Agenda

1. 「JICAの協力方針／活動内容」 JICA’s India Vision
   - 斎藤 光範 氏、国際協力機構 インド事務所長
     Mr. Mitsunori Saito, Chief Representative, Japan International Cooperation Agency India Office

2. 「1兆ドルを超すインドのインフラ投資機会」 Investing in the USD 1 Tn+ Indian Infrastructure Opportunity
   - ビナリー・セイカー氏、キューブ・ハイウェイズ、シニア・バイス・プレジデント（戦略担当）
     Mr. Vinary Sekar, Senior Vice-President, Strategy, Cube Highways Advisors

3. 「HIKAL社/インド市場への事業投資について」 HIKAL IFC Webinar on Investing in India
   - アニッシュ・スワディ氏、ハイカル・リミテッド、シニア・プレジデント
     (ビジネス・トランスフォメーション及びアニマル・ヘルス)
     Mr. Anish Swadi, Senior President, Business Transformation & Animal Health, Hikal Limited.
JICA’s India Vision
Current and Future

January 21, 2022

Mr. SAITO Mitsunori
Chief Representative
JICA India Office
Contents

1. JICA’s Policy and Activities

2. JICA’s Response to COVID-19

3. Cooperation with Private Sector
1. JICA’s Policy and Activities
✓ JICA is a governmental agency of Japan that coordinates official development assistance (ODA)

* Part of grant aid is provided by the Ministry of Foreign Affairs.
JICA’s Contribution to Development Agenda of India

Possible Contribution by JICA

- **Development Agenda**
  - Urbanization
  - Industrial Development
  - Inclusive Rural Growth
  - Other Agenda
  - Regional Cooperation (Asia/Africa)

- **SDGs**
  - Urbanization
  - Industrial Development
  - Inclusive Rural Growth
  - Other Agenda
  - Regional Cooperation (Asia/Africa)

- **Priority Areas and Sectors (Support through ODA Loans)**
  - Urban Development (Water Supply and Sewage)
  - Railway utilizing Japanese Technologies (High Speed Rail, etc.)
  - Private Sector Development (Economic Corridor, Skill Development, Infrastructure for Industrial Development, Power and Energy)
  - Rural, Environmental Issues (Forestry, Agriculture)
  - North East Region, Special Category States, Island Areas

- **Technical Assistance, etc.**
  - Comprehensive Support for SDGs (Policy Program Loans, etc.)

- **Assistance Policy**
  - Sustainable and Inclusive Growth
  - Strengthening Industrial Competitive-ness
  - Enhancing Connectivity
  - Regional Cooperation

JICA Country Analysis Paper (JCAP) FY 2017
JICA’s operation in India

Accumulated Commitment by FY2020:
- JPY 6.6 trillion in total
  (equivalent to over Rs. 4.4 lakh crore)

Operational Results in FY2020:
Commitment: JPY 356.3 billion
  (equivalent to about Rs. 23,753 crore)
Disbursement: JPY 264.6 billion
  (equivalent to over Rs. 17,637 crore)

Terms and conditions: (as of Oct. 2021)
- General terms: Interest rate 1.20%, repayment period 30 years (including 10 years grace period)
- STEP: Interest rate 0.1%, repayment period 40 years (including 10 years grace period)

Grant Aid
One on-going projects in Bengaluru

Technical Cooperation
Results in FY 2019
JPY 8.7 billion (about Rs. 580 crore)
About 260 Japanese experts to India
About 270 Trainees from India to Japan

Citizen Partnership / Public-Private Partnership
- Japanese Volunteers
- Japanese NGO activities
- Partnerships with Private-Sector Activities
2. JICA’s Response to COVID-19
JICA’s Response to COVID-19

Spread of COVID-19 in India

● Total cases: 34 million (2nd largest in the world)
● In March 2020, the government of India implemented world’s biggest nationwide lockdown (affecting 1.3 billion people). Restriction of movement caused severe economic damage especially to migrant workers and informal sector.
● Vaccination drive started in January 2021 utilizing Made in India vaccine and 1 billion doses completed in October 2021.
● The devastating second wave hit India in March 2021 and daily new cases exceeds 400,000. The country faced a severe shortage of medical infrastructure including oxygen.

Actions to prevent infection in JICA project sites

HAND WASH FACILITY AT SITE
THERMAL SCREENING
PPE DISTRIBUTION AT SITE

Daily New Cases

Ref: extracted from WHO website
COVID-19 Crisis Response Emergency Support Loan
(signed on Aug. 31st 2020)

- **50 billion JPY (approximately INR 3,500 Crore)** loan to support the
government policy for reforming the health sector (PMABHIM, former
known as PM-ASBY).
- It supports emergency measures for COVID-19, telemedicine, national
health information reporting system, hospital development, etc.

The COVID-19 Crisis Response Support Loan for Social Protection
(signed in Jan. 8th 2021)

- **Supports vulnerable groups** strongly affected by the COVID-19 economic crisis.
- In align with the World Bank, Asian Development Bank, Germany, France, etc., a loan of **30 billion JPY (approximately INR 2,069 Crore)** was provided.
JICA’s Response to COVID-19

JICA’s Emergency Assistance

- In response to the severe spread of the second wave and the shortage of medical oxygen, **300 oxygen concentrators** were provided under the Emergency Assistance Scheme in May 2021.
- They were **distributed to hospitals in Tamil Nadu, Kerala** and other states and are being used for the patients of COVID-19.

Conducted Studies for the impact of COVID-19

- Data Collection Survey on Status of Migrant Labour in India with focus on Social Protection
- Survey on integrating technological innovations for primary health care services in alignment with Covid-19 Emergency Response Support Program (CERP) in India
- **Study on the impact of COVID-19 pandemic on Medical Healthcare Workers (MHWs) in Mumbai, India**
- Children Labor Protection Program under Covid-19 Pandemic in India
- Survey on Information Collection of Water Supply and Sanitation in Urban Slum Areas
- Understanding the Impact of Coronavirus Pandemic on Woman: An Intervention Research on Woman FHWs in Delhi NCT
- **Study on the Impact of COVID 19 on Persons with Disabilities in India**
JICA’s Response to COVID-19

Study on the Impact of COVID 19 on Persons with Disabilities (PWDs) in India
- **Study Period**: December 2020 ~ March 2021
- **Highlights of the study**
  - i. Around 650 Persons with Disabilities, caregivers, thought-leaders, Organisations and Governments were covered under the study
  - ii. The respondents were across geographies, urban-rural areas, age groups and socio-economic contexts
- **Key findings by the study**
  - a) Lack of Disability Disaggregated Data
  - b) Digital divide & accessibility and Social Infrastructure gaps
  - a) Lack of awareness and sensitivity towards the needs of PWDs

Study on the impact of COVID-19 pandemic on Medical Healthcare Workers in Mumbai
- **Study Period**: February 2021 ~ October 2021
- **Highlights of the study**
  - This survey highlights evidence pointing to overburdening of MHWs as well as resource constraints during the pandemic in Mumbai city.
- **Key findings by the study**
  - a) **Impact on Health Services at facilities**: Disruption in routine services was gleaned due to the lack of doctors
  - b) **Impact on Physical health of MHWs**: Working conditions of MHWs has resulted in insomnia, lethargy, loss of appetite etc.
  - c) **Mental Health impact on MHWs**: Long working hours, increased workload, and fear being infected and/or infecting families
  - d) **Working Conditions of MHWs**: Resource crunches both in the form of human resources as well as supplies such as PPE kits and drugs.
Acchi Aadat Campaign

**General**

JICA in January 2021 started Achhi Aadat Campaign to raise awareness among 10 Crore people about the importance of hygiene practices for preventing the spread of COVID-19 and other infectious diseases.

**Activity**

The campaign is to introduce an easy and practical approach to the hygiene and sanitation issues by promoting handwashing, nail cleaning and other hygiene practices such as wearing mask in a correct way.

**Components**

- **Goods**
  Distribution of hygiene-related goods (soaps, masks etc)

- **Program**
  NGO for public awareness program.

- **Material**
  Goods PR. Contents distribution.
3. Cooperation with Private Sector
Various tools for cooperation with Private Sector

- Private Sector Investment Finance
- Support through feasibility studies/surveys
- Business matching for Indian social enterprises/startups with Japan
Private Sector Investment Finance (PSIF)

Existing PSIF investments in India: 4 Debt / 2 Equity

1. **Support for Micro, Small, and Medium Enterprises**
   (Loan to Mahindra and Mahindra Financial Services Limited)

2. **Project for Affordable Housing Finance for Low Income Households**
   (Loan to PNB Housing Finance Limited)

3. **Climate Change Management Project**
   (Loan to Tata Cleantech Capital Limited)

4. **Financial Inclusion for Women Project**
   (Loan to Northern Arc Limited)

5. **Supporting Indian DX startups**
   (Fund Investment to Rebright Partners IV)

6. **Investment to Impact Fund**
   (Fund Investment to Neev Fund II)

Solar panel project financed through Tata Cleantech Capital Limited
Project Map on JICA’s Private Sector Participation in India

- **Uttarakhand**
  ◇ Verification Survey with the Private Sector for Disseminating Japanese Technologies for Water Quality Improvement of Lakes by a Hypolimnetic Oxygenator (Matsue-doken Co., Ltd.)

- **Haryana**
  ◇ SDGs Business Model Formulation Survey with the Private Sector for introducing a simple PCR test kit to improve medical services for infectious disease in India (TBA Co., Ltd.)

- **Gujarat**
  ◇ Feasibility Study for Domestic Multi-Recycler (DMR) in India (Kansaikako Co., Ltd.)
  ◇ Verification Survey for Amblyopia Treatment for Children (Yaguchi Electric Corp.)

- **Maharashtra**
  ◇ SDGs Business Verification Survey for Electrodiolysis Purification System for Safe and Efficient Drinking Water Supply (AGC Inc.)
  ◇ Verification Survey for the Improvement of Productivity and Quality of Sugarcane through Sugarcane Harvester in India (Uotani Co., Ltd.)
  ◇ SDGs Business Model Formulation Survey with the Private Sector for Enhancement of Automobile Inspection and Maintenance System in India (Anzen Motor Car Co., Ltd.)

- **Uttar Pradesh**
  ◇ Verification Survey for Taftgard Technology for Environmentally Friendly Toilets (Taisei Kougyou Co., Ltd.)

- **Delhi**
  ◇ Feasibility Study for Promoting Effective Energy Use in Buildings by Energy Saving and Renewable Energy Package (Advantec Co., Ltd.)
  ◇ SDGs Business Model Formulation Survey with the Private Sector for Agri-tech Supply Chain Platform to Improve Livelihood of Farmers in India (Casley Consulting, Inc.)
  ◇ SDGs Business Verification Survey with the Private Sector for Spreading Japanese Comics Empowering Women in India (Kodansha, Dai Nippon Printing, Fantasista)

- **Haryana**
  ◇ SDGs Business Model Formulation Survey with the Private Sector for introducing a simple PCR test kit to improve medical services for infectious disease in India (TBA Co., Ltd.)

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**Support for Social Enterprises / Startups**

**SDGs Business Co-Creation Lab - Tsunagaru Lab -**

~Since June 2020, providing business matching opportunities for Indian social enterprises and Japanese companies (Registered Companies: 636 Indian social enterprises and 80 Japanese companies/organizations and investors)-https://www.jica.go.jp/india/english/office/others/tsunagaru.html

**Main Activities**
- To support business matching between Japanese companies and Indian social enterprises.
- To organize various events related to business matching, impact investment, CSR activities.
- To provide good cases of partnership between Japanese companies and Indian social enterprises, etc.

**Event Information**

**Tsunagaru lab Webinar Series 1st session**: May 2021:
Pitch event to introduce eight Indian social enterprises (Agriculture, Medical, Education etc) to attract investment

**Tsunagaru lab Webinar Series 2nd session**: June 2021
Introduced activities of an Indian social enterprise and two Japanese companies (Cloth and Accessories)
Thank you!
धन्यवाद

http://www.jica.go.jp/india/english/office/others/presentations.html

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The Indian Infrastructure Opportunity

Jan 2022 | Strictly Private & Confidential
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1. India Infrastructure Investment Opportunity
National Infrastructure Pipeline (NIP)

NIP, a first of its kind exercise by GoI, envisages infrastructure investment requirement of USD 1.4 Tn over 5 years (FY 20 – FY 25); a jump of ~ 2.5x vis-à-vis historical levels of spending on infrastructure.

- **Infrastructure development in India is at an all time high:** Under NIP, GoI intends to invest ~USD 1.4 trillion by FY25

- **Emphasis on integrated infrastructure development:** Focus has shifted from a piecemeal approach to a holistic approach:
  - Roads - Bharatmala Pariyojna (Phase I/II)
  - Rail: National Rail Plan
  - Ports & Shipping: Sagarmala Pariyojna
  - Logistics: GatiShakti National Master Plan

- **Infrastructure development in India is a focus sector for global players too:** 13% of all Foreign Direct Investment in FY 2021 has been in infrastructure sectors

- **Roads & Highways Sector account for 18% of NIP:** Road asset creation is at its peak and is poised to grow further with Bharatmala Pariyojna Phase II

* Source: NIP, Report of the Task Force, Volume I
* Conversion factor: 1 USD = 75 INR
* Others include - Industrial, Ports, airports, digital communication & agriculture
Integrated Infrastructure Development Plans

**Bharatmala Pariyojna (Roads)**
- 44 Economic Corridors (26200km)
- 66 Inter Corridors (8400km)
- 116 Feeder Roads (7600km)
- ~2000km Expressways
- 5000km Corridor Improvement

**National Rail Plan 2050**
- 3 Dedicated Freight Corridor (5,235 km)
- 80,000 km Core track improvement
- 12 High Speed Corridor
- 42 Multi modal logistics park

**National Maritime Vision**
- 236 Projects – Port Modernization
- 235 Projects – Port Connectivity
- 35 # – Port Led Industrialization
- 68 # – Coastal Community Development
National Monetisation Pipeline (NMP)

NMP, a co-terminus plan with NIP, envisages to generate 80 Bn USD (INR 6 Lakh Cr) through monetization of infrastructure assets over the remaining four-year period (FY 22 – FY 25)

• Top 5 Sectors: Roads (27%), Railways (25%), Power (15%), Pipelines (8%) and Telecom (6%)

• Framework for monetization of core assets:
  • Monetization of ‘Rights’ NOT ‘Ownership’; Asset handed back at the end of transaction life
  • Brownfield de-risked assets, stable revenue streams
  • Structured partnership framework – KPIs, performance standards, etc.

• Roads share in overall NMP in value terms is highest (27%):
  • 26,700 km in FY 22-FY 25 - Asset length to be monetized
  • One of the most favorable asset classes for monetization – precedence of transactions, evolved regulatory framework, greater transparency in operations, etc.
Emergence of New Investment Modes – InvIT Platforms

Infrastructure Investment Trust (InvIT) is the most efficient platform for long term investment in infrastructure assets in India

Key Factors for Success of InvIT Platforms

☑ Backed by global institutional investors and structured efficiently
☑ Professional and independent management teams (100% ownership of assets)
☑ High degree of focus on Environmental, Health and Social impact of asset operations
☑ World class governance standards and minority investor protection rights
☑ Foreign investments permitted under automatic route, units are listed on exchange
☑ Mandatory Distributions (Min 90% of net cash flows)
☑ Tax benefits provided for efficient distributions
☑ Prescribed Overall Debt Limits
☑ Sponsor lock-in
Emergence of New Investment Modes – InvIT Platforms

Infrastructure Investment Trusts (InvITs) compare favorably with other investment modes for infrastructure assets

**vs Single Project**
- Diversification and mixture of toll/annuity
- Operational track record of sponsor group
- Regulatory oversight of corporate governance
- Opportunity to participate in further acquisitions
- Easier exits on account of listing of units of InvIT

**vs Blind Pool Fund**
- Existing portfolio of assets
- Unit holder approvals for new capital raise by InvIT
- High cash yield and no J-curve
- Pure risk of core-Infrastructure
- Regulatory oversight of corporate governance
- Easier exits on account of listing of units of InvIT
2. Highways Sector fuelling the growth story
## Roads: Most Attractive Infrastructure Asset Class for Investment

<table>
<thead>
<tr>
<th>Roads</th>
<th>Power Transmission</th>
<th>Renewables</th>
<th>Telecom Infra</th>
<th>Gas Pipeline</th>
<th>Remarks (for road assets versus others)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tenor—Contract</td>
<td><img src="#" alt="Highly Attractive" /></td>
<td><img src="#" alt="Highly Attractive" /></td>
<td><img src="#" alt="Highly Attractive" /></td>
<td><img src="#" alt="Highly Attractive" /></td>
<td>Long term concessions (25 – 30 years)</td>
</tr>
<tr>
<td>Certainty of Cash Flows</td>
<td><img src="#" alt="Highly Attractive" /></td>
<td><img src="#" alt="Highly Attractive" /></td>
<td><img src="#" alt="Highly Attractive" /></td>
<td><img src="#" alt="Highly Attractive" /></td>
<td>High predictability of operating cash flow in BAU scenario</td>
</tr>
<tr>
<td>Counterparty and Working Capital Risk</td>
<td><img src="#" alt="Highly Attractive" /></td>
<td><img src="#" alt="Highly Attractive" /></td>
<td><img src="#" alt="Highly Attractive" /></td>
<td><img src="#" alt="Highly Attractive" /></td>
<td>Daily cash conversion directly from customers vs. monthly (often delayed payments) from State DISCOMs or other counterparties</td>
</tr>
<tr>
<td>Operational Risk</td>
<td><img src="#" alt="Highly Attractive" /></td>
<td><img src="#" alt="Highly Attractive" /></td>
<td><img src="#" alt="Highly Attractive" /></td>
<td><img src="#" alt="Highly Attractive" /></td>
<td>Relatively high due to wear and tear from use, asset life inversely related to traffic volume</td>
</tr>
<tr>
<td>Organic Growth</td>
<td><img src="#" alt="Highly Attractive" /></td>
<td><img src="#" alt="Highly Attractive" /></td>
<td><img src="#" alt="Highly Attractive" /></td>
<td><img src="#" alt="Highly Attractive" /></td>
<td>Driven by traffic growth and direct inflation indexation of toll rates</td>
</tr>
<tr>
<td>Future Growth Potential</td>
<td><img src="#" alt="Highly Attractive" /></td>
<td><img src="#" alt="Highly Attractive" /></td>
<td><img src="#" alt="Highly Attractive" /></td>
<td><img src="#" alt="Highly Attractive" /></td>
<td>Sector of national strategic importance with continued government focus resulting in supply of investible road assets</td>
</tr>
</tbody>
</table>
Why Invest In Indian Roads Today

Indian highways exhibit strong fundamentals and secular growth trends backed by stable, time-tested regulations.

1. **Growing travel demand:** Urbanization, rising disposable income, increased vehicle penetration, improved highway networks making road transportation faster, safer and convenient; Leading to road travel demand.

2. **Strong policy backing:** Robust government support via consistent policy, awarding of mega projects and rising budgetary allocation has been backed by on ground action via speeding up of road construction per day.

3. **Access to GDP+ growth:** Roads provide direct exposure to consumer led growth, with minimal counter-party credit concerns.

4. **Inflation linked returns:** Long-duration (up to 30 years) assets, with an accelerating free cash flow profile due to traffic and tariff growth.

5. **Large Opportunity:** The vast pipeline of BOT, TOT and HAM projects in India results in a US$ 30B + secondary market for road assets.

$50+1 billion invested in PPP

---

1 Private sector investment in roads sector during FY 2006 – FY 2021 by a combination of BOT (Toll), BOT (Annuity), HAM & TOT; Previous years investment valued at escalation of 5% per annum; 1 USD = 75 INR
Growth Drivers for Travel Demand

Highways in India witnessing secular GDP+ traffic growth led by growing urbanization and rising disposable incomes

**Accelerating growth in urban population**

- China
- India

**Rising disposable income**

- Households with disposable income of $5,000 - $15,000 Mn
  - Other Growth Markets
  - India and China

**Roads: Preferred Mode of Transport for Freight Traffic**

- FY09E: 32.4% Road, 63.0% Railways, 58.0% Other
- FY14E: 27.5% Road, 65.5% Railways, 25.7% Other
- FY19P: 25.7% Road, 65.5% Railways, 18.8% Other

**Marked shift of passenger traffic towards roads**

- 1951: 26% Road, 74% Railways, 0%
- 1981: 72% Road, 28% Railways, 0%
- 2001: 82% Road, 18% Railways, 0%
- 2017: 88% Road, 12% Railways, 0%


Risks: Accelerating growth in urban population; Rising household income
The roadways sector is a key focus area for the Government and has seen strong budgetary allocation totaling US$ 50B+ over the past 4 fiscal years.

Strong Policy Backing

**Rising Budgetary Allocation denotes Sectoral Significance** (US$ M)

<table>
<thead>
<tr>
<th>Year</th>
<th>Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY19</td>
<td>10,483</td>
</tr>
<tr>
<td>FY20</td>
<td>10,433</td>
</tr>
<tr>
<td>FY21</td>
<td>13,576</td>
</tr>
<tr>
<td>FY22</td>
<td>15,747</td>
</tr>
</tbody>
</table>

Clear, Consistent Policy Message lends Certainty to Sector Investments

- **Under Phase I of Bharatmala Pariyojana**, the government approved 34,800km of projects with an outlay of INR 5.35tn. **13,000km+ have been awarded, of which 3,800km is constructed...** by Mar 2022 we will award another 8,500km and completing 11,000km of national highway corridors

  *Nirmala Sitharaman, 2021*

- **The Ministry aims to take roadbuilding to 40km/day by Mar 2021...** the NHAI construction target has been set at 60,000km of highways in the next 5 years, including **2,500km express highways, 9,000km economic corridors, 2,000km strategic border roads and coastal roads**

  *Nitin Gadkari, 2021*

- **Accelerated development of highways will be undertaken...** electronic tolling on national highways and FASTag mechanisms will enable greater commercialisation

  *Nirmala Sitharaman, 2020*

**Steady Reform Timeline underscores conviction towards developing the Sector across Policy Regimes**

- **2000** National Highway Development Project, Pradhan Mantri Gram Sadak Yojana
- **2009** Ministry of Shipping, Road Transport & Highways bifurcated for greater focus
- **2016** Hybrid Annuity Model introduced
- **2017** Bharatmala Pariyojana Phase I launched
- **2016-17** Harmonisation of model agreements for BOT, HAM projects. ETC / FASTag mandatory for sales post Dec 1
- **2017-18** First TOT bundle awarded
- **2021** Highest ever budgetary allocation to roadways. ETC mandatory from Feb 15

Strong government impetus towards the roadways sector is expected to boost activity going forward

Source: Union budget, Press Releases, News Reports. Notes: FX: US$ 1 = INR 75
3. About Cube Highways
Cube Highways: India’s Roads Sector Specialist

 Established in 2013 to acquire and operate a diversified portfolio of toll roads and related infrastructure assets in India

 100% institutionally-owned platform with diversified investor base

 Professionally managed by an in-house experienced management team; dedicated employees across key functions, including: O&M, M&A, Finance, HR, Legal, and ESG

 650+ member core team employed within platform

 Innovative use of industry leading technology and materials to operate and maintain portfolio of highways

 Dedicated team of M&A, project finance and capital markets professionals

 Specialist ESG team for project specific impact creation and monitoring

Sponsored by World Class Investors

Acclaimed Platform

GoI Green Highway Award

GoI Innovation Award
Cube Highways: Pre-eminent Gateway to India’s Attractive Roads Sector

Cube Highways’ unparalleled scale, peerless portfolio quality, world-class governance and industry-defining asset management capabilities make it the ideal platform to access the multi-decade growth story of India’s most attractive infrastructure sub-sector.
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IFC Webinar on Investing in India for Japanese companies
21st January 2022
India growth story: GDP has grown at 8.5% CAGR over the last 30 years, making India the 6th largest economy globally

In 2021, India was the 6th largest economy globally

..with annual FDI inflow of $80B+

Source: World Bank, National Accounts and Statistics
Strong manufacturing sector: Contributes to 15-20% of the GDP; preferred outsourcing destination with growing exports

India manufacturing GVA is ~$400B (contributing ~15% to GDP)

<table>
<thead>
<tr>
<th>Sector</th>
<th>% of GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital goods</td>
<td>1%</td>
</tr>
<tr>
<td>Food &amp; Beverage</td>
<td>1%</td>
</tr>
<tr>
<td>Auto</td>
<td>2%</td>
</tr>
<tr>
<td>Consumer goods (e.g. Apparel, textile, Pharma, furniture)</td>
<td>3%</td>
</tr>
<tr>
<td>Industrial goods (e.g. chemicals, fuel oils, metals, machinery, glass, plastics, etc)</td>
<td>8%</td>
</tr>
</tbody>
</table>

Positive impact of ‘India advantage’ has started to show in exports growth across several sectors

India has seen continue growth in 2018-19, while China exports have flattened

<table>
<thead>
<tr>
<th>Sector</th>
<th>CAGR (2010-17)</th>
<th>CAGR (2017-19)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chemicals</td>
<td>6%</td>
<td>14%</td>
</tr>
<tr>
<td>Electrical and Electronics</td>
<td>11%</td>
<td>13%</td>
</tr>
<tr>
<td>Industrial Machinery</td>
<td>0%</td>
<td>29%</td>
</tr>
<tr>
<td>Plastics</td>
<td>7%</td>
<td>12%</td>
</tr>
</tbody>
</table>

Note: Industrial goods include chemicals, metals, plastics, fuel oils, industrial machinery, glass, etc. Consumer goods includes apparel, textiles, furniture, Pharma, toys and sporting goods, etc. Capital goods include Electrical, electronics, medical equipment. Auto includes vehicles, vehicle parts, locomotives, railway parts, etc. Manufacturing from residual is divided among industries in ratio of the GVA of the industry.

Source: IHS Markit, Bain analysis
Better position vs. China in Quality, Regulatory and Reliability makes India an attractive destination for outsourcing

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Key Metrics</th>
<th>India vs China</th>
<th>India</th>
<th>China</th>
<th>Market feedback</th>
</tr>
</thead>
</table>
| Quality                      | ✔           | % of NAI/ EIR*  |       |       | • NAI/EIR*: ~45%  
• Strong capability in moderate-to-high complexity molecules at lower scale  
• More focused on higher volume, low complexity Cat A molecules                                                                                                                                                  |
| Regulatory approval          | ✔           | % of US-FDA/ cGMP approved sites%  
% Global DMFs filed - (Drug Master Files – required to file for FDA approvals)  
~22% of all global FDA approved manufacturing sites located in India  
~55% of global DMFs filed in the last year  
~13% of all global FDA approved manufactured sites located in China  
~20% of global DMFs filed in the last year  

“The burden of proof in India when it comes to EHS testing and compliance is higher than in China. A full dossier with data is needed here, unlike in China.”  
President – Sales and Marketing, Cadila |
| Reliability                  | ★★★         | OTIF % - (On time and in-full delivery)  
OTIF%: 85-90% - indicating high supply reliability  
OTIF%: 70-75% - supply reliability is a key concern  

“The carcinogens found in Valsartan APIs from China has raised serious questions on quality of material from China. We have in the past also received material with quality issues – such as discoloration”  
Global Sourcing Manager, Lupin |

The coronavirus have had ‘chilling implications’ and disruption in supply chains”  
Asst. Secretary, US Dept. of HHS
India’s cost of manufacturing is now at par with China, driven by rising labor cost and tightening EHS regulations in China.

**Agrochemicals:** Average cost of manufacturing is similar to China; better cost positioning in multiple products.

Key driver of the narrowing gap is rising labor costs and tightening of environmental standards in China.

**In multiple products across Pharma, Agrochemicals and specialty chemicals India has a cost advantage over China driven by innovative route of synthesis and/or scale.**

**Rising China wages**

**Tightening EHS norms**

"Prices of chemicals are likely to remain high in China due to rising consolidation and ballooning costs to meet pollution norms, which may help Indian players to gain market share."

**Economic Times, May 2019**

"This disruption (tightening environmental standards) has increased the cost for Chinese companies and is driving global users to seek other vendors, including Indian manufacturers."

**Business Line, Jun 2020**

Note: Average of one Year vs. Average of another year taken to calculate local currency CAGR; EHS stands for Environment, Health & Safety

Source: Expert Interviews; Euromonitor; Economic Intelligence Unit database; Oanda; Bain Analysis
Key Investment Themes – Chemicals, Pharma are expected to see strong tailwinds

<table>
<thead>
<tr>
<th>Industries</th>
<th>Govt. Incentives</th>
<th>China+1 Strategy</th>
<th>Sectorial growth</th>
<th>Trade Support</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chemicals</td>
<td>✏</td>
<td>✏</td>
<td>✏</td>
<td>✏</td>
</tr>
<tr>
<td>Pharmaceuticals</td>
<td>✏</td>
<td>✏</td>
<td>✏</td>
<td>✏</td>
</tr>
<tr>
<td>Industrial Machinery</td>
<td>✏</td>
<td>✏</td>
<td>✏</td>
<td>✏</td>
</tr>
<tr>
<td>Electrical &amp; Electronic</td>
<td>✏</td>
<td>✏</td>
<td>✏</td>
<td>✏</td>
</tr>
<tr>
<td>Automotive</td>
<td>✏</td>
<td>✏</td>
<td>✏</td>
<td>✏</td>
</tr>
<tr>
<td>Textile and Footwear</td>
<td>✏</td>
<td>✏</td>
<td>✏</td>
<td>✏</td>
</tr>
<tr>
<td>Plastic &amp; Rubber</td>
<td>✏</td>
<td>✏</td>
<td>✏</td>
<td>✏</td>
</tr>
<tr>
<td>Minerals</td>
<td>✏</td>
<td>✏</td>
<td>✏</td>
<td>✏</td>
</tr>
<tr>
<td>Metals &amp; Mining</td>
<td>✏</td>
<td>✏</td>
<td>✏</td>
<td>✏</td>
</tr>
<tr>
<td>Food &amp; Beverages</td>
<td>✏</td>
<td>✏</td>
<td>✏</td>
<td>✏</td>
</tr>
<tr>
<td>Leather, Wood &amp; paper</td>
<td>✏</td>
<td>✏</td>
<td>✏</td>
<td>✏</td>
</tr>
<tr>
<td>Transportation</td>
<td>✏</td>
<td>✏</td>
<td>✏</td>
<td>✏</td>
</tr>
</tbody>
</table>

KSMS, Intermediates, APIs in Pharma & Specialty Chem biggest gain areas

- High Growth (15%-25%)
  - Key Starting materials (KSMs)
  - Drug Intermediates & APIs
  - Specialty Chemicals (Organic & Inorganic)
  - Biotechnology

- Moderate Growth (5%-15%)
  - Crop protection: Insecticides, Fungicides, Herbicides
  - Petrochemicals (Organic)

- Slow Growth (5%-10%)
  - Bulk Chemicals (Oils, Soaps and Organic)

Note: Sectorial growth considers overall growth potential for a sector given macro economic trends
Source: IHS WIS, Lit search; Ministry of commerce and industry

PLI scheme to further accelerate growth – Launched in 13 sectors incl. Pharma with a total budgeted outlay of $26B+
Hikal Overview – We are one of the leading manufacturing players in India with a healthy financial standing and presence across several segments

<table>
<thead>
<tr>
<th>Company Snapshot</th>
<th>Key Segments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,308 Employees</td>
<td>Crop protection</td>
</tr>
<tr>
<td>$236 mn Sales</td>
<td>Biocides</td>
</tr>
</tbody>
</table>

Financial structure

- Established in 1988
- Listed on the Bombay Stock Exchange
- ~$700mn Market Capitalization
- 7% Global Institutional Investor
- 69% Principal Shareholders
- ~4X growth in share price in last 1 year
- “A” credit rating by Moody’s

- Specialty Chemicals
- Pharmaceuticals
- Animal Health
- Food Ingredients
Hikal at a Glance – We have developed a robust asset base, strong employee base and various product offerings over the years

<table>
<thead>
<tr>
<th>Production Sites</th>
<th>Production Blocks</th>
<th>Integrated R&amp;D Centre</th>
<th>Mini Plants (Scale Up &amp; Pilot)</th>
<th>Total Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>22</td>
<td>1</td>
<td>3</td>
<td>2,308</td>
</tr>
<tr>
<td>3</td>
<td>9</td>
<td>1</td>
<td>2</td>
<td>631</td>
</tr>
</tbody>
</table>

Capex for new assets:
- $90 mn
- $50 mn

Key commercialized Products:
- 41
- 20

Active Ingredients Sold in FY 20:
- 6,500 MT
- 4,000 MT

Advanced Intermediates Sold in FY 20:
- 1,200 MT
- 700 MT

Capacity (Including Expansion):
- 3,800 m³
- 2,500 m³
Global Customers – we work with industry leaders and have developed deep partnerships with several customers over the years.
Pinnacle – We are transforming to achieve our enduring vision

Hikal is realigning its strategic priorities & strengthening operational and R&T capabilities to achieve multi-fold profitable growth

Key strategic pillars

1. Manufacturing excellence
   - Flexible capacity network across locations
   - Scale facilities with Industry 4.0 capabilities

2. Chemistries & tech capabilities
   - Process and Technical excellence
   - Complex Chemistries and New Technologies

3. Supply Chain
   - China dependence
   - De-risked, resilient and digitized supply chain

4. ESG & sustainability
   - Strong in EHS
   - Leader in value creation through ESG & sustainability

5. Customer centricity
   - Customer oriented approach
   - Customer centric approach through KAM

6. Digitization across the value chain
   - Digitally enabled solutions
   - Integrated Industry 4.0

7. Partnerships and M&A
   - Organic Build
   - Inorganic & Partnership fueled growth
Why Hikal: We will bring the ‘Best of Hikal’ to partner with you

1. **Japan is a high priority market for us - We are committed to building enduring relationships**
   - We will invest heavily in building a differentiated offering for our customers in Japan

2. **We are strong in EHS and are raising the bar on value creation through ESG**
   - Our ESG philosophy complements BASF’s long term Sustainability goals

3. **We offer flexible, distributed network of compliant new-age facilities**
   - We can dedicate our facilities to meet BASF’s current and future aspirations

4. **We have sophisticated R&T capabilities and robust practices**
   - We ensure IP Protection with cutting-edge technology for your molecules

5. **We ensure you reliable supply through our resilient Supply Chain**
   - Our customers believe in us for being highly reliable and transparent
### Partnership Archetype: Spectrum of options available for foreign companies to partner with Indian companies

<table>
<thead>
<tr>
<th>Category</th>
<th>Archetype</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>R&amp;D and Tech Expertise</td>
<td>Access to Best Practices/Expertise</td>
<td>Help partner with technology know-how, process upgradation</td>
</tr>
<tr>
<td></td>
<td>Access to R&amp;D</td>
<td>Help partner with new product development, R&amp;D process</td>
</tr>
<tr>
<td>Market Access &amp; Network</td>
<td>Access to Market</td>
<td>Help partner with access to new geographies, client groups</td>
</tr>
<tr>
<td></td>
<td>Access to Infrastructure</td>
<td>Help partner with production plant set-up or existing production capacities/other infra</td>
</tr>
<tr>
<td></td>
<td>Access to Network</td>
<td>Help partner with access to an existing network/ ecosystem i.e. raw material suppliers</td>
</tr>
<tr>
<td>Capital</td>
<td>Access to Capital</td>
<td>Help partner with finances (debt/equity)</td>
</tr>
</tbody>
</table>
Partner Selection: While evaluation criteria depends on partnership archetype, critical for all partners to meet minimum integrity and compliance criteria

<table>
<thead>
<tr>
<th>Category</th>
<th>R&amp;D and Technology expertise</th>
<th>Market access and network</th>
<th>Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimal criteria</td>
<td>• Integrity of the partner (no conflicts of interest, respect of human rights)</td>
<td>• Size of client channels/ network</td>
<td>• Reputation</td>
</tr>
<tr>
<td></td>
<td>• Legal compliance (anti money laundering, transparency/ audit as required)</td>
<td>• Proposed compensation model</td>
<td>• Focus on performance/ returns</td>
</tr>
<tr>
<td></td>
<td>• ESG/EHS Compliance</td>
<td>• Existing relationships</td>
<td>• Expertise/ access to mgt. talent</td>
</tr>
<tr>
<td></td>
<td>• Cultural fit</td>
<td>• Competitive overlap</td>
<td>• Amount invested/ assets under management</td>
</tr>
<tr>
<td>Other evaluation criteria</td>
<td>• Existing capabilities</td>
<td>• Market leadership</td>
<td>• Amount willing to invest and stake requested</td>
</tr>
<tr>
<td></td>
<td>• Ease of integration or implementation timeline</td>
<td>• Existing experience satisfaction</td>
<td>• Type of participation requested</td>
</tr>
<tr>
<td></td>
<td>• Technical reliability</td>
<td>• Customer support structure</td>
<td>• Access to network</td>
</tr>
<tr>
<td></td>
<td>• Proposed compensation model</td>
<td>• Relevant previous partnerships</td>
<td></td>
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<tr>
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<td>• Customer support structure</td>
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<td></td>
<td>• Relevant previous partnerships</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Hikal is open to explore multiple engagement models which will maximize value for our association

<table>
<thead>
<tr>
<th>Joint Venture/ Integrated Partnership</th>
<th>Master Services agreement</th>
<th>Standard pay per usage/ Milestone based</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Long term partnership/ Joint ownership</td>
<td>• Long-term multiproduct contracts</td>
<td>• Conventional model</td>
</tr>
<tr>
<td>• Co-ownership of Resources, technology and fixed assets</td>
<td>• Dedicated product &amp; process development</td>
<td>• Flexible capacity allocation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Milestones based proposal</td>
</tr>
</tbody>
</table>
high quality products &
Thank you for your attendance.