



# J. B. CHEMICALS & PHARMACEUTICALS LIMITED

February 23, 2018

National Stock Exchange of India Limited  
Exchange Plaza  
Bandra Kurla Complex  
Bandra (E) Mumbai 400 051

**Stock Symbol: JBCHEPHARM**

Dear Sir,

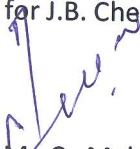
**Subject: Meeting with institutional investors**

We refer to letter dated February 21, 2018 on captioned subject. Enclosed please find presentation made to institutional investors at today's meet. The presentation is also being posted on the website of the Company for information.

Kindly take the same on record.

Thanking you,

Yours faithfully,  
for J.B. Chemicals & Pharmaceuticals Limited

  
M. C. Mehta  
Company Secretary and Vice President - Compliance

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Hind Cycle Road, Worli  
Mumbai - 400 030

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# J. B. Chemicals & Pharmaceuticals Limited

## Business update – Investor meet February 23, 2018

J. B. Chemicals & Pharmaceuticals Ltd.



# Presentation Overview

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- ❖ **Company Overview**
- ❖ **Key Financial indicators**
- ❖ **Business overview**

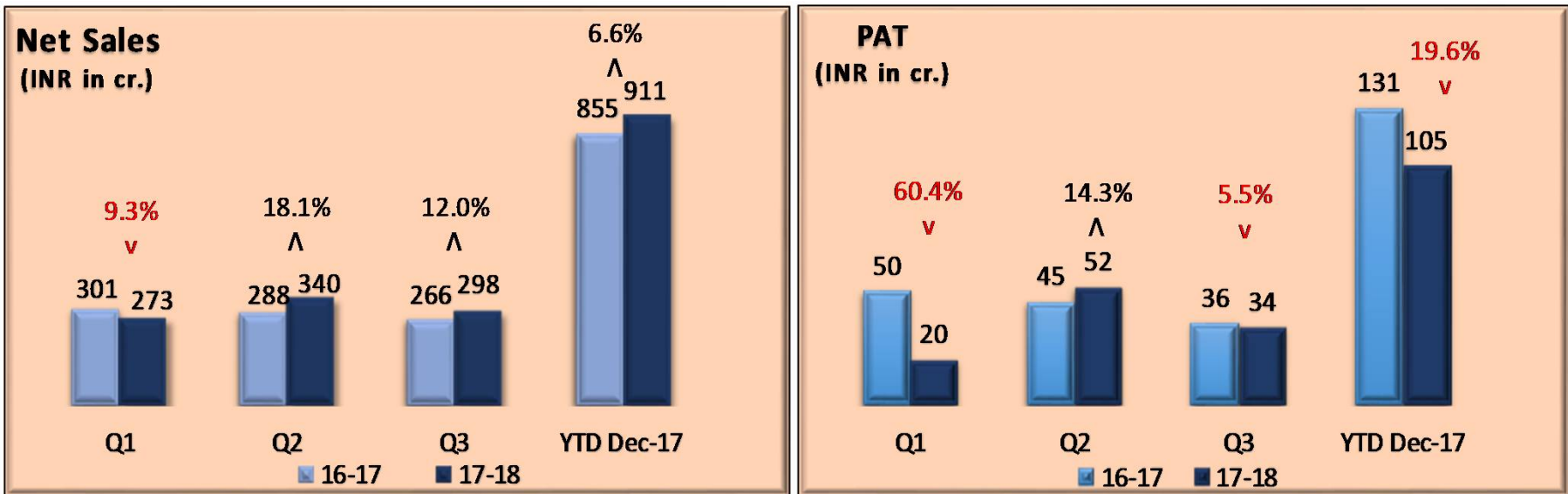
# Company overview

- ❖ Incorporated in the year 1976 by Mody family under the Chairmanship of Shri J.B. Mody
- ❖ Promoters' ( Mody family) holds 55.8% of the share capital
- ❖ Well established brands in the domestic market.
- ❖ Wide geographic presence in the international market with focus on regulated and semi regulated markets
- ❖ Manufacturing facilities in Gujarat & Daman ( U.T.) – FDA approved tablet and API plants
- ❖ Subsidiaries in Russia, South Africa and Dubai
- ❖ DSIR approved in house R & D facilities the state of Maharashtra, Gujarat and Daman
- ❖ Strong financials - Standalone revenue Rs.1198.69 cr. and; PAT Rs. 170.26 cr. For F Y 16-17.



# Key Financial indicators

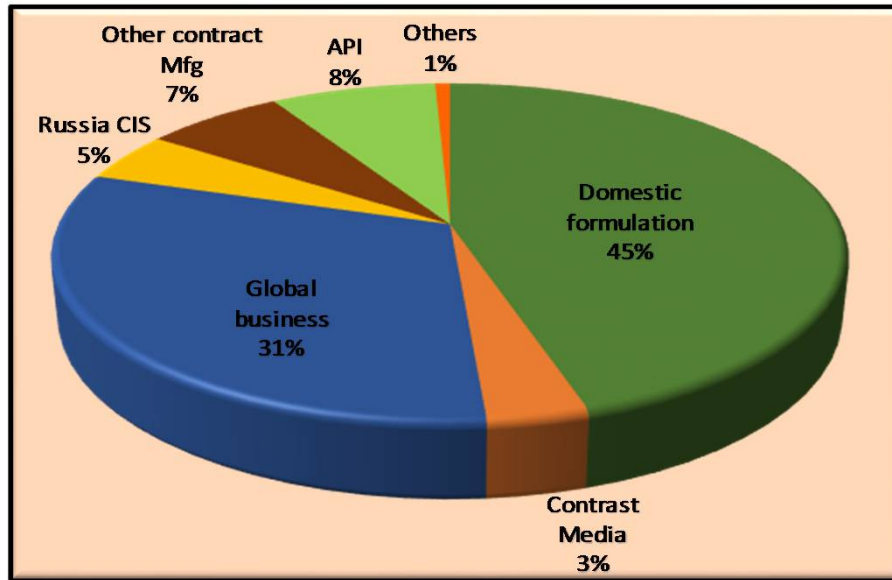
Standalone  
YTD Dec-17



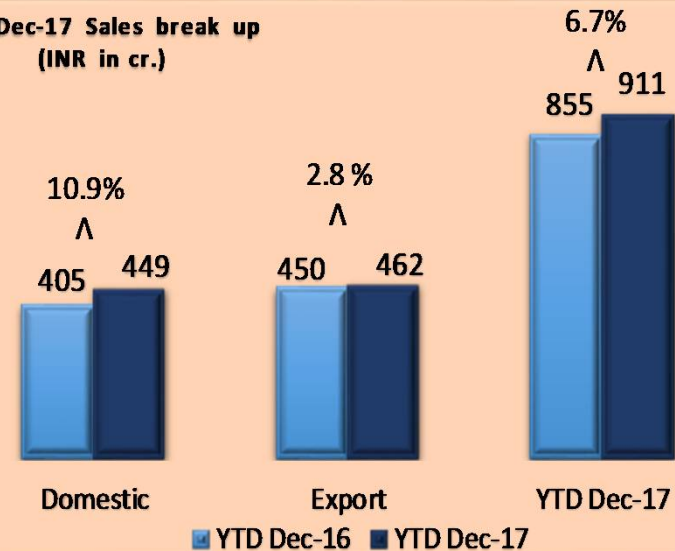
- ❖ Post GST, sales growth back in double digit
- ❖ Profitability during the year under pressure mainly due to :-
  - Higher staff costs in view of strategic new hiring of field force
  - Lower margin due to strong INR and post GST impact on price
  - Higher depreciation due to project capitalization during 2016-17
  - Lower other income from investment

# Key Financial indicators

Standalone YTD  
Dec-17 – INR cr.



YTD Dec-17 Sales break up  
(INR in cr.)



|                        |             |                      |
|------------------------|-------------|----------------------|
| ❖ CAGR Sales growth    | - 10.83%    | (2012-13 to 2016-17) |
| ❖ CAGR PAT growth      | - 19.46%    | (2012-13 to 2016-17) |
| ❖ Operating ROCE       | - 17.41%    | (as on 31-03-2017)   |
| ❖ Book Value per share | - Rs.171.45 | (as on 31-12-2017)   |

# Key Financial indicators

Standalone YTD  
Dec-17 – INR cr.

## SBU wise sales break up

INR in cr.

| SBU break of revenue | YTD<br>Dec-17 | YTD<br>Dec-16 | Inc / (Dec)<br>% |
|----------------------|---------------|---------------|------------------|
| Domestic formulation | 411.41        | 369.83        | 11.2%            |
| Contrast Media       | 32.64         | 32.54         | 0.3%             |
| Global business      | 284.38        | 278.93        | 2.0%             |
| Russia CIS           | 42.83         | 43.58         | -1.7%            |
| Other Exports        | 61.11         | 58.66         | 4.2%             |
| API                  | 72.21         | 61.87         | 16.7%            |
| Others               | 6.43          | 9.18          | -30.0%           |
| <b>Total</b>         | <b>911.01</b> | <b>854.59</b> | <b>6.6%</b>      |

# Key Financial indicators - Q3 Stand alone

INR in cr.

| PARTICULARS                                 | Actual<br>2017-18 | % to<br>Sales | Actual<br>2016-17 | % to<br>Sales | Growth<br>%  |
|---------------------------------------------|-------------------|---------------|-------------------|---------------|--------------|
| Sales including Excise Duty                 | 298.0             | 100.0         | 270.1             | 101.7         | 10.3%        |
| Less : Excise Duty                          | -                 | -             | 4.5               | 1.7           | -100.0%      |
| <b>Net Sales</b>                            | <b>298.0</b>      | <b>100.0</b>  | <b>265.6</b>      | <b>100.0</b>  | <b>12.2%</b> |
| Operating Income                            | 6.7               | 2.3           | 6.4               | 2.4           | 5.5%         |
| <b>Total Income</b>                         | <b>304.7</b>      | <b>102.3</b>  | <b>272.0</b>      | <b>102.4</b>  | <b>12.0%</b> |
| Cost Of Materials                           | 106.8             | 35.9          | 102.7             | 38.7          | 4.0%         |
| <b>Gross Profit</b>                         | <b>197.9</b>      | <b>66.4</b>   | <b>169.3</b>      | <b>63.7</b>   | <b>16.9%</b> |
| Employees Benefits Expenses                 | 53.1              | 17.8          | 47.0              | 17.7          | 12.9%        |
| Other Expenses                              | 83.4              | 28.0          | 77.8              | 29.3          | 7.2%         |
| Exch. Fluc. (Gain) / Loss                   | 2.8               | 0.9           | (1.3)             | (0.5)         | -312.0%      |
| <b>EBITDA</b>                               | <b>58.6</b>       | <b>19.7</b>   | <b>45.7</b>       | <b>17.2</b>   | <b>28.2%</b> |
| Finance Costs                               | 0.6               | 0.2           | 2.4               | 0.9           | -74.9%       |
| Depreciation                                | 14.3              | 4.8           | 11.4              | 4.3           | 25.4%        |
| <b>Profit Before Tax (Operating)</b>        | <b>43.8</b>       | <b>14.7</b>   | <b>31.9</b>       | <b>12.0</b>   | <b>37.0%</b> |
| Other Income                                | 5.3               | 1.8           | 7.7               | 2.9           | -30.8%       |
| <b>Profit Before Tax</b>                    | <b>49.1</b>       | <b>16.5</b>   | <b>39.6</b>       | <b>14.9</b>   | <b>23.8%</b> |
| Prov -taxation (Net )                       | 15.2              | 5.1           | 3.9               | 1.5           | 292.7%       |
| <b>Profit After Taxation</b>                | <b>33.9</b>       | <b>11.4</b>   | <b>35.8</b>       | <b>13.5</b>   | <b>-5.3%</b> |
| Other Comprehensive Income                  | (0.1)             | (0.0)         | (0.1)             | (0.0)         | 62.1%        |
| <b>Total Comprehensive Income After Tax</b> | <b>33.7</b>       | <b>11.3</b>   | <b>35.7</b>       | <b>13.4</b>   | <b>-5.5%</b> |



# Key Financial indicators

YTD Dec 17

Stand alone

INR in cr.

| PARTICULARS                                 | Actual<br>2017-18 | % to<br>Sales | Actual<br>2016-17 | % to<br>Sales | Growth<br>%   |
|---------------------------------------------|-------------------|---------------|-------------------|---------------|---------------|
| Sales including Excise Duty                 | 916.0             | 100.5         | 869.1             | 101.7         | 5.4%          |
| Less : Excise Duty                          | 5.0               | 0.5           | 14.5              | 1.7           | -65.5%        |
| <b>Net Sales</b>                            | <b>911.0</b>      | <b>100.0</b>  | <b>854.6</b>      | <b>100.0</b>  | <b>6.6%</b>   |
| Operating Income                            | 22.5              | 2.5           | 23.4              | 2.7           | -3.7%         |
| <b>Total Income</b>                         | <b>933.5</b>      | <b>102.5</b>  | <b>878.0</b>      | <b>102.7</b>  | <b>6.3%</b>   |
| Cost Of Materials                           | 356.3             | 39.1          | 332.0             | 38.9          | 7.3%          |
| <b>Gross Profit</b>                         | <b>577.2</b>      | <b>63.4</b>   | <b>545.9</b>      | <b>63.9</b>   | <b>5.7%</b>   |
| Employees Benefits Expenses                 | 161.9             | 17.8          | 138.0             | 16.1          | 17.4%         |
| Other Expenses                              | 249.5             | 27.4          | 233.1             | 27.3          | 7.0%          |
| Exch. Fluc. (Gain) / Loss                   | (0.23)            | (0.0)         | (0.38)            | (0.0)         | -37.9%        |
| <b>EBITDA</b>                               | <b>166.1</b>      | <b>18.2</b>   | <b>175.3</b>      | <b>20.5</b>   | <b>-5.3%</b>  |
| Finance Costs                               | 2.46              | 0.3           | 5.24              | 0.6           | -53.0%        |
| Depreciation                                | 42.9              | 4.7           | 33.9              | 4.0           | 26.7%         |
| <b>Profit Before Tax (Operating)</b>        | <b>120.7</b>      | <b>13.2</b>   | <b>136.2</b>      | <b>15.9</b>   | <b>-11.4%</b> |
| Other Income                                | 21.6              | 2.4           | 33.1              | 3.9           | -34.9%        |
| <b>Profit Before Tax</b>                    | <b>142.2</b>      | <b>15.6</b>   | <b>169.3</b>      | <b>19.8</b>   | <b>-16.0%</b> |
| Prov -taxation (Net )                       | 36.3              | 4.0           | 38.5              | 4.5           | -5.7%         |
| <b>Profit After Taxation</b>                | <b>105.9</b>      | <b>11.6</b>   | <b>130.8</b>      | <b>15.3</b>   | <b>-19.0%</b> |
| Other Comprehensive Income                  | (0.9)             | (0.1)         | (0.2)             | (0.0)         | 287.2%        |
| <b>Total Comprehensive Income After Tax</b> | <b>105.0</b>      | <b>11.5</b>   | <b>130.6</b>      | <b>15.3</b>   | <b>-19.6%</b> |

J. B. Chemicals & Pharmaceuticals Ltd.



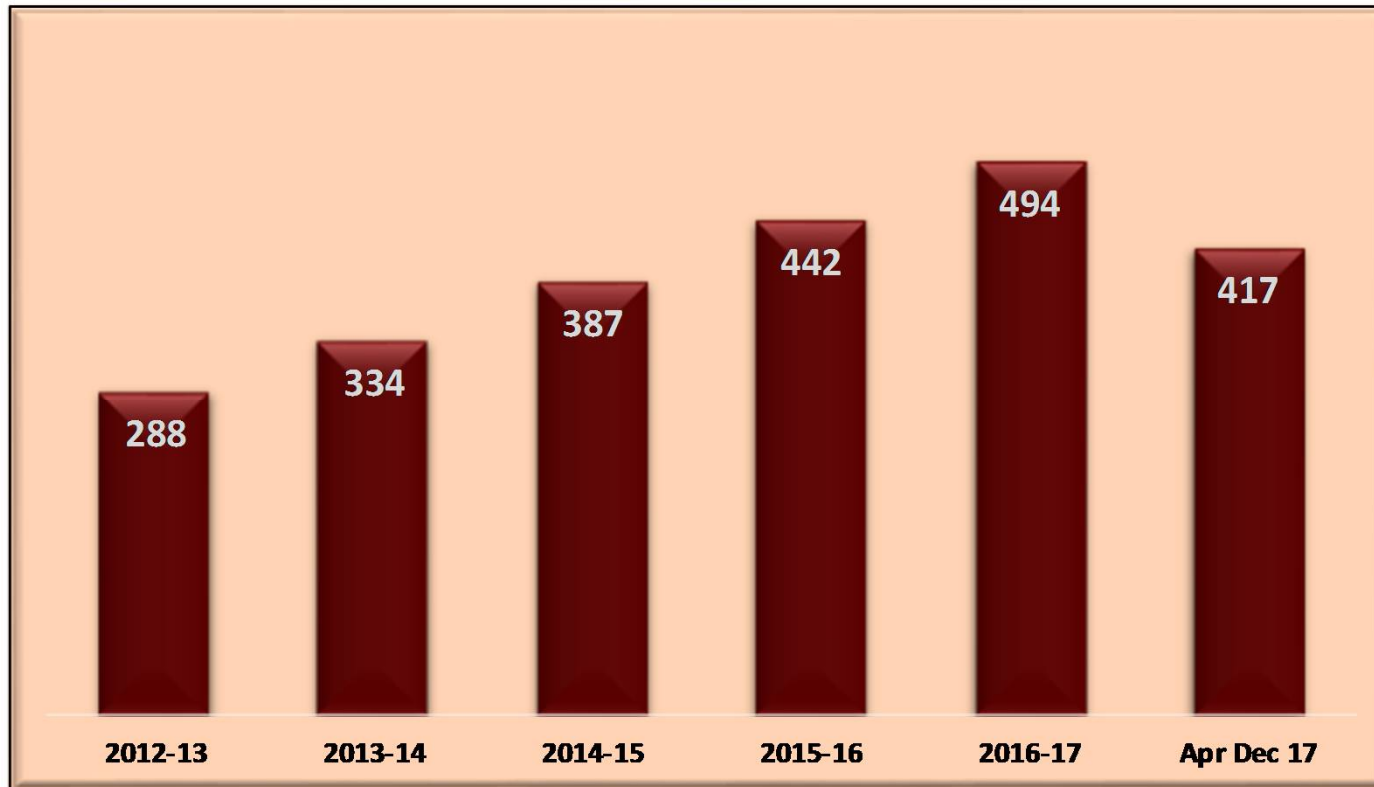
# Business Overview - Domestic

- ❖ Strong brand positioning with good mix of Chronic and Acute products
- ❖ Strategic focus on strengthening therapeutic segment by increasing field force.
- ❖ Cilacar brand growing rapidly.
- ❖ Expanding product basket with launch of new products and line extensions with eye on profitability to increase share of focused products in the overall sales.
- ❖ In Tier II states, GST glitches still continue to impact primary sales in acute portfolio. - Gradually sales is picking up but pace is slow.
- ❖ Contrast media is mainly focused on tender based business – Company believes it to be strategic space for its domestic as well as International business.



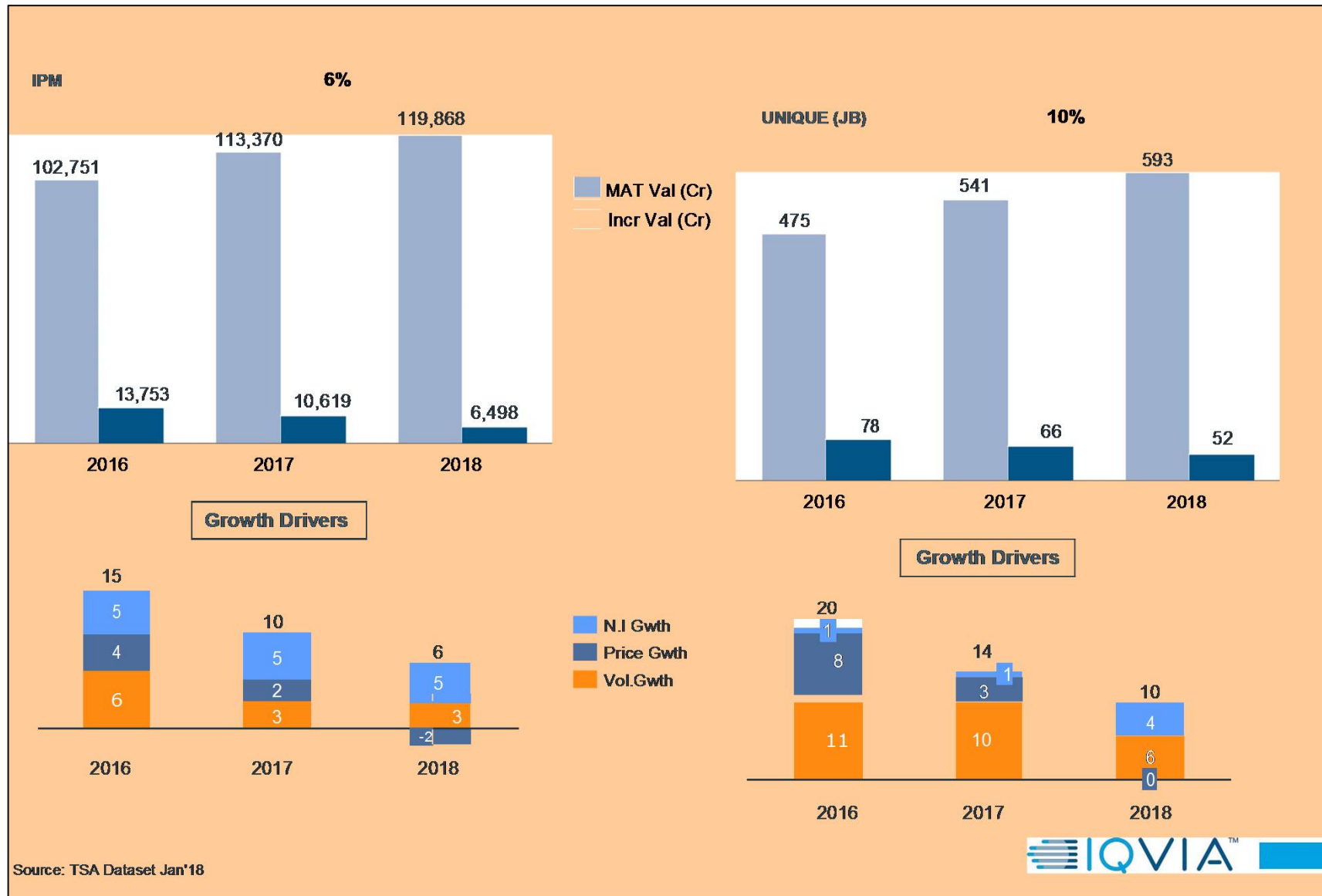
# Business Overview - Domestic formulation

INR in Cr.

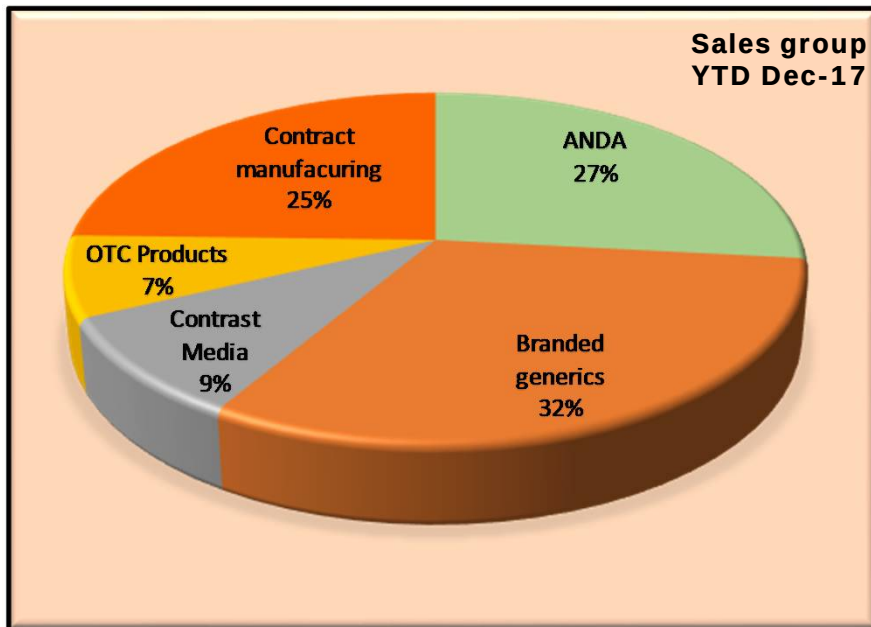


| Year        | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | Apr Dec 17 |
|-------------|---------|---------|---------|---------|---------|------------|
| Gross Sales | 288     | 334     | 387     | 442     | 494     | 417        |
| Growth %    | 16.2    | 16.0    | 15.9    | 14.2    | 11.8    |            |

# Business Overview - Domestic formulation



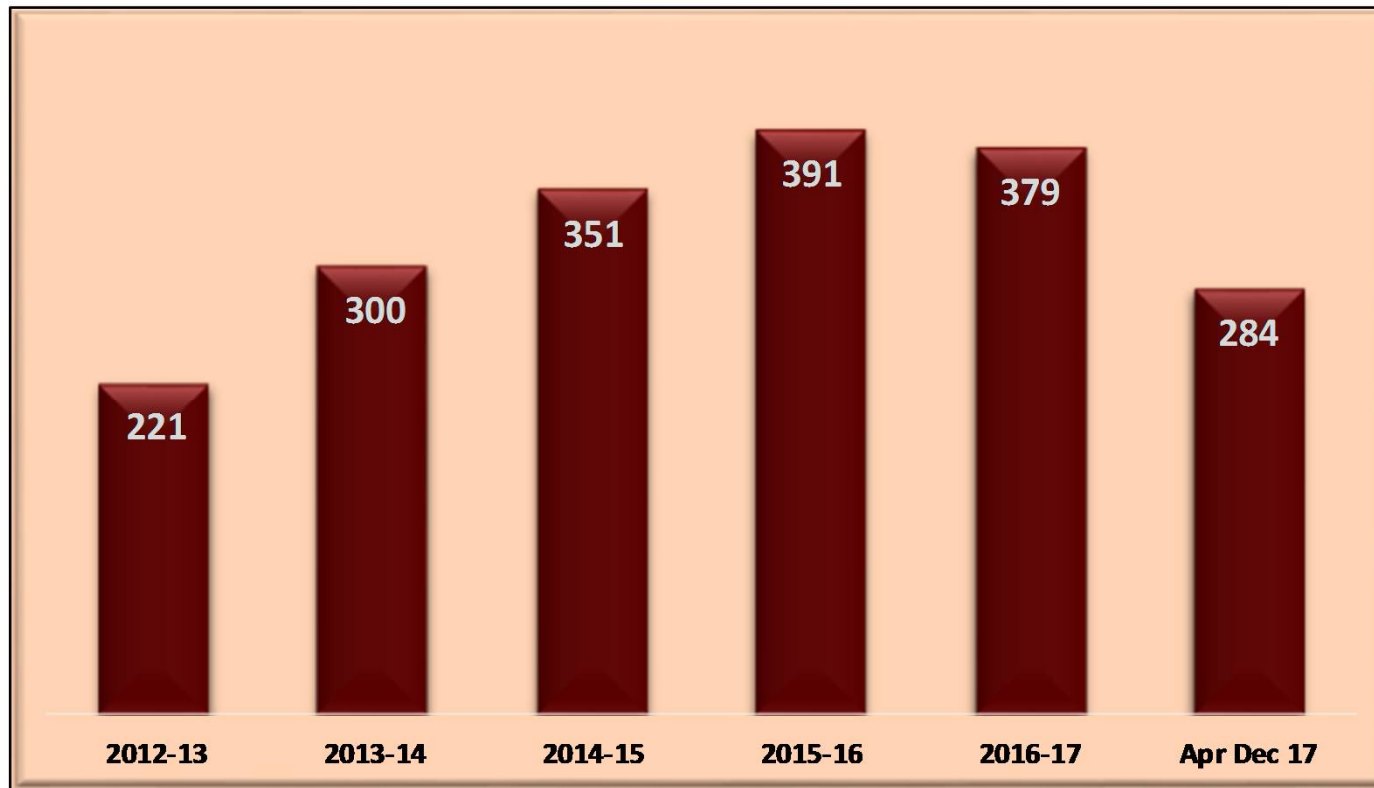
# Business Overview - Global markets



- ❑ Strong INR impacted growth during FY 18
- ❑ Special focus on regulated markets to grow topline
- ❑ 11 ANDA approved, pending approval 5
- ❑ Branded generic business is price sensitive and is being marketed through distributor model in select markets
- ❑ Key brands established in branded generic business are Zecuf, Metrogyl, Dicloran, Nicardia and Panum

# Business Overview - Global markets

INR in Cr.



| Year        | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | Apr Dec 17 |
|-------------|---------|---------|---------|---------|---------|------------|
| Gross Sales | 221     | 300     | 351     | 391     | 379     | 284        |
| Growth %    | 16.2    | 35.8    | 17.0    | 11.4    | -3.1    |            |

# Business Overview - Global markets

- ❖ Focus on growing USA business with new ANDA filings
- ❖ Focus on contract manufacturing business by offering quality products as per global standard - work closely with reputed MNC clients.
- ❖ Good opportunity to increase business in semi regulated markets with focus on certain specific customers of high repute in the respective countries.
- ❖ Branded generics business is highly price sensitive space but is important business as management considers it a strategic space to optimize its capacity, add incremental profits and de risks overall global business.
- ❖ South Africa a strategic market for company with focus on branded generics and for certain contract manufacturing products.
- ❖ Continue to focus and follow strict adherence of GMP and ensuring proper regulatory compliance for site and products



# Business Overview - Global markets

## Overseas Subsidiary : South Africa

- ❖ Company holds 95% stake in its South African Subsidiary – Biotech Laboratory Limited (Biotech).
- ❖ Biotech mainly focused on marketing of registered pharmaceutical products in South African and neighboring markets.
- ❖ Biotech is a BEE company
- ❖ Biotech caters to the private, public, veterinary, hospitals and export markets
- ❖ Product range is across segments like cardio vascular, gastro, CNS, respiratory, derma and anti-microbials





# Business Overview - Russia & CIS market

- ❖ Russia CIS is strategic long term focus market for the company
- ❖ Post sale of OTC business, the Company markets its prescription products in Russia through its subsidiary and through distributor in CIS markets.
- ❖ Expediting registration of products in Russia, CIS markets to increase sales and profitability.

*Seven products are under registration and plan to submit 4- 5 products in coming FY.*

- ❖ Major focus on key therapeutic segments are Derma, Cough & Cold, Gastro & Contrast (Imaging)



# Business Overview – API

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- ❖ API business mainly focused on exports to big global MNCs and is growing steadily year on year.
- ❖ Act as a strategic backward integration for certain formulation exports of global market business.
- ❖ Strategic business segment for company.

# Thank You

