dishman

5th February, 2018

To, **Department of Corporate Services** **Bombay Stock Exchange Ltd.** Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001. **Ref.: Scrip Code No. : 540701**	**To,** **The Manager,** **Listing Department,** **National Stock Exchange of India Ltd.** "Exchange Plaza", C-1, Block G, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051. **Ref. : (i) Symbol – DCAL** **(ii) Series – EQ**

SUB: TRANSCRIPT OF CONFERENCE CALL - QUARTER ENDED 31ST DECEMBER, 2017

Dear Sir,

With reference to captioned subject, please find enclosed herewith transcript of conference call arranged by the Company with Analyst & Investors, on Thursday, 25th January, 2018 to discuss the financial result and performance of the Company for the quarter ended 31st December, 2017.

Kindly take the same on your record.

Thanking You,

Yours faithfully,
For, Dishman Carbogen Amcis Limited

S. A. Dave

Shrima Dave
Company Secretary

Dishman Carbogen Amcis Ltd. Ahmedabad

Encl. : As Above

Dishman Carbogen Amcis Limited

Earnings Conference Call Transcript

Event: Dishman Carbogen Amcis Limited - Third Quarter Ending December 31, 2017 Earnings Call

Event Date/Time: January 25, 2018/1600 HRS

CORPORATE PARTICIPANTS

Arpit Vyas
Managing Director & CFO - Dishman Carbogen Amcis Limited

Sanjay S. Majmudar
Director - Dishman Carbogen Amcis Limited

Harshil Dalal
Sr. Vice President (Finance & Accounts) - Dishman Carbogen Amcis Limited

Mark Griffiths
Global Chief Executive Officer & Director - Dishman Carbogen Amcis Limited

Moderator: Ladies and gentlemen, good day and welcome to the Dishman Carbogen Amcis Limited Q3 FY18 Earning Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing * then 0 on your touchtone telephone. Please note that this conference is being recorded. I would now to like to hand the conference over to Mr. Arpit Vyas. Thank you and over to you, Mr. Vyas.

Arpit Vyas: Thank you, moderator and good afternoon to all of you. It is a great pleasure to have you all once again for the third quarter and nine months call for Dishman Carbogen Amcis.

Before we discuss the quarterly highlights, I am pleased to inform you that we are seeing some good traction in the developmental work across late phase molecules and we are confident that a few of them should transfer to the launch phase. We continue to ramp up supplies for our major NC customers on project phase. We're on track to supply orders worth 10 million by March 2018. Our work in Hypo facility is progressing smoothly and we expect it to be operational by the end of this calendar year or possibly fiscal year. At Carbogen Amcis, our investment in the new building is also going according to plan and Mark will be able to explain a bit more in detail about that and when the functions of that would start happening and when we will see the revenue from that.

Coming to operational performance of Q3 FY18:

Our revenues increased by 21% YoY to Rs. 459 crores as Carbongen Amcis saw substantial increase in volume of development work of late phase molecules and supplies. CRAMS witnessed a decline in revenue due to some of the orders needed to be pushed in the next quarter. That is how the orders were originally framed and we were aware of that beforehand.

In Vitamin-D business, we continuously reduce our exposure to cholesterol sales as one of the major suppliers in the market is shutting down and is looking to retain its inventories on lower prices and we don't want to play that game. We are happy and content with the customers and the strategy we have adopted, and they are committed to us and are avoiding the low pricing game. That has marginally impacted our revenue, but we have reported healthy EBITDA and profitability numbers, as you can see from the results. Our EBITDA margins continue to remain stable at 26.4 in this quarter due to our continued focus on niche molecules which help us sustain profitability. Greater contribution of Vitamin-D analogues led to higher margins in vitamin-D business as well. Our adjusted PAT excluding additional goodwill amortization, increased by 25.6% from Rs. 50 crores to Rs. 63 crores on year-on-year basis.

We continue to have a healthy order book across all our business segments. We have around 15 to 16 late Phase-III molecules which would essentially turn into a long-term visibility revenue as and when they go to launch. We continue to focus on therapeutics segment as guided earlier. We are also increasing our focus on ADC molecules which Mark will be able to shed some light on later on. We are hopeful that our strong order pipeline will give commercial success in years to come. Our long-term trajectory continues to remain robust and we continue to innovate and work towards achieving leadership position in our business which should benefit all our stakeholders. I thank you all for the continued belief in us and we will work very hard to ensure that we will not let you down. Thank you all and with that, I would like to pass the call on to our global CEO – Mr. Mark Griffiths.

Mark Griffiths: Thank you, Arpit. Good afternoon everyone. So, following on from what Arpit had to say, we continue to analyze the market opportunities and I am delighted to report to you that we see no decline in market appetite for our services and capabilities. We see no tail-off in inquiries from clients and we have seen no drop in our success rate. So, we continue to be completely on target with both those key metrics.

Moving on to some of the highlights, our antibody drug conjugates or ADC platform continues to see strength and requirements from customers is still very strong. We are completing the first phase of work for a German customer and we have already received commitment from that customer to go to the next phase. So, we are all very excited about that. Because of that, we will be starting to look at our long-term strategy to continue to grow our ADC platform. I am also pleased to announce that we will be receiving a preapproval inspection from the Food and Drug Administration in Switzerland in April. That is a pre-approval inspection for a brand-new MCE which our clients will be filing and looking forward to another successful order.

Project 2020 which if you have been involved in the con-calls over the last year, you will remember is the strategy for continuing to grow our development phase capabilities to keep our pipeline full. That project is moving very well indeed, and we are on schedule to enable us to create the additional capacity to keep our pipeline full. As Arpit said, we are sitting on about 15 to 16 late Phase-II near commercial compounds across the entire Dishman group platform. That continues to be strong. The pipeline in Switzerland now sits more than $80 million of work yet to be started in the development phase. So, you can see that the pipeline is strong. The stability of that pipeline is also strong with the clients being good quality clients and also wanting to push their programs forward. Arpit mentioned about the vision in the analogues and cholesterol business. We see a slight softening due to some market conditions which were not in control with; however, we see this clearly as a very small transitional issue based on the extensive market research we have done and we are pleased to say that our margins remained exceedingly strong in that sector. We will continue to look at opportunities to further integrate and utilize our capacities across the globe. I am delighted to say that continuing tech transfers between the various entities around the Dishman Group continue and we are getting better in doing that every time we grew up.

We are very proud to continue to deliver the vision. And we see that the vision is becoming a real strong reality. So, thank you very much. I am sure you will have some more detailed questions. But at this stage, I would like to hand over to our CFO Mr. Harshil Dalal.

Harshil Dalal: Thank you very much Mark for the update that you gave for the investors and for handing over the call. As all of you would have had an opportunity to go over the numbers, I will just highlight the brief or the key figures for this quarter and for the 9 months. On a topline basis, we did a revenue of almost 460 crores in this quarter as compared to 362 crores in the comparable quarter last year, which represents a 27% increase in the revenue. This revenue was largely driven because of the strong development supplies that we had made out of Carbogen Amcis and Carbogen Amcis did exceedingly well as compared to the comparable quarter last year, where the revenue increased by almost 50%. The EBITDA margin for the quarter was 26.4% and we did an EBITDA of about 121 crores in the quarter. All the subsidiaries, they performed exceedingly well on the margin front and Netherlands was an outlier with as much as 41% EBITDA margins.

One thing to highlight in the other operating income which is part of our overall revenues is that because of the strong foreign exchange hedging policy that we have deployed across the organization, we were able to realize foreign exchange gain of about 18 crores which is part of the 28 crores which you see in the Q3 FY18 numbers. As far as the finance cost of the entire organization is concerned, that keeps showing a remarkable performance, because of the conversion of all our debt from rupee to foreign currencies including US dollars, Swiss Francs and Euros. We have been able to lower the finance cost to about 12.8 crores in this quarter and for the 9 months it was about 37.5 crores. Because of this profit before tax, but after the impact of the amortization of 22 crores, which gets written off in each of the quarters, the PBT was about 68 crores for the quarter and 156 crores for the first nine months of this financial year, which is a 17% increase over the first 9 months of the last financial year. So that has been a significant improvement in the overall profitability and this basically emphasizes our philosophy where we are concentrating on improving the margins rather than just increasing the topline.

As far as the tax rate is concerned, if you consider the current tax and the deferred tax as a percentage of PBT for the quarter, it comes to about 38%. This looks on the higher side. However, there was a one-off in China where there was a deferred tax asset which was created in 2012, because of the losses that we had in the past. That had to be written off in this quarter. That impact was about 7.5 crores which is part of the total tax expense of 26 crores. On a normalized basis, we believe that about 30% should be our tax rate. Obviously, this tax expense of 26 crores is not a cash outflow for us. So, our profit after tax was 42 crores which represents a 9.1% margin on our total revenues of 460 crores for the quarter and for the first 9 months, we did a profit after tax of 103 crores which represents 8.3% over the topline of 124 crores. The other important thing to look at are cash profitability because that is what we have been looking at and that is what we have been tracking, because of certain one-off adjustments like amortization or the notional FOREX gains or losses on our financials. The cash profit of the company for the third quarter of financial year 2018 was 96 crores as compared to 79.5 crores in the comparable quarter last year. This represents an increase of almost 17 crores in this quarter. And for the first 9 months, we did a cash profit of 257 crores as compared to 237 crores which is an increase of almost 20 crores, in the first 9 months. So, this is what we concentrate on and our investors need to consider cash profitability rather than just looking at the PE based upon the PAT.

With this, I will hand over the call to Mr. Sanjay Majmudar, our Independent Director.

Sanjay Majmudar: Good evening everyone. Harshil and within the presentations given by Arpit and Mark and Harshil, everything is covered. Harshil mentioned about the realized FX gains in this quarter in 9 months. Till last year we were following the policy of booking M-to-M income or M-to-M gain. So in last year's profit, for the whole year basis, about 40 crores was M-to-M income.

Harshil Dalal: Last year, over the 12 months, yes.

Sanjay Majmudar: Yes. But this year we have changed the policy and it is not M-to-M, it is all realized gains. So therefore, this aspect is required to be borne in mind while doing a comparative analysis. I think without wasting time, I would request the moderator to throw the house open for Q&A please.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin with the question and answer session. We take the first question from the line of Rashmi Sancheti from Anand Rathi. Please go ahead.

Rashmi Sancheti: Just wanted to know more about Vitamin-D that is cholesterol, like what is happening exactly in the market and is it something that we will just like Vitamin D3 500, in future we are going to rationalize this product and we will focus only on analogues. What is the strategy for the overall Vitamin-D business. That is something we need more clarity on, as to how the market is going and what problems are we facing in supplying that? And my second question is related to the CRAMS business. You guided $10 million from the NCE molecule for this year. Are we on track and further what would be your guidance, after 2-3 molecule new launches, over the next 2 years?

Mark Griffiths: Okay. I will take question one first, Vitamin-D or Cholesterol based product. The Cholesterol based products is still stable. We still see market appetite. Our strategy has always been that we can't continue to rely just on the cholesterol business to be profitable and a long-term strength of the business. We need to continue to develop a market and bring new products in the market. So, cholesterol will still be our strong base load. We are looking at ways to increase the profitability and introduce new products in the market. So, the Vitamin-D analogues, the Calcifediol, Calcitriol etc. are strategic projects which Mr. Vyas Senior, is leading a tactical team looking at new products introduction and that is significantly on target. So, we are in development phase. But we are very pleased with the progress there. Hopefully, by the end of the next quarter, we should be able to give you a little bit more information about the results of that work, but it is little premature right now. So, based on the second question, the 10 million project and as you know, we are trying to avoid talking about clients or molecules, that project is on track. We are in manufacture for our first commercial make, the contract has been signed, the project is moving forward. The projections for next year where we have very little information from the clients and therefore we are not making any projections ourselves. We want to be cautious, but we believe that the worst case possible would be the same as this year. And we don't anticipate that being the case because of their FDA status, we are expecting at any time, an FDA audit.

Management: And regarding your question about rationalizing of D3 500, we have gone out of the D3 500 game 2 years ago. So, we are pure cholesterol, high purity supplier and a feed-grade supplier and at the same time the analogues see a big market uplift in the future, as and when those get enough recognition in the market.

Moderator: Thank you. The next question is from the line of Cindrella Carvalho from Dolat Capital. Please go ahead.

Cindrella Carvalho: Carbogen Amcis have reported 52% growth this quarter. Even if we look at 9-month basis, it is a 19% growth. So, would you be able to help us with the growth driver for the same?

Mark Griffiths: I think there are two elements. Number one is our gradually increasing capacity coming online for development is enabling us to fulfill requirements from clients, in terms of request for proposal. As I said in my introduction, our request for proposal level has not dropped and our win rate is still very stable. We are very happy with our win rates. So, the additional capacity coming online in development is enabling us to keep the pipeline full. That is driving one large elements of the success. The other one is that we have a couple of commercials that are made from Switzerland where the customers forecast was slightly below what they have ordered and that has enabled us to drive additional revenue and profit on that basis. One of the customers notoriously underestimates their requirements every year and they have done for many years.

Arpit Vyas: And keeping in mind this is in fact one-off because December is usually a very weak month because of the Christmas holidays for two weeks. It was just as Mark explained that we had some additional capacities to fit in some work which gave us extra revenues. If we had to keep manufacturing for the customer that Mark mentioned about as notorious, then possibly the revenue would have been less and would have been reflected in the first quarter.

Cindrella Carvalho: Mark, how should we look at it going ahead? I understand there is a low base, but how should we look at it going ahead, keeping in mind the additional capacity So, if you can shed light on the same.

Arpit Vyas: The investment that we have made in Carbogen Amcis, will result in an increase in the number of lab spaces and that has given us the opportunity to hire more number of people and their training began 6 months ago. We are just waiting for them to commence working as soon as their training is completed. Year-on-year comparison makes more sense, compared to quarter-over-quarter performance analysis, especially for Carbogen Amcis because it is a pure NCE development and manufacturing work. The needs of the customer are also becoming specific.

Cindrella Carvalho: Okay. Coming to CRAMS India, if we try and keep the commercial, recently commercial molecules revenue aside, what is the key reason behind this revenue decline?

Arpit Vyas: So, we have this old molecule that we have commercialized, which is Eprosartan. Right now, the orders from the customers which is Mylan are just placed and it will be passed on to the next year. Christmas has a slight impact as not many orders are placed in the month of December.

And even if it is, we would not have enough time to manufacture it. So, all that revenue although we would have in inventory, would be going out in the next quarter.

Sanjay Majmudar: Also, just to add, we expect a very robust Q4 as far as Indian CRAMS is concerned which will neutralize. That is what Arpit mentioned in the previous answer that there are few things we can't control. One of them is the dispatch schedule. But overall on an annual basis, CRAMS India is okay.

Arpit Vyas: You would see some of the results in the inventory as well. Unfortunately, we cannot add margin in the inventory because of the accounting standards. So, if you see the inventory increase, that should result into revenue in the next quarter.

Harshil Dalal: So Cindrella, if you see the results, the consolidated inventory has increased by about 22 crores.

Cindrella Carvalho: Yes. We did notice that.

Arpit Vyas: Yes.

Cindrella Carvalho: So Mark, you just mentioned in your opening remark that there is one audit that is going to happen very soon. So, can you help us understand any area where in this drug is focused, just to help us understand it better?

Mark Griffiths: Yes. It is the CNS, central nervous system, US customer.

Arpit Vyas: And that is one of our focused therapies, apart from oncology.

Moderator: Thank you. We take the next question from the line of Ranvir Singh from Systematix Shares & Stocks. Please go ahead.

Ranvir Singh: Just on India CRAMS business, I wanted to understand more, so what we are saying that even if Q4 is better, on Y-on-Y basis are we going to be flat or there would be some growth?

Arpit Vyas: So, we will see a flat, possibly a minor percentage uptick but you can see an increase in the profitability.

Management: We can see substantial increase in the profitability.

Ranvir Singh: Our topline is likely to be flat on annualized basis. That is what you are saying?

Arpit Vyas: India CRAMS, yes.

Ranvir Singh: Okay. The dispatch schedule maybe understandable, but overall market is not growing? Why we are flat?

Arpit Vyas: We are replacing our current low value capacities with higher EBITDA margin products. We mentioned earlier as well there are still a few products that we keep continuing to cover our fixed cost, the ones we were doing earlier; which were causing the problem and for those products, our capacity was substantially high and because we were waiting for the approvals of the molecules from the regulators and as and when the volumes are increasing, we are replacing those products with the higher profitability products and that is why the revenue kind of remains flattish, but the profitability is increasing.

Management: Just that sundry API that Arpit mentioned earlier, so last year's customer had stocked up lot of quantities of that API which might not be through in the current financial year. So, as we know that most of these API sales is driven by the customers requirement for that API in that year. So that is the reason we might not see a similar level of sales this year, but that would be recoup in the next financial year.

Management: And there are also many of these large companies, which are in generics, are consolidating right now. I think everyone would have heard about the massive losses incurred by major generic companies, where they were accused of curtailing together to increase the price for generics. So, they are consolidating at their level as well and of course they would not mention that to us, but this is what we perceived is one of the reasons for which they will be looking for a slight delay in the orders.

Ranvir Singh: So, product wise, there is Eprosartan and TB products and Brinzolamide. So apart from these, are there other products which are a part of India CRAMS?

Management: We mainly do Eprosartan. Usually we would have 3 to 4 containers. In this quarter, we only had one container.

Ranvir Singh: Sir just coming back, commercial supplies of oncology products is part of India CRAMS right?

Arpit Vyas: Correct.

Ranvir Singh: So how much was that in this quarter?

Arpit Vyas: USD 2.5 million.

Ranvir Singh: Yet, we will be able to reach USD 10 million by end of FY18?

Arpit Vyas: So for the first three quarters, we have supplied around USD 6 - 6.5 million already and now it is just the last quarter. So we continue manufacturing.

Ranvir Singh: Okay. So on this commercial side, can you give some visibility what would be the size in FY19 or FY20 in terms of not only oncology products or some other products in the pipeline which may commercialize?

Arpit Vyas: There are many products in the pipeline. We are also in the view of adding few support systems. Oncology, we have some CRAMS contract orders for colored products which are ultra-imaging dyes which are going to be regulated now and we see that should add to some revenue in the coming years. Also, we are making a product for a company called Abbott which we should see a rise in the coming year as well. So for that product, we would possibly doing around USD 4 million and next year we anticipate that if everything goes well in the customer side, it would be around USD 6-7 million.

Ranvir Singh: And you talked about antibody drug conjugate, the ADC product that I wanted to understand the outlook. When will we see revenue coming in or because it is an R&D intensive project, so when will we see this getting commercial and what maybe the revenue potential size for us?

Mark Griffiths: It is difficult to say what the revenue potential is going to be in phase 1 at the moment. So we are developing the compounds with the client. As I mentioned earlier, we substantially grew phase 1 supplies. We already have got additional commitment from the client to manufacture additional material to enable them to study other aspects of the drug and its use in other areas. So we are early at the moment so very difficult to say the customer has its dream of what it may be like and as a service provider, we continue to provide the best possible service and lock that customer in so that he cannot go anywhere else. Very difficult to say in phase 1.

Ranvir Singh: At Carbogen Amcis, that capacity expansions have happened, what I understood is that one building was purchased last year to decongest that capacity. So that is the only infrastructure we have expanded or apart from this, some commercial infrastructure has also been expanded there.

Mark Griffiths: In Switzerland, there will be only very limited commercial capacity increase and that will be focused on technology, not on plant capacity as we have consistently said, with Shanghai and Bavla, we have enough reactor capacity to satisfy all of our future needs at least for the next 3 to 4 years.

Ranvir Singh: And Harshil, lastly just some book keeping questions. What CAPEX do we have in mind for FY18 and FY19 now?

Harshil Dalal: For the CAPEX, as a run rate you can take about 200 crores across the group. However, this would include both the maintenance CAPEX as well as the growth CAPEX.

Ranvir Singh: In FY18?

Harshil Dalal: As we have been highlighting the growth CAPEX is largely going to be one at Carbogen Amcis, for the development capacities in India for the two Hipo cells and possibly for a soft gel capsule manufacturing line. These are going to be the growth CAPEX and the rest because our gross block is close to about 2000 crores, picking a ball park 5% of it which would be about Rs 100-110 crores as the maintenance CAPEX.

Ranvir Singh: 200 crores would be in FY18 or FY19?

Harshil Dalal: So on an average, you can take that for each of these years for FY18 and FY19.

Ranvir Singh: What is your debt level currently?

Harshil Dalal: Right now, it is Rs 970 crores.

Ranvir Singh: So last quarter we had Rs 950 crores, it is an increase in debt you are saying?

Harshil Dalal: Yes because of the CAPEX that we are undertaking in Carbogen Amcis as well as in India, we have taken some additional debt because that is cheaper than investing the internal accruals. So that is the strategy that we called upon and then as and when we want, we can always prepay this tax.

Ranvir Singh: So we see that going up further?

Arpit Vyas: Not much because there will also be certain amount of repayment of debt coming in. So I think by the end of the year, it should more or less remain at these levels.

Ranvir Singh: Okay, fine. And effective tax rate you said 20% for this year?

HD: I think about 30% would be safer to assume, but obviously we have to keep on creating the deferred taxes because of the merger transaction that we did in India. So there will be a deferred tax liability which will keep on getting created. So from a cash outflow perspective, it should not be more than 20%- 22%, but including the deferred taxes, it would be above 30%.

Moderator: Thank you. We take the next question from the line of Ashish Thavkar from Motilal Oswal Asset Management. Please go ahead.

Ashish Thavkar: So Mark on Carbogen Amcis, would we at some point in time also prefer to have a higher scale manufacturing facility?

Mark Griffiths: Only for antibody drug conjugates, that's the only place we would consider going for a larger capacity. As I said before, adding traditional chemistry large scale capacity in the west when we have good high-quality capacities in both Bavla and Shanghai and we will continue to use those assets. That is working very well. We have a high level of expectation from our clients. We have a proven track record now over the last 4 to 5 years and customers are very comfortable with us. We have a good strong track record to call on. So antibody drug conjugates would be one area where we would consider to look at large scale capacity in Switzerland, but beyond that, no, does not make sense.

Ashish Thavkar: And on the Hipo block, post the success of one of our molecules for global MNC, I believe at some point in time previously also in past years, we were working for other MNCs as well in the ovarian cancer indication. Could there be a possibility or a case where the MNC like in the past with whom we have worked, those guys might come back to us?

Mark Griffiths: Yes, there is always a possibility. As you know in the clinical pipeline, customers finish phase 1, it takes 6 to 8 months to get a result, then a direction, once they finish phase 2, therein for phase 3 before they come back. So there is always the opportunity. We are focusing on the opportunities we have in hand and that is where our efforts are going.

Ashish Thavkar: So even though the API is different, it might not take you a bigger CAPEX to accommodate things, right assumption?

Mark Griffiths: No, facilities are multipurpose within the high potency arena. So we can use large capacities for many different styles of chemistry. The plan has been designed for that one molecule.

Ashish Thavkar: Make sense. My last question is on the ADC. We have good pipeline of the ADC molecules if we compare the global pipeline. So would there be any molecules which could be entering early Phase-III in the next 12 months or so?

Mark Griffiths: Unless something comes in, we do not know about now. I think that is unlikely. I think it is still an emerging technology. There is still only I think 4 compounds on the market. We are working on the follow up for the innovators for two of those compounds but is still a very early infant technology. We still believe that it will be growing because there are significant advantages for patients in side effects and dose ranges, but at the end of the day if I knew the answer I think I would be on your side of the fence.

Moderator: Thank you. We take the next question from the line of Pranav Bhavsar from ASA Capital. Please go ahead.

Pranav Bhavsar: My question is more related to the annual accounts sir. Is it possible to get the detailed financials of Carbogen Amcis and Carbogen Holdings? From your website, I do not get an audited report, I just get the statements audited by someone else. Is it possible for you to arrange that sir?

Harshil Dalal: I think on our website, you should get the key financials of that entity.

Pranav Bhavsar: Yes, but then if I go to the audit report, audit report says the financials have been audited by some other auditors. So I wanted to know the actual financials.

Sanjay Majmudar That is the normal process of consolidation because we do not publish detailed financials for confidential reasons and we do not share those. What we share is our consolidated and standalone as well as key highlights of all these subsidiaries.

Pranav Bhavsar: Only key highlights, okay, no problem sir.

Sanjay Majmudar: We cannot share with you detailed financials of Carbogen Amcis.

Harshil Dalal: I will have to check, but I thought that the detailed financials are already there on our website.

SM: Only the highlights as per the law.

Pranav Bhavsar: No problem. I will check that up and if it is possible, do share it with me. The second question is sir, I think we have around 500 scientists. So in that, can you give us a breakup like how many scientists would be part of the Swiss subsidiary, any possible breakup if it is possible?

Arpit Vyas: All.

Pranav Bhavsar: All the 500 are part of this Swiss subsidiary.

Harshil Dalal: About 360-400 depending on how many, so we are still analyzing how many we need. I think Mark would be the right person to answer this question, but on an India level, we are having about 260 odd chemists which include the chemists working in the quality department as well.

Pranav Bhavsar: Okay, 260 on India level and remaining on the international level?

Mark Griffiths: Remaining across the carbogen amcis boundary, not just in Switzerland, but Manchester, China and in France.

Arpit Vyas: So, Pranav, sorry to interrupt, but if you go on the link dishmangroup.com and in the investor relations section, you will get the detailed financials of each of the subsidiaries.

Pranav Bhavsar: I did check that link up which is where I could get the summary.

Arpit Vyas: No, you go below.

Harshil Dalal: If you go into accounts of subsidiaries, it gives the year wise accounts of each of the subsidiaries.

Pranav Bhavsar: Sure, I will cross verify that sir, no problem.

Moderator: Thank you. We take the next question from the line of Sanjay Sathpathy from Ampersand Capital. Please go ahead.

Sanjay Sathpathy: At the end of quarter 2, you mentioned that you will end FY18 with about 10%-12% kind of topline growth. Are you maintaining that guidance?

Harshil Dalal: We never said 10%-12%. We always maintain around 7%-8% of top-line growth and guidance. We seem to be on track for the same. At the same time in India we anticipate that it is going to be flattish. So, I think top-line revenue wise, we might be still a bit flattish compared to last year because of the FX rate which is also impacting, where dollar has gone down to 63, from 68. The CHF is also losing strength and that is impacting against the rupee as well. And hence that if we normalize according to the FX rates, then you might see 8% to 10% growth, but otherwise it will be flattish.

Sanjay Sathpathy: And sir on the new molecule, earlier you were expecting \$10 to \$15 million, so it looks like you will aim towards the lower end that is \$10 million. Is it correct to assume?

Arpit Vyas: New molecule means, not just one molecule. There are many molecules, 4 to be exact in India and in Carbogen Amcis, there are 11 to 12 which are commercialized. So, I think the 10 to 15 million guidance, possibly we would have surpassed in terms of new molecule.

Moderator: Thank you. We take the next question from the line of Rahul Sharma from Karvy Stock. Please go ahead.

Rahul Sharma: Just wanted to get more clarity on the FOREX gain of about 15 odd crores. So, could you just take me through that?

Arpit Vyas: Rahul, so as we have been saying, we have been selling forwards. So, in this particular quarter, since the exchange rates moved against us, as far as the sales revenue is concerned, some of the forward contracts that we had put against the sale, those were cancelled in this particular quarter and that was the reason we had a foreign exchange gain.

Rahul Sharma: What is the open position as of now?

Arpit Vyas: So, it depends from currency to currency. So, on the dollar front, we are covered for next one year which could be close to about 50% of our consolidated exposure in dollar. On the Euro front, we will be covered close to about 20%-25% and on the Swiss Franc, about 10%-15%.

Rahul Sharma: What would be the amount per se in terms of Dollars and Euro and Swiss Franc?

Arpit Vyas: On a consolidated basis, about 60% of our revenue comes from US dollars, about 20%-25% from Euro and 10%-15% from Swiss Franc.

Rahul Sharma: At what rates have this been done?

Arpit Vyas: So, these are various contracts with different tenures and different exchange rates.

Harshil Dalal: We have the opportunities where the price if we see moving up, then we would secure the contract of that FX for the future and utilize it against our sales. If you see, it has gone down tremendously and then if it starts going up, we might take a decision to cancel the contract altogether and book the profits and when it goes up again, we will book another one. So, I think it is very difficult to really say exactly what the amount is and what rates have been finalized, but rest assured everything is in order and it is all in the normal course of business.

Rahul Sharma: What would be the average rates?

Arpit Vyas: I think Dollar would be around 66-67.

Harshil Dalal: The Euro would be close to about 78-79 and the Swiss Franc would be I think close to 71-72.

Moderator: Thank you. We take the next question from the line of Cindrella Carvarlho from Dolat Capital. Please go ahead.

Cindrella Carvarlho: What is the percentage of analogue in Vitamin-D business; it is around 50 crores this quarter. How much was the analogue?

Arpit Vyas: I think about 50%.

Mark Griffiths: It is approaching 50%.

Cindrella Carvalho: What would be our strategy going ahead. We said that cholesterol is not doing good, so by next year onwards, how should we look at this? Do we intend to grow the analogue portion so much that the base is taken care of?

Mark Griffiths: With greatest respect we do not see the cholesterol business is back. We see it stable. It is a very nice routine base loaded business. What we never do is give us a massive increase in growth. So strategically, we looked at our capabilities in those types of products and the strategy has emerged that the Vitamin-D analogues are the ones that we should continue to put efforts into. They are high value, complex, difficult to make and there are not too many competitors, so that is where we are putting our efforts. We do not see the cholesterol business disappearing. What we see is a stable flat growth, no growth basically and on the basis that we want to continue to grow our business, we developed revise strategy, looking for ways to utilize those asset to create greater growth and greater margin.

Cindrella Carvarllo: So, it should remain around 100 crore base on an annualized basis?

Arpit Vyas: No, more, it is about anywhere about 30 to 35 million.

Mark Griffiths: You're talking about cholesterol.

Harshil Dalal: 50% to 55% would be cholesterol.

Cindrella Carvarllo: Any FY19 outlook for Carbogen Amcis, that you would like to give us?

Mark Griffiths: I think as its consistent with us, we cannot set unrealistic expectations. What I can very confidently say is that the market still appears to be very strong, still appears to value our service and our capability and we are not too concerned about any downturn. What we see interestingly, is increased penetration in the market, in the medium-sized bio pharmas. So, we see those organizations being continuing to be aggressive, continuing to make very quick decisions and move programs forward.

Arpit Vyas: I mean you would know better than us, as to where the VC and PE money is going. So, you can take a better call on how this business outlook will be, and in terms of pipeline.

Mark Griffiths: But I think it is fair to say that Boston, then San Francisco, to Seattle Corridor and Southern Germany which are the key areas of biotech, osmo biotech, we still see a lot of investment money going in, that is what we see.

Moderator: Thank you. Well sir, that seems to be the last question.

Arpit Vyas: If we do not have any other question in the queue, let us conclude the call.

Moderator: Sure. I hand it back to you for any closing remarks, if you have.

Arpit Vyas: So, thank you everyone. I hope the call was to your liking. We tried to be as honest and as open as possible, as much as our customers allow, but I think you guys are smarter than us in grabbing the information from the market anyways. So, I think I hope our answers have concurred with your findings as well. As I said earlier, thank you for your continued patronage and we hope to keep working hard and trying to achieve heights that we have not seen earlier. We try to improve every year and try to look forward, try to do new things and that is what we will keep doing. Thank you.

Harshil Dalal: Thank you very much and have a great weekend.

Moderator: Thank you very much. Ladies and gentlemen, on behalf of Dishman Carbogen Amcis Limited, that concludes this conference call. Thank you all for joining us. You may disconnect your lines. Thank you.