

J. B. CHEMICALS & PHARMACEUTICALS LIMITED

January 27, 2022

BSE Ltd.
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai 400 001

BSE Scrip Code: 506943

Stock Symbol: JBCHEPHARM

Dear Sir,

Subject: Investor Presentation

Enclosed please find the presentation the Company proposes to make to investors/analysts in relation to the Acquisition of Brands and Related Assets from Sanzyme Private Limited.

Thanking you,

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

Sandeep Phadnis
Vice President – Secretarial
& Company Secretary

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**J.B. CHEMICALS &
PHARMACEUTICALS LTD.**

**Acquisition of Brands & Related
Assets from Sanzyme Private Limited**

January 2022





J.B. CHEMICALS &
PHARMACEUTICALS LTD.

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**J.B. CHEMICALS &
PHARMACEUTICALS LTD.**

Company Overview



Corporate Snapshot

45

Years of operations with consistent track record across multiple businesses

40+

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

21%

Growth in chronic therapies* in the domestic formulations business

7

Multi-dosage formulation plants with key global approvals/compliances

5

Brands among top 300 brands, contributing over 70% of domestic formulations revenues

Top 5

Global manufacturer of medicated/herbal lozenges representing a substantial opportunity

#2,100+

Strong India field force with therapy-focused segmentation

**42%

ROCE with strong cash position and consistent cash flow generation



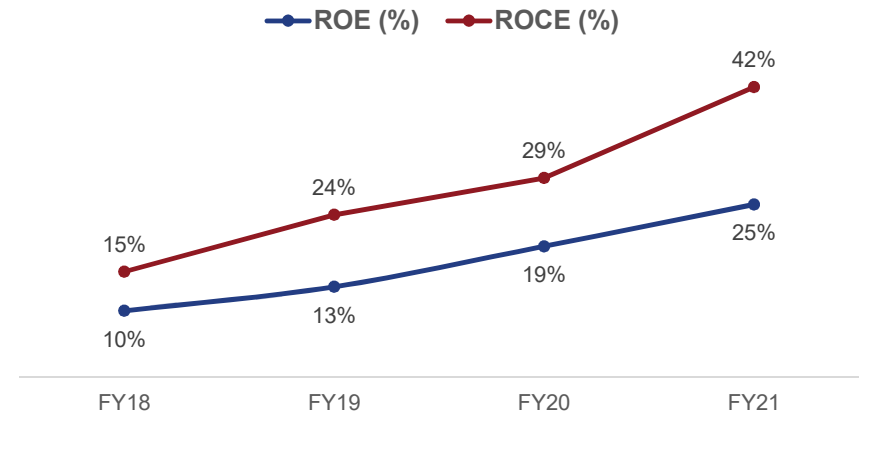
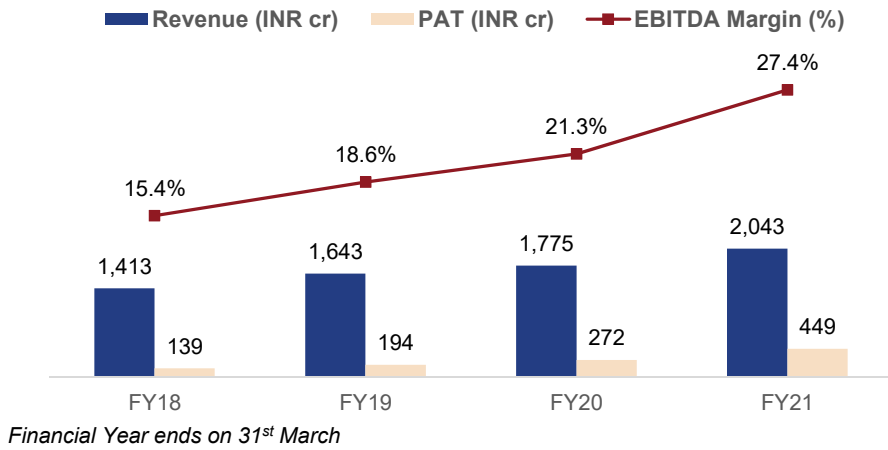
* CAGR over FY17-FY21

Includes MR and Supervisors

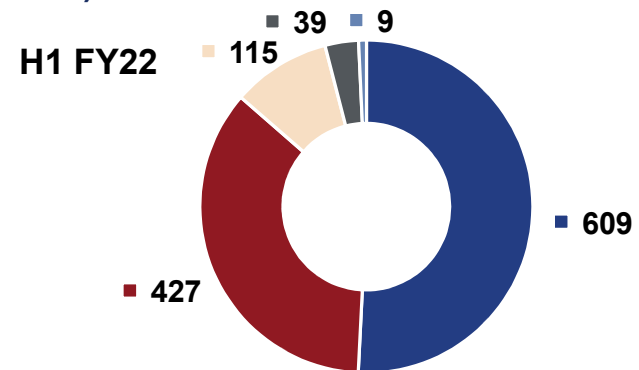
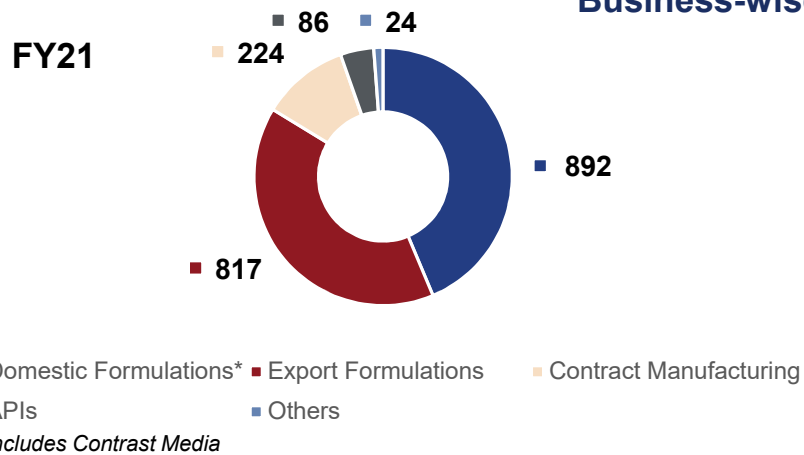
** ROCE for FY21 $ROCE = EBIT / (Net\ Worth + Debt - Mutual\ Fund\ Investments)$



Corporate Snapshot – Financial Overview



Business-wise Revenue (INR crore)



Presentation Index

Transaction Overview & Opportunity

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Financials/Way Forward

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**J.B. CHEMICALS &
PHARMACEUTICALS LTD.**

Transaction Overview

Transaction Overview



Transaction Overview	<ul style="list-style-type: none"> • Acquisition of brands and related assets from Sanzyme Private Limited in the probiotics, therapeutic nutraceuticals and reproductive health market
Brands Overview	<ul style="list-style-type: none"> • Sanzyme is a leading player in the probiotics and hormones segments • Flagship brand “SPORLAC” is one of the leading probiotic brands in the country – launched in 1973, even today it remains one of the most trusted brands within the segment • “LOBUN” is another multi-strain probiotics blend which is used to delay progression of CKD (Chronic Kidney Disease) – it is one of the most trusted formulations prescribed by leading nephrologists across the country • Sanzyme also has a comprehensive range of products across all phases of the female reproductive health cycle and the most common male reproductive issues
Distribution Network	<ul style="list-style-type: none"> • HCPs, Hospitals & Pharmacy Networks: covering GPs, CPs, Pediatricians, Nephrologists, Urologists, Gynecologists, IVF centers • Pan-India network which caters to 300,000 pharmacists and reaches 100,000 doctors
Financial Snapshot	<ul style="list-style-type: none"> • FY22 Estimated Revenue: INR 135 crore • Gross Margin: 70%+ • Sustainable EBITDA: INR 45 to 50 crore

Transaction Overview

- JBCPL will pay a consideration of ~INR 628 crore* upon successful closing of the transaction
 - The transaction is expected to close in the next two weeks subject to customary closing formalities
- JBCPL will fund the acquisition through a mix of internal accruals and short-term debt
 - As of September 30, 2021 JBCPL had ~INR 741 crore of cash on its Balance Sheet
- The acquisition will mark JBCPL's entry into the fast-growing probiotics segment, which is growing at 12-14% annually
 - >50% of the acquired brands revenue comes from the probiotics segment
- The acquisition will help JBCPL become a top-five probiotics player and create synergies with its strong prescriber base in the gastroenterology and nephrology segments. It will also mark JBCPL's entry into the IVF segment.
- Going forward, JBCPL will rely on both third-party manufacturers and Sanzyme Private Limited for its supply needs

*Excluding taxes, stamp duty and working capital

Sanzyme Portfolio Overview

Overview

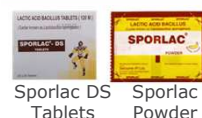
- Sanzyme is engaged in the manufacturing of speciality probiotics formulations and infertility management products
- **Operates through three divisions:** Sporlac, Nephro & Urology (NU) and Mother & Child
- **Key Brand Portfolio:**
 - **Probiotics:** Sporlac, Lobun
 - **Reproductive Health:** Gynogen, Pubergen, Nano Leo

IQVIA Data MAT Dec'21 (INR crore)

Sporlac	Lobun	Gynogen	Pubergen	Nano Leo	Total
61	22	13	18	10	160

Brands Portfolio

Sporlac Division



- 3rd largest probiotics brand in India today³
- Wide range of indications like diarrhea, IBS/IBD², immunity building, dental caries etc.

NU division



Lobun
(Probiotics)

- Multi-strain probiotics blend
- Used to delay progression of CKD⁴ with no alternate drug therapy



Oxalo
(Probiotics)

- Multi-strain probiotics blend
- Alternate risk-free therapy to decalcify kidney stones



Nano Leo
(Sexology)

- Nutra product targeting erectile dysfunction

Mother & Child Division

Human Chorionic Gonadotropin



Complete range of infertility products

- Follicle development
- Ovulation
- Early pregnancy
- Later stage of pregnancy

Cetrorelix & HCG



Natural Progesterone



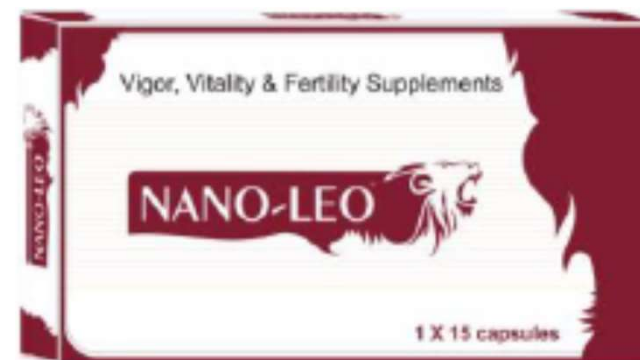
FSH¹ & HMG²



Transaction Overview – Key Brands



J.B. CHEMICALS & PHARMACEUTICALS LTD.



CEO's Message



Nikhil Chopra,
CEO & Whole Time Director

- We are glad to announce our first acquisition which expands our presence into new therapeutic areas and increases the addressable opportunity in the India pharma market. This is in line with our stated objective of building big brands through category leaders.*
- Sanzyme has been a pioneer in the probiotics segment, and we wish to build further on this legacy. This acquisition also reinforces our strategic intent to evaluate opportunities to supplement our growth ambition in India. Overall, our objective is to deploy capital judiciously to enhance value for all stakeholders.*

Investment Thesis

High growth market

- Focused on high growth probiotics and reproductive health market

Attractive set of brands

- Leadership position in operating categories
- Highly scalable and go to brands portfolio with opportunities for lifecycle management
- Synergies with JBCPL's existing Go-To-Market model
- Potential to integrate with JBCPL's best-in-class in-clinic and medico-marketing practices

Margin accretive

- Robust operational metrics: secondary sales, receivables
- Strong profitability

Headroom to further expand on pan-India presence

- Strong distribution network and sound business hygiene practices
- Leverage coverage and reach In JBCPL's pockets of strength e.g. in states like West Bengal, UP, Bihar and Kerala

Multiple levers available with JBCPL to accelerate next phase of growth



Lifecycle management of existing brands, leverage on existing brand equity



Similar prescriber base to expand presence



Synergies with existing therapy areas – Gastro, Nephrology



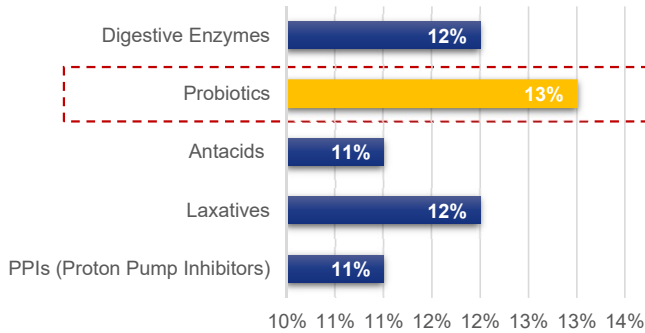
OTX potential



Probiotics presents a rapidly growing market opportunity

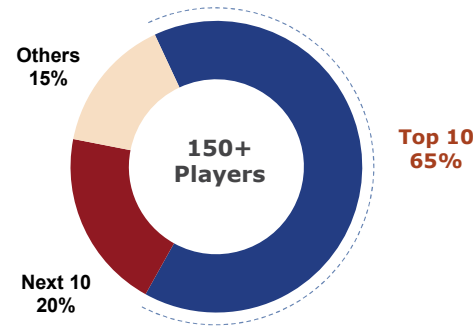
Probiotics is the fastest-growing subgroup in the Indian Gastro market

Indian Gastro-Intestinal Market - CAGR (MAT Dec'17-Dec'21)

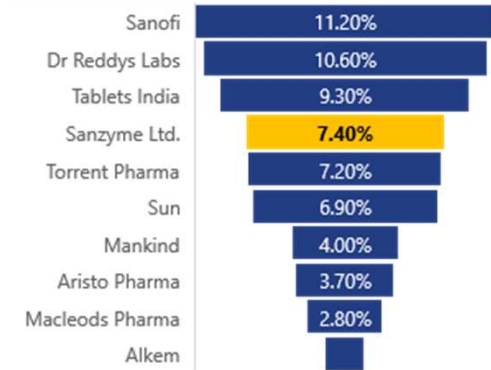


Note: Pre-COVID probiotic %G was 15% (CAGR Dec'17-Dec'19)

Market Share Distribution (%)



Indian Probiotics Market % MS



Health Benefits

Contain good bacteria, supporting gut health and boost immune function

Indication Expansion

Can explore expanding usage in other indications

Nascent Market

Expanding usage in depression, oral health, nasal congestion etc.

Safety

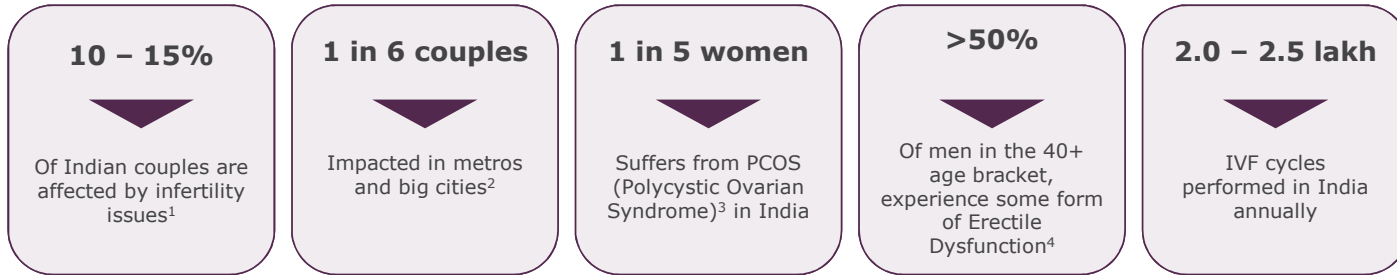
Generally considered safe to be used with other medications

Probiotics market has outpaced IPM growth and comes with a huge untapped market potential

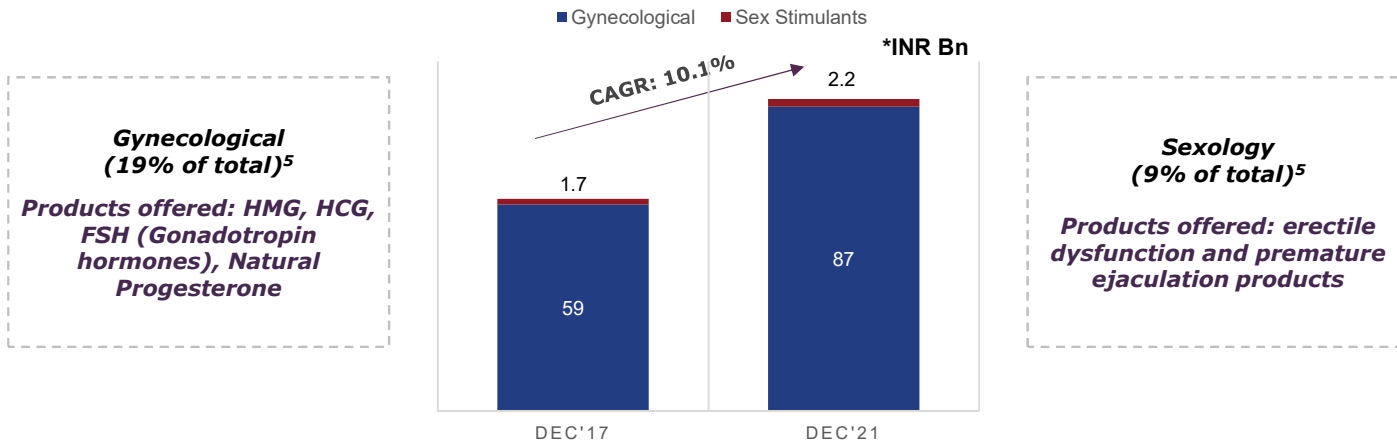


Reproductive Health market to grow rapidly given rising incidence of infertility cases in India

High prevalence of reproductive health issues in India



Within Reproductive Health market, Sanzyme offers Gonadotropin Hormones and Sexology products



Source: IQVIA MAT DEC'21

Note: 1 AIIMS; 2. Indian Society of Assisted Reproduction; 3. PCOS Society of India; 4. National Health Portal of India; 5. As a % of FY22E sales

Strong Brand Equity: Sanzyme has created leading GTM brands in both mass and speciality probiotic segments

- ✓ *Sporlac is a leading Probiotic brand, highly recommended by healthcare professionals*
- ✓ *Innovative speciality products developed to meet unmet demand in the niche kidney care segment*

Sporlac
(Sporlac division)







#3

- India's first Probiotics brand, introduced in 1970s*
- 3rd largest Probiotics brand in India today, by value¹*
- Wide range of indications like diarrhea, IBS / IBD², immunity building, dental caries etc.*

Lobun
(NU division)



#1

- Multi-strain Probiotic blend*
- Used to delay progression of CKD³ with no alternate drug therapy*

Oxalo
(NU division)



#2

- Multi-strain Probiotic blend*
- Alternate risk-free therapy to decalcify kidney stones*

Ranking by category

Note: ¹ By value, as per AIOCD AWACS (MAT, Mar-20); ² Irritable Bowel Syndrome / Inflammatory Bowel Disease; ³ CKD: Chronic Kidney Disease



Headroom to further expand on pan-India presence

	Segment	Core	Key Brands ¹	Sales Channel	Specialist Coverage
Probiotics	Sporlac	Pioneer in probiotics category	Sporlac	Pharmacies	General Practitioners, General Physicians, Pediatricians
Reproductive Health	(Nephro & Urology)	Novel application of probiotics in kidney care and nutraceuticals in select therapeutic segments	Lobun Nano Leo	Pharmacies	Nephrologists, Urologists, Other Specialists, General Physicians
	Reproductive Health	Gonadotropins and other hormones for pregnancy and infertility	Gynogen Pubergen	Pharmacies, dispensing hospitals	Gynecologists, IVF, IUI, Pediatricians, General Practitioners

Distribution Network

Distribution Reach

Division	No. of Pharmacies
Sporlac	3,00,000+
NU (Nephro & Urology)	28,000+
Mother & Child	18,000+

Reach to ~1,00,000 HCP's

Geography Synergy

	RANTAC Dec MAT'21 %MS	SPORLAC Dec MAT'21 %MS
WEST BANGAL	16	0
UTTAR PRADESH	16	5
KOLKATA	11	0
KARNATAKA	6	11
RAJASTHAN	5	15
KERALA	5	0
TELANGANA	4	10
GUJARAT	3	9
PUNJAB	1	10
MADHYA PRADESH	1	12

IVF – In vitro fertilization / IUI – Intrauterine insemination

Sanzyme offers significant synergies with JBCPL's current business lines and India GTM model



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Area	Comments	Synergy
Market Opportunity	<ul style="list-style-type: none"> • Among the highest growing segments in Indian pharmaceutical market and gastro-enterology segment • Still a nascent opportunity in India • Strong OTX orientation – mix of Rx and over the counter sales • Associated with immunity boost and health benefits 	✓
Therapy Strengths	<ul style="list-style-type: none"> • Flagship Sporlac brand is widely indicated for diarrhea, gastro disorders, in line with our therapeutic strength in gastroenterology • Other specialized probiotic brand – Lobun is used for delaying Chronic Kidney Disease progression, widely with nephrologists 	✓
Prescriber Overlap	<ul style="list-style-type: none"> • More than 70% prescribers are GPs & CPs – core prescribers of JBCPL • Other focused specialties like pediatricians, dentists, nephrologists, and diabetologists are also high potential prescribers 	✓
Promotion with Existing BUs	<ul style="list-style-type: none"> • Paediatric and nephro specialized probiotic range can be promoted by existing business divisions 	✓



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Financial Way Forward

- Acquisition of Sanzyme's brands will help accelerate growth for the India business
 - India business to now account for more than 50% of JBCPL's revenues
- Go-To-Market synergies expected to accelerate top line performance and ensure profitability of the business
- JBCPL's IPM ranking in India should move up two places



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 the fastest growing pharmaceutical companies in India and a leading player in the hypertension segment. Besides its strong India presence, which accounts for majority of its revenue, its other two home markets are Russia and South Africa. In India, the company has five brands among the top 300 brands in the country. The company exports its finished formulations to over 30 countries including the USA. Besides supplying branded generic formulations to several countries, it is also a leader in the manufacturing of medicated lozenges. The company ranks among the top 5 manufacturers globally in medicated and herbal lozenges. It has seven state of the art manufacturing facilities in India including a dedicated manufacturing facility for medicated lozenges. The manufacturing facilities are certified by leading regulators across the world.

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



J.B. CHEMICALS &
PHARMACEUTICALS LTD.

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Thank You