

# Presentation to Analysts

## 14-07-2010



# Forward Looking Statements

In this presentation we have disclosed forward looking information to enable investors to comprehend our prospects and take informed investment decisions. This presentation and other statements, written and oral, that we periodically make contain forward looking statements that set out anticipated results based on the management's plan and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'aims', 'estimate', 'expects', 'project', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Everybody should bear this in mind.

# Brief about J. B. Chemicals & Pharmaceuticals Ltd. (JBCPL)

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- The name J. B. Chemicals & Pharmaceuticals Ltd. was christened after Mr. J. B. Mody who is the Chairman and founder of JBCPL. The J. B. Mody family comprises of Mr. J. B. Mody and his two younger brothers – Mr. D. B. Mody and Mr. S. B. Mody.
- The J. B. Mody family is the promoter of JBCPL, a leading and publicly traded pharmaceutical company.
- Leading by the vision and dynamism of Mr. J. B. Mody, a visionary and pioneer with an experience of over five decades in the pharmaceutical industry, the family has diversified into different sectors with investments in IT and real estate sectors.

## Brief about JBCPL

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- Incorporated in 1976 with an IPO in 1985
- Listed on the BSE and NSE
- Managed by executive directors with professionals drawn from the field.
- 3 R&D centres, engaged in formulations & API development and NDDS.
- Operating Subsidiary in Moscow and Romania.
- Non-Trading Office in Moscow (Russia), Kiev (Ukraine) and Tashkent (Kazakhstan).
- Total employee strength of 2900.

# Promoters

- **Mr. J. B. Mody**  
Chairman & Managing Director
- **Mr. D. B. Mody**  
Whole time director (Administration)
- **Mr. S. B. Mody**  
Whole time director (Marketing)



# The Next Generation...

- **Mr. Bharat P. Mehta**  
Whole time director (Planning & Development)
- **Mr. Pranabh Mody**  
President & Whole time director (Operations)
- **Dr. Rajen D. Shah**  
Director



# The Next Generation...

- **Mr. Jay B. Mehta**  
Vice President – International Division



- **Mr. Nirav Mody**  
Vice President – Strategic Marketing  
and Business Development



# Independent Directors

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- **Bansi S. Mehta**
- **Durga Dass Chopra**
- **Rohan P. Shah**
- **Rajiv C. Mody**
- **Dr. Satyanarain Agarwala**
- **Dr. Niranjana N. Maniar**
- **Mahesh K. Shroff**

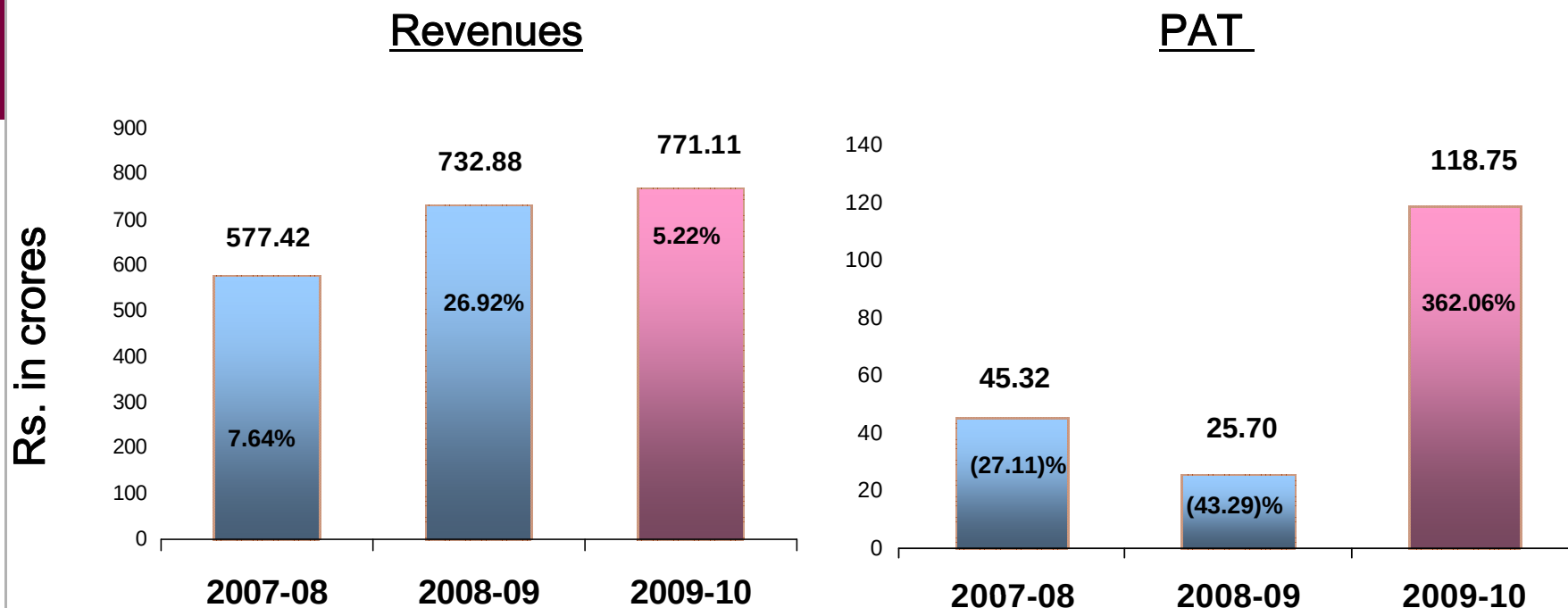


## Financial Performance – Consolidated

Rs. in crores

| Particulars   | 2007-08 | 2008-09 | 2009-10 |
|---------------|---------|---------|---------|
| Net Sales     | 562.40  | 717.09  | 740.97  |
| Other Income  | 15.01   | 15.8    | 30.13   |
| Total Revenue | 577.41  | 732.89  | 771.10  |
| PBDIT         | 76.79   | 70.22   | 178.85  |
| PBT           | 43.69   | 37.06   | 148.07  |
| PAT           | 45.32   | 25.71   | 118.75  |

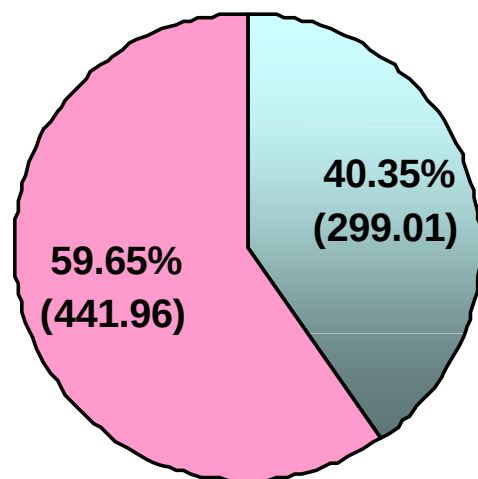
# Revenues & Profits - Consolidated



Figures inside the bars indicate growth over the previous year

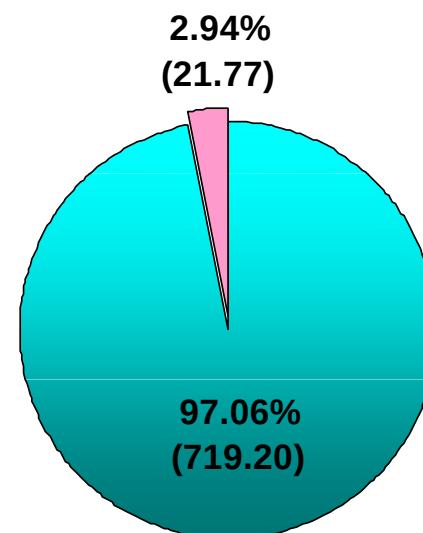
# Sales composition 09-10-Consolidated

**Domestic & Exports**  
(in % & Rs. in crores)



■ Domestic ■ Exports

**Formulations & API**  
(in % & Rs. in crores)



■ Formulations ■ API

## Financial Highlights – Consolidated

| Particulars                | 2007-08 | 2008-09 | 2009-10 |
|----------------------------|---------|---------|---------|
| EBIDTA (as % to net sales) | 13.65   | 9.79    | 24.13   |
| PAT to Net Sales (%)       | 8.05    | 3.59    | 16.03   |
| ROCE                       | 9.01    | 7.54    | 21.82   |
| RONW                       | 10.00   | 5.48    | 20.90   |
| Book Value (Rs.) (FV 2)    | 53.72   | 55.60   | 67.37   |
| EPS (Rs.) (FV Rs. 2)       | 5.37    | 3.05    | 14.08   |
| Borrowings (Rs. in crs)    | 196.35  | 178.76  | 136.75  |
| Net Worth (Rs. in crs)     | 453.02  | 468.89  | 568.11  |
| Debt-Equity Ratio          | 0.43:1  | 0.38:1  | 0.24:1  |

# Our Businesses

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- **Domestic Formulations:**
  - Ethical products
  - Contrast Media products
- **Russia & CIS**
  - OTC products
  - Ethical products
- **Rest of the World (RoW)**
  - OTC products
  - Ethical products
  - CRAMS
- **APIs**

# Domestic Formulations

## ➤ Ethical products:

- Domestic market estimated at about Rs. 50,000 crores and growing by about 18% as per ORG.
- JBCPL Ranked 37<sup>th</sup> (ORG) with 3 brands featuring in top 300 brands reported by ORG.
- JBCPL continued consolidation process during 09-10, and adopted key brands focus marketing strategy.
- At net sales of Rs. 210 crores, the sales increased by 5% and 14 focus products (Non-DPCO) sales increased by 29%.

## Domestic Formulations (Contd.)

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- Top 4 therapeutic segments: Gastro-enterology, Cardiovascular, Pain management and Antibiotic.
- Acute segment contributes about 82% of total sales.
- Current field force: 700 including 550 MRs.

## Domestic Formulations (Contd.)

### ➤ Growth Plan:

- JBCPL has placed increased concentration on domestic market for next level growth.
  - Increase in field force
  - New product introductions
- Planned approach to increase sales of non-DPCO products.
- 3 new products (Gastro, Antibiotic & Dermatological) planned for launch in 10-11.
- JBCPL plans to increase field force to 2000 by next year, with plan to increase 300 in next 3 months and to 1500 during 10-11. This is aimed at strengthening rural market presence with strength increase in urban market too.



## Domestic Formulations

### ➤ Contrast Media products:

- Caters to niche radio-diagnostic products used in CT Scan, MRI and Cath Lab.
- In 09-10, net sales at Rs.18.64 crores increased by 9%.
- Just launched a new Ultrasound Contrast Imaging product ('Definity') of a US company Lantheus Medical Imaging Inc.
- JBCPL expects this business to grow in 10-11.

# Russia / CIS: Our Major Presence



## Russia / CIS

- Russia is most potential market in BRIC countries. Russian market is estimated at about US \$ 12 billion at retail level, growing by about 7% in value annually.
- JBCPL ranked 3<sup>rd</sup> Indian company after Ranbaxy and Dr. Reddy's.
- Entered Russia in 1992 and fairly well settled in Russia/Ukraine.
- Important markets for JBCPL in the region include Russia, Ukraine, Uzbekistan, Kazakhstan, Azerbaijan and Tajikistan.
- In 09-10, total consolidated sales in the region stood at US \$ 73 million, with sales in the region growing by 8.22%.

## Russia / CIS (Contd.)

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- Top 3 brands contribute about 90% of the sales.
- Plan to launch throat Lozenges (with anesthetic), Contrast media and anti-Spasmodic product during 10-11.
- Distribution of products in Russia through wholly owned subsidiary.
- JBCPL employs 180 people in Russia, 104 in Ukraine, 53 in Uzbekistan, 34 in Kazakhstan and 31 in other CIS countries.
- Ranked as 'Best Employer' in Russia in 2008 and 2009.

## Russia / CIS (Contd.)

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- High foreign exchange exposure managed through regular forward sale contracts.
- New products launches & aggressive product promotion campaigns to help achieve growth targets.

## Rest of the World (RoW)

- In 09-10, sales of US \$ 21 million achieved growth of 14%. The company has placed a special emphasis to achieve growth in this segment.
- Top 10 markets by South East Asia, South Africa, Other African Countries, Middle East, Latin America, Algeria and Asian countries.
- Major therapeutic segments: Gastro-enterology, Respiratory, NSAID, Antibiotic, Anti-hypertensive and Contrast Media products.
- Mode of operations: Some countries through country managers and others through distributor salesman.
- Product pipeline being strengthened to support growth objective.

## Rest of the World (RoW) (Contd.)

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- Sales in US/Canada rising, though small at present.
- Anti-bacterial, Anti-allergic and NSAID ANDAs already commercialized. Anti-hypertensive & anti-fungal ANDAs planned for commercialization.
- Expect sales of US \$ 10 million by next year.
- 2 more ANDAs planned. One will be filed this year and the other is expected the next year.

## Rest of the World (RoW) (Contd.)

- In 2007, JBCPL has made strategic investment of US \$ 5 million in Biotech Laboratories (Pty.) Ltd., South Africa, a BEE marketing and distribution company.
- Have 49% equity stake with preference shares to take it to 51%.
- Robust products pipeline to strengthen direct business with Biotech. Current business at US \$ 3 million, and expect business of US \$ 5 million by next year.
- Biotech achieved sales of 95 million (42% growth) Rands and PAT of 5 million Rands in 2009, and plans to achieve sales of 270 million Rands by 12-13.



## Rest of the World (RoW) (Contd.)

### ➤ CRAMS

- 3 projects including one awarded by leading South African company successfully commercialized.
- 3 more projects including one awarded a by leading US and two by Australian companies are under implementation.
- Present revenues at about US \$ 1.50 million, confident that this business will contribute US \$ 3 to 5 million by next year.

# Lozenges

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- **Lozenges, a JBCPL niche strength, has excellent scope in global market.**
- **We manufacture lozenges under our own brands.**
- **We manufacture private label lozenges for leading UK and Canadian company.**
- **We have also won CRAMS project for Lozenges from South African & Australian company.**
- **Total 09-10 sales for Lozenges about Rs. 50 crores.**



# API Business

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- JBCPL manufactures 7 APIs, and is one of the largest manufacturer of Diclofenac Sodium (BP, EP, USP).
- Current business at Rs. 22 crores, with 67% exports.
- An anti-hypertensive API developed & successfully scaled up during the year.

## Our Brands, Our Asset

|                     |                      |
|---------------------|----------------------|
| <b>Russia/CIS</b>   |                      |
| <b>Doktor MOM</b>   | Respiratory          |
| <b>Rinza</b>        | Anti-cold, Anti-flu  |
| <b>Metrogyl</b>     | Anaerobicide         |
| <b>India</b>        |                      |
| <b>Rantac</b>       | Anti-peptic ulcerant |
| <b>Metrogyl</b>     | Anaerobicide         |
| <b>Nicardia</b>     | Anti-hypertensive    |
| <b>Of</b>           | Antibiotic           |
| <b>Nor Metrogyl</b> | Anti-diarrheal       |

# Brand Testimony



“We Russians love  
Mercedes and Doktor  
Mom”

Komsomolskaya Pravda  
(Leading Russian Newspaper)



## Brand Testimony

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- Doktor Mom was awarded the “Most Trusted European Brand” in cough and cold remedies segment by Readers Digest Magazine Survey for seven successive years up to 2007.
- Doktor Mom was awarded Super Brand 2005 by Russia council.
- ‘Rantac’, ‘Metrogyl’ and ‘Nicardia’ ranks in top 300 brands (ORG-IMS) consecutively for over 10 years.

# Our Manufacturing Facilities

## At Gujarat:

### Plant TI - 10

- a. Located at Panoli
- b. Manufactures tablets
- c. Facility approved by:
  - US FDA
  - MHRA UK
  - TGA Australia
  - MCC South Africa
  - INVIMA Columbia
  - Germany (EU-GMP)
  - Ministry of Welfare - Latvia



# Our Manufacturing Facilities

## At Daman:

- a. Located at Kadaiya, Daman
- b. Manufactures lozenges and tablets
- c. Lozenges facility approved by:
  - MHRA UK
  - TGA-Australia
  - MCC-South Africa
  - MOH-Ukraine





# Our Manufacturing Facilities

## At Gujarat:

### Plant UM 12

- a. Located at Ankleshwar
- b. Manufactures tablets & liquids
- c. Facility approved by:
  - NDA - Uganda (Tablets & liquids)
  - Pharmacy Board - Tanzania (liquid)



# Our Manufacturing Facilities

## At Gujarat:

### Plant IV -17

- a. Located at Panoli
- b. Manufactures injectibles
- c. Facility approved by:
  - MCC-South Africa
  - ANVISA-Brazil
  - Ministry of Health, Ukraine



# Our Manufacturing Facilities

## At Gujarat:

### **Plant IV - 14**

- a. Located at Panoli**
- b. Manufactures injectibles, ointments & cold rubs**
- c. Facility approved by:**
  - **MCC-South Africa**
  - **NDA - Uganda**
  - **Ministry of Welfare - Latvia**
  - **Pharmacy Board - Tanzania**
  - **INVIMA Columbia**



# Our Manufacturing Facilities

## At Gujarat:

### Plant L-6

- a. Located at Panoli
- b. Manufactures liquids
- c. Facility approved by:
  - Ministry of Health, Ukraine
  - Germany (EU-GMP)
  - Ministry of Welfare - Latvia



# Our Manufacturing Facilities

## At Gujarat:

### Plant D 9

- a. Located at Panoli
- b. Manufactures API
- c. Facility approved by:
  - US FDA
  - Germany (EU-GMP)



## Share Capital composition (As on 31/03/10)

| Sr.No | Description                                  | %      |
|-------|----------------------------------------------|--------|
| 1     | Public Issue/Rights Issue/ Private Placement | 26.39  |
| 2     | Bonus Issue                                  | 55.03  |
| 3     | Acquisition of business                      | 18.42  |
| 4     | Employees Stock Option                       | 0.16   |
|       | Total                                        | 100.00 |

## Dividend: Last five years

| Year         | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 |
|--------------|---------|---------|---------|---------|---------|
| Dividend (%) | 130     | 130     | 25      | 50      | 100     |

## Shareholding pattern (As on 30/06/10)

| Category                                | No. of shares | % holding |
|-----------------------------------------|---------------|-----------|
| Promoters & Promoters Group             | 46858090      | 55.54     |
| Mutual Funds & Banks                    | 44800         | 0.05      |
| Insurance Companies                     | 2460462       | 2.92      |
| Foreign Institutional Investors (FII's) | 1027122       | 1.22      |
| NRIs/OCB                                | 1371723       | 1.63      |
| Resident public                         | 32606928      | 38.64     |
| Total                                   | 84369125      | 100.00    |

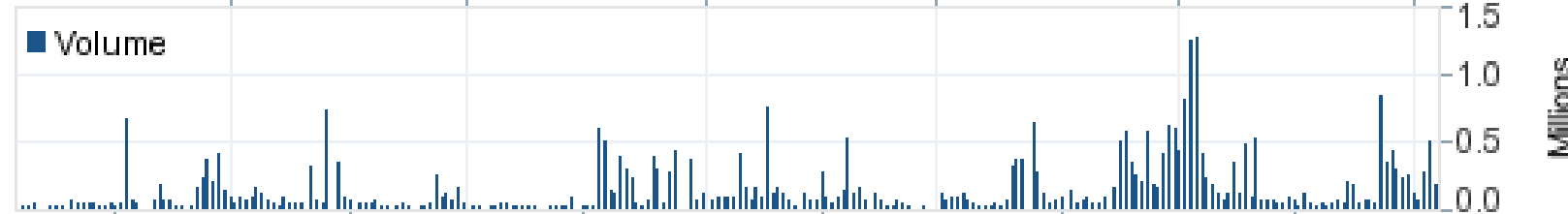


# Price Performance compared to Sensex

## J B CHEM PHR

■ JBCHEM.BO ■ ^BSESN

Jul 08, 2010





## Capex & Investments

- Plan to spend about Rs. 40 crores during 10-11. Will be fully financed by internal accruals.
- The above amount will be spent in further modernization of formulations facilities, new R&D activities, increase in field force in domestic market & increase in marketing activities in Russia/CIS. The above will lead to new growth opportunities.
- Plan to set up a unit in SEZ. Acquisition of 10 acres of land for the purpose underway.

**Thank you**