Investor Presentation – March 2021

JB CHEMICALS AND PHARMACEUTICALS LIMITED

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Today's Speakers

Nikhil Chopra
Chief Executive Officer

Kunal Khanna
President - Transformation

Vijay Bhatt
Chief Financial Officer

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Company Overview

Corporate Snapshot

40+ Years of operations with consistent track record across multiple businesses

5 Brands among top 300 brands, contributing over 74% of domestic formulations revenues

29% Growth in chronic therapies* in the domestic formulations business

2,100+ India field force expanded, significantly over FY17-FY20 with therapy-focused segmentation

40+ Regulated/semi-regulated markets of presence through direct operations and distributors

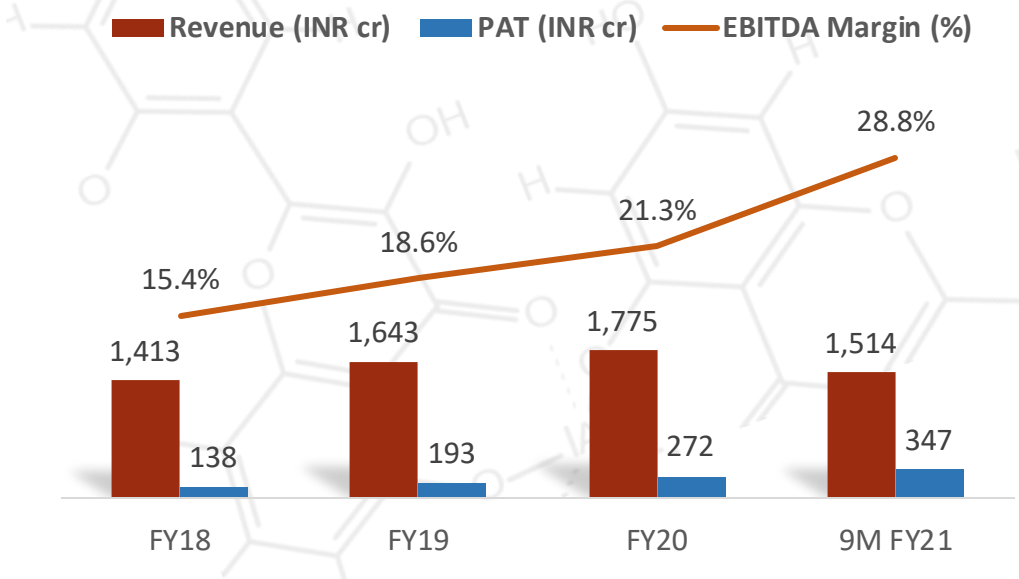
Top 5 Global manufacturer of medicated/herbal lozenges representing a substantial opportunity

8 Multi-location plants producing formulations and API's with key global approvals/compliances

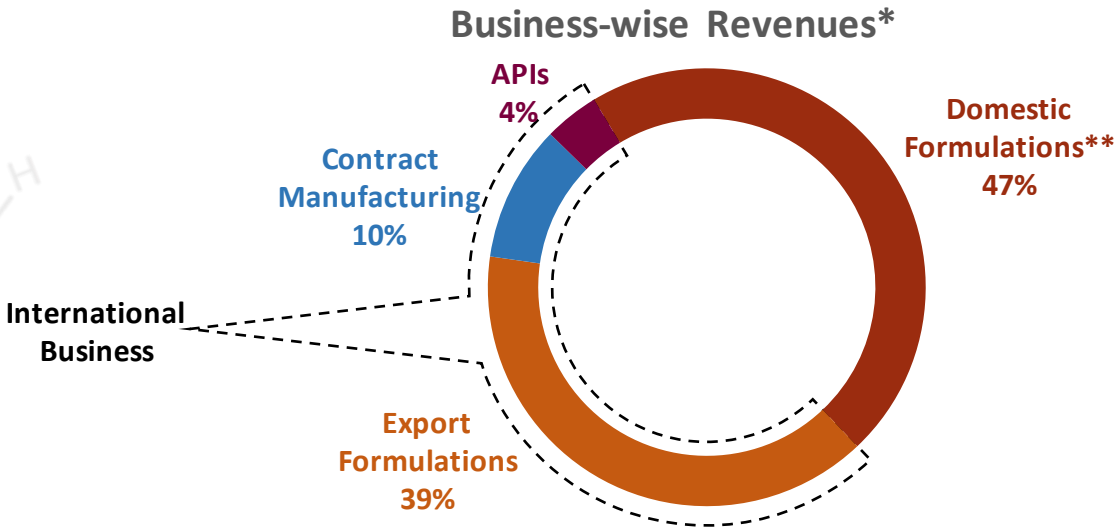
****28%** ROCE with strong cash position and consistent cash flow generation

** CAGR over FY16-FY20*

*** ROCE for FY20; ROCE = EBIT/(Net Worth + Debt - Mutual Fund Investments)*



Financial Year ends on 31st March



** Based on FY20 Revenues: Rs. 1,775 crore*

*** Includes Contrast Media*

Solid Foundation – Accelerating our growth journey

BUSINESS GROWTH

Therapy diversification in line with core strengths for Domestics Formulations

Leverage sizeable and differentiated CMO capabilities in Lozenges

Augment portfolio offering through R&D, BD/in-licensing and M&A opportunities

PRODUCTIVITY IMPROVEMENT

Continuous thrust on improving productivity & cost structure

Progressive offerings to deepen presence with current customers and international markets

STRONGER GOVERNANCE

Growth objectives supported by new management layer and strong governance framework

Domestic Business Overview

Consistent Outperformance in Domestic Formulations

JBCPL is the among the fastest growing pharma companies

20% 2x growth in the covered market

Leadership position in the covered markets

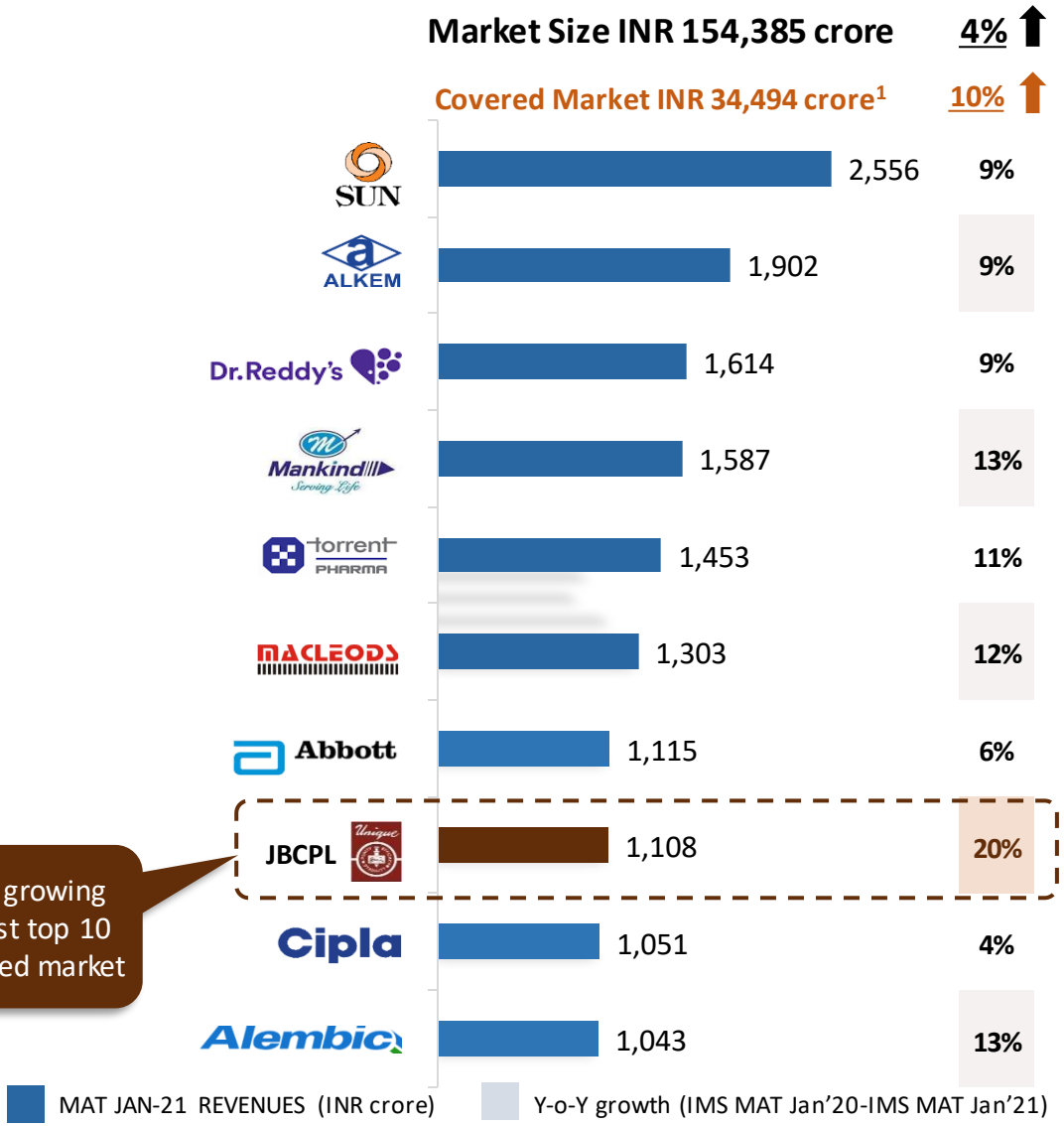
30% + share in 5 molecule categories

Position in IPM

28 Rank in IPM; improved 4 ranks vs FY20

No of brands in Top 300

5 Brands with average growth registered @ 20+%



One of the fastest growing companies amongst top 10 players in the covered market

Source: *MAT Growth Jan 2021 – IQVIA published*

Source: *IMS Data, 1. Covered market includes all of JBCPL's molecule segments*
Note: *Data excludes favipiravir*

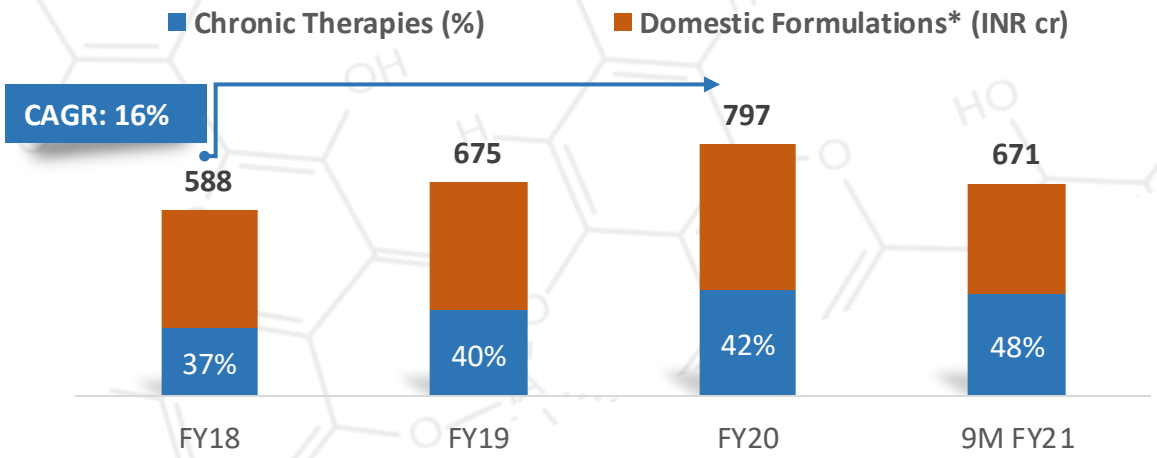
Top-5 brands and Chronic Therapies Driving Growth

Five brands are segment leaders (within Top 300 of IPM) and contribute 74% to domestic formulations revenues

Brand	Therapy	Segment	Segment Position	Market Share	Revenues*	Growth*
Cilacar	Cardiovascular	Calcium channel blocker	#1	50%	254	24%
Nicardia	Cardiovascular	Calcium channel blocker	#1	87%	101	23%
Metrogyl OS	Gastrointestinal	Amoebicide	#1	76%	97	37%
Rantac OS	Gastrointestinal	Anti-peptic ulcerant	#2	40%	224	42%
Cilacar T	Cardiovascular	CCB + ARB	#1	35%	85	31%

*Brand sales are IQVIA published numbers based on MAT Jan'21

Increasing contribution from chronic therapies has driven outperformance



- Big brands continue to drive growth at a higher rate
- Strong expertise on brand extensions and brand life cycle management
  - Cilacar extended to Cilacar T

*Based on internal reported numbers Includes Contrast Media

Leveraging Front-ended Marketing Investments

Market visibility enhanced by front end investments

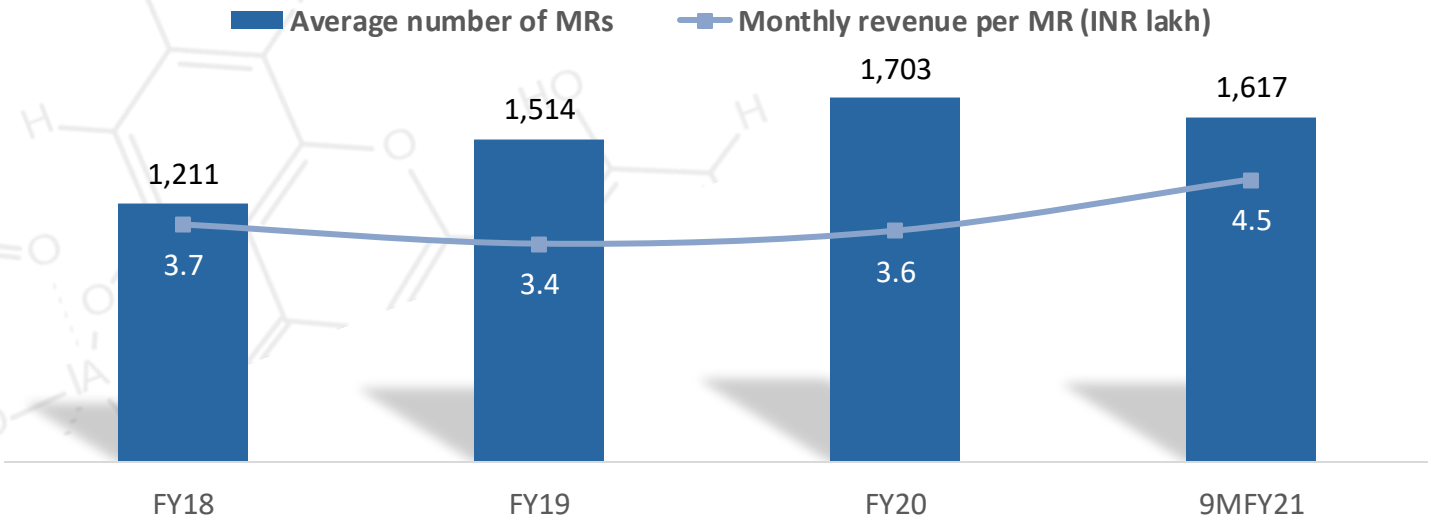
- Team segregated by therapy-based divisions
- Wider coverage in North, West, Rural India
- Deeper prescriber relationships
- Investments in technology and training/development

Pan-India presence with a >2,100 strong team provides significant scope for productivity expansion

Extensive doctor and patient connect

Divisional teams service 300K Health Care Practitioners across the country

Key Specialists	Unique DRs covered
Cardiologists	5,000+
Gastroenterologists	1,800
Nephrologists	1,600+
Consulting Physicians	~18,000
Gynacs	~20,000
Pediatricians	~20,000



Our future priorities for India business

		Growth	Productivity
Strengthen the Core in Chronic – Cardio Metabolic	○ Lead Therapy Shaping initiatives in anti hypertension segment – CCB, ARBs through deeper engagement with other ecosystem providers such as pharmacies ○ Expansion in Diabetes through new launches	✓	✓
Explore adjacencies by re-alignment of current divisions	○ Expansion in synergetic therapies areas by leveraging our speciality strengths ○ Deployment of same field force numbers across specialist groups ○ Moving up prescriber pyramid, deeper penetration with: Gastro | Nephrology | Paedia | ENT/ Chest	✓	✓
Thrust on Sales Force Automation	○ Through Sales Force Excellence, tighter monitoring for field operations ○ Improved operating leverage ○ Roll out of Ipads for entire field force ○ In-clinic effectiveness through adoption of Digital Technology and Closed Loop Marketing initiatives		✓
Life Cycle Management for Bigger Brands	○ Innovative ways for distribution of bigger brands ○ Expansion beyond tier 2 towns	✓	✓
Partnerships & acquisitions in core TAs	○ Bolt on acquisitions ○ In-licensing ○ BD/ Partnerships for differentiated formulations	✓	

Core Objectives and Underlying Initiatives

	Current Position	Medium-term Objective
Improving IPM Position	Top 30	Top 20
Higher Contribution from Chronic Therapies	<50% of Domestic Formulations	~60% of Domestic Formulations
Expanding Portfolio of Top Brands	Five brands in Top 300 across 2/3 therapies	8 to 10 sizeable brands across 4/5 therapies
More New Launches	1-2 annual launches	6-8 annual launches
Scale-up in Prescriber Relationships	Physician relationships	Specialist relationships e.g. Cardio/Nephro
Field Force Productivity	On par with industry	~12-14% ramp up from current levels

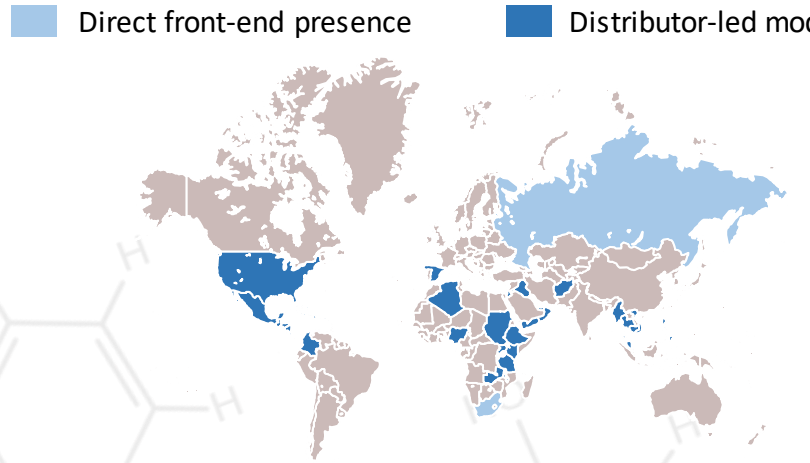
International Business Overview

International Business: Distinct Operating Models Across Geographies

International Formulations

Direct presence in Russia and South Africa

Distributor relationships in the US, Asia, Africa and LatAm



CMO

Leading global position in $4.6 bn lozenges market opportunity

Marquee global clients in pharma and consumer sectors

APIs

Leading capabilities with deep customer relationships

Substantial available capacities to drive growth

Manufacturing Capabilities

Tablets, Capsules, Sachets, Liquids, Topicals, Vials, Lozenges, IV Infusions, Bulk Drugs

Compliance Approvals

USFDA, UK, EU, Australia, Canada, Russia, Ukraine, South Africa, Brazil, MOH Japan, MOH Korea, Semi-regulated Markets

*FY20

Strong Branded Generics Franchises in International Home Markets (1/2)

Russia/CIS

Current Position

- $22 billion EM with high entry barriers, high reliance on imported drugs and strong presence of Indian players
- Prescription-led branded generics business with strong brand equity built over three decades of presence
- Strong legacy of building brands – Doktor Mom, Rinza
- Well established relationships with pharmacy chains
- 80-people sales force in Russia, distributors in other CIS countries

Strategic Objectives

- Deeper penetration of 4 key existing brands
- Leverage market position to expand OTC presence – Cough & Cold, Respiratory, Gastro
  - 2 products under launch in FY22
- Accelerated filing of at-least 4 assets by end of FY22 – Identified and under development
- Selective In-license opportunistic products to be launched in < 2 years
- Maximize CIS business opportunity
- Leverage presence to expand footprint in CMO business – Addition of selected customers over next 1-2 years

Strong Branded Generics Franchises in International Home Markets (2/2)

South Africa

Current Position

- $3.3 billion market with 90% contribution from branded products (BGx, OTC) and a sizeable private market
- 30-people sales force, leveraging product pipeline with increasing attention on private sales channels
- Well entrenched in GX and public market
- Strong relationships with major retail pharmacy chains
- Diversified sourcing strategy of products from JBCPL and outside JBCPL

Strategic Objectives

- Expansion of current Gx model through portfolio augmentation
- Expand base in public market for acquired dossiers – consequently providing opportunities in private market
- Drive COGS and margin improvement to be more competitive in public market
- Potential acquisition of registered dossiers
- Opportunistically explore OTC categories which leverage existing endowment of pharmacy relationships

Distributor-led Presence in International Markets

	Current Position	Strategic Objectives
United States	○ Generics business focused on delayed release OSD forms, other niche products ○ Selective play ○ Asset-light, distributor-led model	○ Ramp up ANDA filings to 4-6 per year (over next 2 years) ○ Monograph products ○ Work on backward API integration
ROW	○ Asset-light presence across Asia, Africa, Latin America	○ Deeper penetration in existing markets only – Depth instead of adding new markets ○ Setting up pipeline for portfolio expansion
APIs	○ Regulated markets focus, positioned to benefit from India's growing prominence in pharma supply chains ○ Backward integration backbone to formulations export business ○ Leading position in Diclofenac (NSAID) market	○ Expand client base and drive selective product registrations ○ Introduction of 3 to 4 new products which comprise a mix of ROW markets and support our ANDA strategy

Specialized CMO Business with Leading Global Position in Lozenges

Contract Manufacturing

- Top 5 manufacturer of medical/herbal lozenges with significant market opportunity
- Projects also focused on syrups, tablets, ointments and creams
- Experience in working with marquee global pharma/ consumer client base
- Approvals from US, UK, EU, Australia, South Africa, Russia/CIS and Japan
- Manufacturing, regulatory, development support mechanisms in place – capacities can support growth objectives

Growth Levers

- **Deeper penetration with existing customers: explore new opportunities in more geographies**
- **Expand focus on high-potential lozenges segment**
- **Coverage into semi-regulated/other RoW markets**
- **Volume scale-up on existing capacity**
- **Leverage capabilities to manufacture wide variety of dosage forms**

Strategic Objectives

- **Expanding marquee relationships and creating new opportunities in more geographies**
- **Life Cycle Management by entering into contracts during the earlier stage of brand development**
- **Focusing on incremental innovation – eg: center-fill**

Key Success Factors

Strengthened Board and Governance Layer

KKR has completed acquisition of 54% stake in the company

KKR has a 44-year track record of private equity investing with EV of completed transactions at over ~$650 billion and current AUM ~$252 billion (as of December 31, 2020)

Board re-constituted with induction of eight new directors, including three independent directors

Ranjeet Shahani

(Chairman) Independent Director

40 years' experience incl. healthcare, pharma, health tech

Previously Vice Chairman & Managing Director, Novartis India

Other Board positions:

- Hikal, Ambuja Cements

Sumit Bose

Independent Director

Retired as Union Finance Secretary, Min. of Finance, Govt of India

Also consulted on World Bank, Commonwealth, UNDP projects

Other Board positions:

- Coromandel International, Tata AIG General Insurance Company, HDFC Life Insurance Company, BSE

Padmini Khare Kaicker

Independent Director

Managing Partner of accounting firm B. K. Khare & Co

Multi-sector experience over 24 years

Other Board positions::

- Tata Chemicals, Rallis India, Kotak Mahindra Investment, Tata Cleantech Capital

Experienced and Dynamic Management Team

Nikhil Chopra*
Chief Executive Officer and Whole Time Director

Over two decades in pharma industry, spearheading breakthrough ideas and creating greater access to high quality treatment and medicines

Kunal Khanna*
President – Transformation

Overall 16 years of experience, responsible for strategic marketing and business transformation

Savya Sachi
President – India Business

35 years of consistent track record of delivering results - growing existing businesses and building new business opportunities

Pradeep Kumar Singh
President – Global Business

Overall experience of over three decades in managing global pharma markets

Dr. Milind Joshi
President – Global Regulatory Affairs

More than three decades of experience in Regulatory Affairs, R&D and CQA

Vijay Bhatt
Chief Financial Officer

Senior finance professional with experience in strategic financial planning and controlling, fund raising, financial accounting etc

Bhushan Sachdev
Vice President – Supply Chain

More than two decades in Production Planning & Coordination, Supply Chain, Distribution, Procurement and Inventory Management

Mayur Mehta
Vice President – Company Secretary & Compliance

Rich experience of three decades in corporate laws, securities laws, SEBI regulations, non-litigation and litigation matters

Dilip Singh Rathore*
President – India Business

20 years of experience in Indian and global markets – expertise in Sales & Marketing, Strategic Planning, Portfolio Management. Previously worked with Cipla.

Sridhar Bharadwaj
Vice President – HR

Rich experience of three decades in human resources and talent management. Previously worked with Cadila, Saint Gobain, RPG, Wockhardt etc.

Suresh Bhise
Vice President – IT

30 years in managing IT infrastructure, IT, outsourcing of services, executing complex implementations, stabilization, functionality enhancement of ERPs

Parameshwar Bang
Vice President – Mfg (Daman)

28 years of experience in pharmaceuticals and chemicals managing production and manufacturing operations

Bharat Dhanani
Vice President – Mfg (Panoli)

28 years of experience in pharmaceutical industry, GLP, change control, validation and pharmaceutical research

Stewart Barker
Chief Executive Officer – South Africa

Responsible for strategic and operational management at the South African subsidiary

Sandeep Nasa
Head of Russia, Ukraine & CIS

23 years' experience in handling the overall operations of subsidiaries in Russia and Ukraine. Based out of Moscow.

Manoj Chitnis*
Vice President – Corporate QA

26 years of experience in corporate quality assurance and quality control function

Jason D'Souza*
Vice President – Investor Relations

Overall, two decades of experience in Investor Relations and Corporate Strategy in FMCG and Pharmaceutical Industry

Sandeep Rathod*
Vice President – Legal

18+ years of experience in Indian and multinational companies handling litigation and non litigation roles

** Recent inductions over the last six months*

Re-investing Operating Surpluses to Accelerate Growth

Margin Drivers

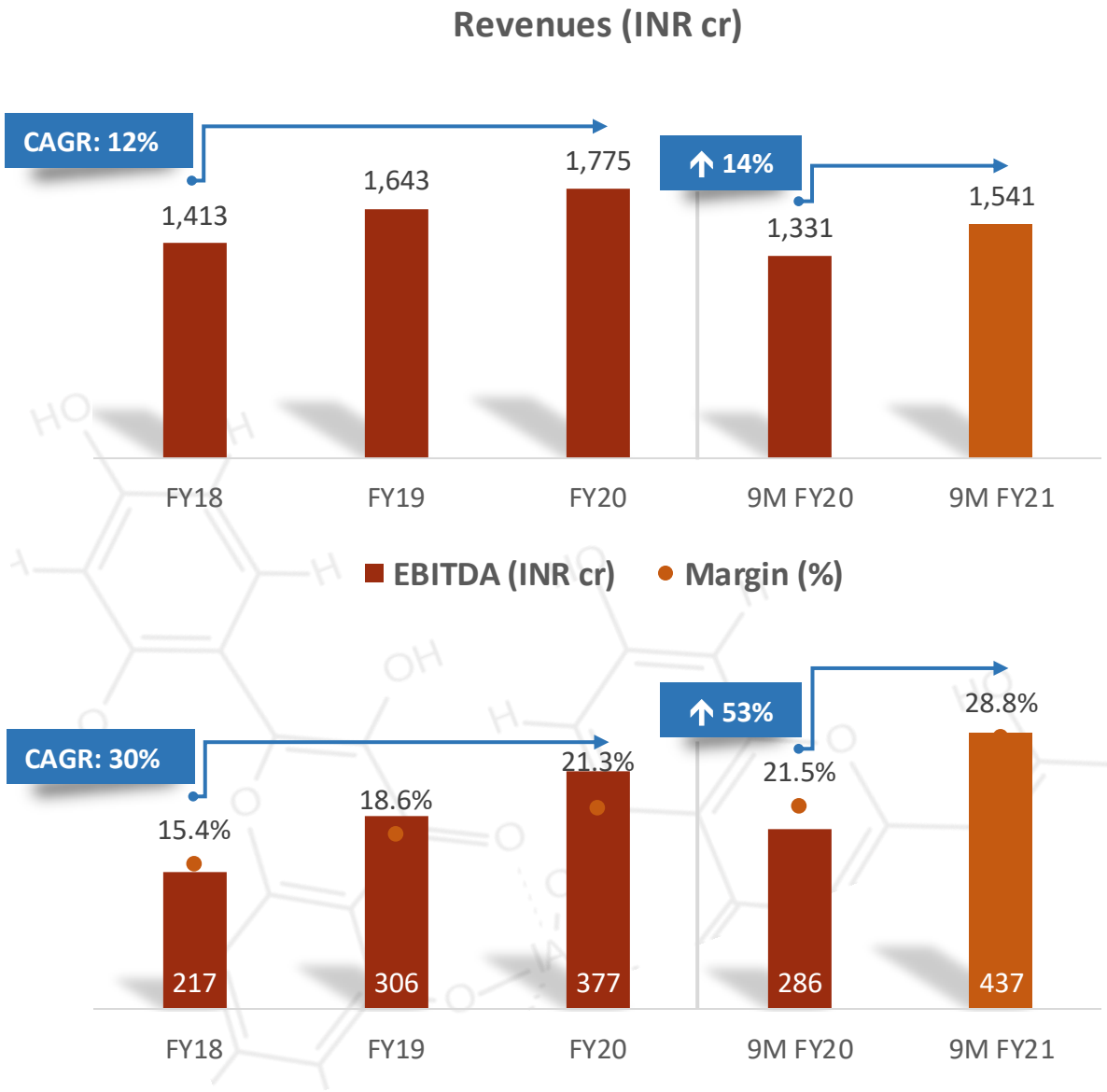
- Operating scale – Therapy diversification with existing field force in near term
- Higher utilization of manufacturing/ distribution assets
- Cost rationalization initiatives

Key Investment Areas

- R&D investments
- Investments in adjacent therapies
- Adoption of digital technologies
- Expanding reach beyond Tier 2 towns
- Bolt on M&A

Financial Performance

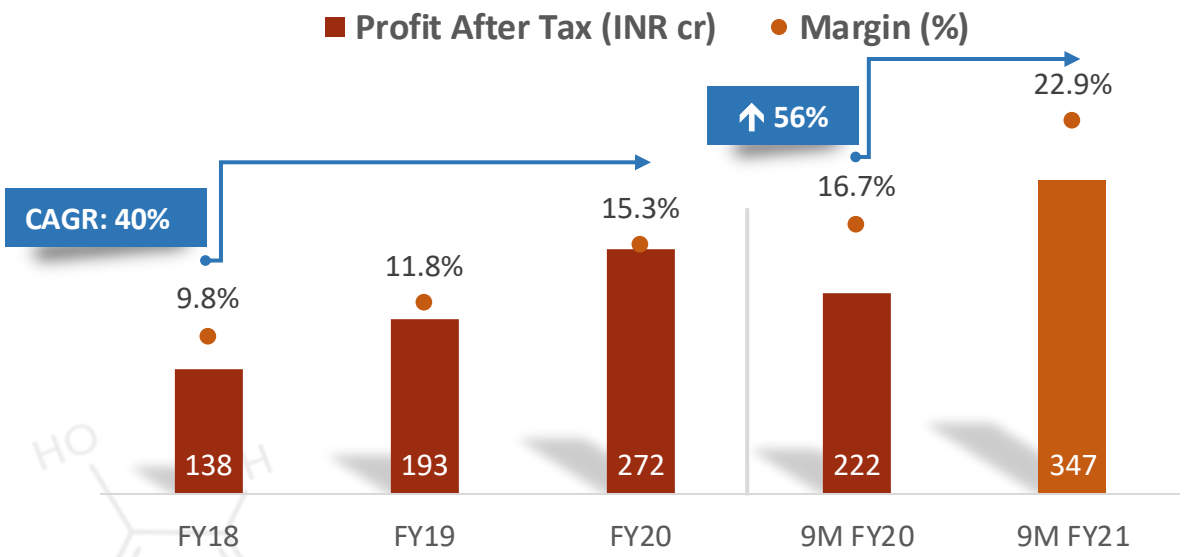
Strong revenue growth and margin expansion

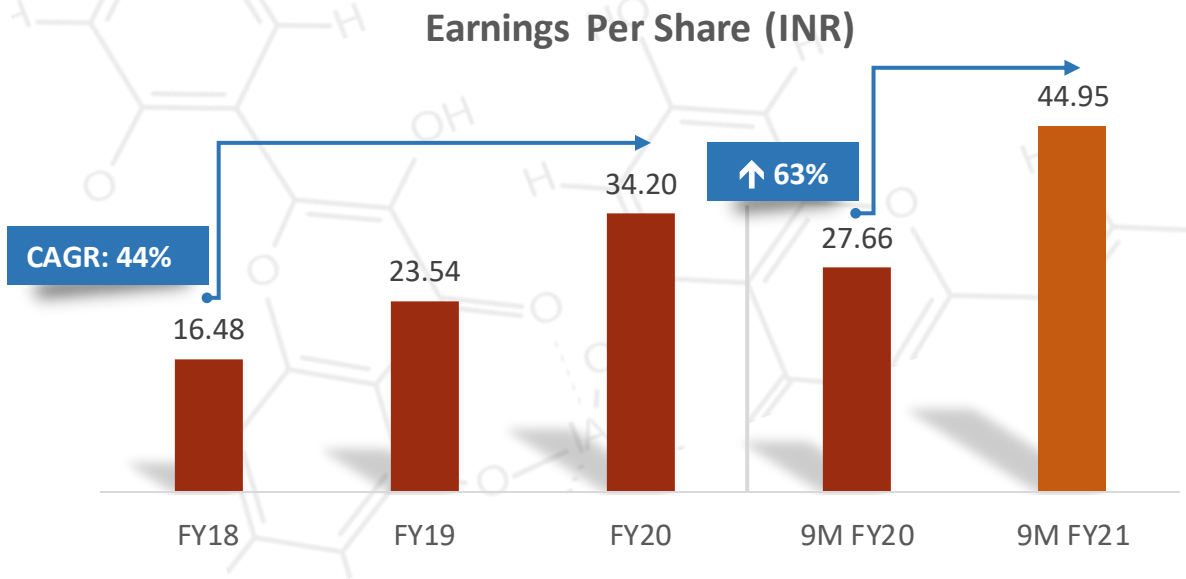


- Growth acceleration driven by re-aligned go-to-market model and greater focus on chronic therapies
- Domestic Formulations maintains outperformance compared to IPM growth rates
- Deeper penetration in existing global markets
- Growing opportunities in CMO and API segments

- Favorable product mix in both domestic and international businesses
- Margin performance continues to be encouraging, driven by growth and operating leverage
- Endeavors to drive cost excellence will continue
- A&P spends have been lower than normal levels during the Covid period

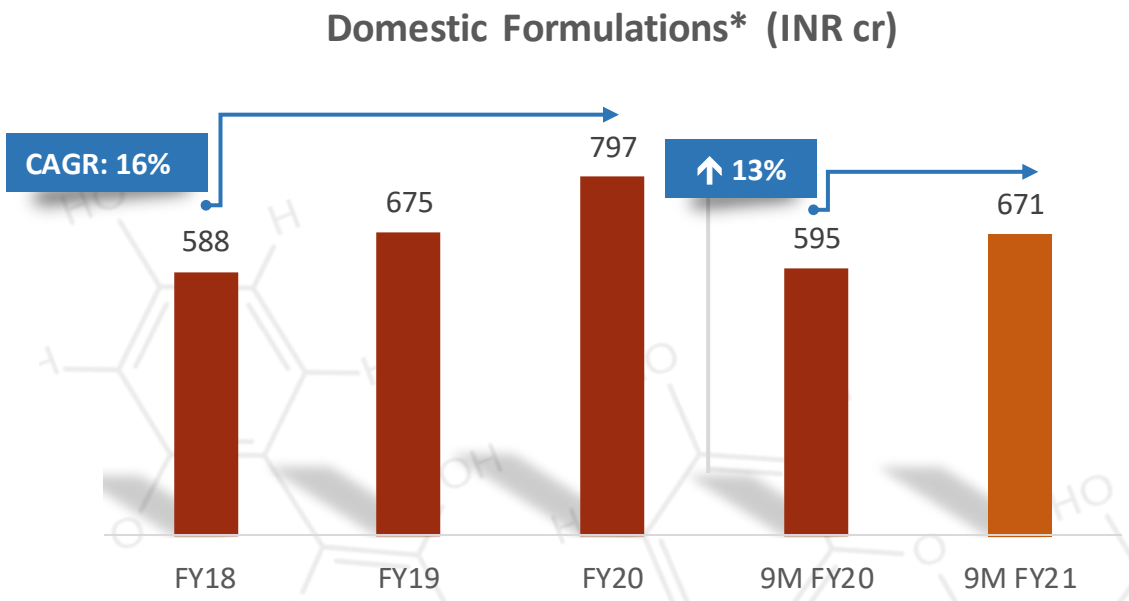
Accelerated profit growth





- Debt-free, cash surplus status maintained
- Effective Tax Rate to remain at the current level of ~24%
- Earnings Per Share at Rs. 44.95 per share for 9M FY21
- Interim dividend of Rs. 8.50 per share declared by the company's board after Q3 results

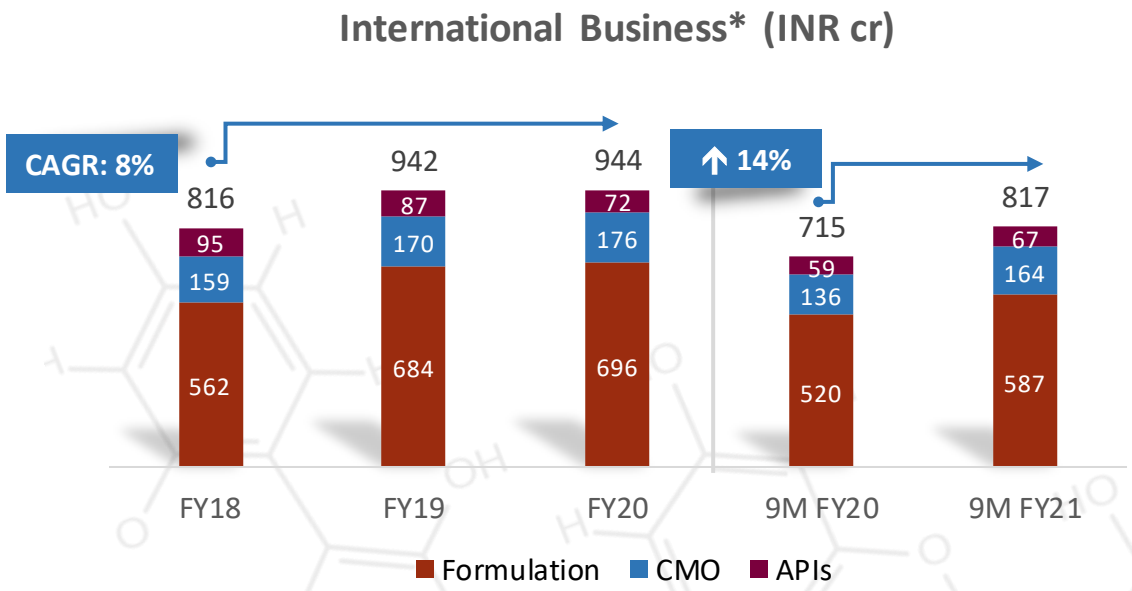
Business contribution – Domestic Formulations



- Consistently outpaced market (18% vs 4.4%: MAT Dec 20)
- Rank improvement from #32 to #28 in the same period
- Growth driven by key chronic segments of presence – cardiovascular/anti-hypertensive
- Top 5 brands improve their market position with 20% + growth rate
- Created new markets beyond Tier 2 towns for big brands
- Improved doctor/prescriber coverage trends and anticipated revival in acute, expect the healthy domestic trend to continue

*includes Contrast Media

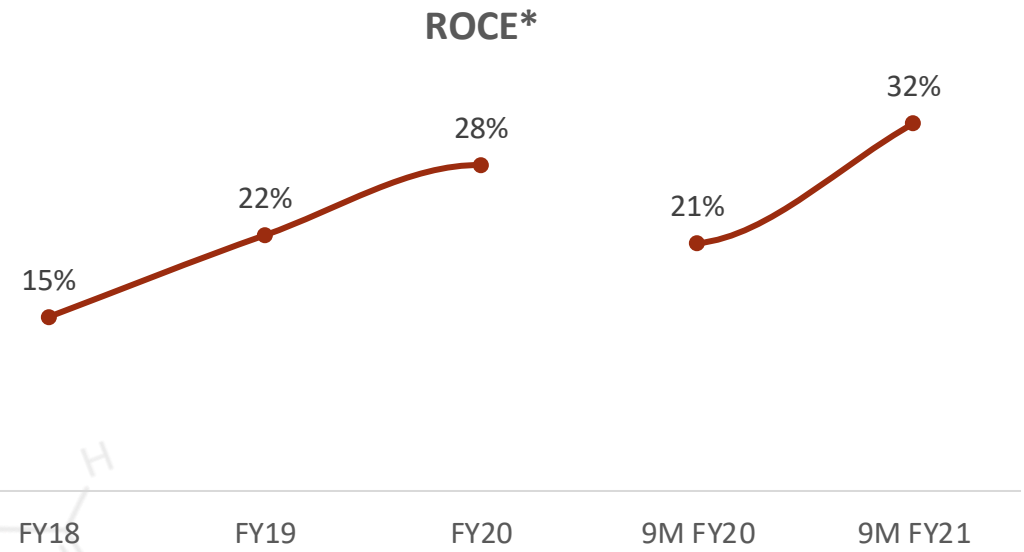
Business contribution - International

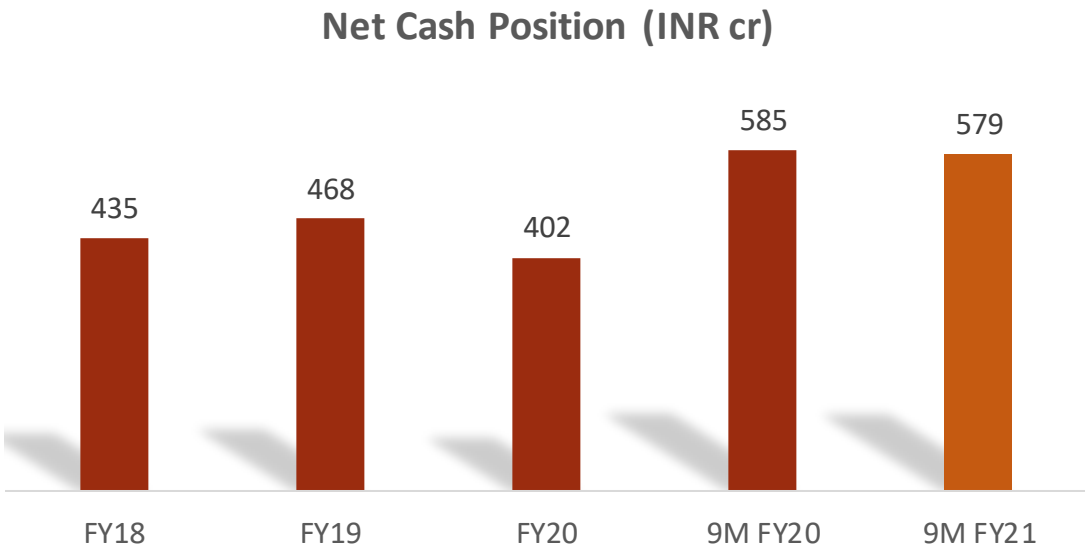


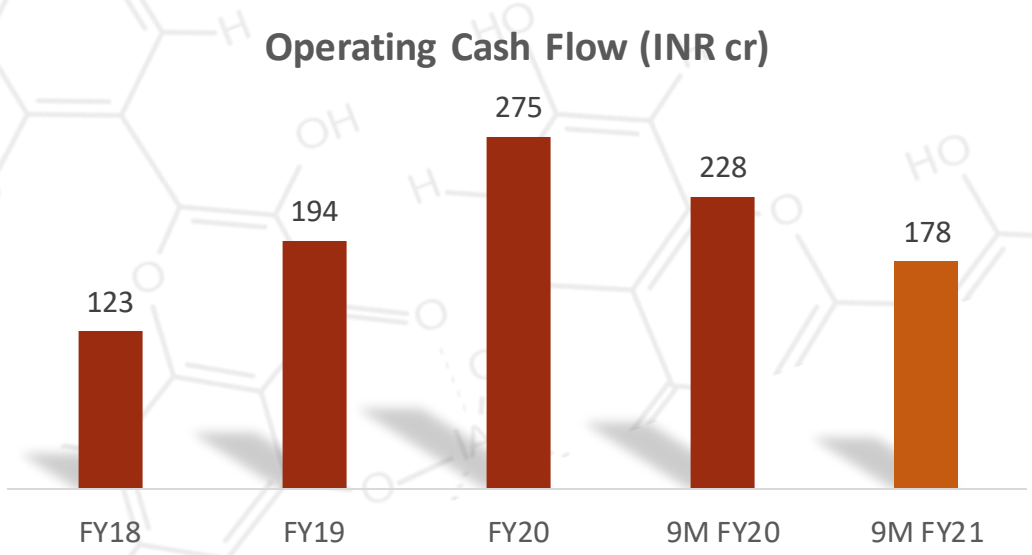
- Exports order book remains strong
- South Africa and USA have been growth contributors in the recent period
- Order flows from Contract Manufacturing clients are gradually improving
- API demand has stabilized and now continues to deliver healthy growth performance
- With Covid situation normalizing, expect demand revival going forward in Latin America, Russia/CIS, Africa and South East Asia

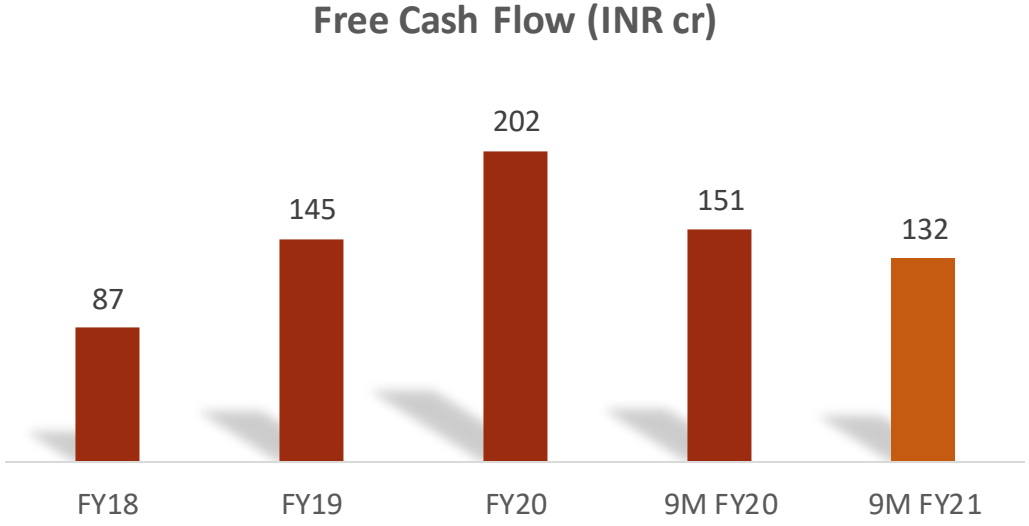
**consists of Export Formulations, Contract Manufacturing and APIs*

Substantial improvements in shareholder returns and consistent cash generation









** ROCE = EBIT/(Net Worth + Debt - Mutual Fund Investments)*

Financial Performance

Particulars (Rs. Crore)	FY18	FY19	FY20	CAGR	9M FY20	9M FY21	YoY Growth
Revenue from Operations	**1,413.0**	**1,643.2**	**1,774.7**	**12.1%**	**1,331.2**	**1,514.1**	**13.7%**
Cost of Goods Sold	537.8	596.5	630.8	**8.3%**	483.8	507.0	4.8%
Employee Benefit Expenses	251.1	288.2	322.9	**13.4%**	237.4	254.4	7.2%
Other Expenses	406.8	453.2	443.4	**4.4%**	324.1	316.1	-2.5%
EBITDA	**217.3**	**305.3**	**377.6**	**31.8%**	**285.9**	**436.6**	**52.7%**
EBITDA Margin	***15.4%***	***18.6%***	***21.3%***		***21.5%***	***28.8%***	
Depreciation	57.0	55.6	66.3	**7.8%**	48.9	52.1	6.5%
Finance Costs	3.5	4.2	3.0	**-7.4%**	2.5	6.6	164.0%
Other Income	37.1	41.4	50.7	**16.9%**	47.5	87	83.2%
Profit Before Exceptional Items and Tax	**193.9**	**286.9**	**359.0**	**36.0%**	**282**	**465**	**64.9%**
Exceptional Items	0	0	10.0		0	0	
Profit Before Tax	193.9	286.9	349.0	**34.1%**	282.00	464.90	64.9%
Tax Expenses	55.2	93.0	76.5	**17.7%**	59.5	117.2	97.0%
Net Profit After Tax	**138.70**	**193.90**	**272.50**	**40.1%**	**222.50**	**347.70**	**56.3%**
Paid-up Equity Share Capital	16.7	16	15.5		16.0	15.5	
Diluted EPS (Rs.)	**16.5**	**23.5**	**34.2**		**27.7**	**45**	

** Profit Before Tax for 9M FY21 includes non-recurring income of ~Rs. 34 crore related to sale of sale of product registration, marketing authorization along with trademark. The transacted asset has not been contributing to the company's revenues.*

Way Forward

Organic growth to sustain at a higher pace than industry

Infrastructure and resources available to support growth in near and mid term

Incremental focus on R&D

Prudently investing business gains in growth initiatives

Well-considered evaluation of synergistic and value-accretive M&A opportunities

About J.B. Chemicals & Pharmaceuticals Limited

J.B. Chemicals and Pharmaceuticals Limited (JBCPL) (BSE: 506943 | NSE: JBCHEPHARM | ISIN: INE572A01028), established in 1976, is one of India's leading pharmaceutical companies. An integrated, publicly-listed organization with a focus on supplying affordable, quality products both in India and internationally, JBCPL is trusted by healthcare professionals globally. Today, JBCPL exports to over 40 countries across the world and earns more than half its revenue from its international business. JBCPL is widely committed to manufacturing a range of innovative specialty products that include various pharmaceutical dosage forms like tablets, injectable (vials, ampoules, form fill seal), creams & ointments, lozenges, herbal liquids and capsules. JBCPL has its headquarters in India's financial capital, Mumbai. With a domestic sales force of 2,000 people, several internationally approved state-of-the-art manufacturing units, a research and development center, and subsidiaries abroad, JBCPL has a consistent track record of enhancing value for its shareholders.

For more details on J.B. Chemicals and Pharmaceuticals Limited, please visit www.jbcpl.com.

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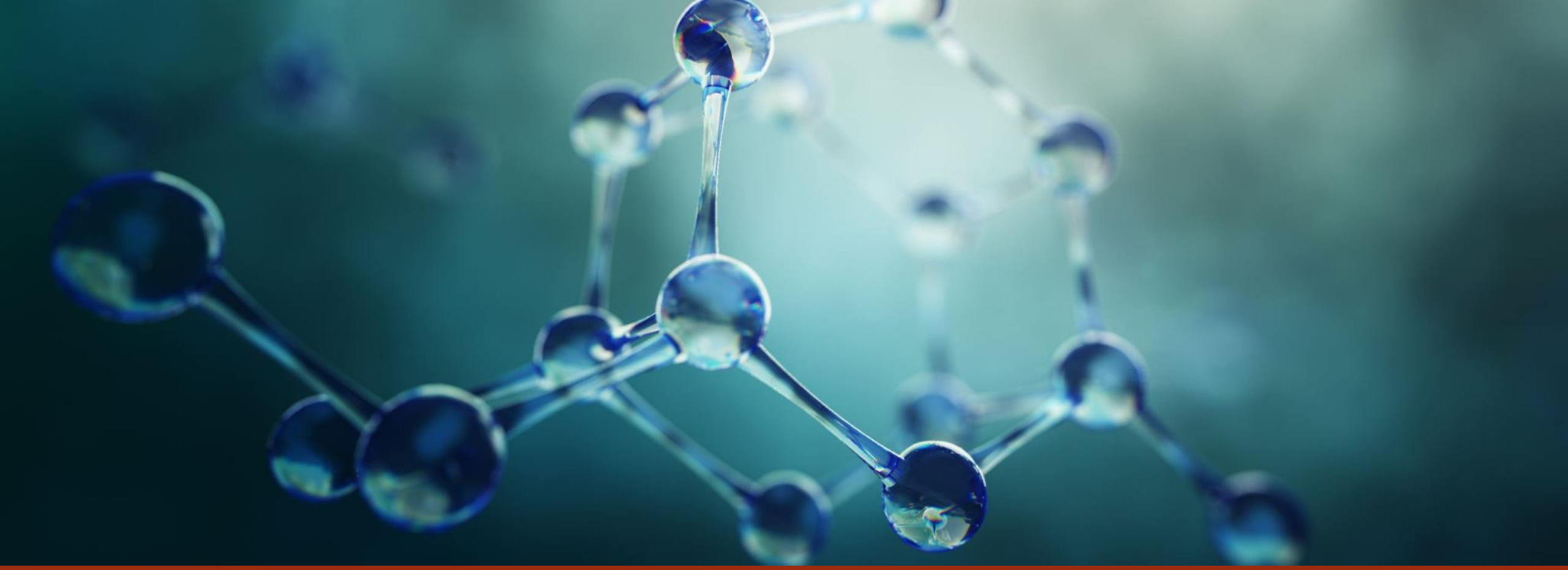

Thank You