Gujarat Themis Biosyn Limited

Investor Presentation

September 2021

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Company Overview

Among India's few Fermentation based Intermediate manufacturers

GTBL among one of India's few fermentation based manufacturers in pharmaceutical field

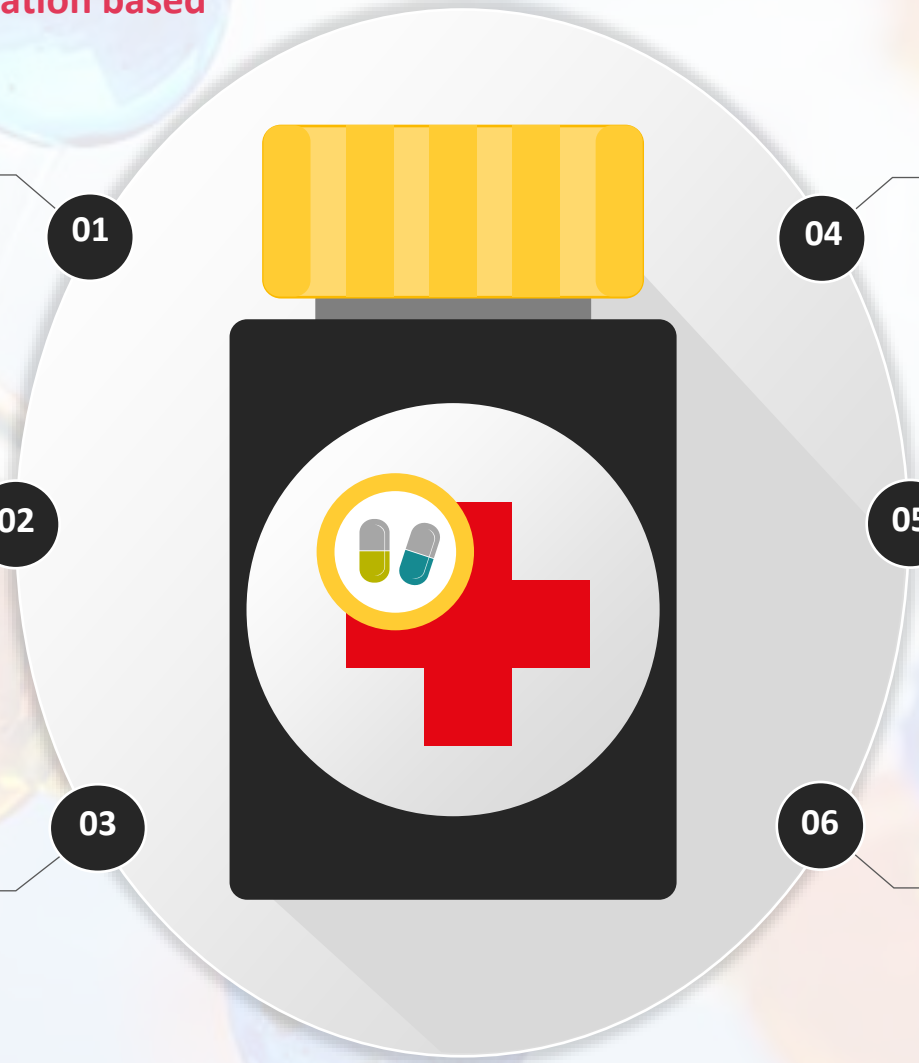
- Incorporated in 1981 as joint sector Company with GIIC Ltd. and Chemosyn (P) Ltd.
- India's First Company to start commercial production of Antituberculosis drug Rifampicin

Product Portfolio – strong and growing

- Rifamycins – Treatment of Tuberculosis and digestive tract infections
- First to start commercial production of Rifampicin using Fermentation process

Focus on Research and Development

- Company is establishing state of art R&D facilities
- Focus now is to develop new products in line with business strategy



State of Art Manufacturing Facility

- Plant in Vapi (Gujarat)
- Over 200 Employees engaged at plant site

Strong Collaborations

- TML has been open to Technical and commercial collaborations so that GTBL can adopt best technologies and best processes

Strong Financial Performance

- 107% YoY growth in Revenues
- Conservative Balance sheet: Net Debt to Equity ratio - 0.06 in FY21
- Virtually debt free

Journey So Far

1981
- Established as joint sector Company with Govt of Gujarat for fermentation business for manufacture of Erythromycin

1984
- Listed on Bombay Stock Exchange

1991
- Entered into JV agreement with PBG Ltd & Yuhan Corporation, South Korea to manufacture Rifampicin

2003
- Started manufacture of Lovastatin

2007-2009
- BIFR declared GTBL as sick Company
- Dr. Dinesh Patel stepped in as Guarantor and Adviser
- Themis Medicare Ltd entered as promoter brought in technical and managerial and unique fermentation expertise

2011-2015
- Started manufacture of Rifamycin S an intermediate for Rifampicin, running at full installed capacity
- Rehabilitation scheme approved by BIFR
- Net worth becomes positive much earlier than envisaged

2017-18
- Repaid total working capital loan
- Deregistration complete since the SICA, 1985 has been repealed

2019
- Changed its business model from Contract Manufacture to Manufacture and sales Model
- Started sale of Rifamycin O from September

2020
- Production continues despite COVID-19 pandemic

2021
- Mutually strategic decision to end technological partnership with Yuhan Group– currently in progress

Expert and Experienced Management Team

Dr. Dinesh Patel
Chairman

- Doctorate in Medicinal Chemistry
- Member of Royal Society of Chemistry, London, U.K.
- Industrialist having working experience in the Pharma Industry since 1973
- Expertise in Pharmaceutical research, Biotechnology, Fermentation technology, Banking and Business management

Dr. Sachin Patel
Director

- Doctorate in Biological chemistry from Christ's College, University of Cambridge, UK.
- Industrialist having working experience in the Pharma Industry since 2000

Mr. Jagdish Kaujalgi
Chief Executive Officer

- Diploma Mechanical Engineer with experience of more than 30 years in chemical industry
- Working with GTBL since Feb-2017

Mr. Rajneesh Anand
Part of Themis Group

- Associated with Themis Group in various senior capacities
- Notable Contribution to GTBL from his vast technical and managerial experience
- Professional having working experiences with Themis since 1977

Key Strengths

01 Strong Product Portfolio

- Demand side remains strong for product manufactured by GTBL
- More than decade old products with no replacement for these
- Continued to be most accepted and preferred products with growing demand

02 Investments in R&D

- New, state-of-the-art R&D centre under construction for new product development

03 Right mix of Strong Order Book with Buy and Sell model

- Secure, long-term contracts to ensure steady order book along with right mix of Buy & Sell orders leading to optimal profitability

04 Niche in fermentation-based production

- One of the very few players in India with technology and capacity/scale for fermentation-based product development

05 Available land for expansion

- Company's plans for growth can proceed unhindered as existing land under ownership is available for capacity expansion initiatives

06 Debt Free Company

- Conservative Balance sheet – Net Debt to Equity ratio - 0.06 in FY21
- Virtually debt free

Business Overview

Strong & Niche Product Portfolio – Growing at pace

Current Product Portfolio

Rifamycin S

- An intermediate for manufacturing drug Rifampicin (Anti biotic used for treatment of several types of bacterial infections, including tuberculosis, Mycobacterium avium complex, leprosy, and Legionnaires' disease)
- Capacity of Rifamycin S is 10,000 Kgs/Month

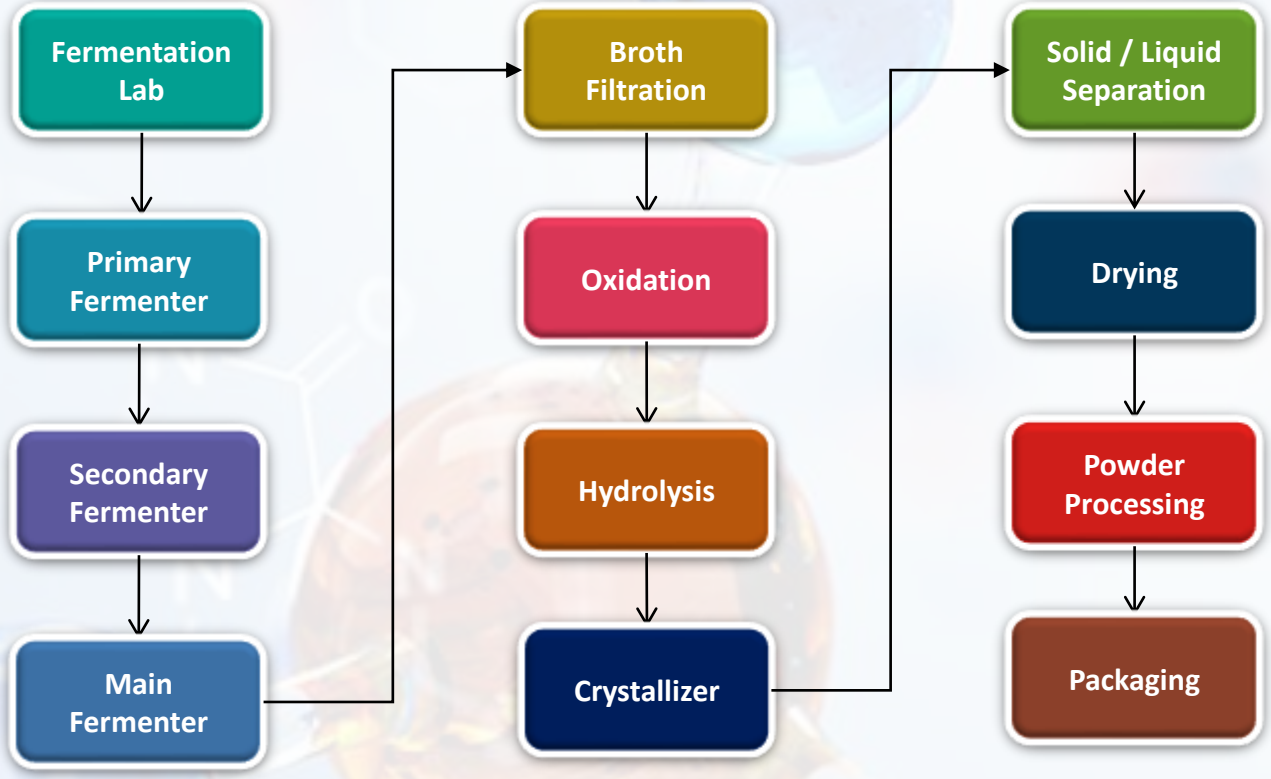
Rifamycin O

- An intermediate for manufacturing drug Rifaximin (Antibiotic used for treatment of traveler's diarrhea, irritable bowel syndrome, and hepatic encephalopathy)
- Capacity of Rifamycin O is 6,000 Kgs/Month

- **Identified and working developing four New Products and adding to portfolio**
- **Developing them all by self**
- **All specialised products and add huge value to portfolio**
- **Demand side remains pretty strong for products manufactured by GTBL –more than decade old products – no replacement for these – continue to be most accepted and preferred prodcust with growing demand**

Advantages of using the Unique Fermentation Process

Fermentation Process



GTBL and Fermentation Technology - Strive to develop new fermentation culture:

- Fermentation is the core competency of Company
- GTBL became India's first Company to start commercial production of Rifampicin used as Anti-tuberculosis drug using Fermentation process
- Has evolved into an integrated biopharmaceutical Company that also includes a contract development and manufacturing business of intermediates based on fermentation technology

Advantages of Fermentation Process in Drug Manufacturing

- **Developing new and efficient processes -** Going down synthetic route not only requires significant development but is time consuming and entails higher costs than fermentation option
- **Further advancement in developing fermentation technology -** Semi-synthetic approach draws upon advantages of fermentation in generation of new drugs. Natural molecules are produced through fermentation then modified synthetically, reducing toxicity, increasing potency and selectivity, and overcoming bacterial resistance to traditional antibiotics

State of Art Manufacturing Facilities at Vapi

Among very few companies in India with fermentation capabilities

Environment Friendly & Sustainable Process Using Aerobic Bacteria for Fermentation

Industry Overview

Pharmaceutical Market- An Overview

Global Market

01 Active Pharmaceutical Ingredient Market valued at USD 172.69 Billion in 2018 and expected to reach USD 263.80 Billion by 2025 with CAGR of 6.24% over forecast period

02 North America-expected to dominate Active Pharmaceutical Ingredient market

03 U.S. holds 45% global market share for pharmaceutical companies including new drug discovery using Active Pharmaceutical Ingredient

04 Spending increased from USD 461.7 bn in 2016 to USD 645-675 bn in 2021, while European share of pharmaceutical drug development spending to grow from USD 151.8 bn to USD 170-200 bn from 2016 to 2021

Domestic Market

Leading Pharma Producer-

- Indian pharmaceutical industry supplies over 50 per cent of global demand for various vaccines, 40 per cent of generic demand in the US and 25 per cent of all medicine in UK1

Amongst leading exporters-

- India accounts for 20 per cent of global exports in generics
- India's pharmaceutical exports stood at US$ 13.69 billion in FY20 (up to January 2020)

Among fastest growing industries-

- Indian pharma sector is expected to grow at CAGR of 22.4% & medical device market at US$ 25 bn by 2025
- India is second largest contributor of global biotech and pharmaceutical workforce Pharmaceutical sector was valued at US$ 33 billion in 2017

Rapidly growing healthcare sector-

- Indian healthcare sector, one of fastest growing sectors, expected to cross US$ 372 billion by 2022

Source:
https://www.kake.com/story/41940056/microbial-fermentation-apis-market-share-size-2020-to-2024-executive-summary-market-overview-and-top-company-profiles-says-market-reports-world
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https://www.globenewswire.com/news-release/2020/01/17/1972092/0/en/Global-Pharmaceuticals-Industry-Analysis-and-Trends-2023.html

The Indian Pharma Advantage

01 Cost Efficiency

- Low cost of production & R&D boosts efficiency of Indian pharma companies, leading to competitive exports
- India's cost of production is approximately 33 per cent lower than that of the US
- India's ability to manufacture high-quality, low-priced medicines, leads to huge business opportunity

02 Increasing Investments

- Increasing private sector investments in R&D and acquisitions are driving sector's growth
- Between 2008-19, S&P BSE Healthcare Index has grown at 16.72%

03 Economic Drivers

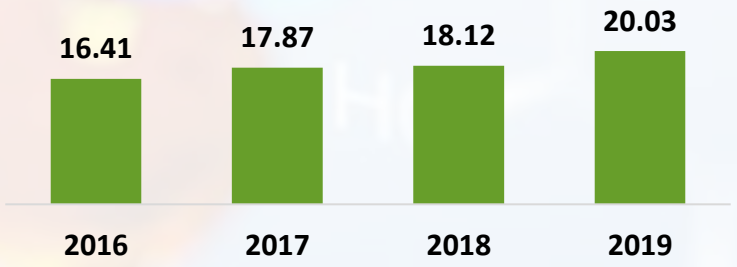
- Economic prosperity to improve drug affordability
- Increasing penetration of health insurance to drive expenditure on medicine
- With increasing penetration of pharmacies, especially in rural India, OTC drugs will be readily available

04 Policy Support

- Pharma Vision 2020' aimed at making India global leader in end-to-end drug manufacturing
- Under Budget 2020-21, allocation to Ministry of Health and Family Welfare is Rs 65,012 Cr (US$ 9.30 billion)
- In this sector, 100 per cent FDI allowed under automatic route

- Indian pharmaceutical sector expected to cross to US$ 372 billion
- In February 2020, Indian pharmaceutical sales grew by 12.1 % year-on-year

Annual Turnover of Indian Pharmaceutical Market (US$ billion)



Source:
https://www.ibef.org/industry/pharmaceutical-india.aspx
https://www.ibef.org/download/Pharmaceuticals-May-2020.pdf

Q1 FY22 Financial Highlights

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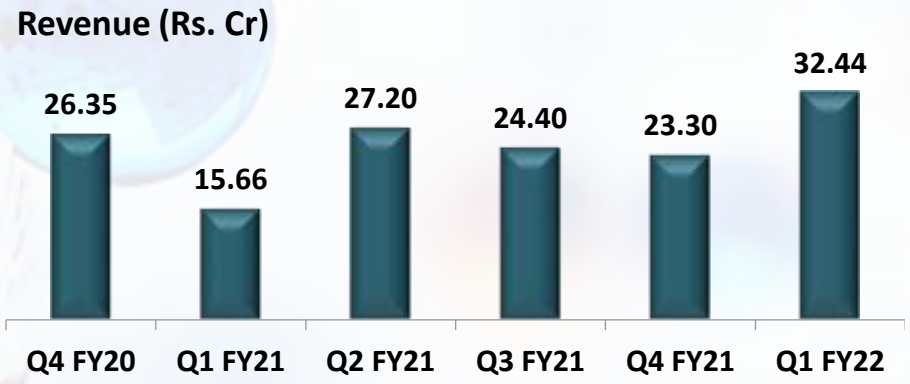
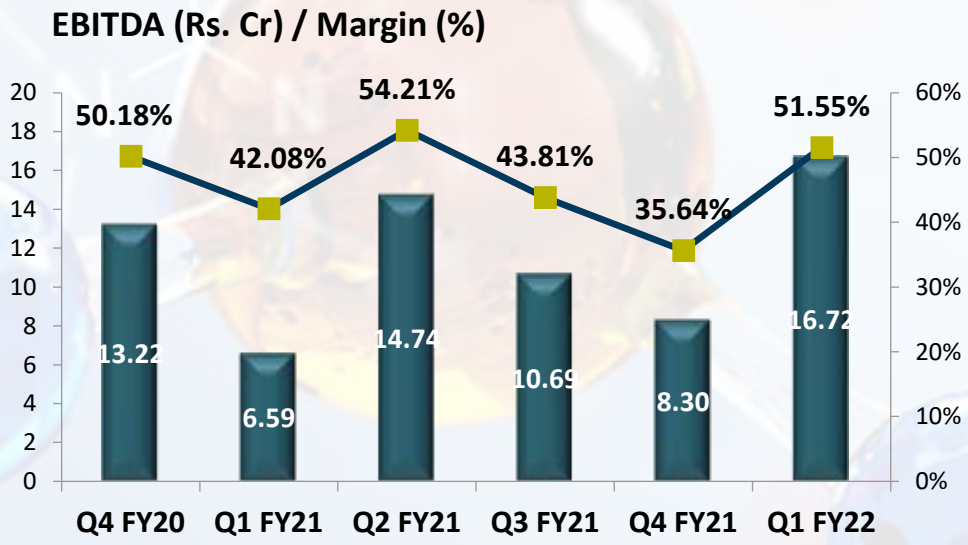
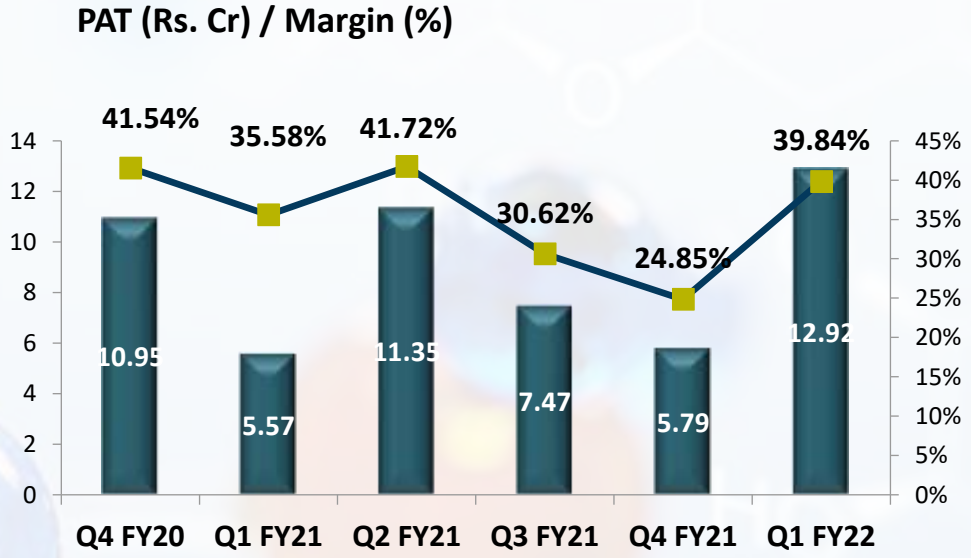






Q1 FY22 Financial Highlights

Rs. Crs	Q1 FY22	Q1 FY21	YoY%	Q4 FY21
Income from Operations	32.44	15.66		23.30
Other Operating Income	0.00	0.00		0.00
Total Income from Operations	**32.44**	**15.66**	**107.12%**	**23.30**
Cost of Materials Consumed	5.87	4.74		0.82
Changes In Inventory	0.33	-4.56		8.42
Employee Cost	1.68	1.68		1.74
Other Cost	7.83	7.21		4.01
Total Expenditure	15.72	9.07		15.00
EBITDA	**16.72**	**6.59**	**153.73%**	**8.30**
EBITDA Margin %	**51.55%**	**42.08%**	**947 bps**	**35.64%**
Other Income	1.13	0.86		0.80
Depreciation	0.54	0.34		0.67
Interest	0.20	0.23		0.29
Profit Before Tax	17.12	6.88		8.14
Tax	4.20	1.31		2.34
Profit After Tax	**12.92**	**5.57**	**131.91%**	**5.79**
PAT Margin %	**39.84%**	**35.58%**	**426 bps**	**24.85%**
EPS in Rs.	8.89	3.84	**131.51%**	3.99

- Revenue growth driven by change in business model
- Demand for the products stayed strong and consistent
- Raw material prices impacted due to shift in business model wherein material are procured directly by Company now

Annual Financial Highlights

Financial Highlights – FY21 vs FY20

6.39%

Revenue from Operations
Rs. 90.56 Crore

26.67%

EBITDA
Rs. 40.33 Crore

713 bps

EBITDA Margin
44.53%

27.48%

PAT
Rs. 30.18 Crore

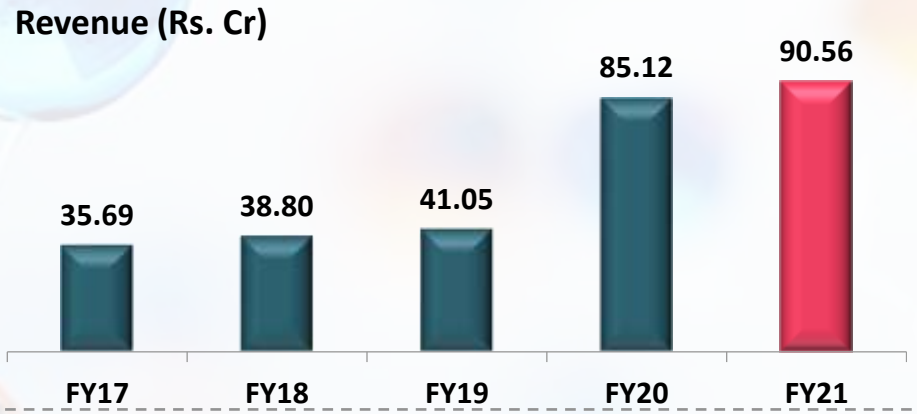
551 bps

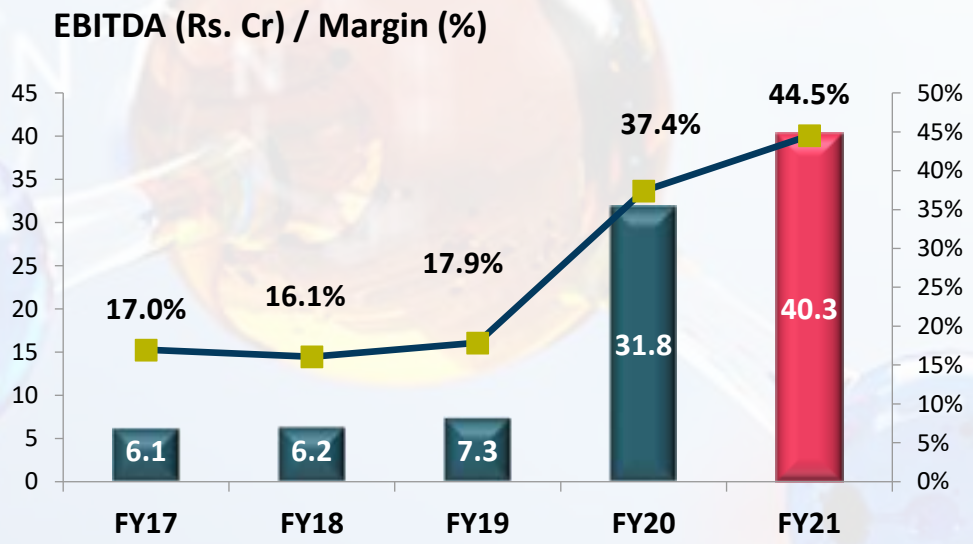
PAT Margin
33.32%

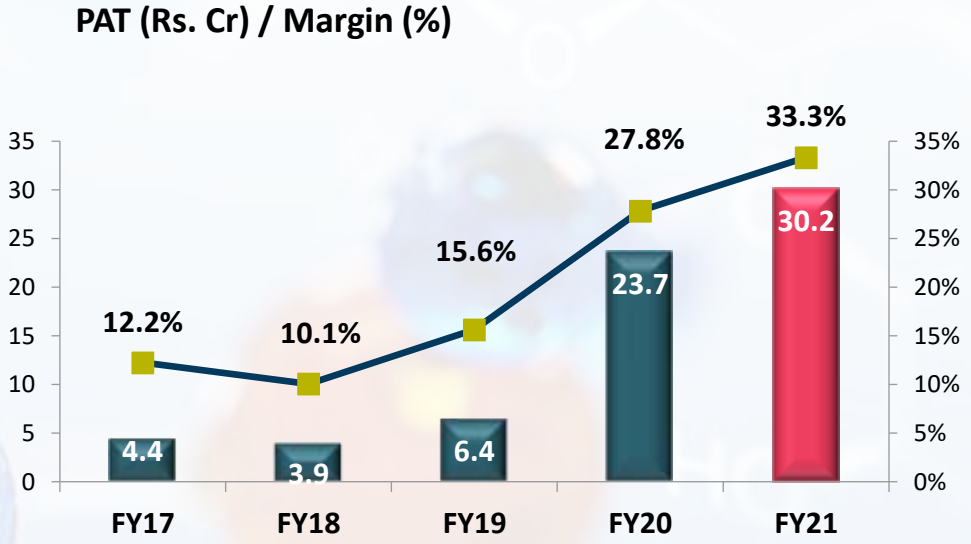
27.42%

Basic EPS
Rs. 20.77 vs. Rs 16.30 FY20

Annual Financial Highlights – FY21

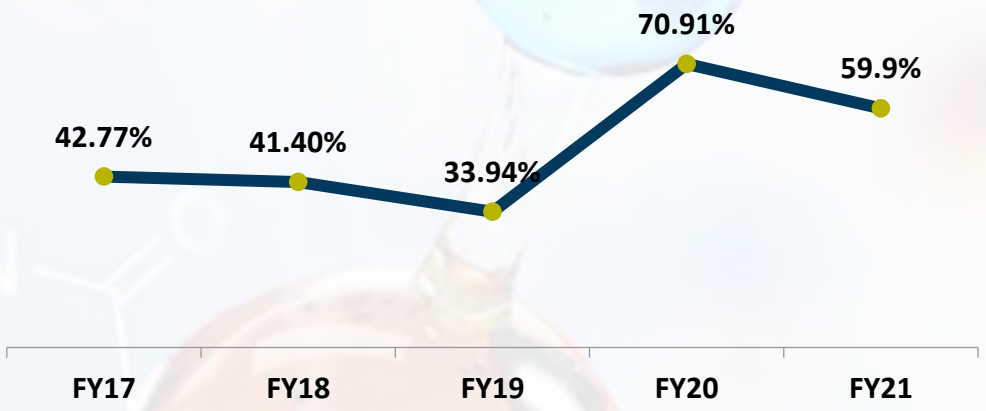




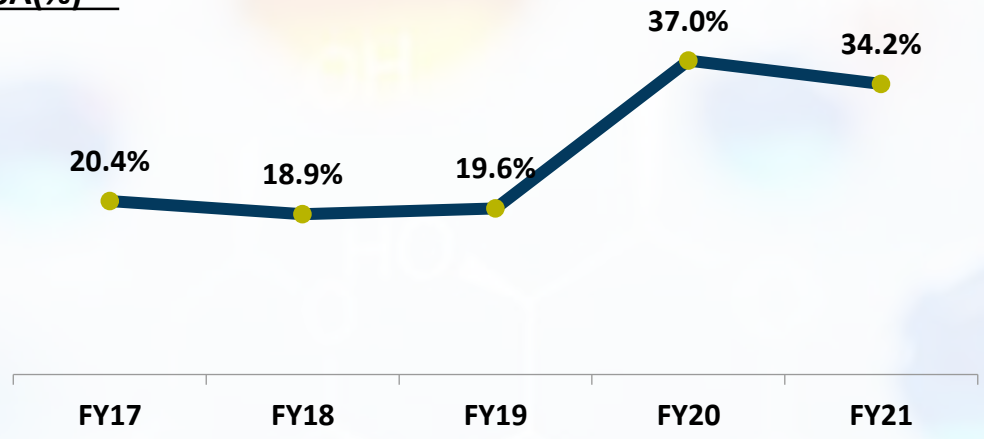


Key Ratios

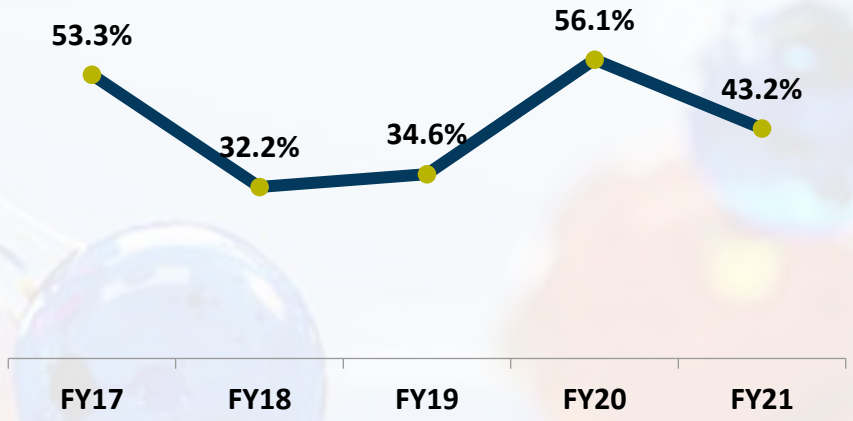
RoCE(%)*



RoA(%)**



RoE(%)***



****RoE = Net Profit/Net Worth | **RoA = Net Profit/Average Total Assets / *RoCE = EBIT/(Shareholders Fund + Total Debt-non current investments)*

Annual Financial Highlights – FY21

Rs. Crs	FY21	FY20	YoY%
Income from Operations	90.56	85.12	
Other Operating Income	0.00	0.00	
Total Income from Operations	**90.56**	**85.12**	**6.39%**
Cost of Materials Consumed	15.75	15.44	
Changes In Inventory	(0.38)	(4.11)	
Employee Cost	7.11	6.43	
Other Cost	27.75	35.52	
Total Expenditure	50.23	53.28	
EBITDA	**40.33**	**31.84**	**26.67%**
EBITDA Margin %	**44.53%**	**37.40%**	**713 bps**
Other Income	3.27	1.70	
Depreciation	1.73	1.36	
Interest	0.98	0.92	
Profit Before Tax	40.88	31.26	**30.79%**
Tax	10.70	7.58	
Profit After Tax	**30.18**	**23.67**	**27.48%**
PAT Margin %	**33.32%**	**27.81%**	**551 bps**
EPS in Rs.	20.77	16.30	**27.42%**

- Growth in revenue on account of change in business model of Company from Contract Manufacturing to Buy and Sell model
- Consistent strong demand offsets adverse impact of lockdown
- Increase in product prices, in line with market trends, benefitted EBITDA margins

Balance Sheet Highlights – As on 31st March 2021

Rs. Cr. Total Equity & Liabilities	FY20	FY21
Shareholders Funds	**42.20**	**69.95**
Share Capital	7.26	7.26
R&S	34.93	62.68
Non Current Liabilities	**4.54**	**2.49**
Financial Liabilities		
Borrowings	3.18	0.00
Lease Liabilities	0.00	1.00
Provisions	0.49	0.51
Deferred Tax Liabilities (Net)	0.86	0.98
Current Liabilities	**17.34**	**15.82**
Financial Liabilities		
Short term borrowing	0.00	0.00
Lease Liabilities	0.00	0.80
Trade Payable		
Due to Micro Small & Medium Enterprises	0.09	0.01
Other Trade Payables	7.36	3.53
other financial liabilities	8.85	9.32
Provisions	0.05	0.20
Other Current Liablities	0.31	0.75
Current Tax Liability (Net)	0.69	1.22
Total Equity & Liabilities	**64.08**	**88.26**

Rs. Cr. Total Assets	FY20	FY21
Non Current Assets	**34.94**	**24.94**
Property Plant & Equipment	17.08	16.99
Capital work in progress	0.36	2.07
Right of use Assets	0.00	1.96
Financial Assets		
Others	15.10	1.30
Other Non Current Assets	2.40	2.62
Current Assets	**29.14**	**63.32**
Inventories	6.03	6.05
Financial assets		
Investments	0.01	0.00
Trade receivables	20.23	14.71
Cash & Cash equivalents	0.86	3.97
Bank balance other than above	1.22	23.66
Short Term Loans	0.02	0.02
Other financial assets	0.49	14.61
Other Current Assets	0.28	0.29
Total Assets	**64.08**	**88.26**

Way Ahead

Our Way Ahead

New Product Development & Forward Integration

- In process of identifying new products which have good domestic and export potential
- Company working on strategy to move up the value chain by way of forward integration into API

New Infrastructure Development

- New infrastructure being planned would be compliant with strictest regulatory authorities
- Focusing on enhancing capacities - requisite Environmental Clearance already obtained

Focus on Establishing R&D Centre

- In process of establishing new R&D lab to take care of technology development for new products and for examining whether existing products can be used for more applications

Geographical Diversification

- Further expanding in geographically strategic locations in India
- Targeting at export opportunities

Enhance Capacity to meet future growth

- Requisite Environmental Clearance already obtained for capacity expansion at current location
- Open to both Organic and Inorganic opportunities for growth in Specialty Chemical space

Thank You

For further information, please contact:

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