

The logo for HIKAL features the word "HIKAL" in a bold, white, italicized sans-serif font. A small, stylized green graphic element, resembling a cluster of dots or a molecular structure, is positioned above the letter "I".

HIKAL

August 2019 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 Active Ingredients 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

1 Pharmaceuticals

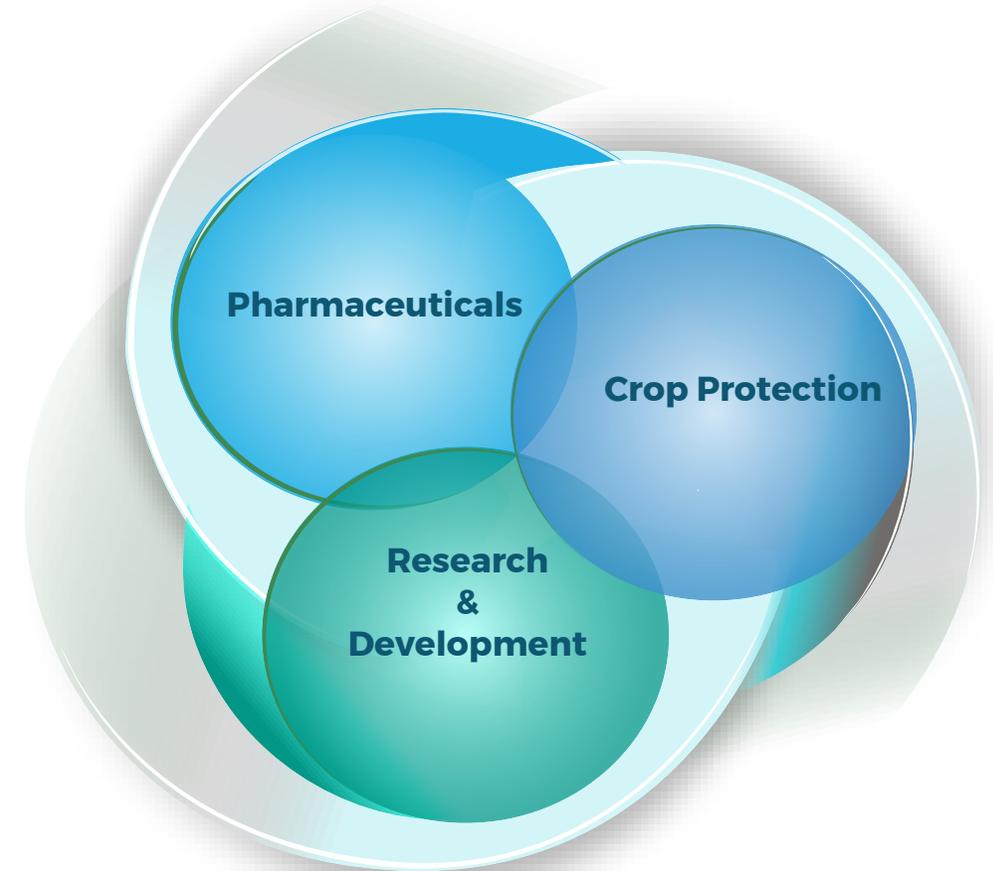
- Contract & Custom Manufacturing
- Generics
- Human Health
- Animal Health
- Strong Relationships with Innovators, Mid size Pharma, Biotech & Generic Companies

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



Crop Protection

Commenced operations with a plant in Mahad.

Second Plant commissioned in Talaja along with Merck, USA



R&D

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



Pharmaceuticals

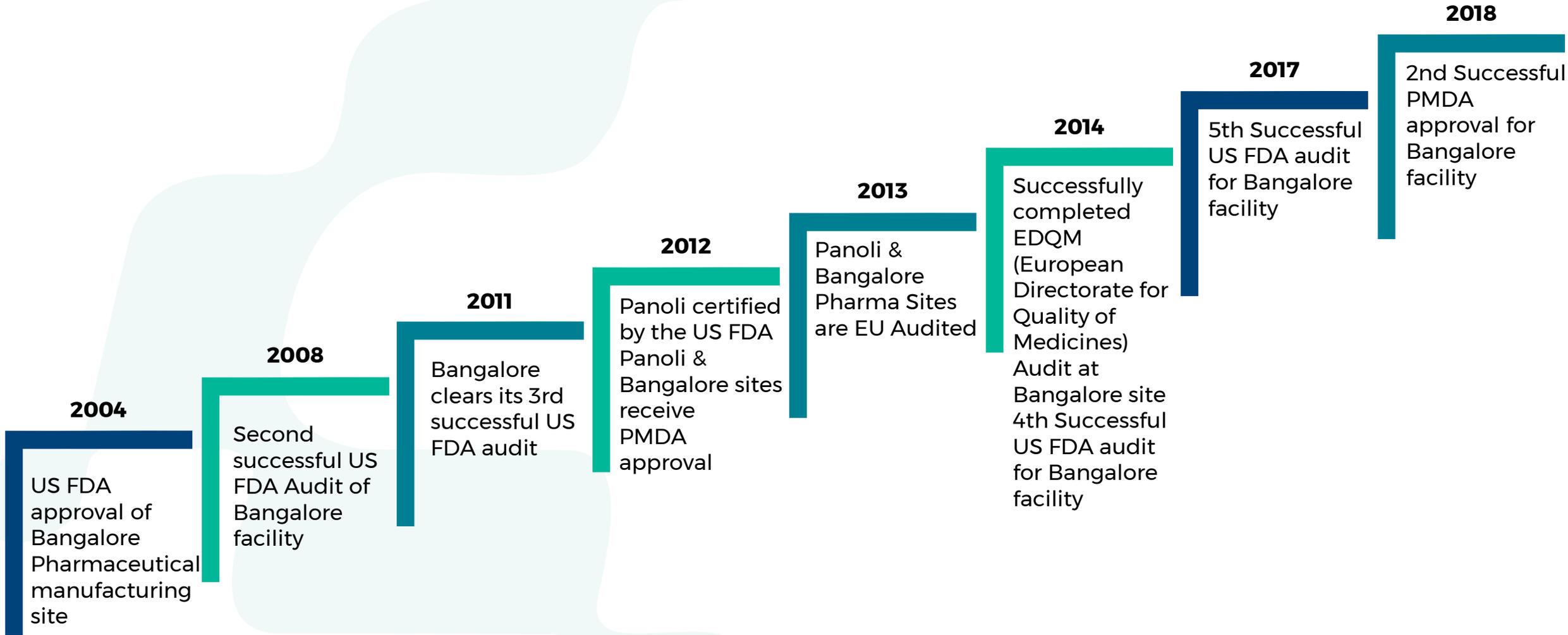
Diversified into pharmaceuticals business by acquiring Panoli plant from Novartis (formerly Sandoz) and drug manufacturing plant from Wintac (formerly Recon) in Bangalore

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
2016	Hikal wins Indian Chemical Council's (ICC) Acharya P. C. Ray award for Development of Indigenous Technology
2017	Successfully commissioned a new, state-of-the-art plant at Mahad for a leading global crop protection innovator company
2019	Hikal has been certified as a "Great Place to Work" by the Great Place to Work® (GPW) Institute

Global Regulatory Compliances



Regulatory Milestones



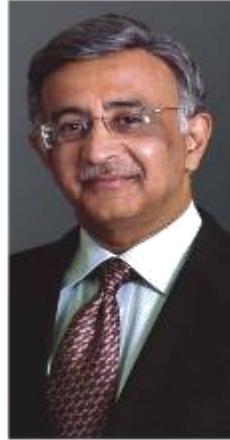
Board of Directors



Jai Hiremath
Chairman & MD



Sameer Hiremath
Joint MD & CEO



Baba Kalyani



Amit Kalyani



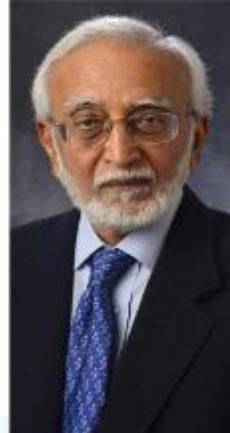
Dr. Wolfgang Welter



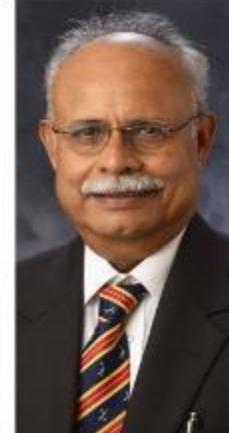
Ranjit Shahani



Sugandha Hiremath



Prakash Mehta



Kannan Unni



Shivkumar Kheny

Mrs Shivani Bhasin Sachdeva appointed as Additional Independent Director wef 1st August 2019.



Jai Hiremath
Chairman & MD



Sameer Hiremath
Joint MD & CEO



Anish Swadi
Strategy &
Business
Development



Dr. Sudhir Nambiar
Research &
Technology



Manoj Mehrotra
Pharmaceuticals



Kumar Inamdar
Crop Protection



Sham Wahalekar
Finance



Kumar 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

Dr 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 the leading global fine chemical company to the Pharmaceutical, Crop Protection and Speciality Chemical Industries

Vision

Strategy



Aggressive Growth

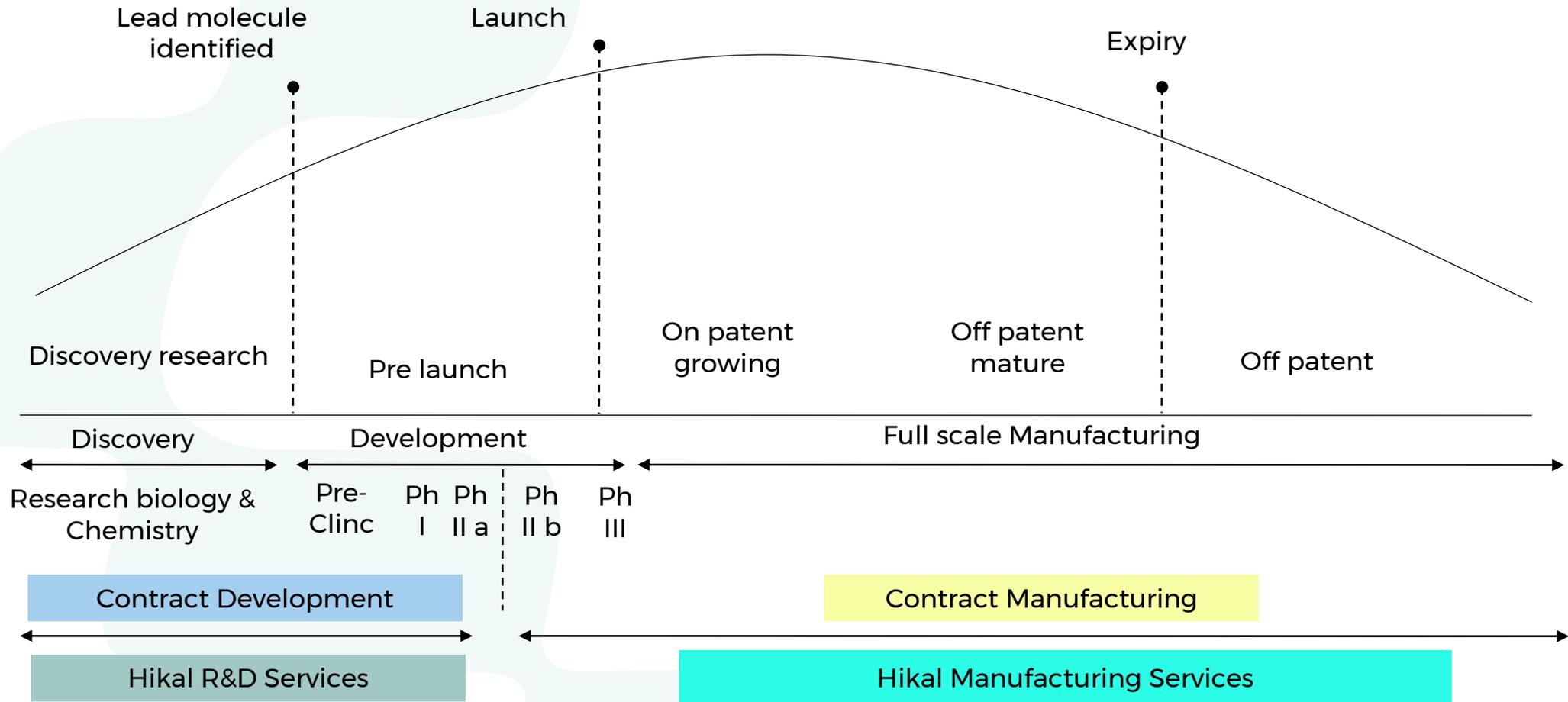
- Aggressive growth in Pharmaceuticals , Animal Health & Crop Protection
- Support NCE & Gx Molecules Serving a large range of Customers

Develop Own Portfolio

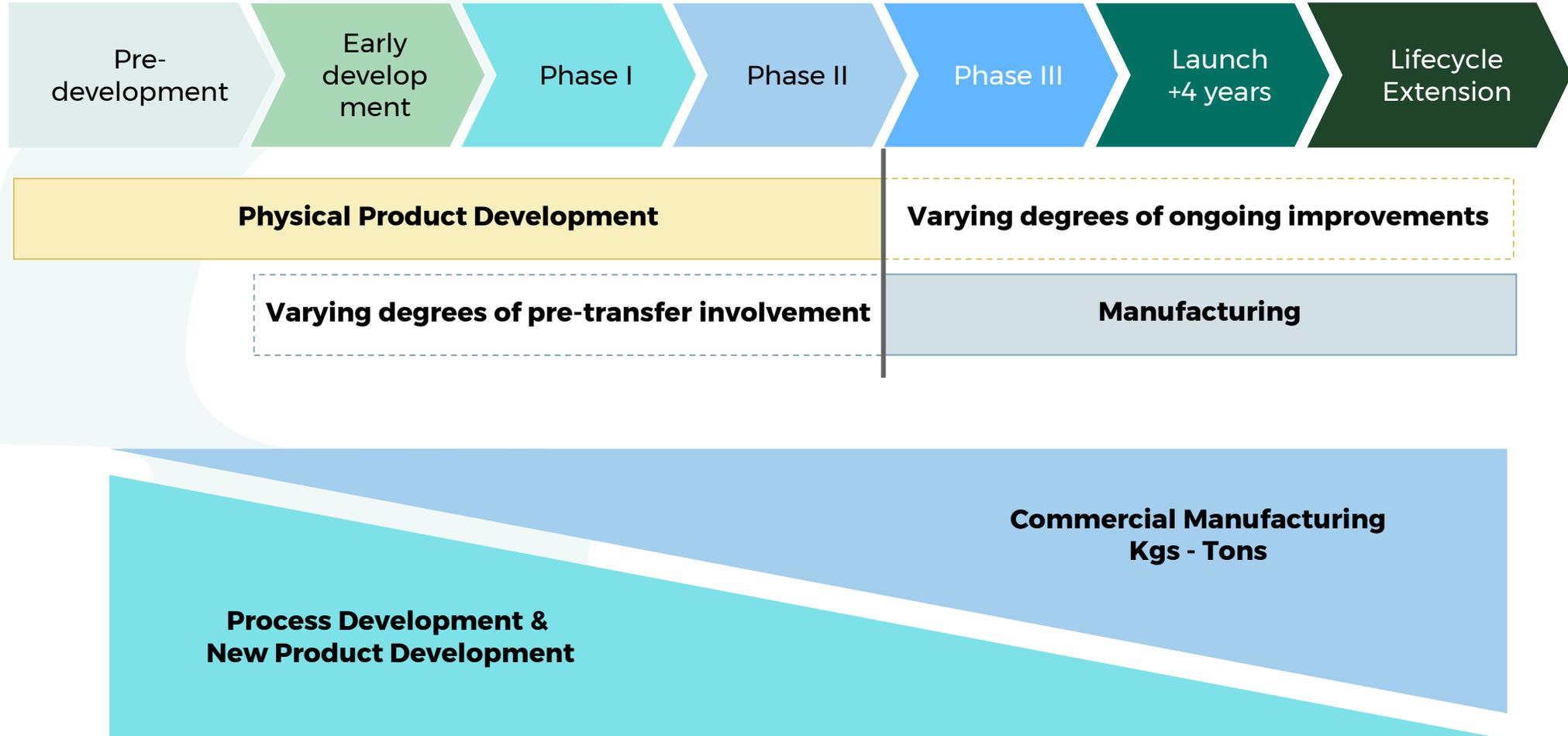
- Develop own portfolio of products as next wave of Hikal growth
- Life cycle extension

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



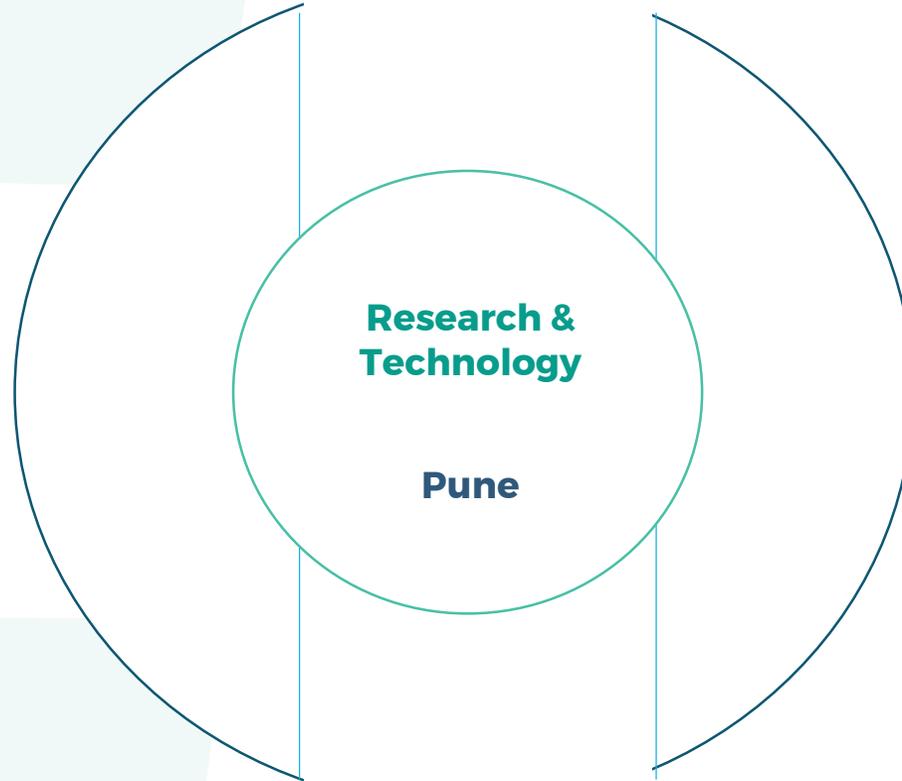
Hikal's Business Model is to provide Services and Support across the Value Chain



Pharmaceuticals

Bangalore

Panoli



Crop Protection

Mahad

Taloja

Panoli

Manufacturing Capabilities

Pune

R&T 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&T 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, Europe 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
- Expansion of API manufacturing is underway
- Increasing the capacity by putting up another plant for manufacturing of advanced intermediates

Business in US

- Contract manufacture two large volume molecules, a neuropathic pain reliever and an anti-cholesterol molecule exclusively for a leading US based innovator Company
 - Life-cycle extension and the volumes for both these molecules increased this year and the trend is set to continue for the coming year as well
- Delivered larger volumes for an intermediate to a leading US company for one of their APIs under development

European Innovator Client

- Long-term contract manufacturing agreement with a European innovator client to exclusively manufacture molecules commercially gaining momentum
 - One of these molecules being an anti-epilepsy drug that is widely used to control seizures and other one is a nootropic drug used for memory enhancement
- 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 products that have come through R&D have also progressed to the semi-commercial stage
- Successfully delivered a complex molecule to a Japanese innovator company
- Expect a repeat order of two intermediaries going into a new generation API to be launched in Japan

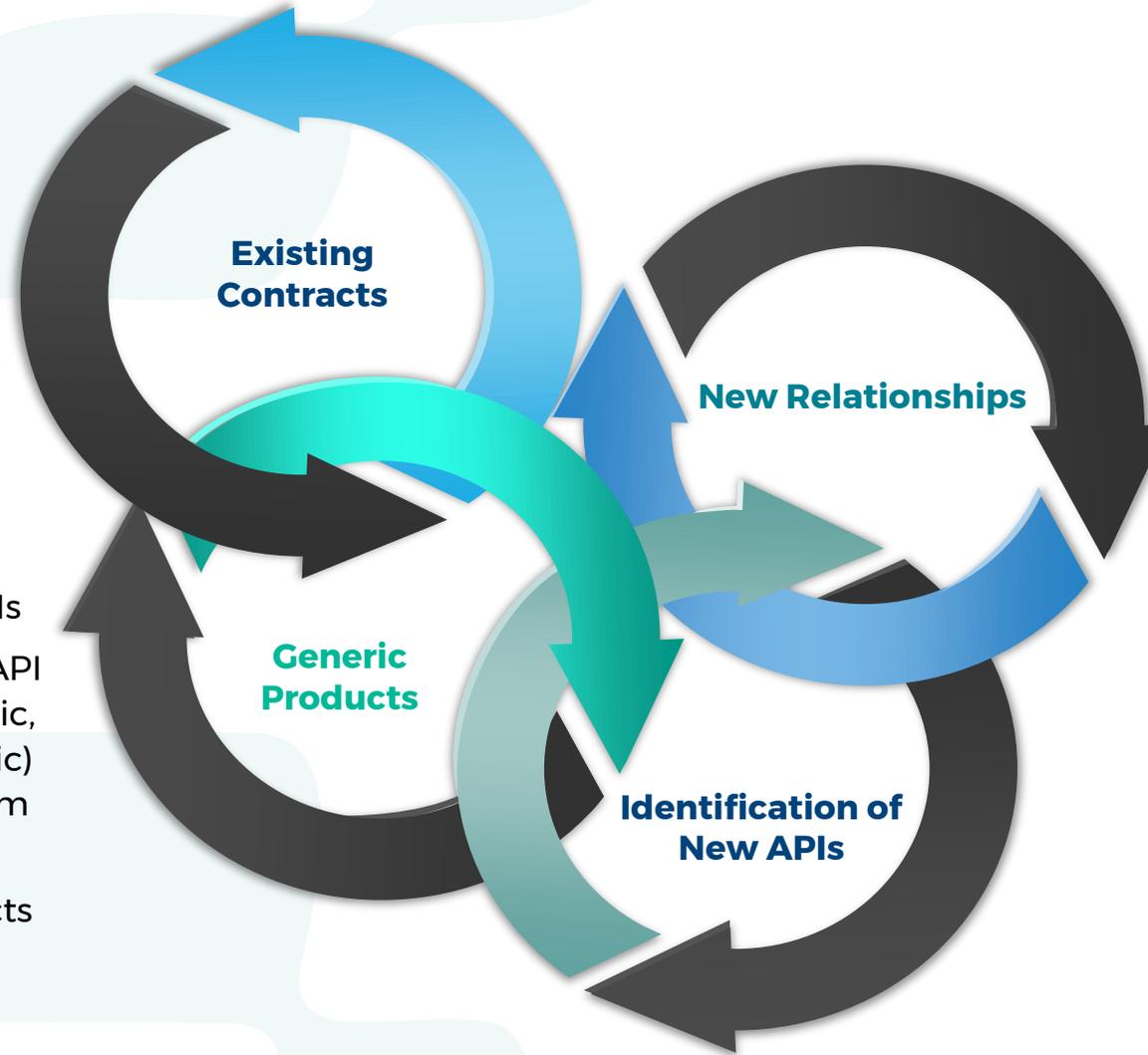
Future Strategy

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
- Three-pronged strategy for API development (already generic, to be generic & future generic) will help build a pipeline from a long-term perspective
- Identified 6 to 8 new products for generic development



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 3-4 DMFs per year
- De-bottlenecked two of our API blocks that manufacture an anti-convulsant drug
- Installed a powder transfer system for automation which has increased the speed of operations and its efficiency

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

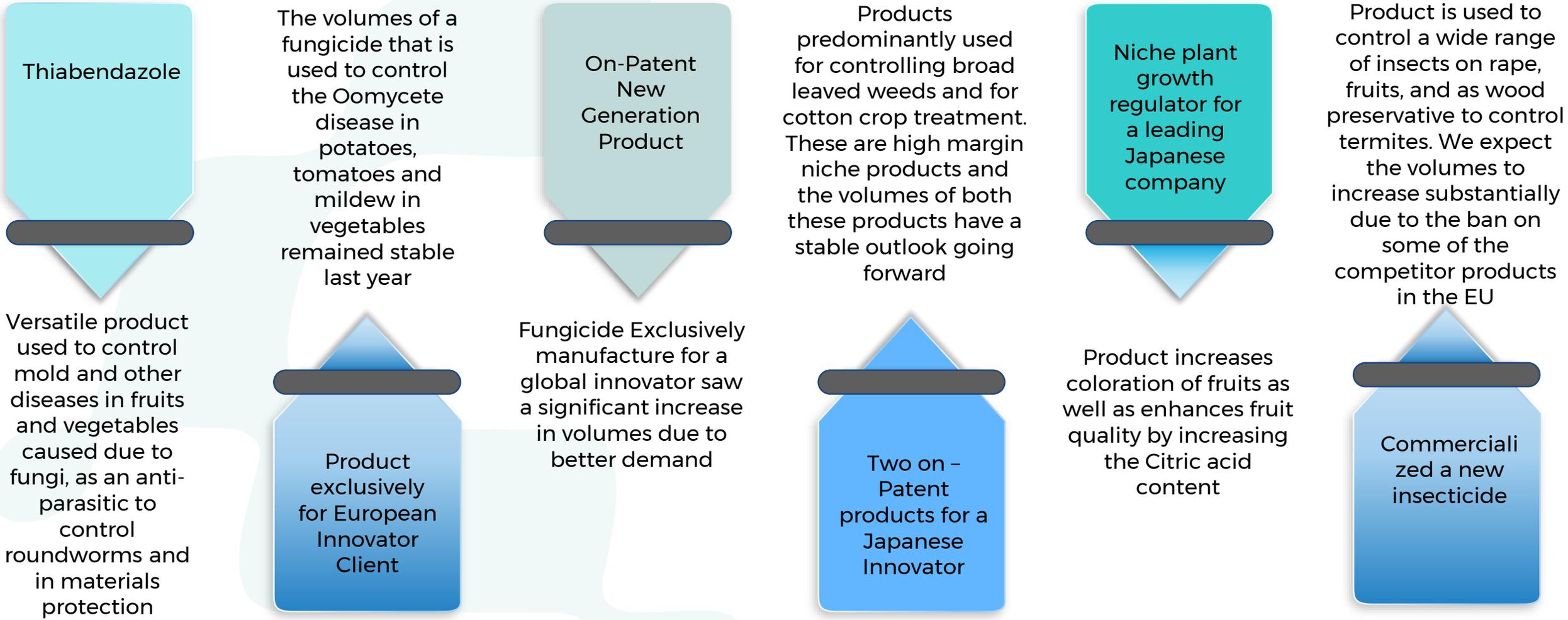
- Products: Crop Protection AIs & Intermediates
- Accreditations : ISO 9001, ISO 14001, OHSAS 18001 & ISO 17025 (GLP)
- Manufactures Fungicides, Insecticides and Intermediates
- The site manufactures on patent active ingredients for innovator companies



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
- Commissioned a new state-of-the-art plant to manufacture an advanced intermediate for a key herbicide for a global innovator client

Key Relationships



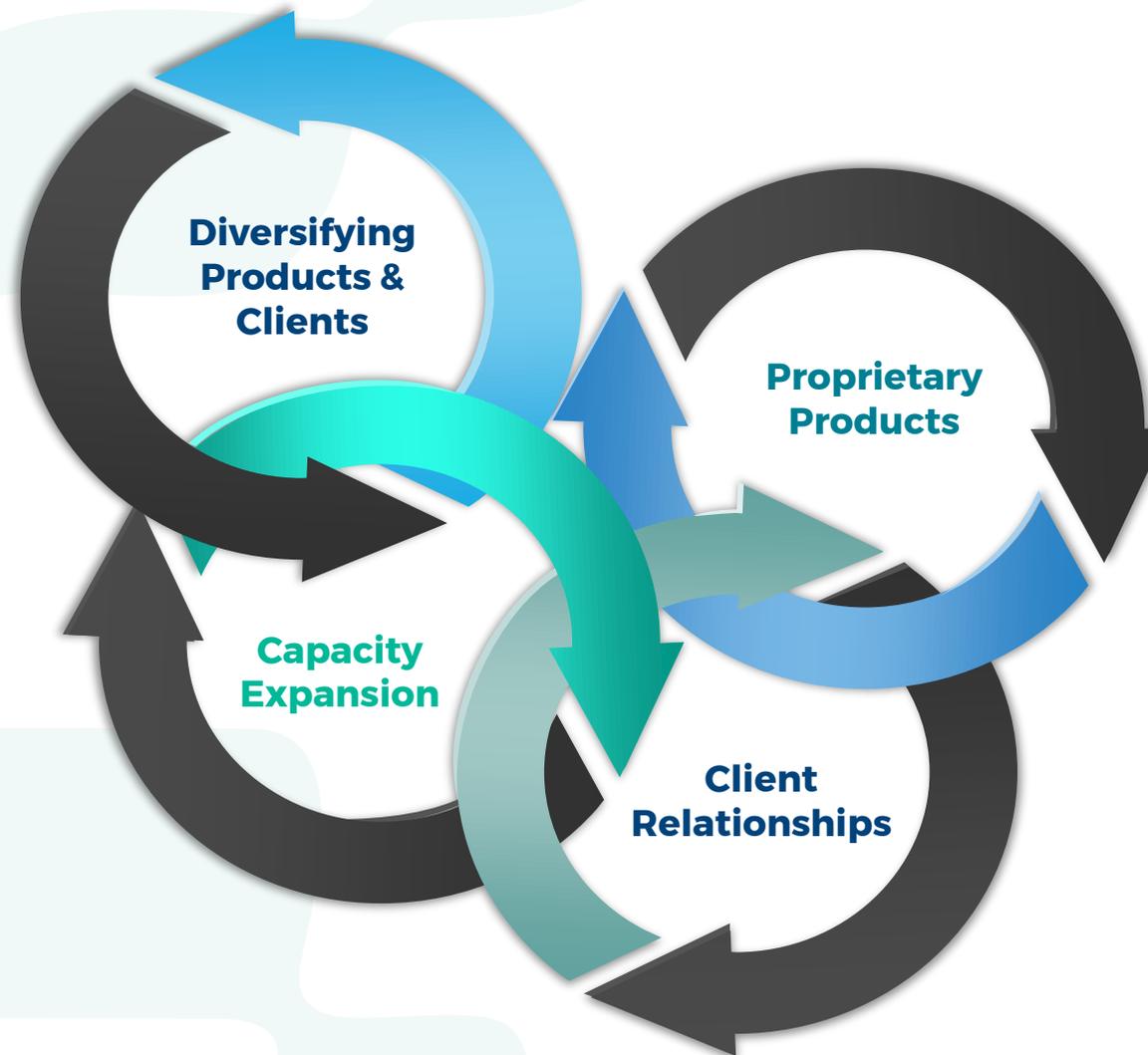
Future Strategy

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

- Commissioned a new state-of-the-art plant in Mahad to manufacture an advanced intermediate for a key herbicide for a global innovator client



Proprietary Products

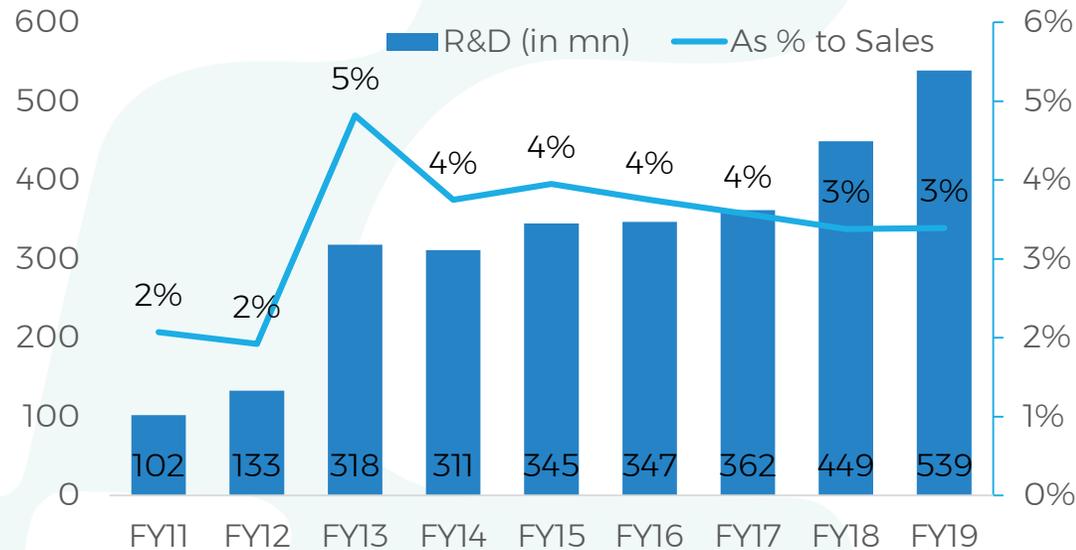
- Started new initiative to create data for Registration of our own product portfolio in several countries which will add value to our clients by making it easier for them to register products in global markets

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

Investments in R&T



Future Plans

- Commercialize 3-4 DMF's in 2019-20 for our generic API portfolio
- Continue to generate our own IP through Process Patents

R&T - Benefits Accrued

- Filed 2 DMFs (Dapagliflozin and Empagliflozin) as part of our proprietary portfolio in the pharmaceutical division, one veterinary master file (VMF) and one certificate of suitability (CEP) for Europe
- The VMF is for an antiparasitic active ingredient for veterinary use. The CEP is for Flunarizine which is a migraine prevention medication
- R&T facility in Pune and Development and Launch plant (DLP) in Bangalore delivered several contract development and manufacturing projects successfully
- In efforts to develop DLP further, we have filed a DMF from this site
- Developed a new API using an enzymatic process which is both cost-effective and environmentally-friendly

Crop Protection

- Developing a versatile product that is used as a micro biocides as well as fungicide. It has a wide range of applications as a preservative in varnishes, adhesives, inks, laundry detergents, stain removers, fabric softeners, leather processing solutions, fluid preservation and in emulsion paints. We hope to scale up and further commercialize the product in the near future
- We are working on developing a commercially viable process for a complex protection product which has recently gone off-patent and is used to control a wide range of diseases by pests on soybean, cereals, fruits and vegetables

Pharmaceuticals

- Invested significantly in the generic API business both in terms of personnel and manufacturing capabilities. We have strengthened our R&D infrastructure by starting a solid-state chemistry lab that will help us serve our customers better in terms of getting the right polymorphs and particle sizes of API's
- Pre-formulation and formulation development as part of R&T is being evaluated as a long-term strategy to add value to our customers

Animal Health

- Successfully filed a VMF for an antiparasitic active ingredient used in veterinary medicine in livestock and pets against internal parasites.
- We have developed a process for the preparation of a leading flea and tick medicine

R&T - 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:**
 - Process Development
 - Analytical Development
 - Product Development
 - Pilot Plant and Scale up Manufacturing
 - Commercial Manufacturing
- **Service the following Industries:**
 - Pharmaceutical (Generics & Custom Manufacturing)
 - Biotech
 - Animal Healthcare
 - Crop Protection, Specialty Chemicals and Biocides
 - Food

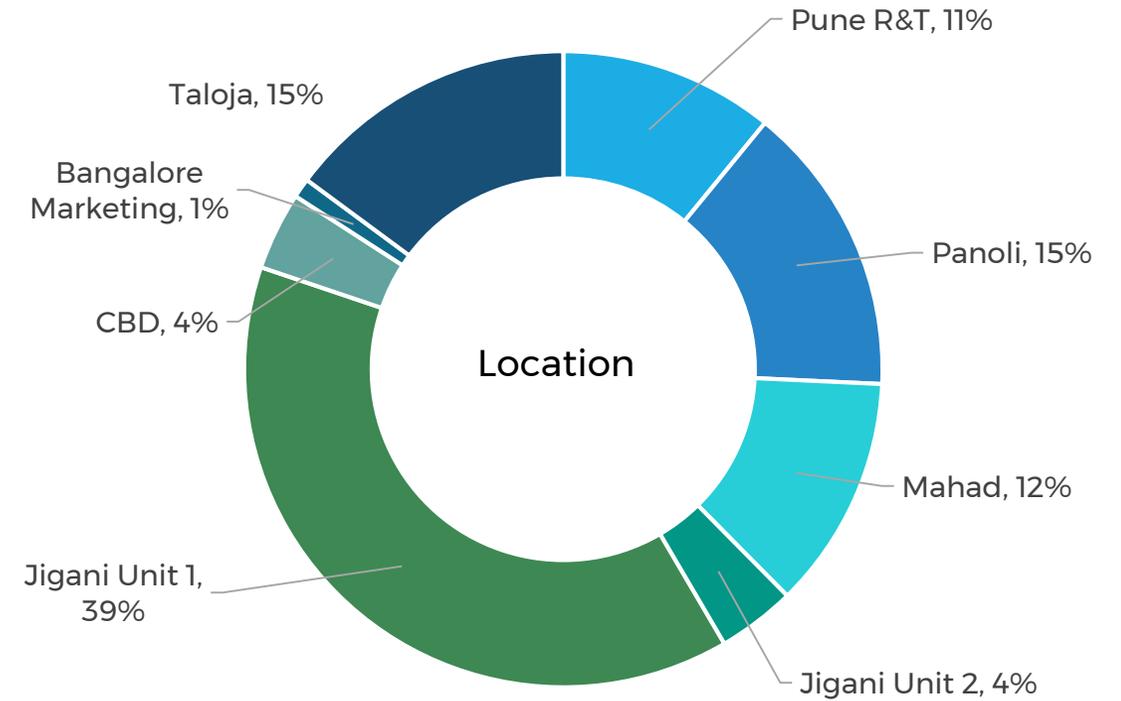
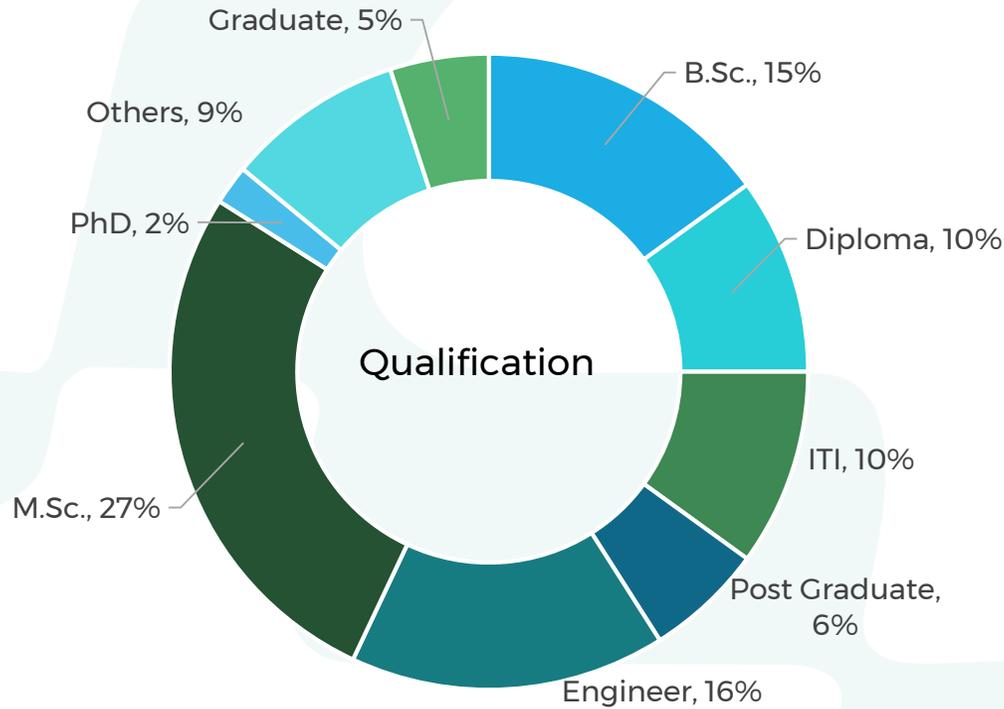
Facilities ensures seamless scale up from Lab to Commercialization

Activities	R&D Pune	Mahad	Bangalore Manufacturing	Panoli	Taloja
Drug Discovery Support					
Analytical method Development	✓				✓
Process Research	✓				
Process Development	✓			✓	✓
Process Improvement		✓	✓	✓	✓
Kilogram Laboratories	✓		✓		✓
Pilot Plants			✓		✓
cGMP compliance			✓	✓	

Human Resources - Our Intellectual Capital

- Experienced workforce working with global Lifesciences companies
- Employees continuously trained through in-house workshops and external programs

Total workforce (as on March 31st, 2019) – 2,122





Filed a VMF for an antiparasitic active ingredient used in veterinary medicine for livestock and pets to fight against internal parasites

We plan to commercialise several advanced intermediates for a new generation ectoparasitic API that belongs to the isoxazoline group

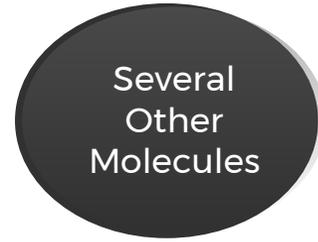


Exclusive manufacturing contract of non-antibiotic veterinary drug API that is used to prevent coccidiosis, a disease that threatens newly arrived cattle that often have a compromised immune system

Volumes has been stable



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

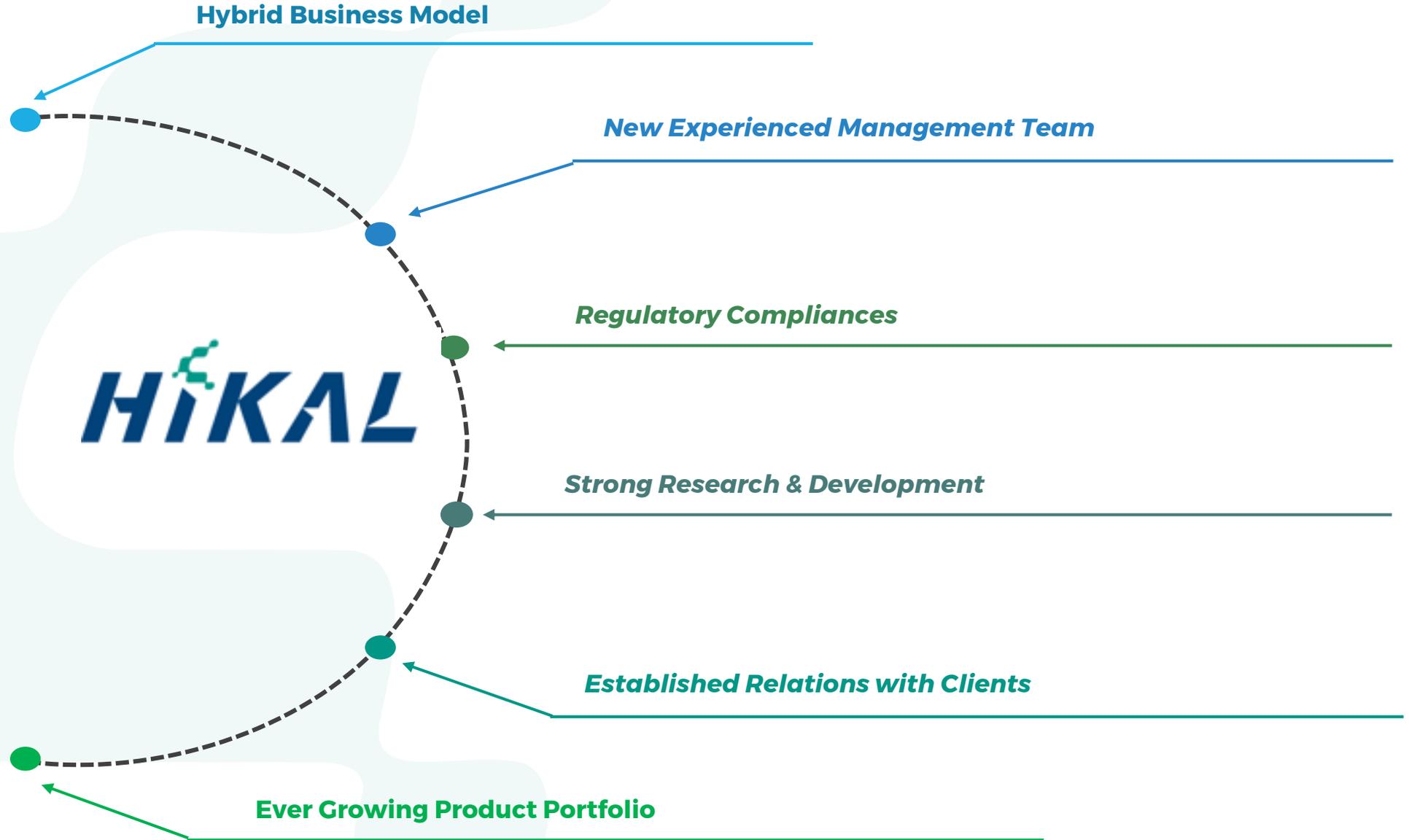


Products are a mix of molecules coming off- patent and new generation molecules

Plan to commercialise several advanced intermediates for a new generation ectoparasitic API that belongs to the isoxazoline group

Last year completed the validation of a niche pain management veterinary drug and plans to file a VMF this year

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



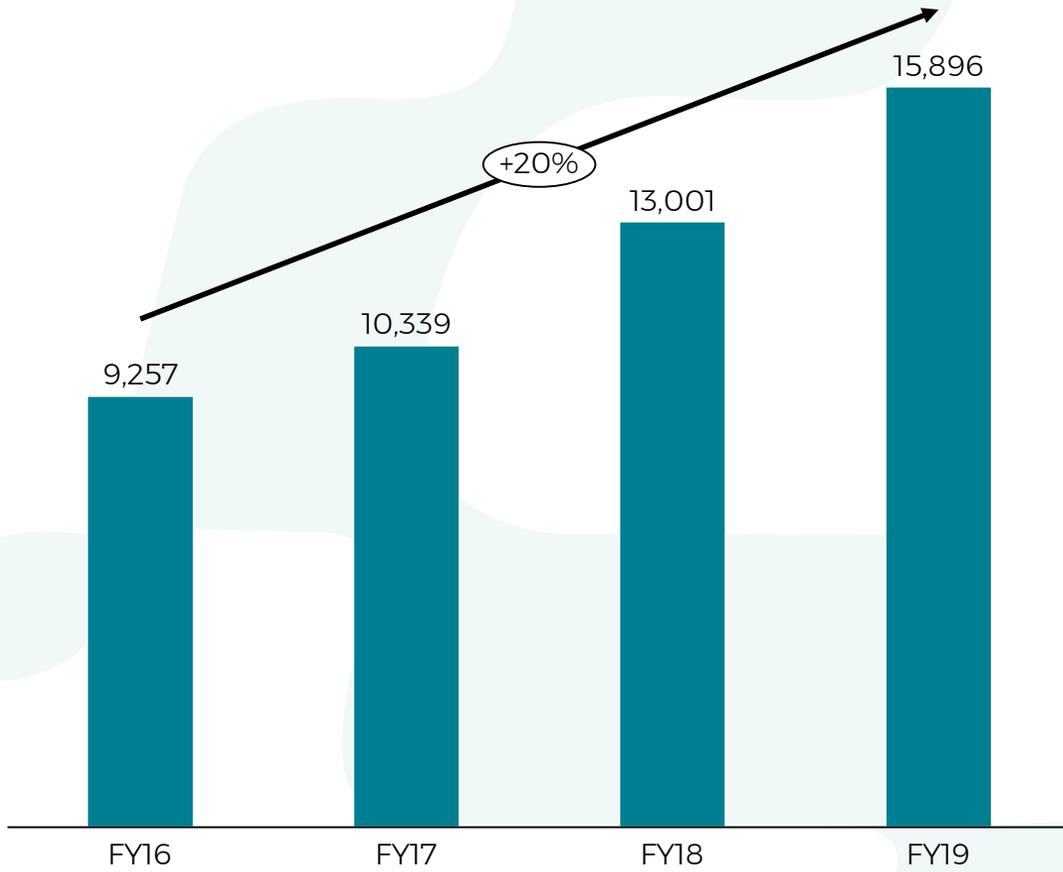
Financials

Operational Highlights

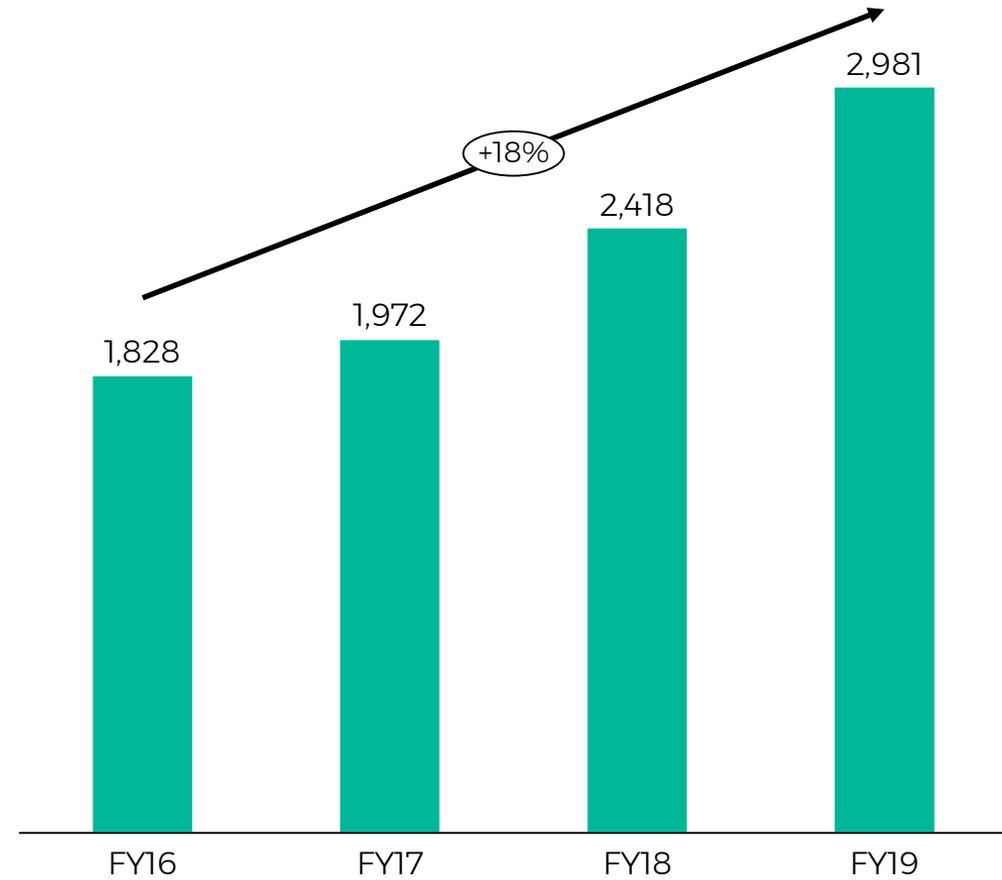


Rs. Million

Standalone Revenues



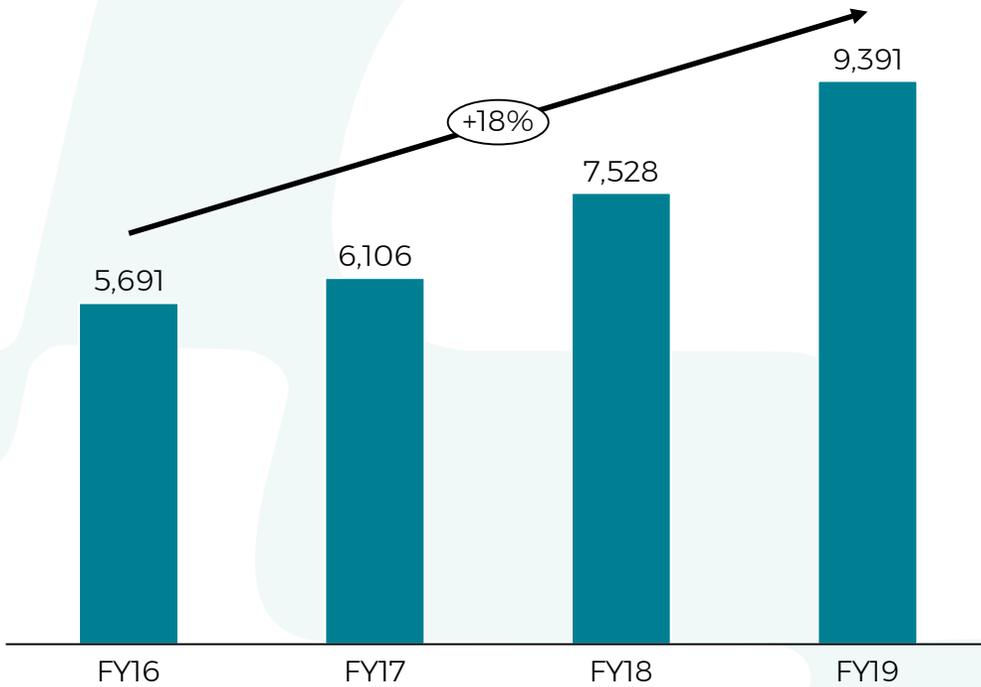
Standalone EBITDA



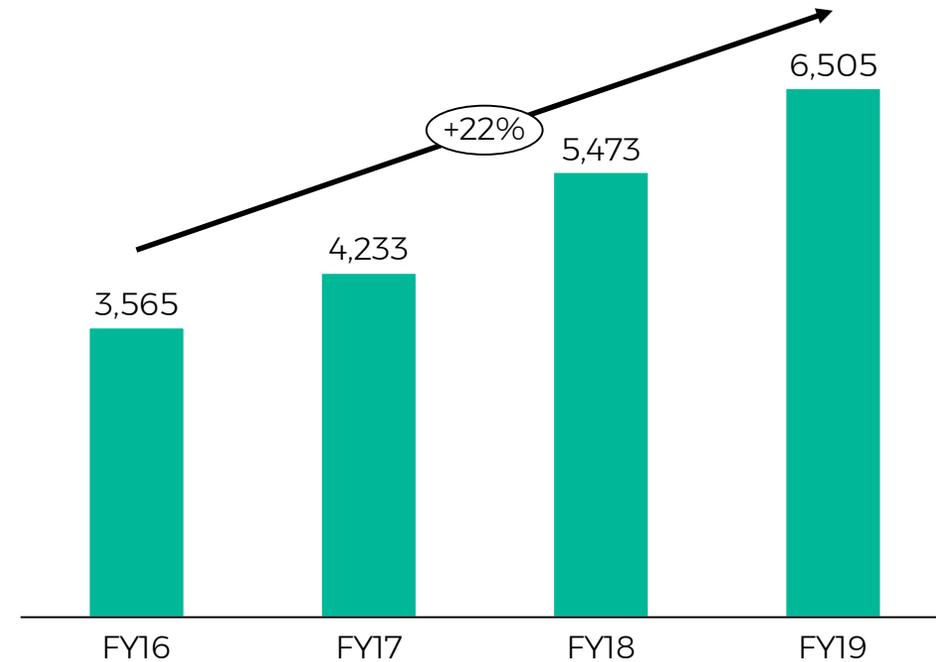
We expect growth in both our divisions with increased volumes from our existing products which provides sustainability to Revenues

Rs. Million

Pharmaceuticals Revenue



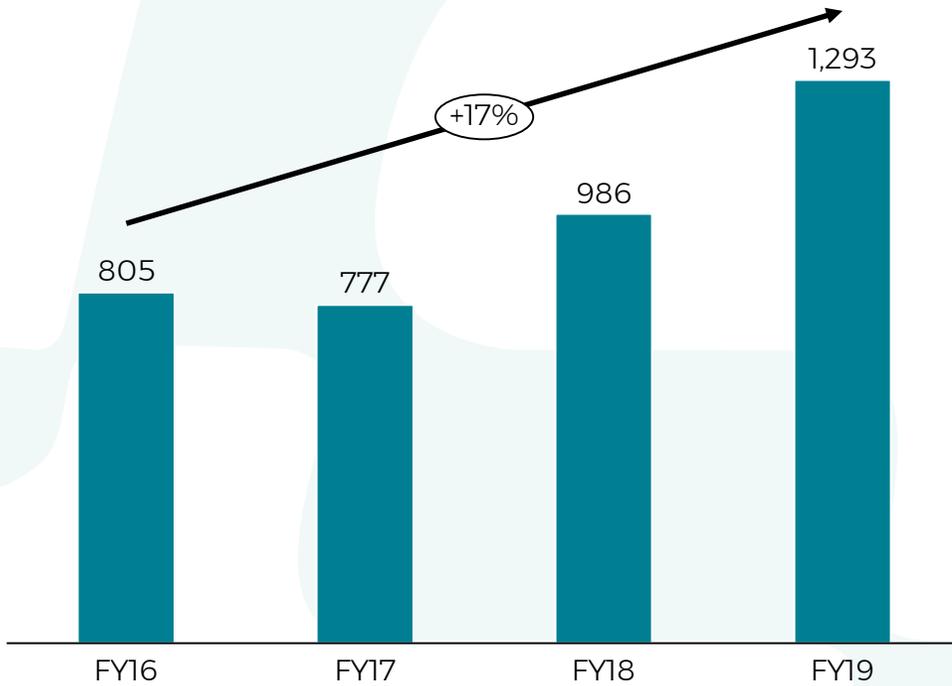
Crop Protection Revenue



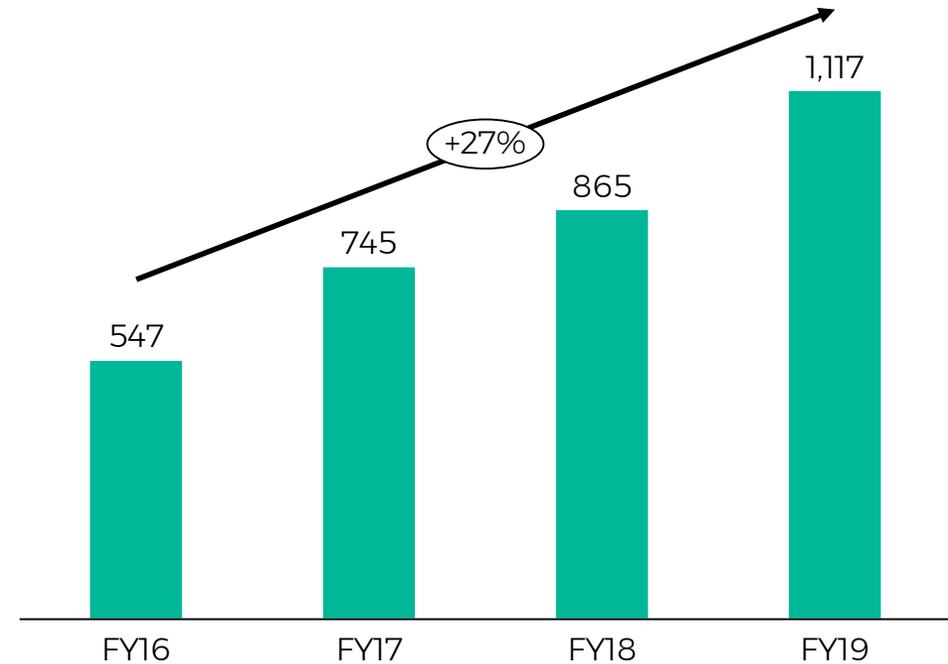
Higher EBIT Margin on account of Higher Margin Products, Quality Conscious Customers and Efficient Operations

Rs. Million

Pharmaceuticals EBIT



Crop Protection EBIT



Standalone Profit & Loss - Quarter & Annual

Rs. Million	Q1 FY20	Q1 FY19	Y-o-Y	FY19	FY18	Y-o-Y
Net Sales	4,032	3,256	24%	15,896	13,001	22%
Expenditure	3,347	2,649		12,915	10,584	
EBITDA	685	607	13%	2,981	2,417	23%
Margin	17.0%	18.6%		18.8%	18.6%	
Other Income	7	14		23	45	
Depreciation	203	226		929	856	
Finance Costs	120	160		584	491	
PBT	368	234	57%	1,491	1,115	34%
Tax	116	75		460	343	
Net Profit	252	159	58%	1,031	772	34%
Margin	6.3%	4.9%		6.5%	5.9%	

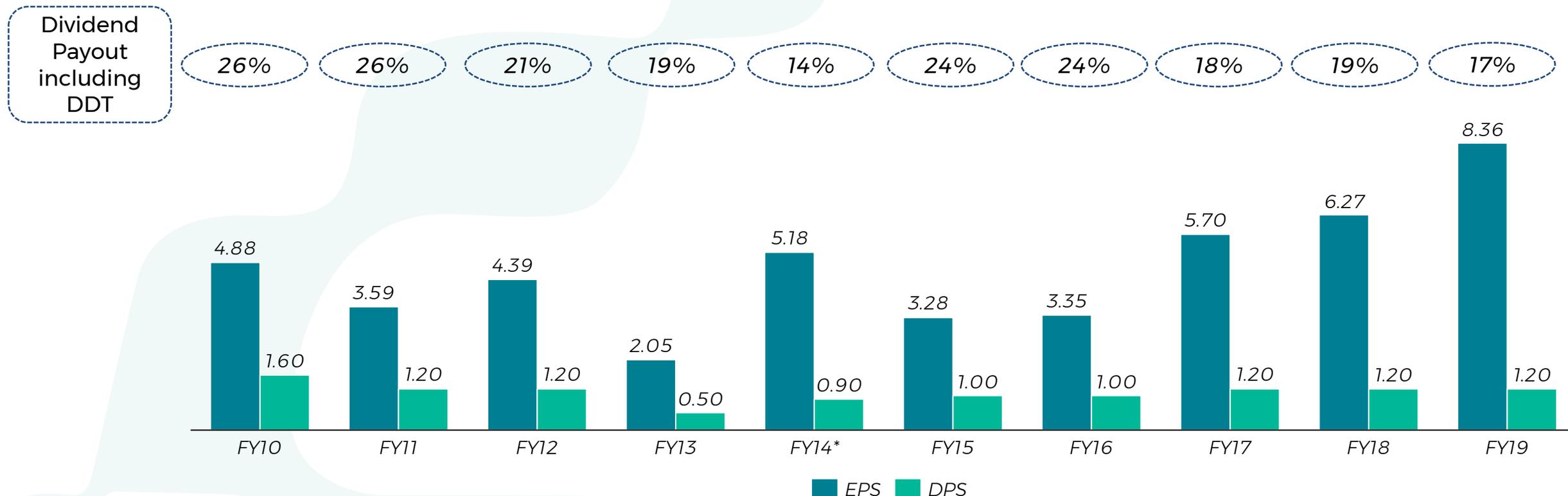
Standalone Balance Sheet



Rs. Million

Assets	Mar-19	Mar-18	Equities & Liabilities	Mar-19	Mar-18
Total Non Current Assets	8,555	8,518	Shareholders Fund	7,562	6,694
Fixed Assets			Share Capital	247	164
Tangible Assets	7,103	6,301	Other Equity	7,315	6,530
Intangible Assets	27	35	Total Non Current Liabilities	3,267	3,123
Intangible Assets Under Development	56	24	Long Term Borrowings	2,978	2,966
Capital work in Progress	731	1,155	Long Term Provisions	160	157
Financial Assets			Deferred Tax Liabilities	129	-
Investments	10	26	Total Current Liabilities	6,026	5,600
Loans	3	3	Short Term Borrowings	3,019	2,772
Other Financial Asset	36	2	Trade Payables	1,610	1,645
Deferred Tax Asset(Net)	-	5	Other Financial Liabilities	855	874
Other Non Current Assets	585	967	Short Term Provisions	41	35
Current Tax Assets (Net)	4	-	Other Current Liabilities	496	265
Total Current Assets	8,300	6,899	Current Tax Liabilities (Net)	5	9
Inventories	3,642	3,030	TOTAL EQUITY & LIABILITIES	16,855	15,417
Trade Receivables	3,497	2,874			
Cash & Cash Equivalents	114	58			
Bank Balances	203	214			
Loans	5	4			
Other Current Assets	839	719			
TOTAL ASSETS	16,855	15,417			

Annual Dividend Payout



- Total Dividend of 60% of face value of Rs. 2 each for the year (Rs. 1.20 per share) on the expanded capital after the bonus shares were issued
 - Interim dividend of 30% of Face Value (Re 0.60 per equity share)
 - Final Dividend of 30% of Face Value (Re 0.60 per equity share)
- Issued 1 Bonus Share for every 2 Share of Face value of Rs. 2 each on June 2018 and EPS have been restated accordingly

* - 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)



SGA Strategic Growth Advisors

Company :

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