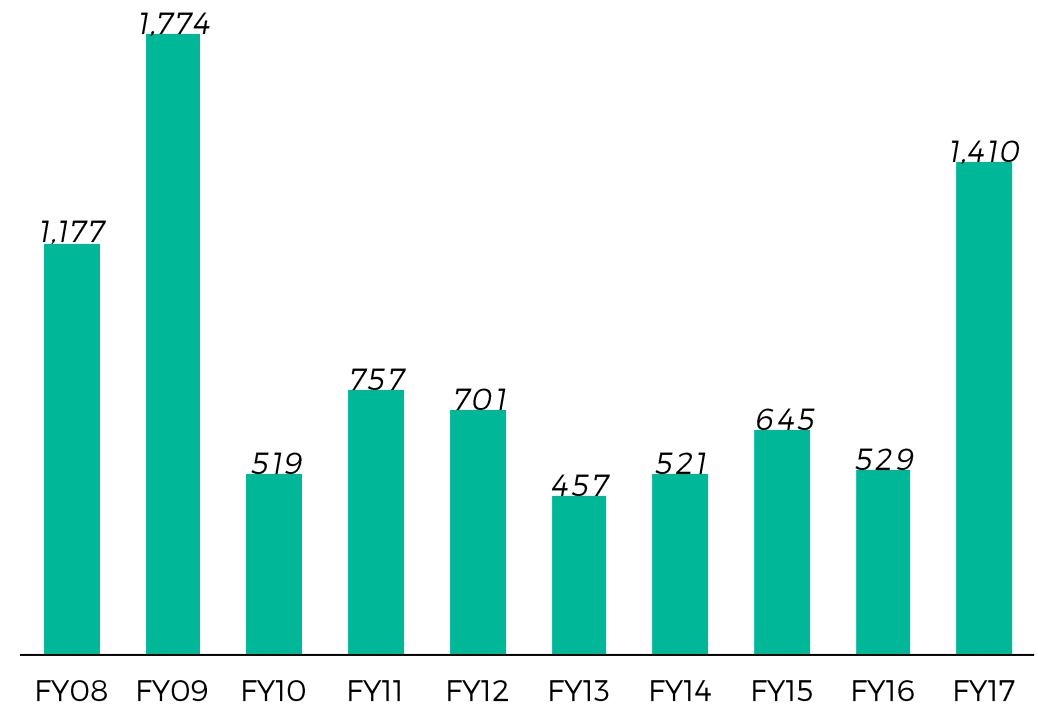
Major Asset Creation gives us an ability to scale-up operations rapidly by making small incremental investments

Rs. Million

### Cashflow from Operations



### Capital Expenditure



## Standalone Profit & Loss – Quarterly & Half Yearly



Rs. Million	Q2 FY18	Q2 FY17	Y-o-Y	H1 FY18	H1 FY17	Y-o-Y
<b>Net Sales</b>	<b>2,923</b>	<b>2,378</b>	<b>23%</b>	<b>5,590</b>	<b>4,638</b>	<b>21%</b>
Expenditure	2,385	1,906		4,556	3,730	
<b>EBITDA</b>	<b>538</b>	<b>472</b>	<b>14%</b>	<b>1,034</b>	<b>908</b>	<b>14%</b>
<b>Margin</b>	<b>18.4%</b>	<b>19.8%</b>		<b>18.5%</b>	<b>19.6%</b>	
Other Income	4	9		20	18	
Depreciation	215	172		427	350	
Finance Costs	131	113		247	245	
<b>PBT</b>	<b>196</b>	<b>196</b>	<b>0%</b>	<b>380</b>	<b>331</b>	<b>15%</b>
Tax	43	33		93	52	
<b>Net Profit</b>	<b>153</b>	<b>163</b>	<b>-6%</b>	<b>287</b>	<b>279</b>	<b>3%</b>
<b>Margin</b>	<b>5.2%</b>	<b>6.9%</b>		<b>5.1%</b>	<b>6.0%</b>	

## Standalone Profit & Loss - Annual

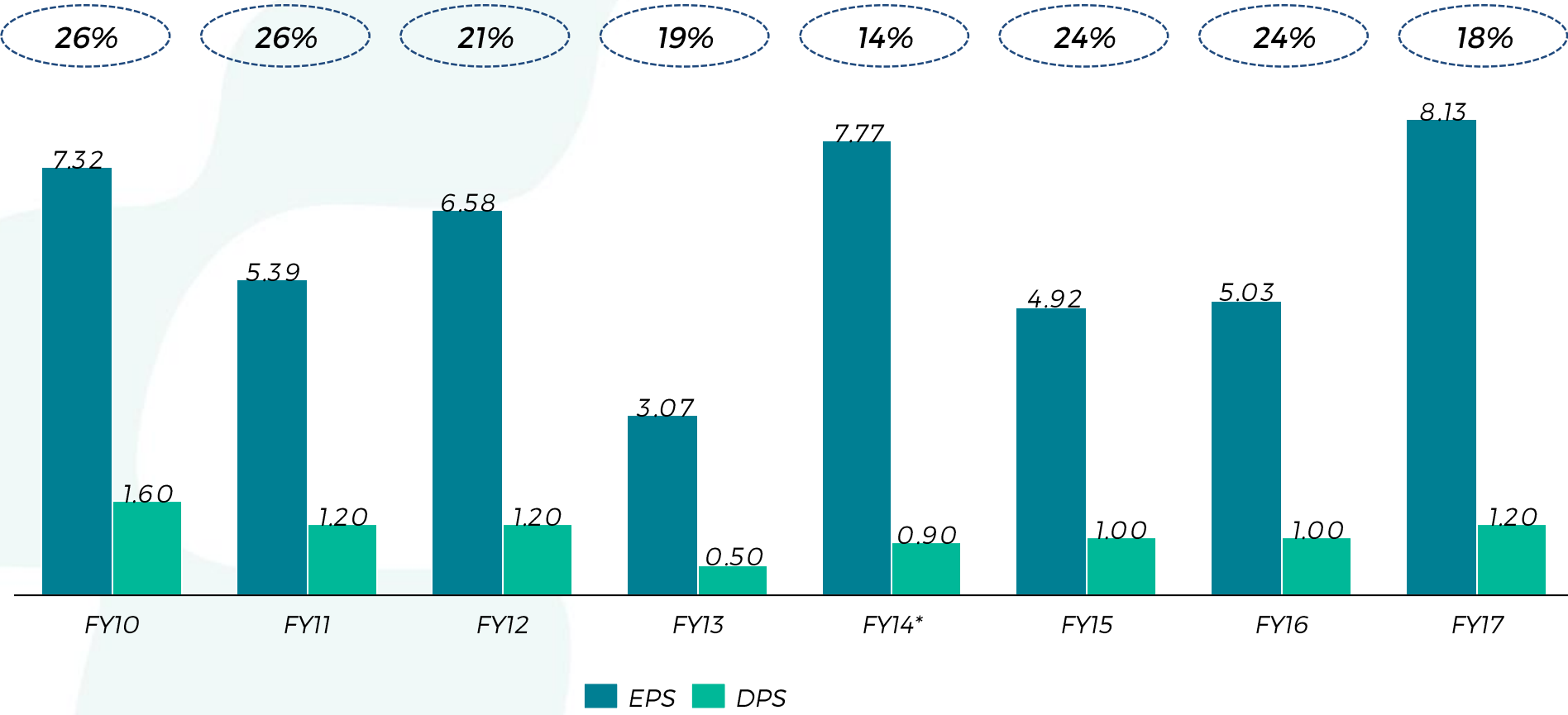
Rs. Million	FY17	FY16	Y-o-Y
<b>Net Sales</b>	<b>10,139</b>	<b>9,257</b>	<b>10%</b>
Expenditure	8,165	7,447	
<b>EBITDA</b>	<b>1,974</b>	<b>1,809</b>	<b>9%</b>
<b>Margin</b>	<b>19.5%</b>	<b>19.5%</b>	
Other Income	34	18	
Depreciation	691	673	
Finance Costs	488	622	
<b>PBT</b>	<b>830</b>	<b>533</b>	<b>56%</b>
Tax	162	120	
<b>Net Profit</b>	<b>668</b>	<b>413</b>	<b>62%</b>
<b>Margin</b>	<b>6.6%</b>	<b>4.5%</b>	

## Standalone Balance Sheet

Assets (Rs. Million)	Sept 17	Liabilities (Rs. Million)	Sept 17
<b>Total Non Current Assets</b>	<b>8,139</b>	<b>Shareholders Fund</b>	<b>6,280</b>
Fixed Assets	7,254	Share Capital	164
Tangible Assets	6,427	Other Equity	6,116
Intangible Assets	6	<b>Total Non Current Liabilities</b>	<b>3,122</b>
Intangible Assets Under Development	18	Long Term Borrowings	2,961
Capital work in Progress	803	Long Term Provisions	161
Financial Assets		<b>Total Current Liabilities</b>	<b>4,928</b>
Investments	36	Short Term Borrowings	2,642
Other Financial Asset	6	Trade Payables	1,429
Deferred Tax Asset(Net)	97	Other Financial Liabilities	559
Other Non Current Assets	739	Short Term Provisions	12
Income Tax Assets	7	Other Current Liabilities	264
<b>Total Current Assets</b>	<b>6,191</b>	Current Tax Liabilities	22
Inventories	2,888	<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>14,330</b>
Trade Receivables	2,500		
Cash & Cash Equivalent	211		
Bank Balances	2		
Other Current Assets	590		
<b>TOTAL ASSETS</b>	<b>14,330</b>		

## Annual Dividend Payout

Dividend Payout including DDT



The Company declared a Total Dividend of Rs. 1.2/- per share (60% of the FV); including 30% interim dividend

\* - Includes exceptional income of Rs. 2.75 per share (Rs 226 mn net of tax received from disposal of shares of Hikal Employee Welfare Trust A&B)



## Contact Us



### Company :

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**SGA** Strategic Growth Advisors

### Investor Relations Advisors :

**Strategic Growth Advisors Pvt. Ltd.**  
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