HIKAL

Ref:HL:SVW:2016/2/5

February 10, 2016

Dept. of Corporate Services
BSE Ltd.
P J Towers,
Dalal Street,
Mumbai – 400 001.

BSE Scrip Code : 524735

Listing Department
National Stock Exchange of India Ltd.
Exchange Plaza, Bandra Kurla Complex
Bandra (East)
Mumbai 400051.

NSE Symbol : HIKAL

Dear Sir,

Subject: Submission of Investor Presentation

Pursuant to the provisions of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 we are enclosing herewith the Investors Presentation for your information.

We request you to kindly take the same on your record.

Thanking you,

Yours faithfully,
for **HIKAL LTD.,**

S. V. WAHALEKAR
Sr. Vice President Finance
& Company Secretary

Encl : As above.

Hikal Limited

Investor Presentation

February 2016

Responsible Care®

Safe Harbor

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Company Overview

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

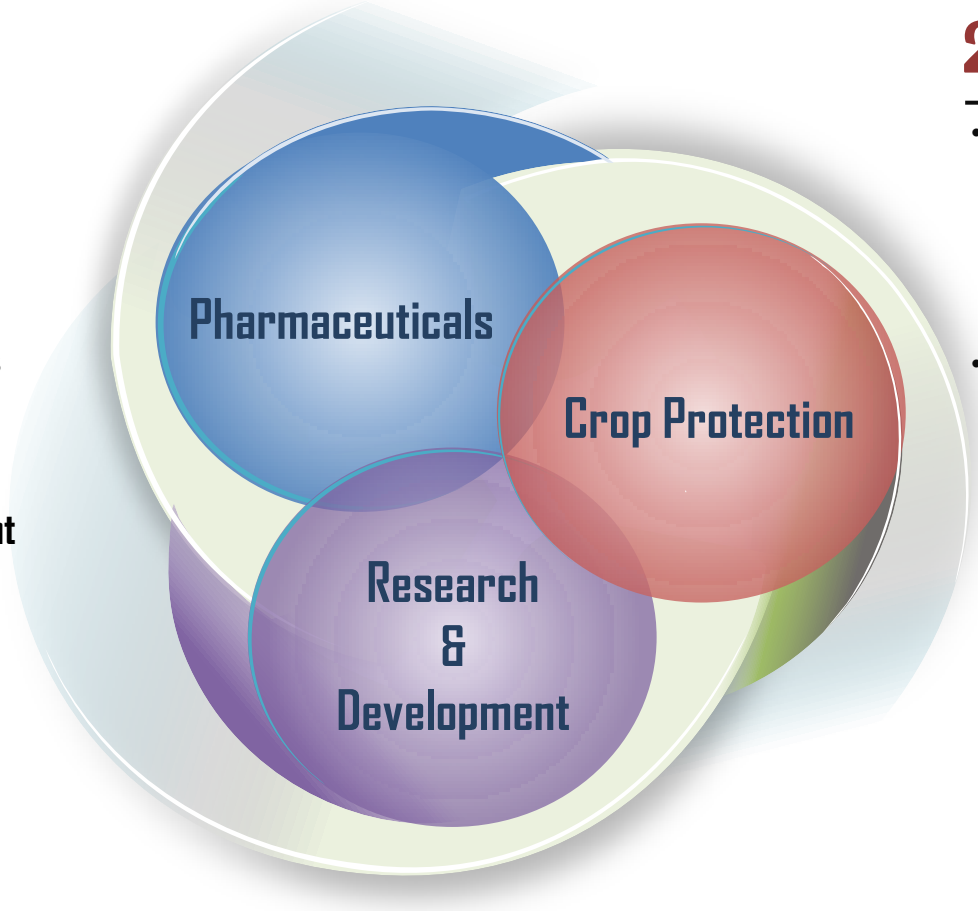
Hybrid Business Model

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

Responsible Care®

Evolution

Crop Protection

Commenced operations with a plant in Mahad.

Second Plant commissioned in Taloja 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

Timeline

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 commision for new products from the Pharmaceuitcal Division
	Company successfully commissioned Co generation Plant and Biomass boilers at all sites as part of its sustainability program

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Global Regulatory Compliances

Regulatory Milestones

2004
US FDA approval of Bangalore Pharmaceutical manufacturing site

2008
Second successful US FDA Audit of Bangalore facility

2011
Bangalore clears its 3rd successful US FDA audit

2012
Panoli certified by the US FDA
Panoli & Bangalore sites receive PMDA approval

2013
Panoli & Bangalore Pharma Sites are EU Audited

2014
Successfully completed EDQM (European Directorate for Quality of Medicines) Audit at Bangalore site
4th Successful US FDA audit for Bangalore facility

Board of Directors

Jai Hiremath
Chairman & MD

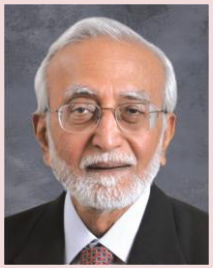
Sameer Hiremath
President & Joint MD

Baba Kalyani

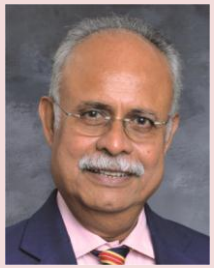
Dr. Wolfgang Welter

Prof. Axel Kleemann

Sugandha Hiremath



Prakash Mehta

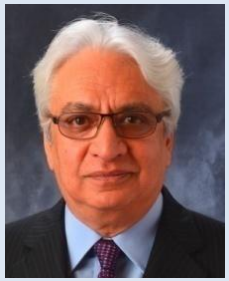


Kannan Unni

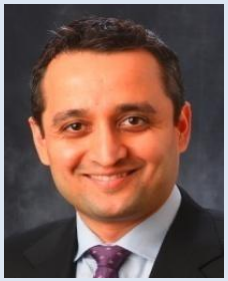
Shivkumar Kheny

Amit Kalyani

Management Team

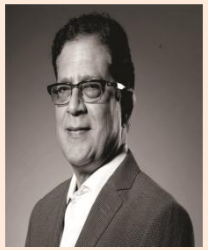


Jai Hiremath
Chairman & MD



Sameer Hiremath
President & Joint MD

Manoj Mehrotra
Pharmaceuticals



Kumar Inamdar
Crop Protection

Sham Wahalekar
Finance & Secretarial

Anish Swadi
Bus. Dvlp. & Strategy

Kumaar Priyaranjan
Human Resources

Scientific Advisory Board

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

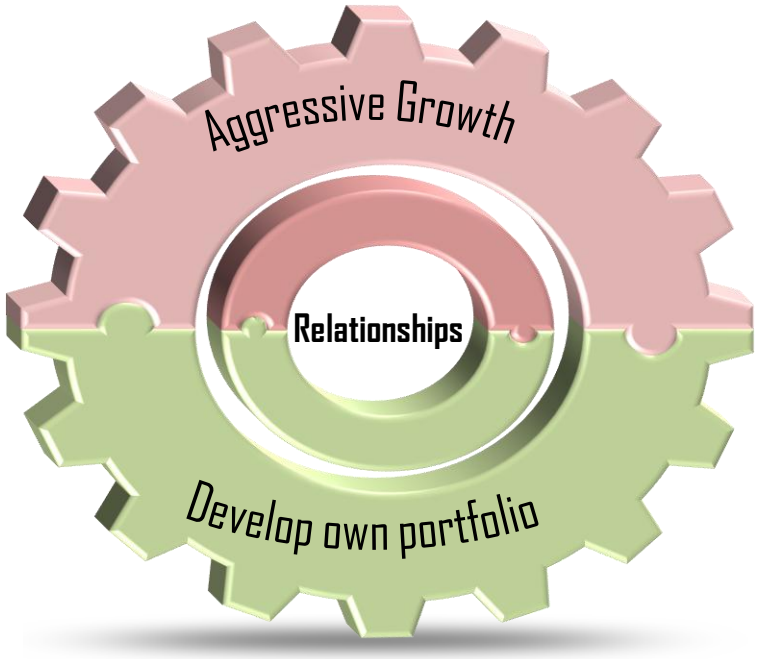
- He is a Ph.D. in Chemistry from the Johann Wolfgang Goethe University, Frankfurt am Main, where he is the Honorary Professor of Chemistry.
- Prof. Kleemann is the Chairman of the Board of Directors of Protagen AG and a member of the Board of Directors of several non-listed and listed biotech and fine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

Focused Strategy

Vision

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

Strategy



Aggressive Growth

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

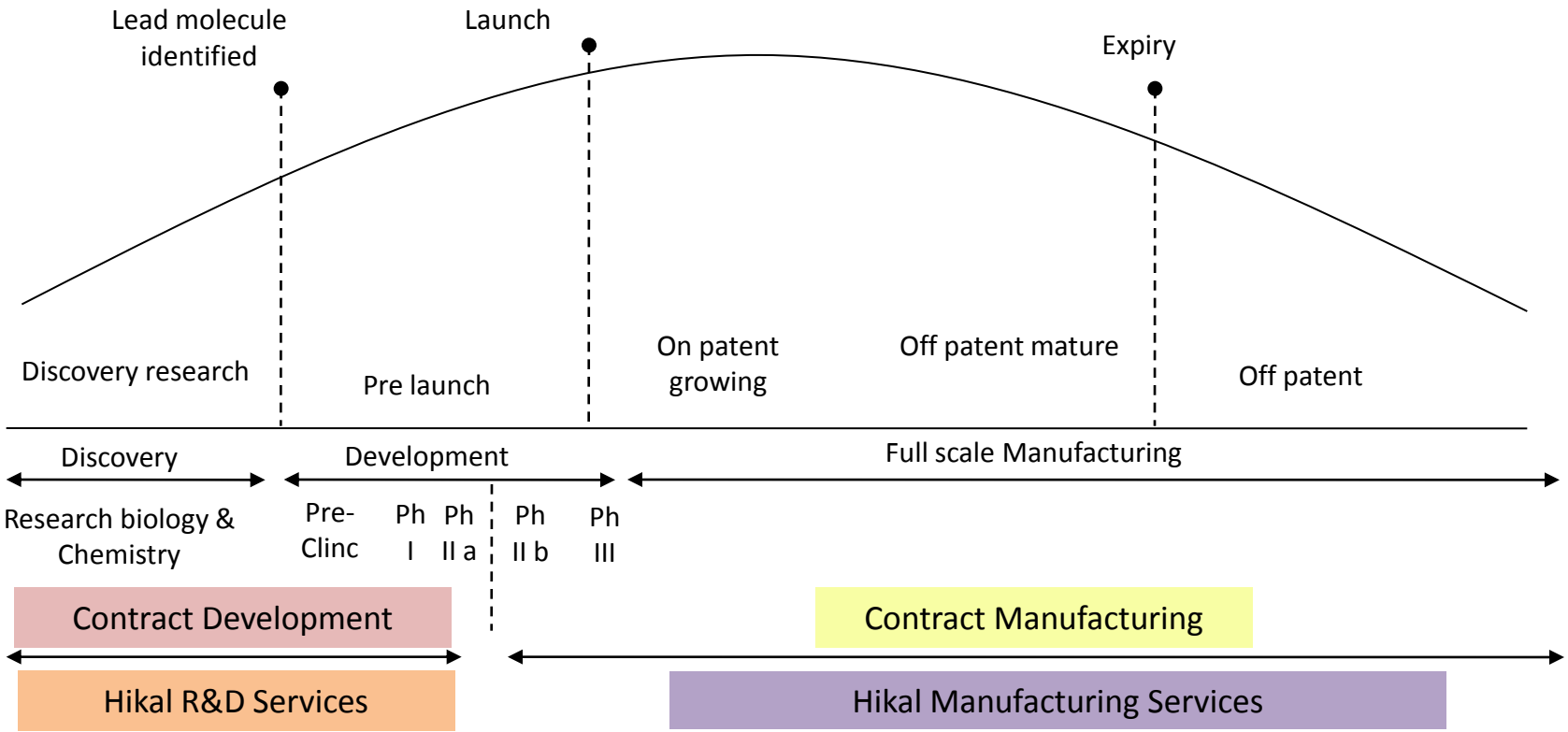
Develop Own Portfolio

- 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

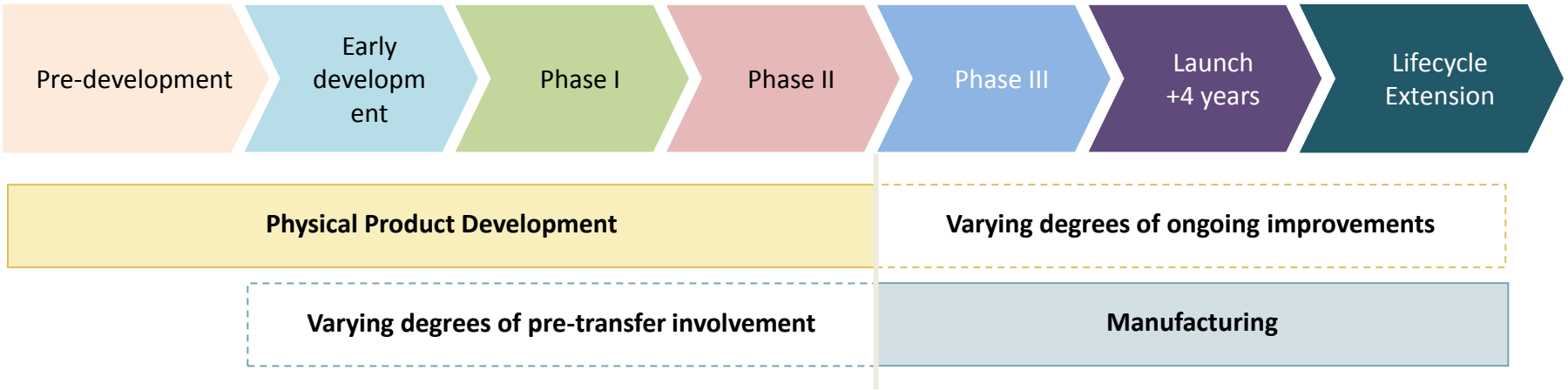
Value Chain

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



Contract Development & Manufacturing

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



Hikal – Locations

Pharmaceuticals

- Bangalore
- Panoli

Research & Development

Pune

Crop Protection

- Mahad
- Taloja
- Panoli

Manufacturing Capabilities

2009

Pune

R&D Center in Pune becomes operational

2003

Bangalore & Panoli

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

2001

Bangalore

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

2000

Panoli

Acquires manufacturing site from Novartis in Panoli, Gujarat

1997

Taloja

Manufacturing of the Active Ingredient for Merck begins at Taloja site

1991

Mahad

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

Pharmaceuticals

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.

USFDA Approved Site - Bangalore

R&D, Contract, cGMP Kilo Lab - Pune

USFDA Approved Site - Panoli

Pharmaceuticals – Facility Overview

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*** at two API blocks, Further scope of debottlenecking in future
- Installing a large bio-mass boiler & setting up 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

Responsible Care®

Existing Contracts

European Innovator Client

- Long-term contract manufacturing agreements with a European innovator client to commercially manufacture molecules gaining momentum
- Strong Cost Position is offered by us and the molecule is expected to grow further
- Dialogues are on for several other projects which have been evaluated for commercial manufacturing

USA –based Food Ingredient Client

- The specialized product continues to do well
- Several approvals are expected in 2015-16 for new clients using the product manufactured at our facilities.
- A dedicated manufacturing line has been commissioned for this product and volumes are expected to grow in the near future

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

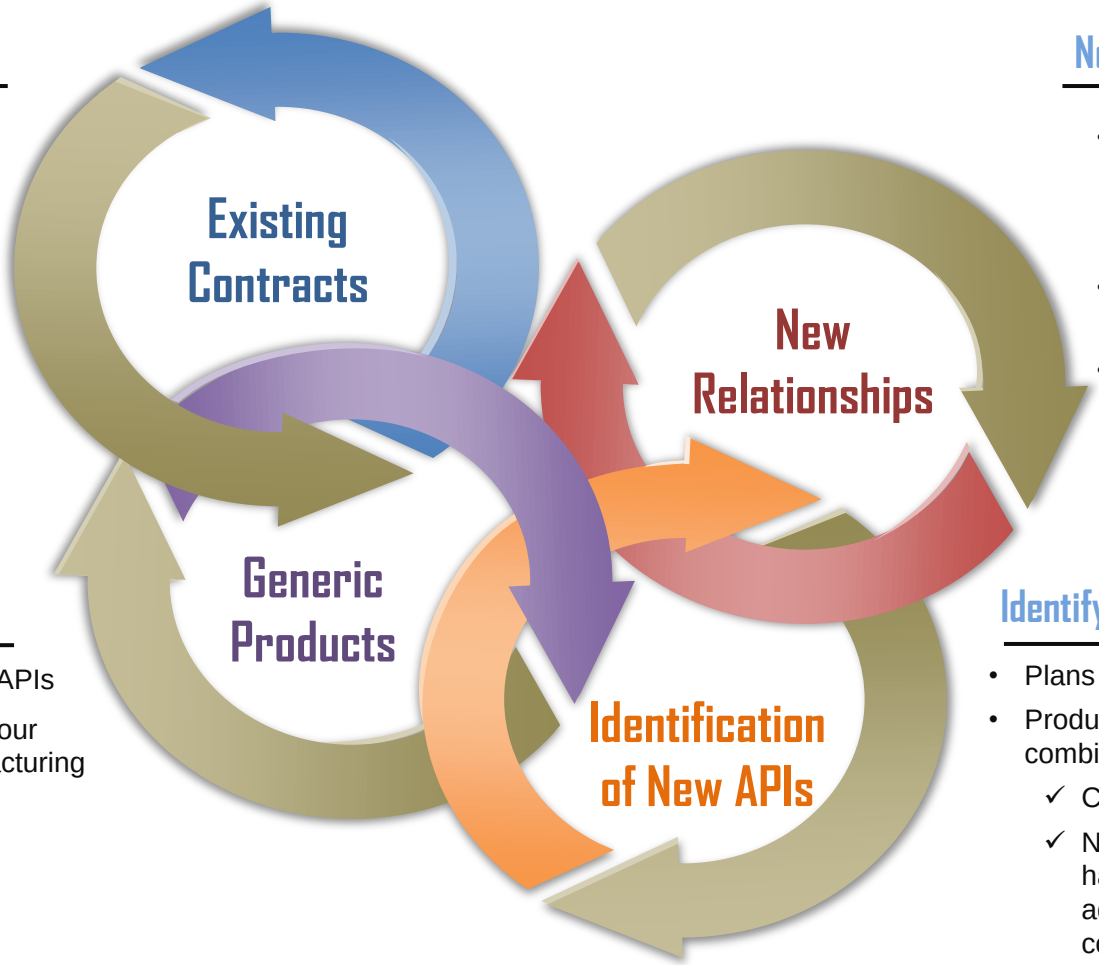
Future Strategy

Existing Contracts

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

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



Generic Products

- Gain market share in key APIs
- Increased the volumes of our exclusive contract manufacturing clients for their molecules

Identifying New APIs

- Plans to file 4-5 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 and oncology

Crop Protection

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

Agro Chemical Facility - Taloja

Control Room - Taloja

Agro Chemical Plant - Panoli

Crop Protection – Facility Overview

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

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

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

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

Product for Japanese Innovator

Successfully completed the lab trials of an Intermediate

Final stages to manufacture pilot plant batches which will determine the success

Successfully scaled up and provided commercial quantities for a product

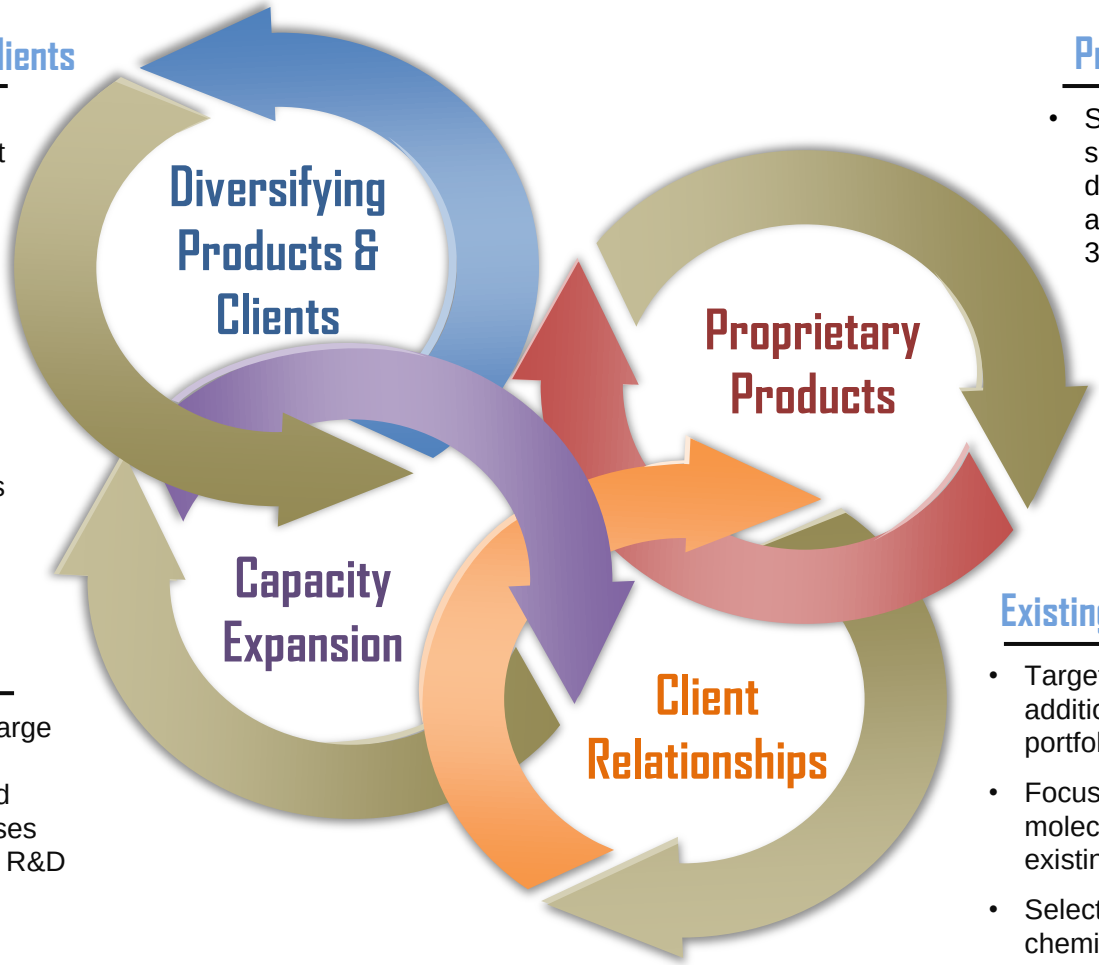
Pilot Plant quantities were completed for an additional product - under patent

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



Proprietary Products

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

Capacity Expansion

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

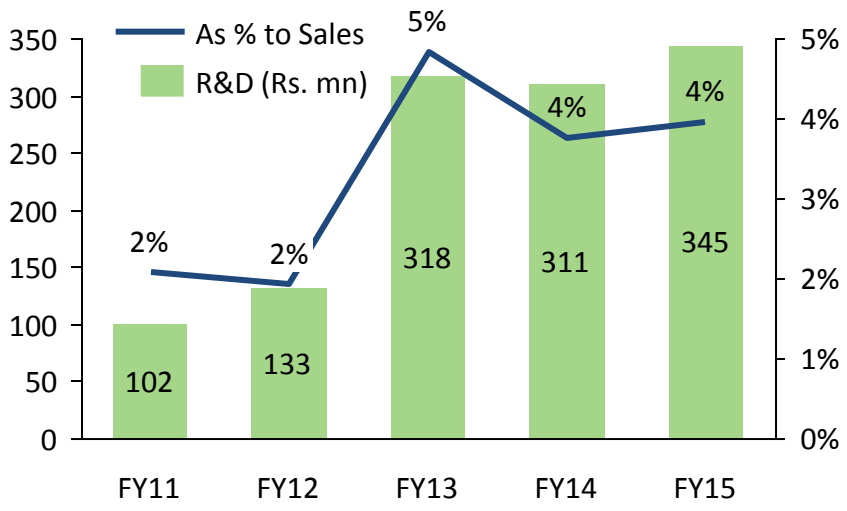
Existing Client Relationships

- 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

- Deploying R&D - Internal pipeline
  - Developed processes for several molecules using enzyme technology
  - Validated two 'green' enzymic process technologies for major API products
- 3 patents for novel routes to APIs filed
- Several significant Phase I and Phase II projects in the development pipeline
- Several animal health projects in the pipeline
- First manufacturing potential for a project in the flavor and fragrance sector

Our R & D Efforts

Crop Protection

- Majority of projects are from innovator clients in Japan and Europe
- Commercialized an insecticide for an Innovator Company
- Completed process development for an on-patent herbicide for another Innovator Client

Pharmaceuticals

- Validated an API product using enzymatic technology developed by our R&D with commercial manufacturing starting soon
- Some of the products coming off-patent shortly and are under various stages of development are Sitagliptin, Dabigatran, Lacosamide, Olmesartan and Darunavir

Animal Health

- Completed development of a topical parasitic used for dogs and cats & a veterinary medication to kill external parasites for pets for a Mid sized European Company
- Completed the process development & first pilot plant campaign for a regulatory starting material used in oral flea and tick treatment for dogs
- Steroid development
  - Two products used on livestock to increase muscle growth and appetite and a synthetic opioid analgesic used in cats and dogs are in late stage development for which client is already secured

Contract Development

- Completed the first pilot plant campaign for an intermediate of a non-regulatory starting material used for an oncology product under development
  - second pilot plant trials are under discussion with the same biotech company
- Process development and two pilot plant trials for a regulatory starting material used in the treatment of ventricular systolic heart failure has been completed
- Process development has been completed for an intermediate in Phase III trials for a Japanese innovator company used for treatment of chronic constipation

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

Research & Development Expertise

Facilities ensures seamless scale up from Lab to Commercialization

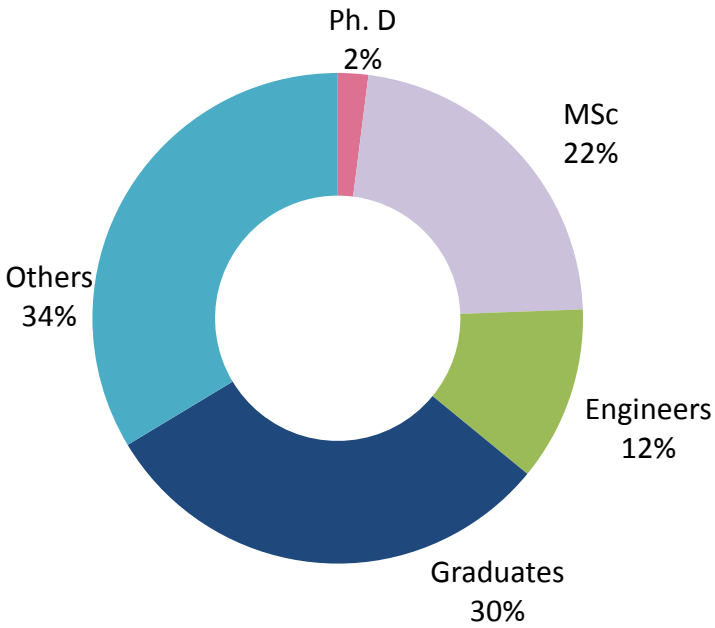
Activities	R&D Pune	Mahad	Bangalore Manufacturing	Panoli	Taloja
Drug Discovery Support					
Analytical method Development	✓				✓
Process Research	✓				
Process Development	✓			✓	✓
Process Improvement		✓	✓	✓	✓
Kilogram Laboratories	✓		✓		✓
Pilot Plants			✓		✓
cGMP compliance			✓	✓	

Responsible Care®

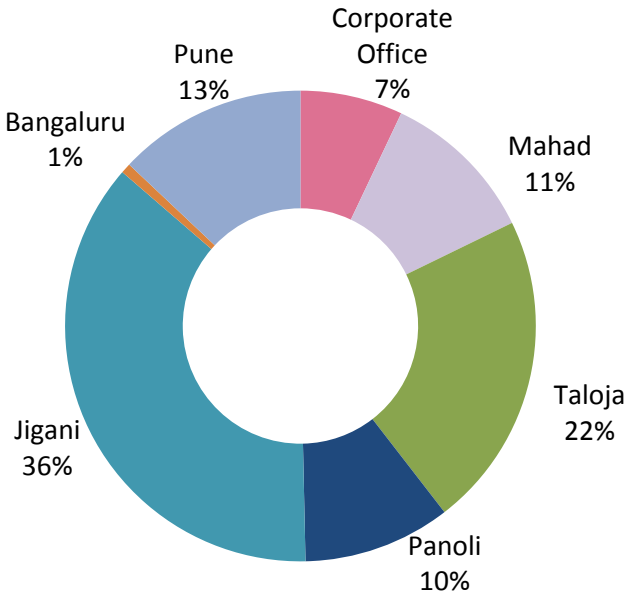
Intellectual Capital

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

Qualification



Department



No. of Employees 1,164

Animal Health – A Natural Progression

Chemical Development

Flexible Manufacturing Facilities

Existing Commercial Products

Animal Health API

Exclusively contract manufactured for a leading US innovator company

Pursuing allied niche opportunities in steroids

US Based Client

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

Japanese Client

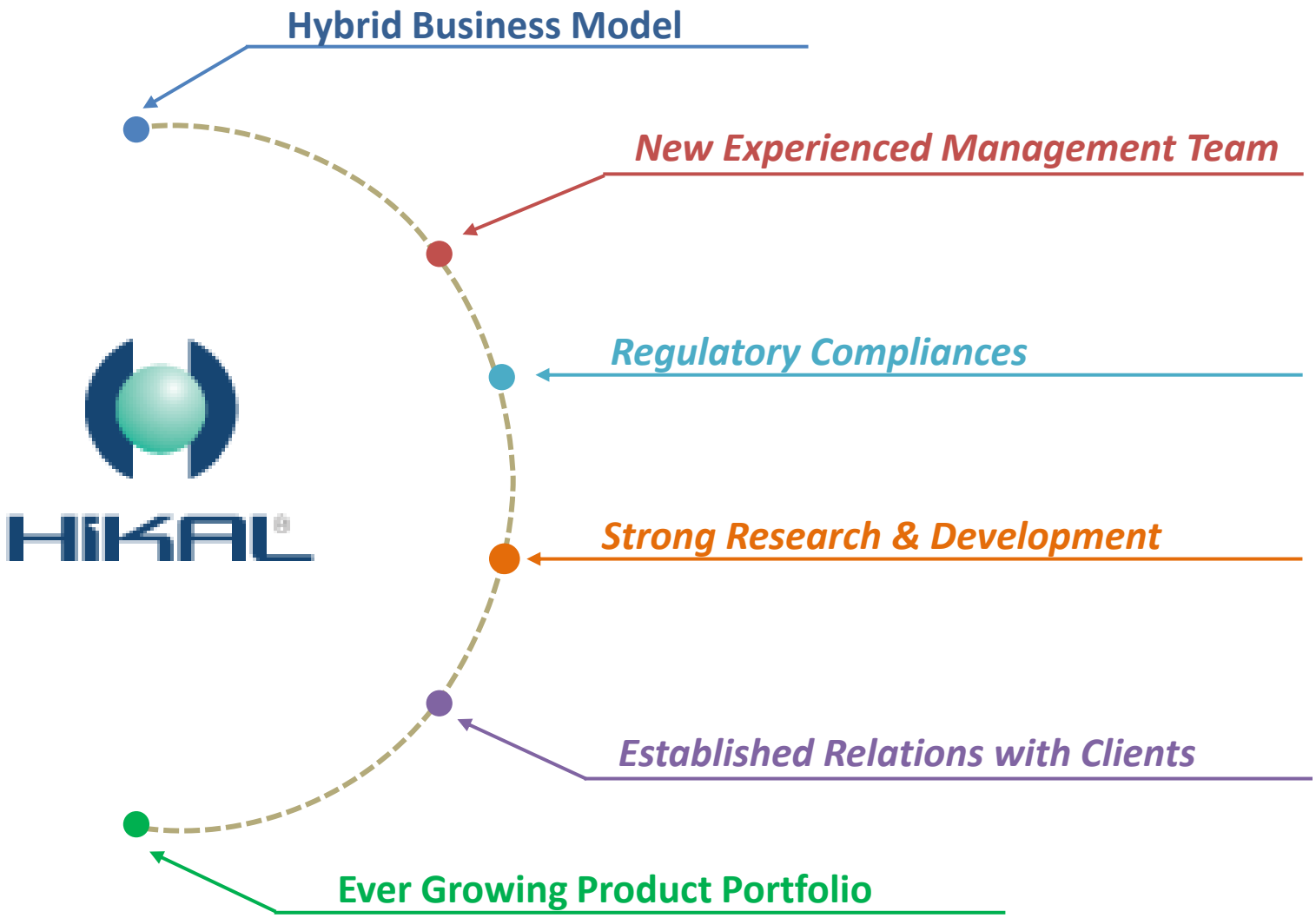
Completed the pilot trials of another Animal Health product for a leading Japanese company

Several Other Molecules

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



Growth Drivers

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

Blocks Built

- ✓ Asset Creation
- ✓ Relationships
- ✓ Research & Development

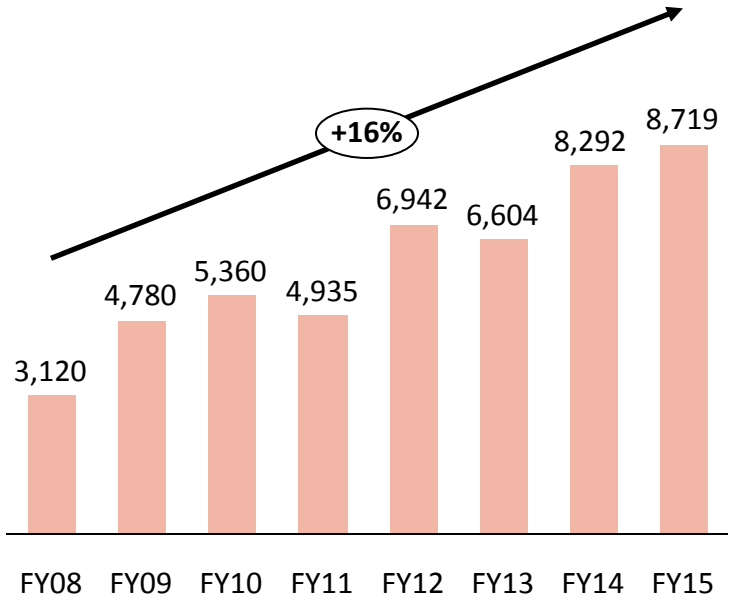
Growth Drivers

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

Operational Highlights

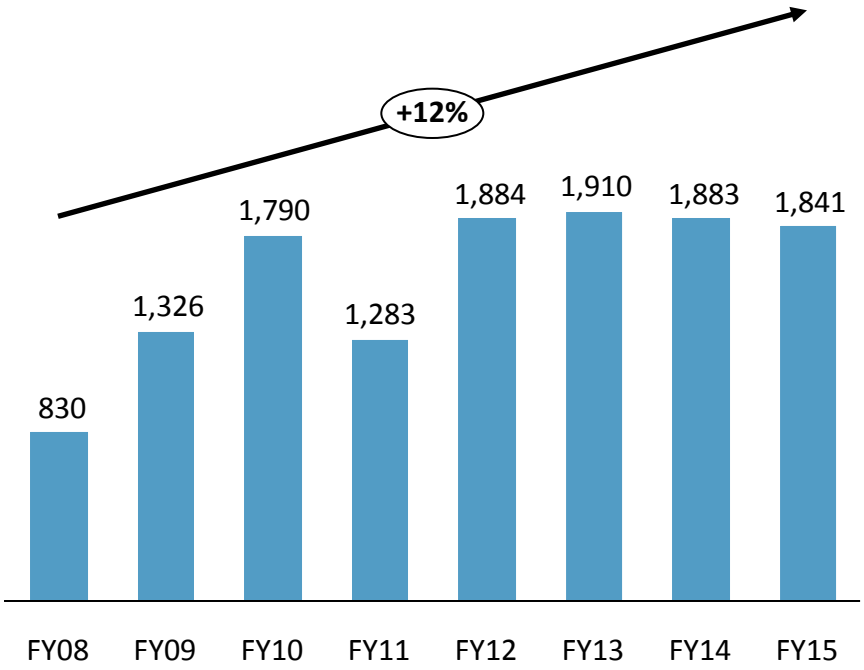
We expect growth in both our divisions with increased volumes from our existing products which provides sustainability to Revenues

Standalone Revenues



Standalone EBITDA

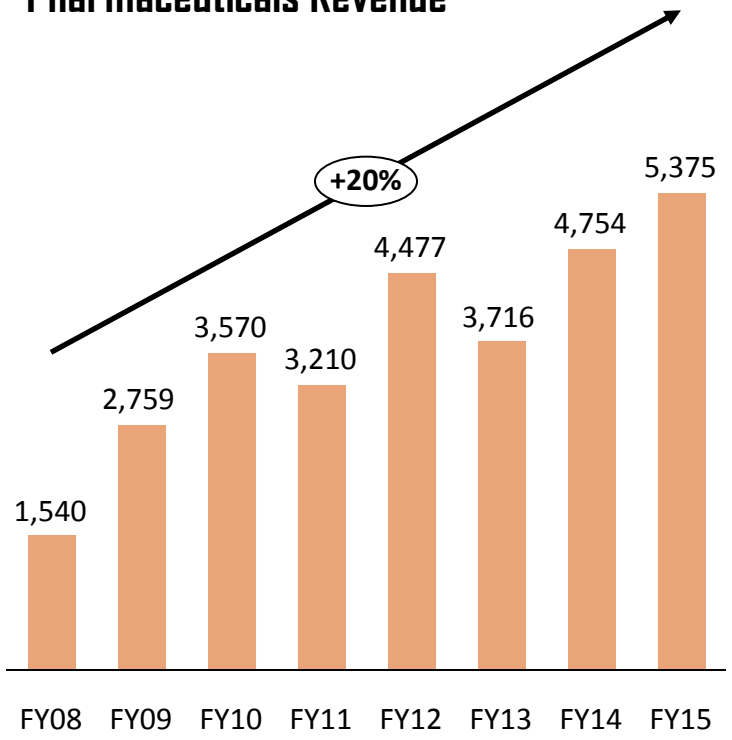
Rs. Million



Operational Highlights

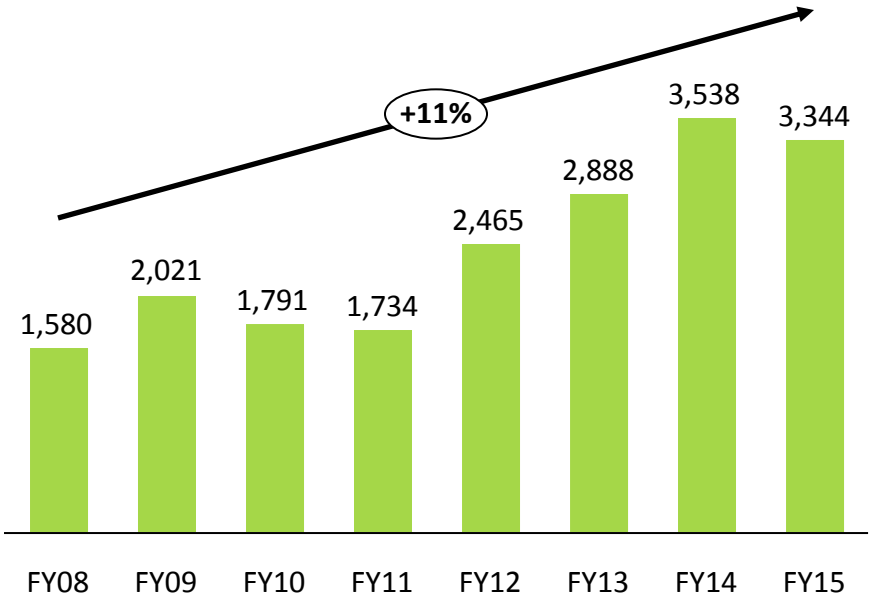
Higher EBITDA Margin on account of Higher Margin Products, Quality Conscious Customers and Efficient Operations

Pharmaceuticals Revenue



Crop Protection Revenue

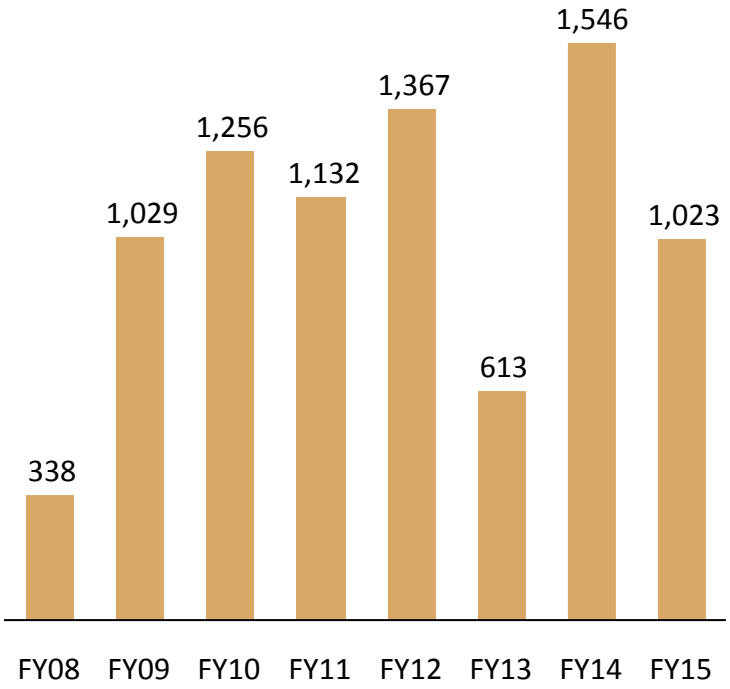
Rs. Million



Capital Expenditure

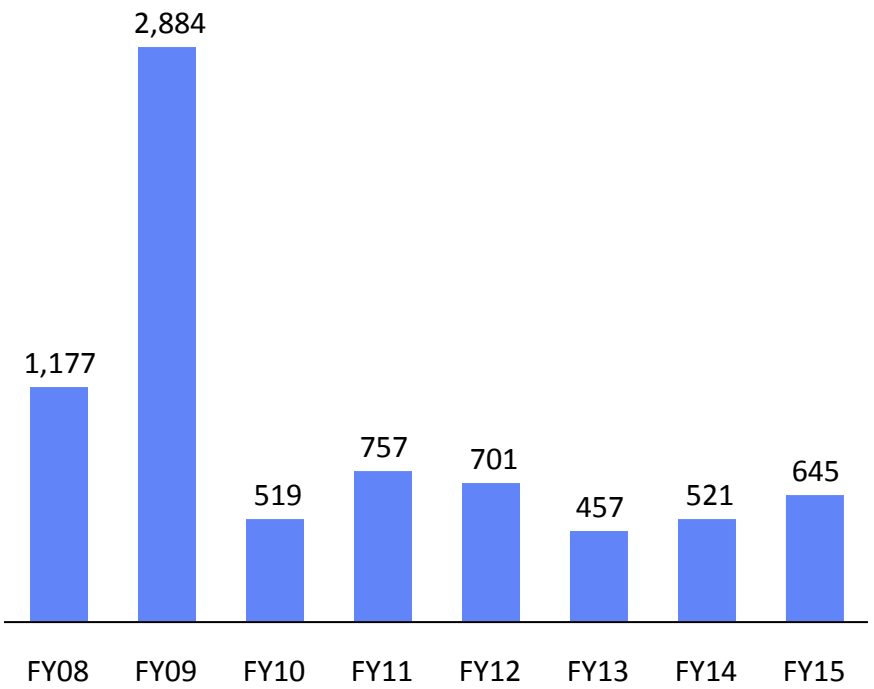
Major Asset Creation Completed. This gives us an ability to scale-up operations rapidly by making small incremental investments

Cashflow from Operations



Capital Expenditure

Rs. Million



Standalone Profit & Loss

Rs. Million	Q3 FY2016	Q3 FY2015	Y-o-Y	Q2 FY2016	Q-o-Q
Net Sales	**2,404**	**2,251**	**7%**	**2,040**	**18%**
Expenditure	1,945	1,775		1,649	
EBITDA	**459**	**476**	**-3%**	**391**	**17%**
Margin	***19.11%***	***21.15%***		***19.17%***	
Other Income	8	2		3	
Depreciation	170	159		165	
Finance Costs	124	145		115	
Exceptional Loss/ (Income)	*16*	*44*		*57*	
PBT	**157**	**131**	**20%**	**57**	**177%**
Tax	33	37		8	
Net Profit	**124**	**94**	**32%**	**48**	**156%**
Margin	***5.16%***	***4.16%***		***2.36%***	

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Standalone Profit & Loss

Rs. Million	FY2015	FY2014	Y-o-Y
Net Sales	**8,719**	**8,292**	**5%**
Expenditure	6,893	6,419	
EBITDA	**1,825**	**1,873**	**-3%**
Margin	***20.90%***	***22.60%***	
Other Income	16	341	
Depreciation	642	550	
Finance Costs	600	680	
PBT	**599**	**983**	**-39%**
Tax	194	342	
Net Profit	**405**	**641***	**-37%**
Net Profit (excl. exceptional Income)	**405**	**415**	**-2%**
Margin	***4.60%***	***5.0%***	

* Includes Rs 226 mn net of tax received from disposal of shares of Hikal Employee Welfare Trust A&B

Standalone Balance Sheet

Rs. Million	Sep-15	Mar-15
Shareholder's Fund	**5,401**	**5,335**
Share Capital	164	164
Reserves & Surplus	5,237	5,170
Non-Current liabilities	**2,247**	**2,417**
Long Term Borrowings	1,841	2,014
Deferred Tax Liabilities	284	285
Long Term Provisions	122	117
Current Liabilities	**5,136**	**5,178**
Short Term Borrowings	2,517	2,310
Trade Payables	1,416	1,371
Other Current Liabilities	1,203	1,497
Total Liabilities	**12,784**	**12,929**

Rs. Million	Sep-15	Mar-15
Non-Current assets	**8,028**	**7,921**
Fixed Assets	6,913	7,010
Long-Term Loans & Advances	1084	879
Non-Current Investments	31	31
Deferred Tax Assets	0	0
Current assets	**4,756**	**5,009**
Inventories	3,074	3,140
Trade Receivables	1,068	1,280
Cash and Bank Balances	226	137
Short-Term Loans and Advances	367	409
Other Current Assets	21	43
Total Assets	**12,784**	**12,929**

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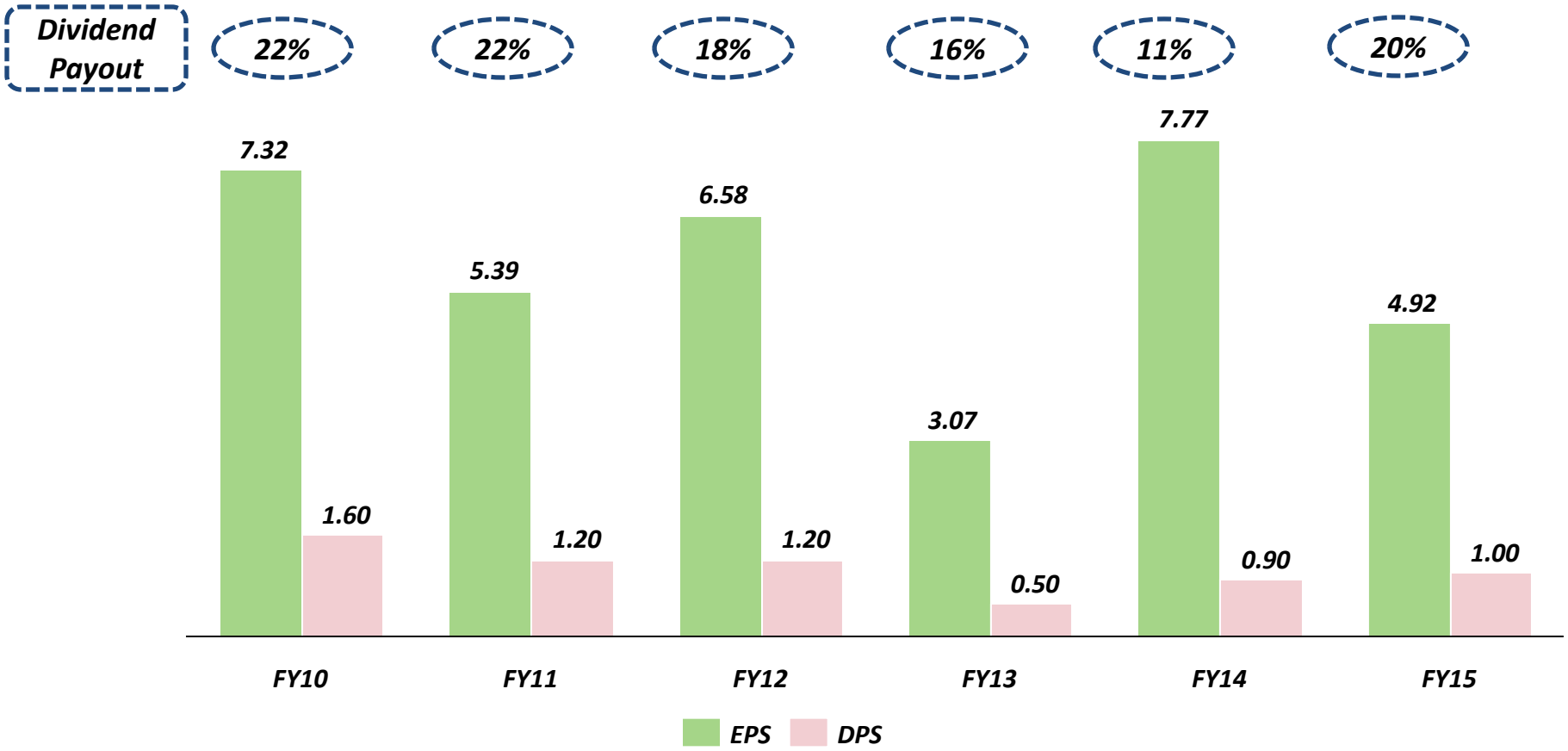
Consolidated Profit & Loss

Rs. Million	FY2015	FY2014	FY2013	FY2012	FY2011	FY2010
Net Sales	**8,719**	**8,292**	**6,604**	**7,078**	**5,023**	**5,390**
Expenditure	6,894	6,374	4,839	5,245	3,830	3,677
EBITDA	**1,824**	**1,918**	**1,766**	**1,833**	**1,193**	**1,713**
Margin	***20.9%***	***23.1%***	***26.7%***	***25.9%***	***23.8%***	***31.8%***
Other Income	16	341	63	14	33	2
Depreciation	642	550	491	453	410	358
Finance Costs	600	548	523	664	437	380
Exchange Loss		179	484	219	32	547
PBT	**598**	**982**	**331**	**511**	**347**	**430**
Tax	194	342	78	51	-23	-70
Net Profit	**404**	**639***	**253**	**460**	**370**	**500**
Margin	***4.6%***	***7.7%***	***3.8%***	***6.5%***	***7.4%***	***9.3%***

* Includes Rs 226 mn net of tax received from disposal of shares of Hikal Employee Welfare Trust A&B

Annual Dividend Payout



Rs . Per Share

Board approves Total Dividend of Rs. 1 per share for Face Value of Rs. 2 in FY2015

For further information, please contact:

Company :	Investor Relations Advisors :
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