

Leading with Vision.  
Building with Passion.  
India's No. 1 animal health company



**Investor Presentation | November 2017**

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**Sequent**  
Proven Ability In Life Sciences



ALIVIRA



**A New Horizon – Pure Play Animal Healthcare**

# Evolution to a robust SeQuent

Pre-2013

## Low margin business

- Formed by amalgamation of businesses
- API led strategy



- Low value APIs & specialty chemicals
- Unregulated market business

2013-16

## Re-strategized from 'Growth' to 'Value'

- **Established Alivira**- Global integrated animal health business
- **Refocused human pharma biz.** - mature APIs & regulated markets
- **Divested**- non-core specialty chemical business
- **Enhanced focus** - R&D



- **Strengthened balance sheet (Promoter infusion & QIP)**
- **Investment & ramp up in state of the art futuristic API facilities**

2016-17

## Sharpened Focus

- **De-merging Human API business into a new listed entity- Solara Active Pharma Sciences**
- **Niche Human API business with strong margins**
- **Solara to be amongst the largest standalone human API companies in the country**
- **Will possess the commodity API manufacturing capabilities of Strides Shasun and technical knowhow of Sequent.**



Today & Beyond

## Designed for growth Built for Value

- Creating disruptive value
- India's first global integrated animal health player with a \$120m+ annual rev. run rate
- Deepened know-how & front end footprint
- Only US FDA approved API facility in India
- Organic & inorganic expansion
- Integration & cross leveraging
- Aggressive R&D in API & Formulations



# Differential market attributes, Alivira's distinctive approach



## Industry Dynamics



### Indian Pharma Approach

- Manufacturing driven strategy taken global
- India based management



### Unique Animal Health/Veterinary characteristics

- Limited scale in-market local business
- Customer focused business with emphasis on relationships



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### Alivira's Approach

- Applying cutting-edge resources to remain ahead of the curve in a rapidly growing industry
- Global management with international expertise and local knowhow



## Market Knowhow

- Strong market intelligence available - IMS database and trends
- A big advantage to begin, however leads to hyper strategy with me too products

- No secondary market database and business built on local knowledge
- Complex & distinct regional needs
- Vet market : exemplified by regulatory barriers & FMCG characteristics

- Local know how with veterinarians connect
- Region specific portfolio
- Customer centric; relationship driven front end



# Differential market attributes, Alivira's distinctive approach



## Customer Acquisition



### Indian Pharma Approach

- Partner approach
- Price position with customers and gradually moving up the value chain



### Unique Animal Health/Veterinary characteristics

- Branded generics market
- Veterinarian connect is critical including the relationship with farmers



### Alivira's Approach

- Established global front end for last mile partnership



## Research

- Industry driven by patent expiry
- High R & D focus with large filings in US

- Few products under patent protection
- Limited R&D focussed on drug delivery & ease of use
- Complex regulatory framework driving disproportionate R&D returns

### Customized R&D approach

- Smart program with focus on API & Formulations
- Multiple approaches leveraging local knowledge
- Smart usage of resources



# Animal Health- The BEST of both worlds



	FMCG	Specialty Pharma	Commodity Generic	Branded Generic	Global Animal Health
R&D Expenses					
Regulatory Barriers					
IP Barriers					
Brand Building & local distribution strength					
Local know how / information availability					
Management					

R&D for ease of use & drug delivery

Complex regulatory requirements leading to disproportionate R&D returns

Few products under patent protection

Veterinarian connect is critical including the relationship with farmers

No secondary market database hence, business developed on strong local knowledge  
Complex & distinct regional need



# Alivira- India's largest animal Health Company



## Formulations

- Focus on global livestock market with an organic-inorganic led strategy to accelerate expansion
- Strong presence in Europe, LATAM, Turkey, India, Africa & South East Asia
- Recent foray into France & Ukraine
- Global R&D approach with localised manufacturing capabilities in regulatory geographies.

95+

Countries

35+

R&D pipeline for API & Formulations

## APIs

- Wide range of products, predominantly in Anthelmintics & emerging NSAID portfolio
- Established relationship with top 10 veterinary companies with a steady customer base across US, Europe, LATAM & India
- India's only FDA approved API manufacturing facility in Vizag.

450+

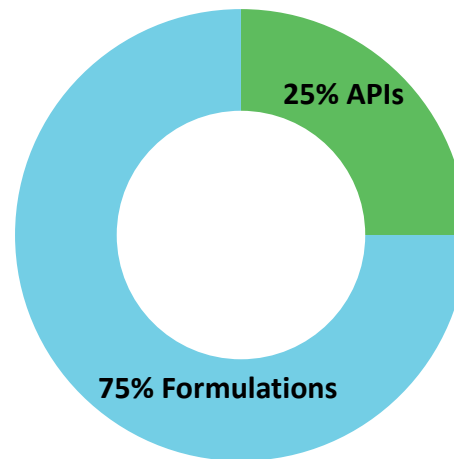
Finished Dosages

4

Manufacturing Facilities

12

Dosage Formats



23

Commercial APIs

2

Manufacturing Facilities

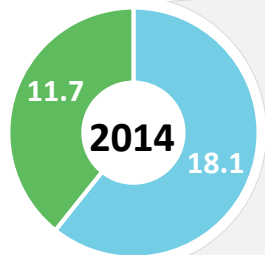
30+

Filings

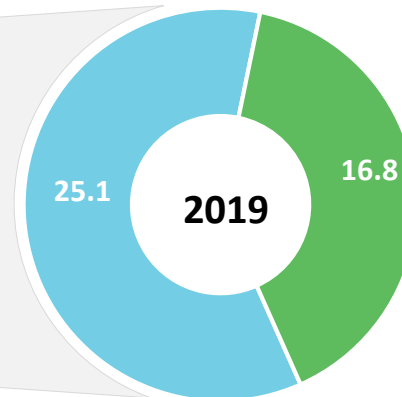




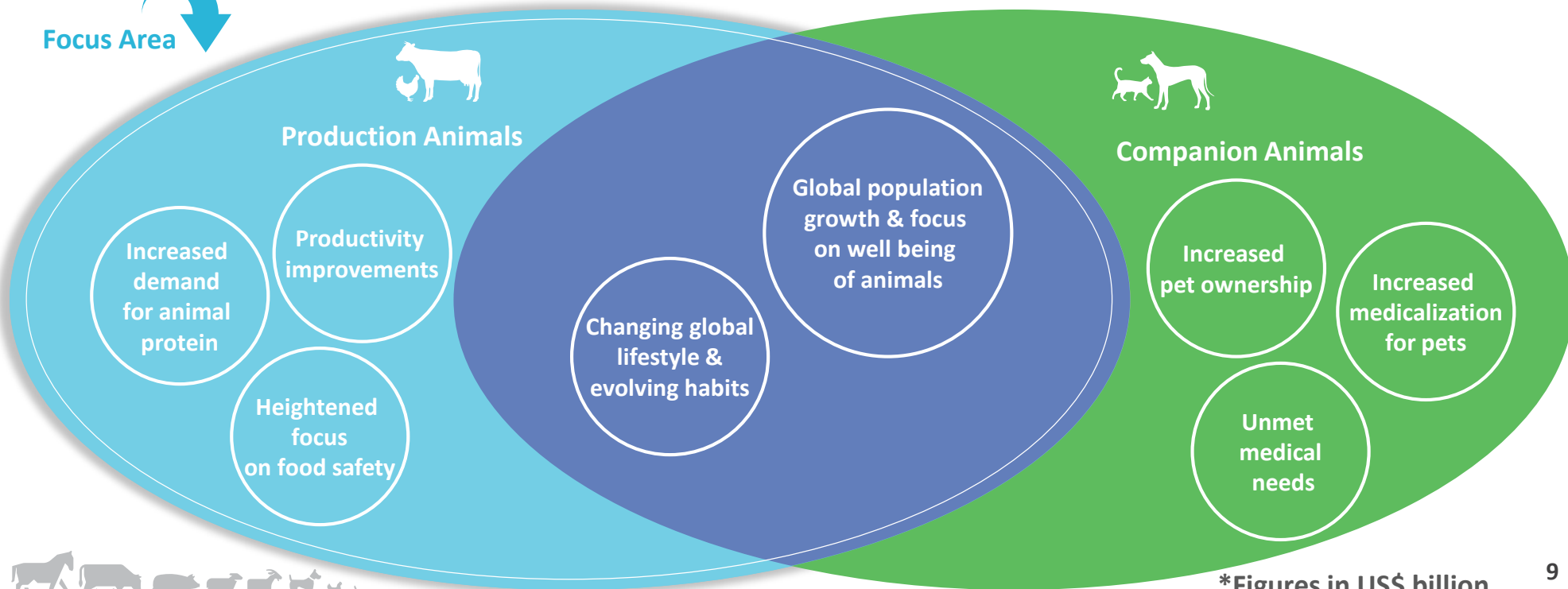
# Advantageously placed in a growing opportunity



Industry to grow at a CAGR of ~7%  
with Production animal segment  
having the larger pie



Focus Area



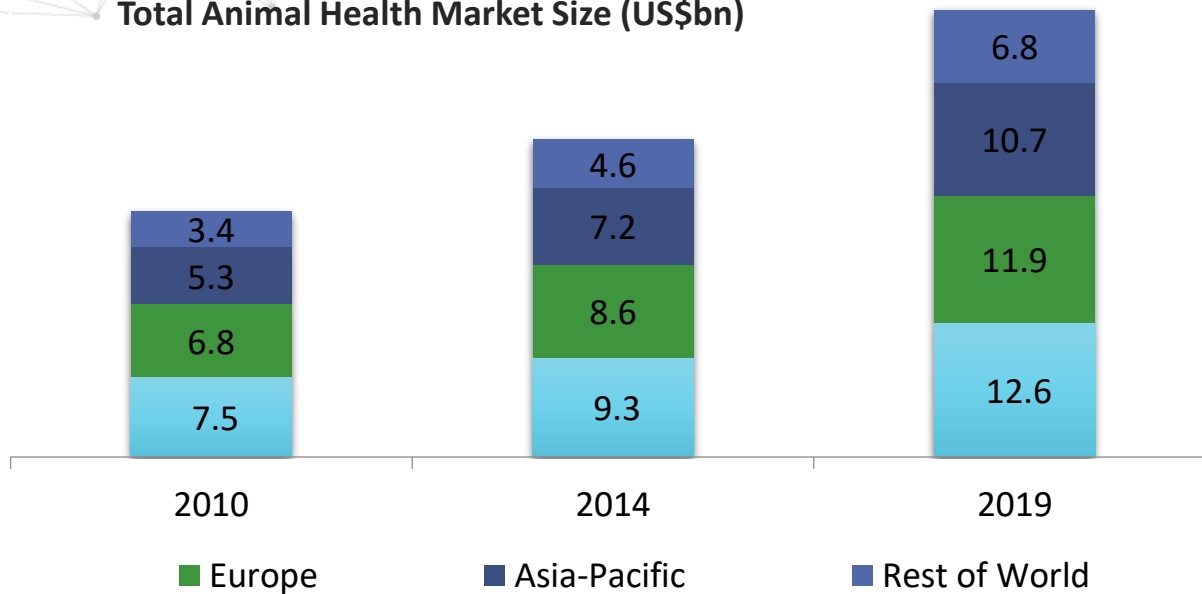
\*Figures in US\$ billion.



# Animal health – Large Growing and Diverse Sector

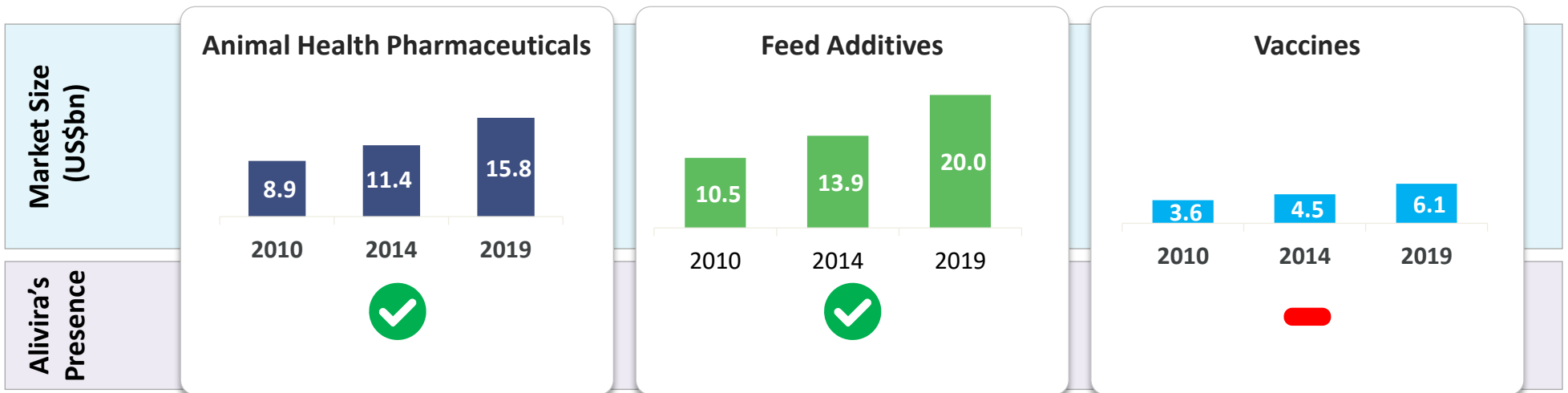


Total Animal Health Market Size (US\$bn)

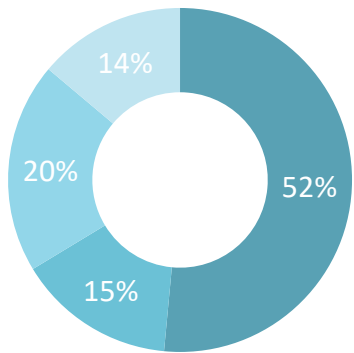


CAGR

	2010-14	2014-19
Rest of World	6.6%	7.2%
Asia-Pacific	7.8%	8.1%
Europe	8.0%	8.2%
Rest of World (Total)	6.0%	6.7%
Rest of World (Total)	5.5%	6.3%



# Fast expanding market coverage



- Europe
- LATAM
- Emerging Markets
- Turkey

95+ countries and progressing



# Strong Management team



**Manish Gupta**  
CEO



**Sharat Narasapur**  
*Global Manufacturing strategy*



**Tushar Mistry**  
*Global Finance*



**Shrikant Makode**  
*Global API Head*



**Ramon Vila**  
*Business Europe*



**Jose Nunes Filho**  
*Business LATAM*



**Dr. Huseyn Aydin**  
*Business Turkey*



**Dr. Sumit Saxena**  
*Business Emerging Markets*



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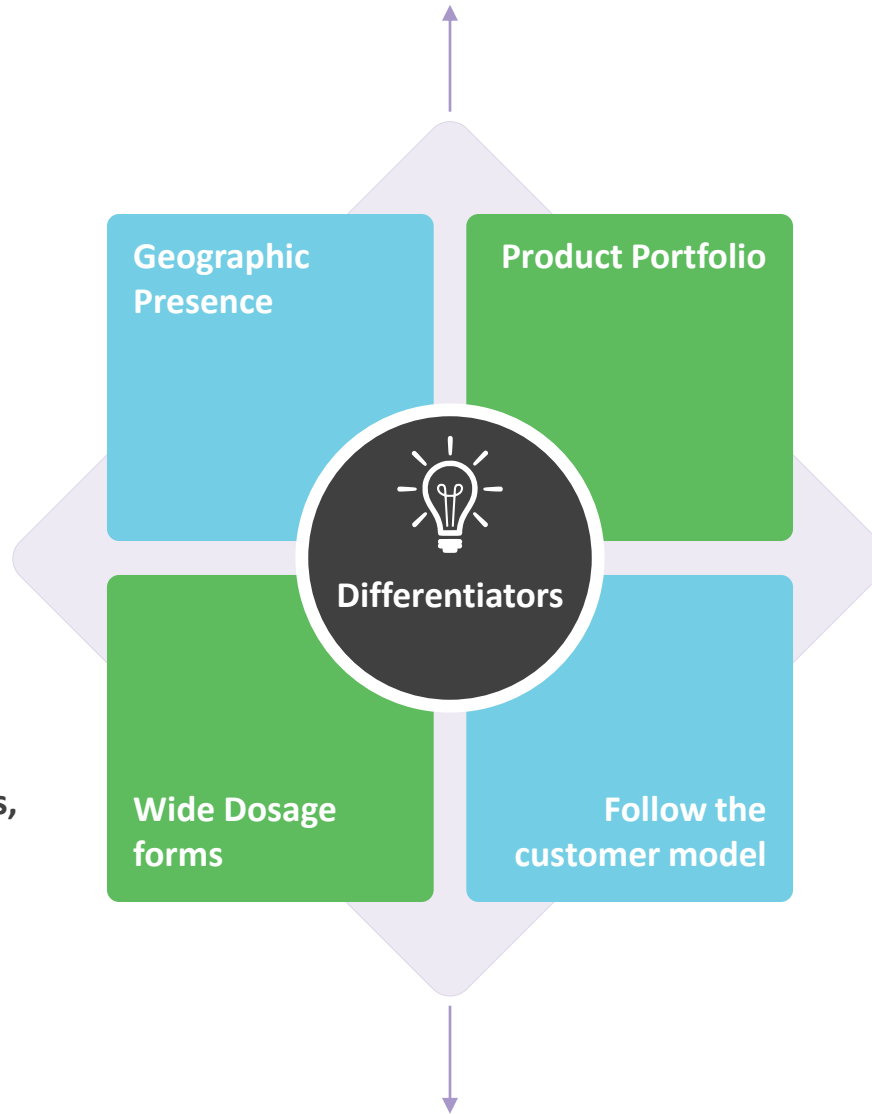
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**Formulations – Skill & Scale**

# A steady foundation for global expansion

- Europe, LATAM, Turkey, India, Africa and SE Asia
- Recent foray into France & Ukraine



- Comprehensive portfolio covering feed, nutritional and therapeutic classes
- Addresses multitude of species across therapy classes

- Possess a wide range of dosage forms including injectables, powders, granules, solutions, suspensions and topicals

- Diversified manufacturing and R & D base globally
- Customised market centric formulations



# Across Multiple Geographies



## Geography

## Our Presence

## Growth Drivers & Focus Areas

### Europe

- Front end team of 35+ with presence in 4 of the top 10 EU countries (ES, NL, BE, SE) and 15 other EU markets through distributors
  - 95+ product registrations with last mile channel partnership for 27 EU companies
  - Manufacturing & R&D base at Barcelona
- Establish Alivira front end presence across all top 10 markets
  - Expand distribution reach across all EU countries (29)
  - Robust R&D pipeline (Cattle, poultry & Swine)
  - Addition of nutritional additives & supplements

### Turkey

- 3rd largest Animal Health Company in Turkey (~10% market share)
  - Largest producer of veterinary pharmaceuticals
  - Portfolio of 120+ products & 40+ field force
  - Robust manufacturing capabilities
- Enhanced presence in cattle & sheep segment
  - Strategic tie-up for entry into vaccine segment for cattle
  - Foray into poultry market



# Across Multiple Geographies



## Geography

## Our Presence

## Growth Drivers & Focus Areas

### LATAM

- Brazil- 25+ registered products; GMP manufacturing facility approved by MAPA, Field force 11+
- Mexico- 28+ registered products; Field force of 7+

- Addition of therapeutic products, nutritional additives & supplements
- Cross leverage of group portfolio
- In-license products leveraging EU relationships
- Expand into other LATAM markets

### Emerging Markets

- Africa- 14 key countries, 85+ approved products - 14 field force (direct & indirect)
- South East Asia- 5 countries, 11 Indirect field force, 65+ approved products
- MENA - 6 countries, 12 Indirect field force, 24 registrations
- CIS Ukraine – Field force 3 & 3 registrations
- India Cattle & Poultry - 160+ field force; 44 approved products

- Establish front end in parts of East Africa & South East Asia
- New markets : Egypt, Saudi, Thailand, Tanzania, CIS & Qatar
- Focus on innovative Non-antibiotic product portfolio

### India:

- Poultry : Leveraging Alivira global presence
- Ruminants : Focused approach on selected - therapies, brands & territories
- Entry into vaccines for marketing in India– tie up with IDT Biologika, Germany - a leading EU company
- Foray into pet portfolio





# End to end capabilities for an integrated play



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## Manufacturing facilities

Dosage Form	Spain	Turkey	Brazil	India
APIs				✓
Oral Solution	✓	✓	✓	✓
Liquid for inhalation	✓			
Oral Suspension	⚪			✓
Water Soluble Powder	✓		✓	✓
Drug Premix	✓			
Nutritional Feed Add.	✓			
Pre Filled Syringes		✓		
Tablet	⚪			
Inj. Solution		✓		
Inj. Suspension		✓		
Granules for Injection				✓
<b>Gases</b>				
Aerosols		✓		
Pour On / Spot On	⚪	✓		
Disinfectants	⚪			

## R&D capabilities

Dosage Form	Spain	Turkey	India
APIs			✓
Oral Solution	✓	✓	
Liquid for inhalation	✓		
Oral Suspension	✓	✓	
Water Soluble Powder	✓		
Drug Premix	✓		
Nutritional Feed Add.	✓		
Tablets			✓
Pre Filled Syringe		✓	
<b>Injectable</b>			
Inj. Solution			✓
Inj. Suspension			✓
Granules for Injection			
<b>Gases</b>			
Aerosols		✓	
Pour-on/ Spot-on	⚪	✓	
Disinfectants	⚪		



⚪ In Process

⚪ In Process

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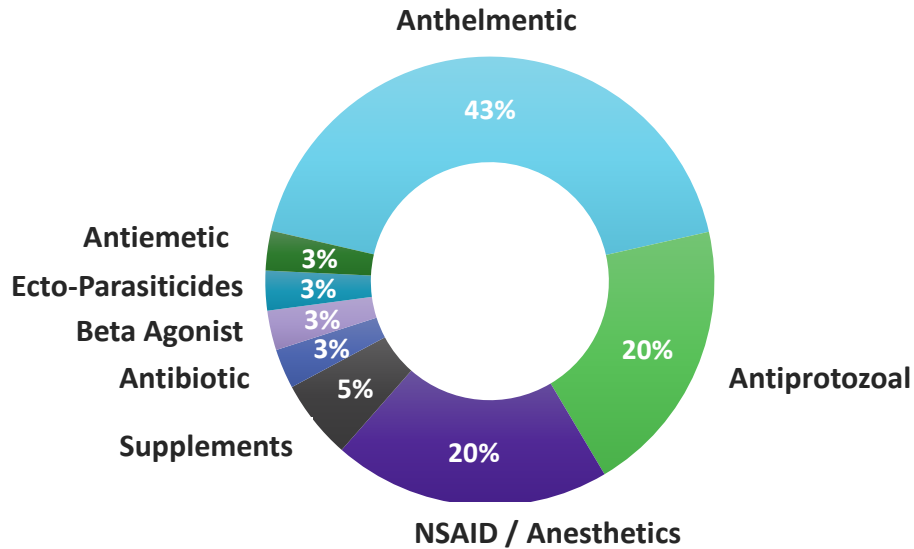
**API Edge In Animal Health**



# Comprehensive API Business



Our dedicated USFDA approved facility at Vizag – 1<sup>st</sup> in the world

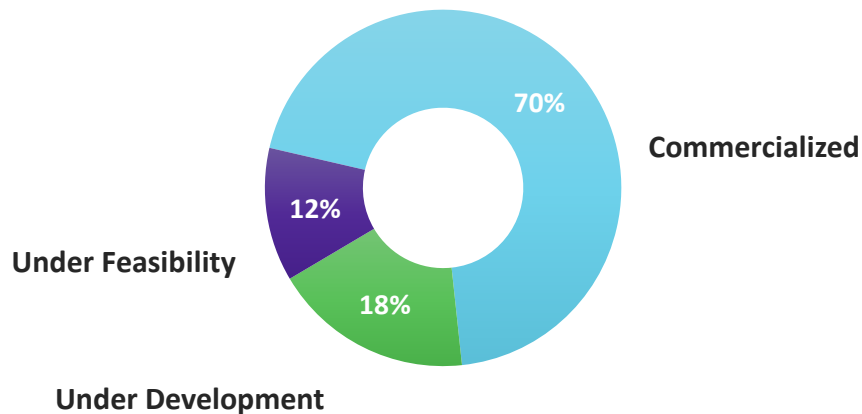


## Business

- Offers a 23 products globally
- Long standing relationships with global Top 10 animal health companies

## Key Products

- Triclabendazole, Flunixin, Clorsulon, Fenbendazole, Albendazole & Praziquantel
- R&D pipeline of more than 10 products



## Strategic Progression

- Expanding portfolio into newer therapeutic segments
- Leveraging key existing customer relationships to expand product basket across geographies



# USFDA Approved Veterinary API facility



- World Class, State of the art manufacturing facility at Vizag with annual capacity of 1,000 MT
- 224.6kl reactor capacity with six clean rooms and multi product capabilities
- 45 acre land area with significantly enhanced capacities & room for further growth
- Compliant to latest EHS regulations
- USFDA approved facility for foray into United States - the largest animal health market – Key growth driver



Intermediates Facility : Tarapur, Maharashtra, India



# Relationship with Top 10 Global Animal Health Players – An Edge



Top 10 Animal Health Companies	Under Discussion	Under Qualification	Commercialized
Company A	2	0	4
Company B	6	4	5
Company C	4	0	4
Company D	1	1	1
Company E	4	1	4
Company F	5	3	3
Company G	1	3	5
Company H	1	1	1
Company I	4	4	3
Company J	6	2	6



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**Future Strategy**

## New Markets



- Expand presence in Top 10 EU markets
- Enter new Emerging markets across MENA, South East Asia & LATAM
- Exploring North American opportunity
- Building the Global ALIVIRA Brand

## New Segments



- Commercialization of Formulations R&D pipeline across EU
- Expand range of Phyto-solutions and probiotics product & technical offering
- Focus on R&D in new high value APIs

## New Capabilities



- Expand EU manufacturing capability-
  - spot on
  - Pour on &
  - Injectables
- Investing heavily into R&D to forward integrate APIs into formulations.



**Establish Alivira as a top 10 global animal health company by FY2022**



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# Human APIs





## Strategic Focus



Focus on low volume, mature APIs for Regulated Markets

### Pre- 2013

- Spot business
- Unregulated market
- Low margin

### 2016-17

- Niche & regulated business
- Long term contracts & profit sharing model
- Stable cash flows

### Moving Ahead

- De-merging Human API business of SeQuent into a new listed entity
- New entity to have select API business of Strides Shasun Limited thereby providing critical size to this business
- Proposed Company to be amongst the largest standalone API companies

### Pre-2013

12

Countries

12

Commercial APIs

19

Regulated Market Filings

20%

Regulated Market

### 2016-17

45+

Countries

27+

Commercial APIs & 11 Under Development

55+

Regulated Market Filings

80%

Regulated Market



# Evolution to a compelling B2B business



Demerged the commodity API business of Strides Shasun while retaining the captive APIs for the formulations operations

Expansion across the regulated markets with key approvals and compliance record

Investments across the facilities to make it future ready on quality and EHS

Strides Arcolab merged with Shasun Pharma to integrate its formulations and secure API capabilities

Demerged Human API business from SeQuent to operate as Pure Play animal healthcare company

Organic growth with over 80% regulated market business along with profit sharing partnerships

Strategic recourse to focus on market APIs offering supply chain security for regulated markets

Started journey as an unregulated API manufacturer





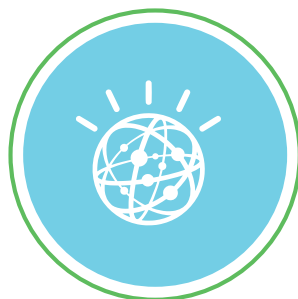
## Capabilities

Complex chemistry capabilities including handling catalytic hydrogenation, hydride reductions, organometallic and amongst others



## Infrastructure

5 Globally compliant API facilities with all regulatory approvals, presence in 40+ countries, 75%+ regulated market sales and 70+ filings



## Orientation

Consciously favouring value over volumes thereby limiting pricing pressure in the long term and creating capacities after assuring demand



## Research

Pipeline of 30+ products under different stages of development



## Compliance

Commitment to highest levels of compliance, consistency and quality to enable exemplary customer experience and loyalty

Pure Play API company with rich capabilities



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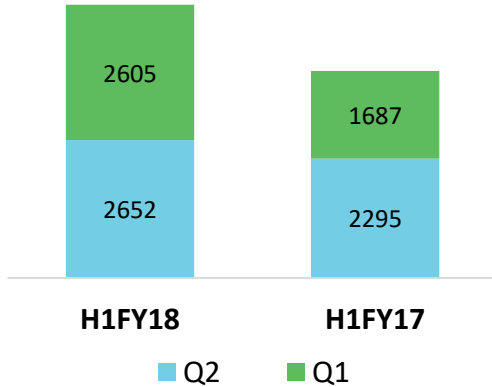


**Financials**

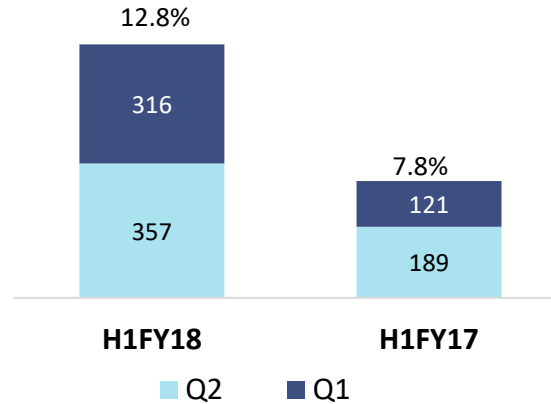


# Q2 Update

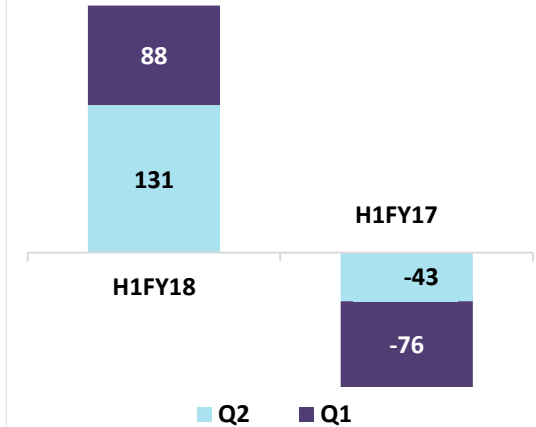
Net Sales (INR mn)



EBITDA (INR mn)



Net Profit (INR mn)



## Formulations

- Significant YoY growth
  - Europe- 10%
  - Brazil- 54%
  - Turkey-50%
- Established presence in France
- Recorded first commercial sale in Ukraine

## API

- VET business grew by 9% YoY
- US market: To gain momentum with commercialization of key APIs in H2FY18

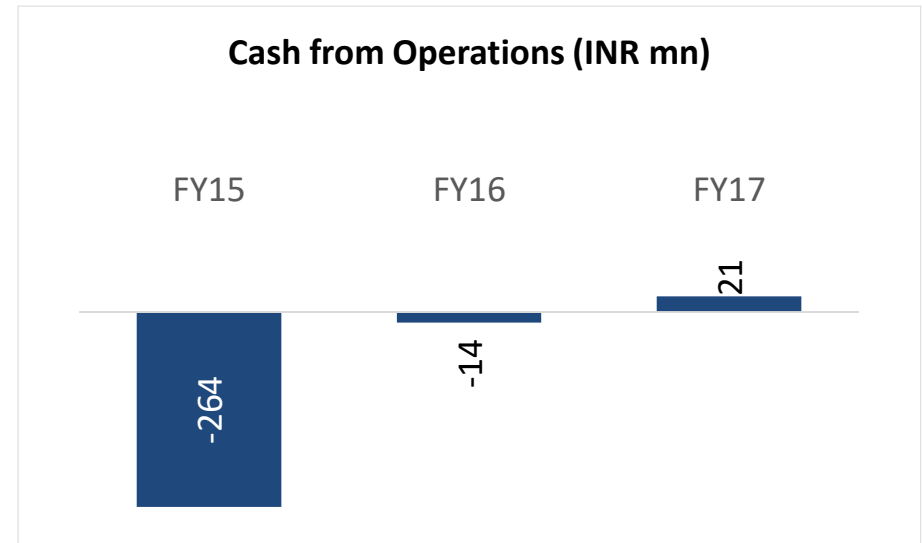
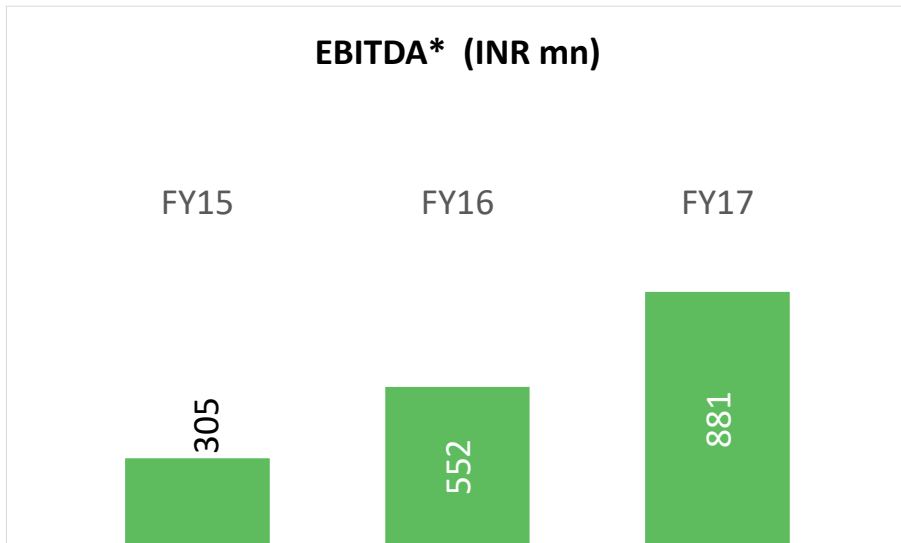
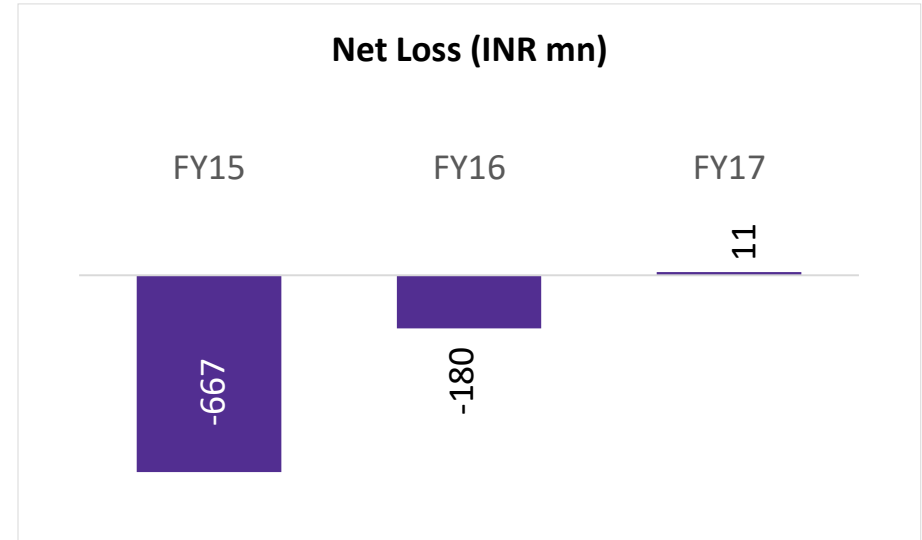
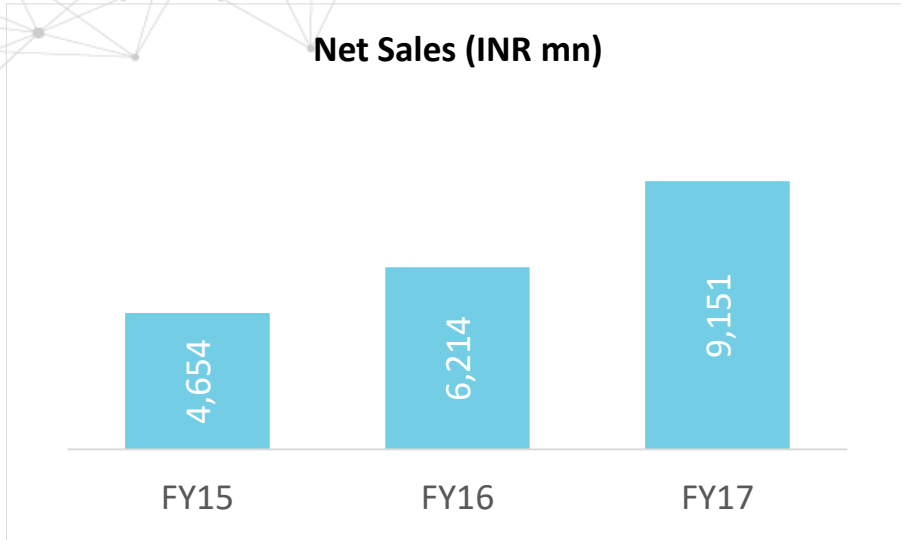
## Human Health

- Human health business grew by 23% during the quarter

## Key Highlights



# Business Performance



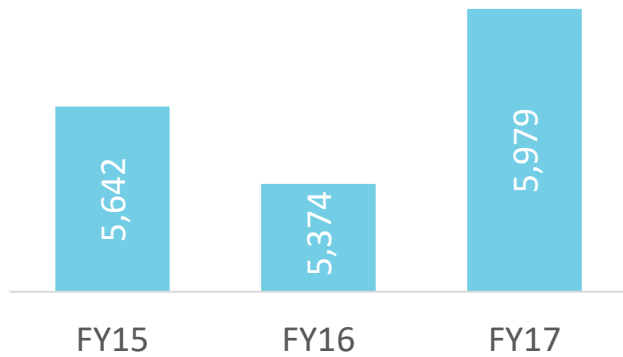
Strong focus on execution leading to profitable operations



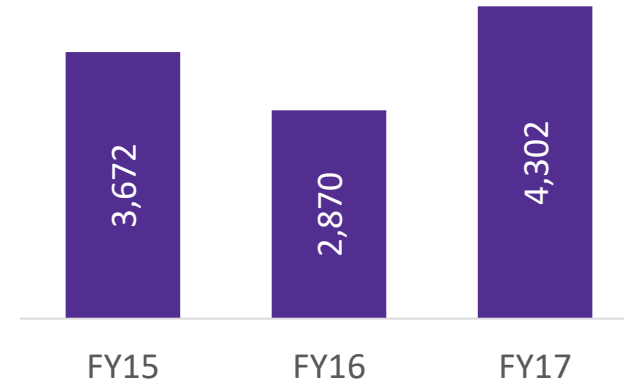
\* FY16-17 & FY15-16 figures as per Ind AS; FY14-15 as per Indian GAAP

# Strengthened Balance sheet

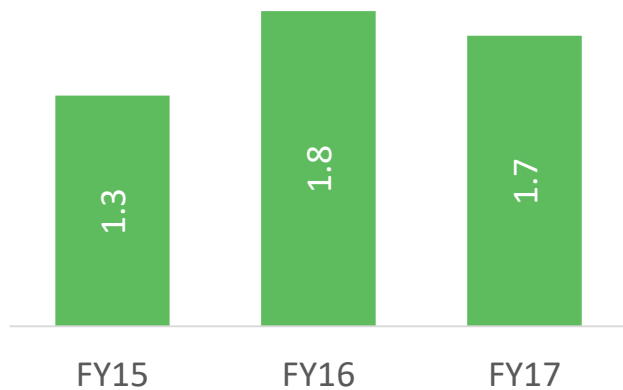
### Gross Block & CWIP (INR mn)



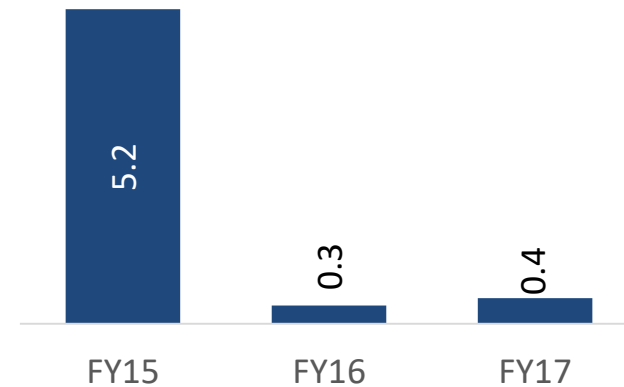
### Total Debt (INR mn)



### Current Ratio (x)



### Debt to Equity (x)



Investment to acquire growth assets, key ratios improved

\* FY16-17 & FY15-16 figures as per Ind AS; FY14-15 as per Indian GAAP



# Takeaway- Aiming to become a Top 10 Animal Health Company by FY22

## Business Model

- Capabilities and Scale with an established business model
- Plans to enter new geographies and expand product offerings



## Compliance and Standards

- Strict adherence to global standards of quality & compliance
- Setting standards for the veterinary industry
- Robust Governance practices

## Leadership

- Strategic decision to create global leadership for the business
- On-going partnership with the erstwhile management in inorganic acquisitions

## Operating Performance

- Strong operating performance with asset sweating and robust margins





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**Thank You**

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