



DISHMAN PHARMACEUTICALS & CHEMICALS LIMITED
Q3 & 9M FY15 RESULTS UPDATE
FEBRUARY 2015



- **Q3 & 9M FY15 Results Highlights**
- **Q3 & 9M FY15 Consolidated Financials**
- **About Us**
- **Business Strategy & Outlook**



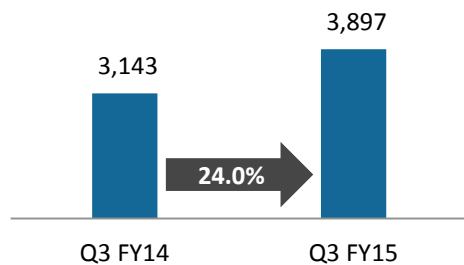
This presentation and the following discussion may contain “forward looking statements” by Dishman Pharmaceuticals and Chemicals Limited (Dishman) that are not historical in nature. These forward looking statements, which may include statements relating to future results of operations, financial condition, business prospects, plans and objectives, are based on the current beliefs, assumptions, expectations, estimates, and projections of the management of Dishman about the business, industry and markets in which Dishman operates.

These statements are not guarantees of future performance, and are subject to known and unknown risks, uncertainties, and other factors, some of which are beyond Dishman’s control and difficult to predict, that could cause actual results, performance or achievements to differ materially from those in the forward looking statements. Such statements are not, and should not be construed, as a representation as to future performance or achievements of Dishman.

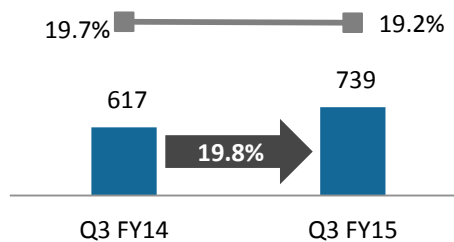
In particular, such statements should not be regarded as a projection of future performance of Dishman. It should be noted that the actual performance or achievements of Dishman may vary significantly from such statements.

Q3 YoY ANALYSIS

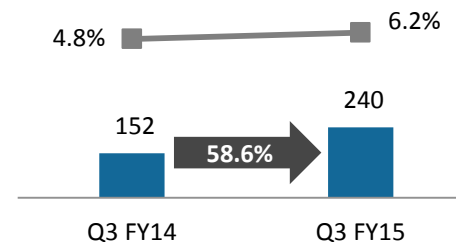
REVENUES



EBITDA & EBITDA MARGIN

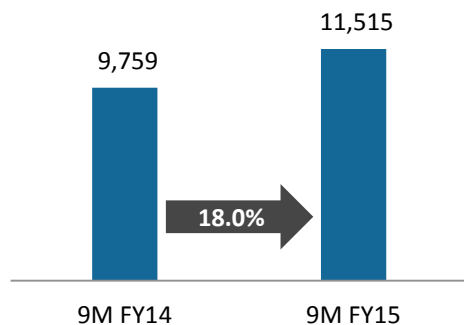


PAT & PAT MARGIN

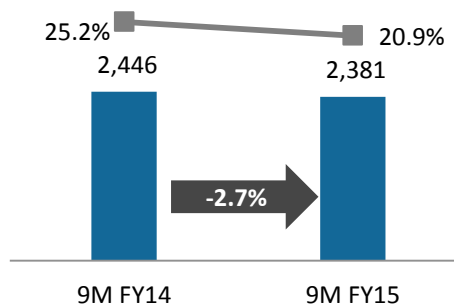


9M YoY ANALYSIS

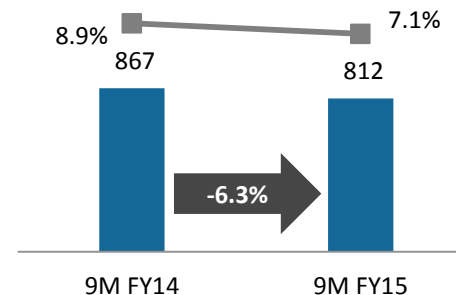
REVENUES



EBITDA & EBITDA MARGIN



PAT & PAT MARGIN



Note - In Rs Mn

- Q3 FY15 revenues grew by 24.0% YoY primarily driven by 56.7% YoY growth in revenues from Carbogen Amcis, partially offset by 12.7% decline in revenues from marketable molecules.
- 9M FY15 revenues grew by 18.0% YoY primarily driven by 23.8% growth in revenues from Carbogen Amcis and 3.2% growth in revenues from marketable molecules.
- Q3 FY15 EBITDA increased by 19.8% YoY with stable EBITDA margin of 19.2% compared to 19.7% during prior period.
- 9M FY15 EBITDA marginally declined by 2.7% & EBITDA margin declined YoY from 25.2% to 20.9%. The margins declined due to lower margins in CRAMS business and quats segment partially offset by higher margins in Vitamin D business.
 - During H1 FY15 Carbogen Amcis majorly executed the relatively low margin “development & process” work, while during H1 FY14 it had higher revenue contribution from high margin “commercial production” work.
 - The execution cycle in H2 FY15 majorly consists of higher margin “commercial production” work. However, during Q3 FY15 the order dispatch scheduled in Dec-14 got delayed to Jan-15 due to heavy winter and Christmas during Dec-14, resulting in limited recognition of high margin revenues in Q3 FY15. These revenues are hence expected to be realised and booked in Q4 FY15.
 - Hence, on a full year basis, the margins at Carbogen Amcis would remain intact. Currently, Carbogen Amcis has strong order book of over CHF 100 mn.
- Q3 FY15 PAT increased by 58.6% YoY, however 9M FY15 PAT declined by 6.3% YoY.

Revenues – Segment wise Breakup	Q3 FY15	Q3 FY14	YoY%	Q2 FY15	QoQ %	9M FY15	9M FY14	YoY%
CRAMS (% of Total)	75.5%	65.4%	-	71.7%	-	71.2%	67.3%	-
CRAMS – India	529	643	-17.7%	629	-15.9%	1,862	1,748	6.5%
CRAMS – Carbogen Amcis	2,051	1,309	56.7%	1,991	3.0%	5,546	4,481	23.8%
CRAMS – UK	333	99	236.4%	192	73.4%	711	321	121.5%
Marketable Molecules (% of Total)	24.5%	34.6%	-	28.3%	-	28.8%	32.7%	-
Vitamin D	443	534	-17.0%	492	-10.0%	1,647	1,495	10.2%
Others	502	549	-8.6%	620	-19.0%	1,631	1,681	-3.0%
Total	3,858	3,134	23.1%	3,923	-1.7%	11,397	9,726	17.2%

Note - In Rs Mn

EBITDA Margin % – Segment wise	Q3 FY15	Q3 FY14	Q2 FY15	9M FY15	9M FY14
CRAMS					
CRAMS – India	70.8%	57.2%	41.0%	45.1%	58.4%
CRAMS – Carbogen Amcis	9.3%	11.4%	16.3%	12.9%	20.9%
CRAMS – UK	28.0%	40.3%	46.2%	34.9%	10.8%
Marketable Molecules					
Vitamin D	14.7%	9.0%	25.2%	22.9%	13.4%
Others	5.1%	2.2%	13.2%	12.2%	15.1%

Particulars (In Rs Mn)	Q3 FY15	Q3 FY14	YoY %	Q2FY15	QoQ %	9M FY15	9M FY14	YoY %
Revenue from Operations	3,858	3,134	23.1%	3,923	-1.7%	11,397	9,726	17.2%
Other Operating Income	38	8	358.0%	68	-43.6%	118	33	255.6%
Total Revenues	3,897	3,143	24.0%	3,991	-2.4%	11,515	9,759	18.0%
COGS	1,274	911	40.0%	1,188	7.3%	3,507	2,540	38.1%
Employee Expenses	1,135	1,007	12.8%	1,135	0.0%	3,389	2,982	13.7%
Other Expenses	748	609	22.9%	785	-4.7%	2,237	1,790	25.0%
EBITDA	739	617	19.8%	883	-16.3%	2,381	2,446	-2.7%
<i>EBITDA Margin %</i>	<i>19.2%</i>	<i>19.7%</i>	-52.3 bps	<i>22.5%</i>	-334.6 bps	<i>20.9%</i>	<i>25.2%</i>	-426.0 bps
Depreciation	255	266	-4.2%	240	6.1%	800	794	0.7%
Other Income	78	48	61.5%	10	654.0%	133	78	70.3%
Finance Cost (Incl. Forex Impact)	257	201	28.0%	180	42.5%	647	671	-3.5%
PBT	306	199	53.8%	473	-35.4%	1,066	1,059	0.7%
Tax Expense	65	47	38.3%	139	-53.2%	255	193	32.3%
<i>% Tax Rate</i>	<i>21.4%</i>	<i>23.7%</i>	-238.5 bps	<i>29.5%</i>	-810.9 bps	<i>23.9%</i>	<i>18.2%</i>	571.1 bps
PAT	240	152	58.6%	334	-27.9%	812	867	-6.3%
<i>PAT Margin %</i>	<i>6.2%</i>	<i>4.8%</i>	139.3 bps	<i>8.5%</i>	-227.3 bps	<i>7.1%</i>	<i>8.9%</i>	-178.8 bps

Key Facts

- Established in 1983 and as quats manufacturer and later transformed itself into a full fledged CRAMS partner for global pharma innovators.
- Global presence with manufacturing sites in Europe, India, China, and Saudi Arabia. All manufacturing facilities are approved by recognised health authorities.
- Listed on NSE and BSE with a current market cap of Rs 11,197 mn as on 13th November, 2014.

Product & Services Portfolio**Services**

- End-to-end Integrated high-value low-cost CRAMS offerings right from process research & development to late stage clinical and commercial manufacturing.

Products:

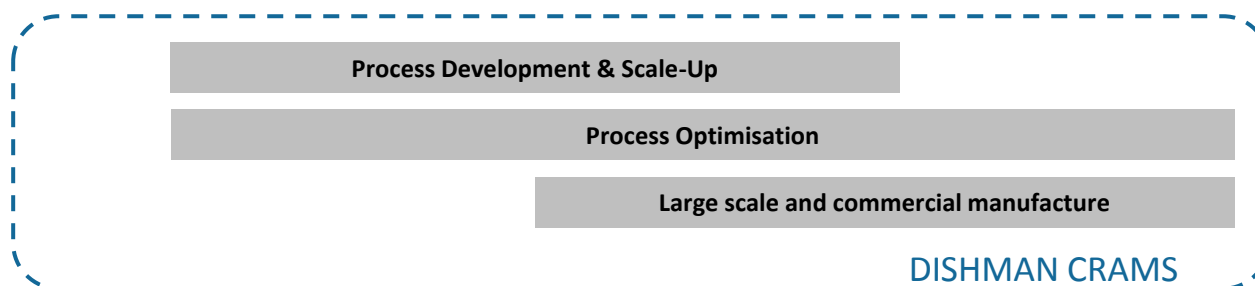
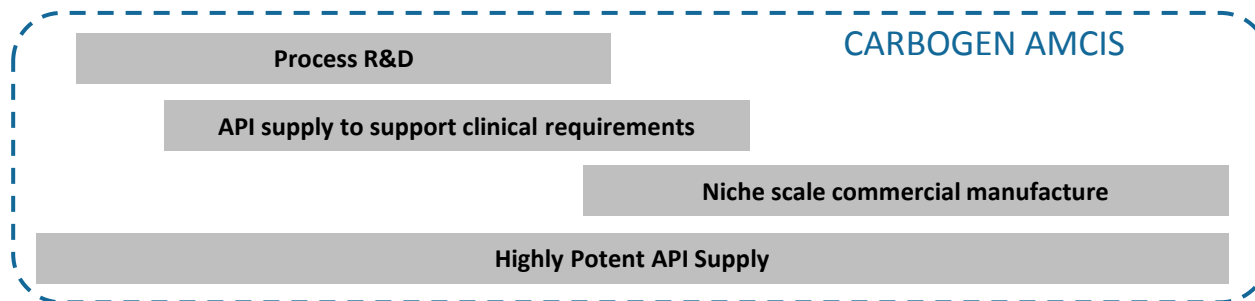
- Phase transfer catalysts, Vitamin D, Vitamin D analogues, cholesterol, laolin related products, antiseptic and disinfectant formulations for pharmaceutical, cosmetic and related markets.
- High quality supply of generic APIs and intermediates for pharmaceutical industry.

Business Strengths

- Preferred global outsourcing partner with capabilities across the entire CRAMS value chain, strong chemistry skills , large scale multi-purpose manufacturing capacities .
- Upfront investment of more that Rs 10,000 mn in capacity expansion , making Dishman highly leveraged to gain from the revival in global CRAMS industry.
- The HIPO facility at Bavla, India - largest HIPO facility in Asia , placing Dishman at forefront to gain from the high margin HIPO opportunity in the Oncology space.

INTEGRATED CRAMS PLAYER

Integrated CRAM Player – Strong Capabilities across the Value Chain



Carbogen Amcis (CA) Strong Research Capabilities

- Focus is on supporting the development process from bench to market.
- Process research and development to the supply of APIs for preclinical studies, clinical trials and commercial use.

Dishman India Strong Manufacturing Capabilities

- Large dedicated R&D centre with multiple shift R&D operations (India)
- 12 multi-purpose and dedicated production facilities for APIs, intermediates (India, China)
- 1125 m³ dedicated API manufacturing capacity (India, China)

**INTEGRATED
ACROSS THE
VALUE CHAIN**

**STRONG
CHEMISTRY
CAPABILITIES**

**CLOSE PROXIMITY
TO CLIENTS WITH
GLOBAL
PRESENCE**

**LARGE SCALE LOW
COST
MANUFACTURING
CAPACITIES**

**Integrated CRAMS Player present along the entire value chain from building blocks to commercialization & launch stage.
Ability to retain client services through the complete development of a drug.
Broad based skill set & global footprint.**

Drug Lifecycle Management

- Preclinical to commercial manufacturing capabilities.
- Ensures seamless process & technology transfer from lab to plant.
- Single partner for R&D, process development and commercial production.

Strong R&D Capabilities

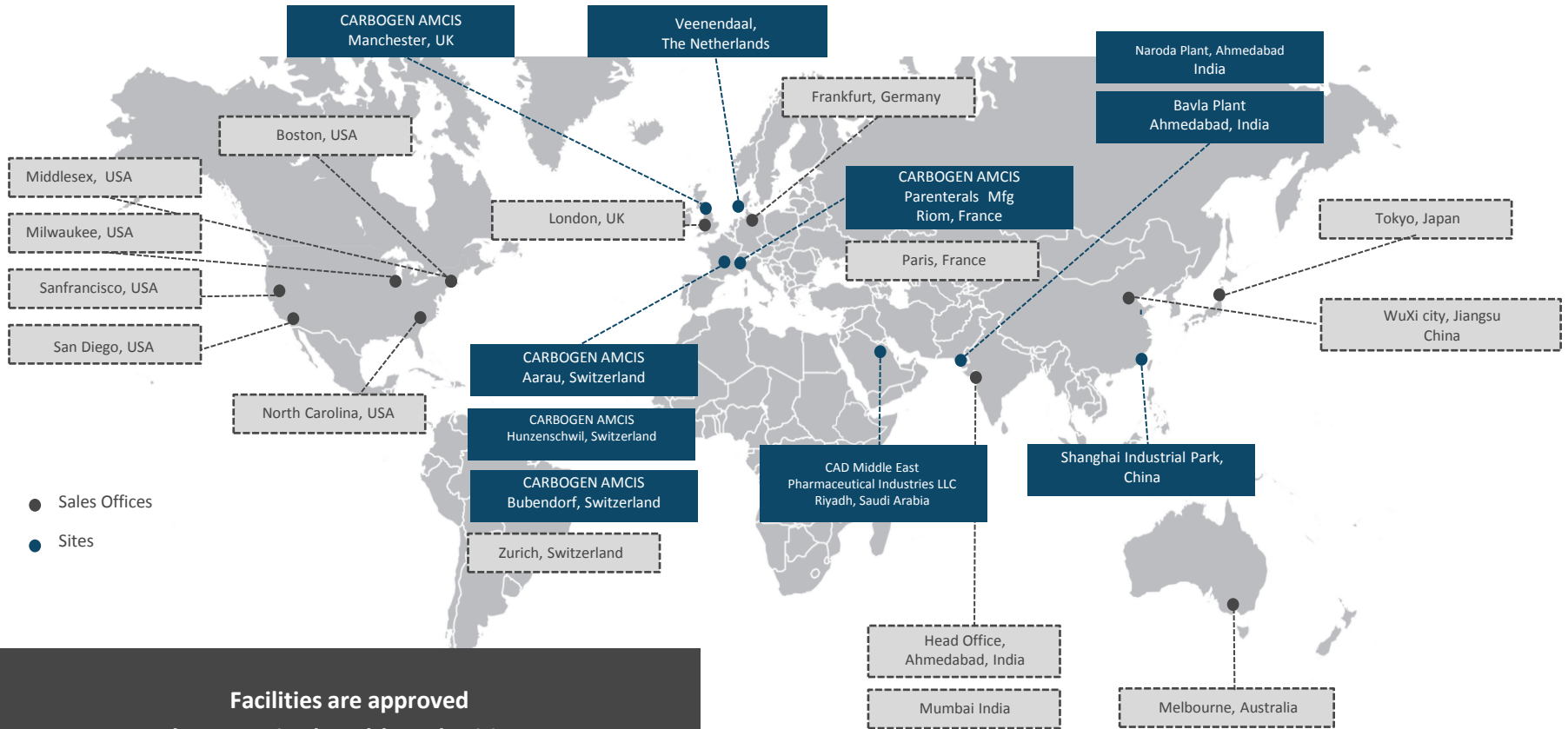
- 7,500 m2 R&D facilities, 28 R&D labs, formulation devp. lab, kilo lab, & pilot plant all cGMP compliant.
- Carbogen Amcis employs almost 200 chemists, ~40 % of whom hold a PhD in Chemistry.
- Dishman India employs 125 chemists, 30% of whom hold PhD in Chemistry.

Close Proximity to Clients

- Local representation, local support in all major markets.
- Front end via CA with access to more than 100 established customer relationships of CA.
- Trust & Confidence of customers for entire drug life-cycle engagement

Large Scale Mfg Capacity

- 25 multi-purpose and 1 dedicated USFDA inspected production facilities.
- 750 m3 of reactor capacity in Bavla, 230 m3 in Naroda and 63 m3 in Shanghai.
- Asia's largest HIPO facility in Bavla.
- Large capacities provide competitive edge to win big long-term contracts

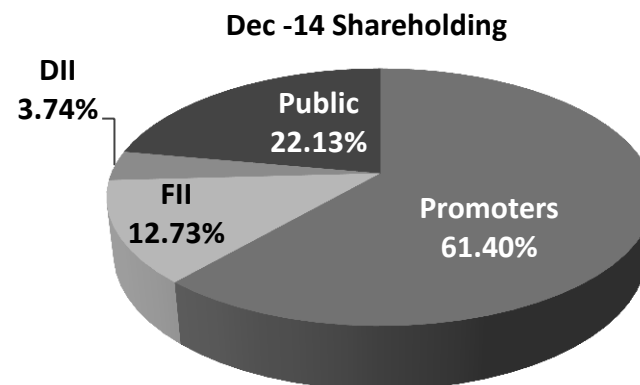


**Facilities are approved
by recognised Health Authorities:
USFDA, MEB, SWISS MEDIC, ANSM, TGA, WHO, KFDA**

Shareholding %	Dec-14	Sep-14	Jun-14	Mar-14
Promoters	61.40%	61.40%	61.40%	61.45%
FII	12.73%	15.13%	10.84%	8.95%
DII	3.74%	3.73%	3.90%	3.82%
Public	22.13%	19.74%	23.86%	25.78%
Total No. of Shares (Mn)	80.69	80.69	80.69	80.69

Market Data	As on 13.02.15 (BSE)
Market capitalization (Rs Mn)	13,460
Price (Rs.)	166.8
No. of shares outstanding (Mn)	80.69
Face Value (Rs.)	2.00
52 week High-Low (Rs.)	197.00 – 77.65

Key Institutional Investors at Sep-14	% Holding
LIC of India	2.06%
Goldman Sachs (Singapore) Pte	2.00%
HDFC Standard Life Insurance Company Ltd	0.62%
BOI AXA Investment Managers	0.52%



Strategy - Higher Asset Turnover with efficient capacity utilization

- Improved capacity utilization through focus on large number of small & midsize companies.
- Diversify across Geographies - Target new geographies with increased penetration in US market and Leverage Cross Selling Opportunities.
- Efficient utilization of HIPO facility, forward integrated Vitamin D facility in India and China facility.

Strategy – Focus on Improvement in Margins

- Better churning of existing capacities with focus on Low Volume High Value Orders resulting into better margins
- Incremental Revenues from HIPO business where Margins are higher in the range of 40-50%. EBIDTA Level.
- Margin improvement from forward integration of Vitamin D facility. Integration completed and Facility under renovation has started Operations.

Strategy - Reduction in Leverage & Improvement in Return Ratios

- No major capex planned for next two years.
- Incremental operating cash flows to be utilized for retirement of long term debt resulting to Robust Balance Sheet and Improved Return Ratios.

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Thank you!

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