



DISHMAN PHARMACEUTICALS & CHEMICALS LIMITED
Q3 & 9M FY16 RESULTS UPDATE
FEBRUARY 2016



➤ **Q3 & 9M FY16 Results Highlights**

➤ **Consolidated Financials**

➤ **About Us**

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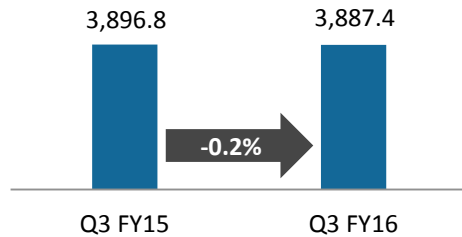
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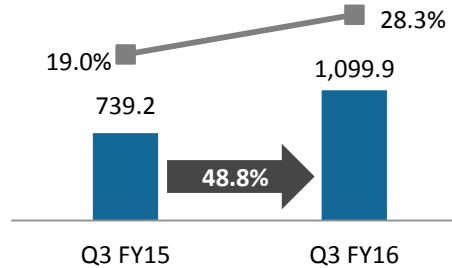
Q3 & 9M FY16 RESULTS HIGHLIGHTS (Consolidated)

Q3 FY16 YoY ANALYSIS

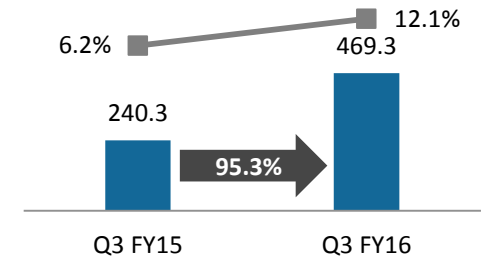
REVENUES



EBITDA & EBITDA MARGIN

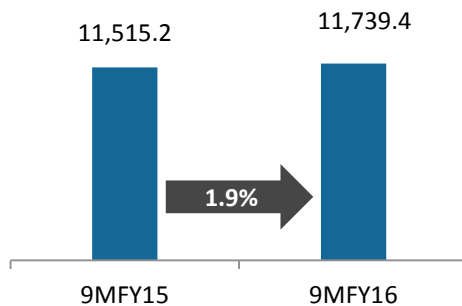


PAT & PAT MARGIN

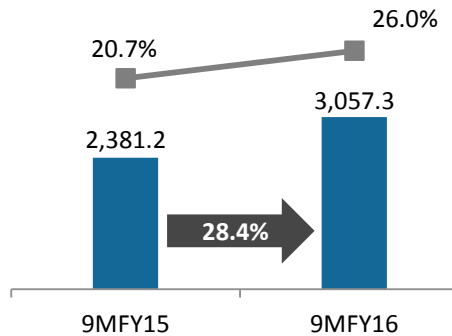


9M FY16 YoY ANALYSIS

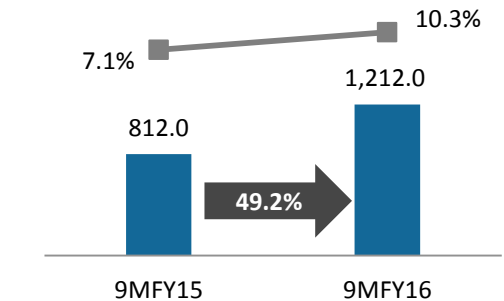
REVENUES



EBITDA & EBITDA MARGIN



PAT & PAT MARGIN



In Rs Mn

Financial Highlights:

- Q3 FY16 revenues marginally declined by -0.9% YoY.
 - CRAMS – Carbogen Amcis: Revenues declined as a result of minimum inventory build-up as required by the customers before actual sales. The revenue will be recognized in Q4. The overall performance is on track backed by optimum capacity utilisation of 95% and strong order book of ~ CHF 100 mn.
- CRAMS – India: Revenues growth driven by strong traction in high margin product sales and development quantity supplies.
- CRAMS UK: Revenues declined due to lower Non-GMP work during Q3; however the activity is expected to increase in Q4.
- Vitamin D: Revenues declined as the company continued to consolidate its focus on high margin Vitamin D analogues.
- Others: Revenues driven by increased capacity utilization at China facility.
- Q3 FY16 EBITDA increased significantly by 48.8% YoY. EBITDA margin improved from 19.0% in Q3 FY15 to 28.3% in Q3 FY16.
 - CRAMS – Carbogen Amcis: Backed by healthy capacity utilisation, focus was more on high margin commercial and development orders.
 - CRAMS – India: Execution of high margin commercial and development orders, process improvement and better capacity utilization.
 - Vitamin D: Focus on high value products like certain Vitamin D analogues and direct selling of cholesterol to end customers. Further the segment also benefitted from bulk purchase of raw materials at lower prices.
 - Others: Profitable operations at China facility.
- Interest expense declined by 28% YoY in Q3 FY16 driven by lower debt (Total debt declined by 8% on YTD basis to Rs 8,550 mn as on Dec-15) and conversion of certain rupee loans into foreign currency loans and repayment of high cost debt.
- Q3 FY16 PAT increased by 95.3% driven by significant improvement in operational profitability and operational efficiency across global operations. PAT margin improved from 6.2% in Q3 FY15 to 12.1% in Q3 FY16.

Revenues – Segment wise Breakup	Q3 FY16	Q3 FY15	YoY%	9M FY16	9M FY15	YoY%
CRAMS (% of Total)	76.5%	75.5%	-	70.4%	71.2%	-
CRAMS – India	799.8	648.9	23.3%	2,038.0	1,862.0	9.5%
CRAMS – Carbogen Amcis	1,874.5	1,931.5	-2.9%	5,526.1	5,546.0	-0.4%
CRAMS – UK	252.6	333.1	-24.2%	578.2	711.5	-18.7%
Marketable Molecules (% of Total)	23.5%	24.5%	-	29.6%	28.8%	-
Vitamin D	321.9	442.5	-27.2%	1,726.8	1,646.9	4.9%
Others	575.9	502.4	14.6%	1,692.6	1,630.8	3.8%
Total	3,824.7	3,858.4	-0.9%	11,561.8	11,397.3	1.4%

In Rs Mn

EBITDA Margin % – Segment wise	Q3 FY16	Q3 FY15	9M FY16	9M FY15
CRAMS				
CRAMS – India	52.4%	45.4%	49.7%	40.8%
CRAMS – Carbogen Amcis	19.3%	14.0%	18.4%	14.4%
CRAMS – UK	32.0%	28.0%	26.6%	34.9%
Marketable Molecules				
Vitamin D	31.9%	14.7%	29.7%	22.9%
Others	23.5%	5.1%	21.3%	12.2%

CONSOLIDATED P&L STATEMENT

Particulars (Rs Mn)	Q3 FY16	Q3 FY15	YoY %	Q2 FY16	QoQ %	9M FY16	9M FY15	YoY %	FY 15
Revenue from Operations	3,824.7	3,858.4	-0.9%	3,736.6	2.4%	11,561.8	11,397.3	1.4%	15,603.5
Other Operating Income	62.7	38.4	63.3%	75.0	-16.5%	177.6	118.0	50.6%	283.9
Total Revenues	3,887.4	3,896.8	-0.2%	3,811.6	2.0%	11,739.4	11,515.2	1.9%	15,887.4
COGS	844.3	1,274.5	-33.8%	902.5	-6.5%	2,607.3	3,507.2	-25.7%	5,494.7
Employee Expenses	1,301.2	1,135.0	14.6%	1,237.1	5.2%	3,778.9	3,389.3	11.5%	4,232.1
Other Expenses	642.0	748.1	-14.2%	757.0	-15.2%	2,295.9	2,237.4	2.6%	3,033.5
EBITDA	1,099.9	739.2	48.8%	915.1	20.2%	3,057.3	2,381.2	28.4%	3,127.1
EBITDA Margin %	28.3%	19.0%	933 bps	24.0%	429 bps	26.0%	20.7%	536 bps	19.7%
Other Income	16.7	77.9	-78.6%	76.0	-78.1%	135.9	132.8	2.3%	869.1
EBITDA with Other Income	1,116.6	817.1	36.7%	991.1	12.7%	3,193.2	2,514.0	27.0%	3,996.2
EBITDA Margin % (with OI)	28.7%	21.0%	776 bps	26.0%	272bps	27.2%	21.8%	537 bps	25.2%
Depreciation	271.0	254.6	6.4%	261.2	3.7%	791.5	800.4	-1.1%	1,507.1
Finance Cost (Incl. Forex Impact)	185.0	256.8	-28.0%	235.9	-21.6%	739.7	647.2	14.3%	897.1
PBT	660.6	305.6	116.2%	493.9	33.7%	1,662.0	1,066.4	55.8%	1,592.0
Tax Expense	191.3	65.3	193.0%	128.9	48.4%	450.0	254.7	76.7%	394.4
% Tax Rate	29.0%	42.2%	-1322 bps	26.1%	286bps	27.1%	23.9%	319 bps	24.8%
PAT	469.3	240.3	95.3%	365.0	28.6%	1,211.9	811.7	49.3%	1,197.6
Income from Associates	-	-0.0	-	-	-	0.0	0.4	-	0.5
Minority Interest	-	-	-	-	-	-	-	-	0.0
PAT after Minority Interest and Share of profit/(loss) of Associates	469.3	240.3	95.3%	365.0	28.6%	1,212.0	812.0	49.2%	1,198.1
PAT Margin %	12.1%	6.2%	591 bps	9.6%	250 bps	10.3%	7.1%	327 bps	7.5%

Particulars (Rs mn)	H1 FY16	FY15
EQUITIES & LIABILITIES		
Shareholder Funds		
(A) Equity Share Capital	161.4	161.4
(C) Reserves & Surplus	13,186.9	12,216.5
Total - Shareholder Funds	13,348.3	12,377.9
Non Current Liabilities		
(A) Long Term Borrowings	4,303.7	3,301.9
(B) Deferred Tax Liabilities (Net)	643.6	628.7
(C) Other Long Term Liabilities	26.2	0.0
(D) Long Term Provisions	835.3	733.1
Total - Non – Current Liabilities	5,808.8	4,663.6
Current Liabilities		
(A) Short term Borrowings	3,438.1	4,068.2
(B) Trade Payables	828.4	1,514.4
(C) Other Current Liabilities**	4,286.0	4,751.9
(D) Short Term Provisions	707.8	713.4
Total – Current Liabilities	9,260.4	11,047.9
GRAND TOTAL – EQUITIES & LIABILITIES	28,417.4	28,089.4

** Includes CPLTD of Rs 950.9 mn as on H1 FY16 and Rs 1,956.8 mn as on FY15

Particulars (Rs. Mn)	H1 FY16	FY15
ASSETS		
Non Current Assets		
(A) Fixed Assets	15,813.6	15,704.5
(B) Goodwill on Consolidation	134.8	122.9
(C) Non-Current Investments	234.3	249.5
(D) Long Term Loans & Advances	2,055.2	1,871.3
(E) Other Non-Current Assets	3.1	5.9
Total - Non – Current Assets	18,241.0	17,954.1
Current Assets		
(A) Current Investments	132.0	132.0
(B) Inventories	4,934.2	4,482.6
(C) Trade Receivables	1,813.4	2,171.1
(D) Cash and Bank Balances	524.3	362.0
(E) Short Term Loans and Advances	2,633.6	2,897.5
(F) Other Current Assets	138.9	90.1
Total – Current Assets	10,176.4	10,135.3
GRAND TOTAL – ASSETS	28,417.4	28,089.4

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.

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:

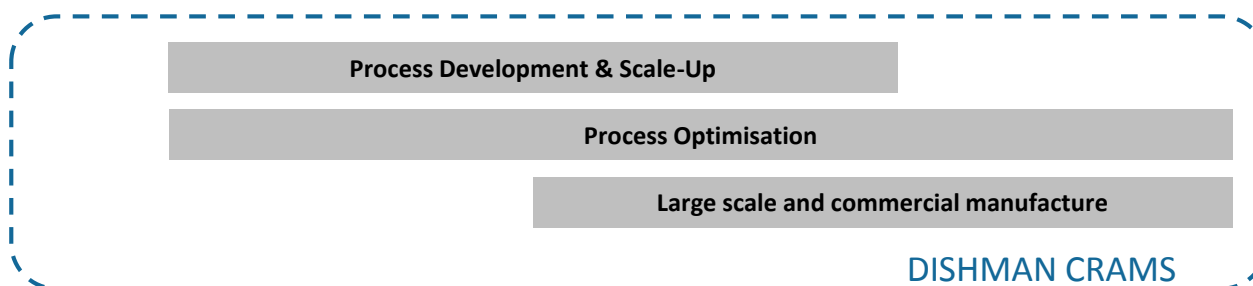
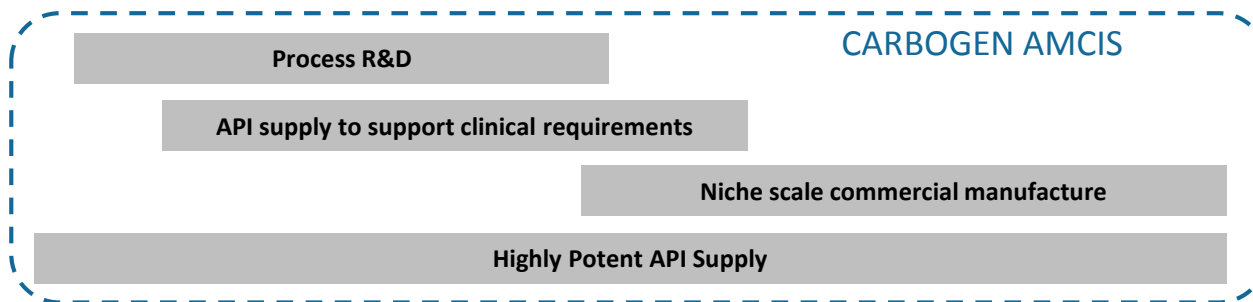
- Phase transfer catalysts, Vitamin D, Vitamin D analogues, cholesterol, laolin related products, antiseptic and disinfectant formulations for pharmaceutical, cosmetic and related markets.
- High quality supply of generic APIs and intermediates for pharmaceutical industry.

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

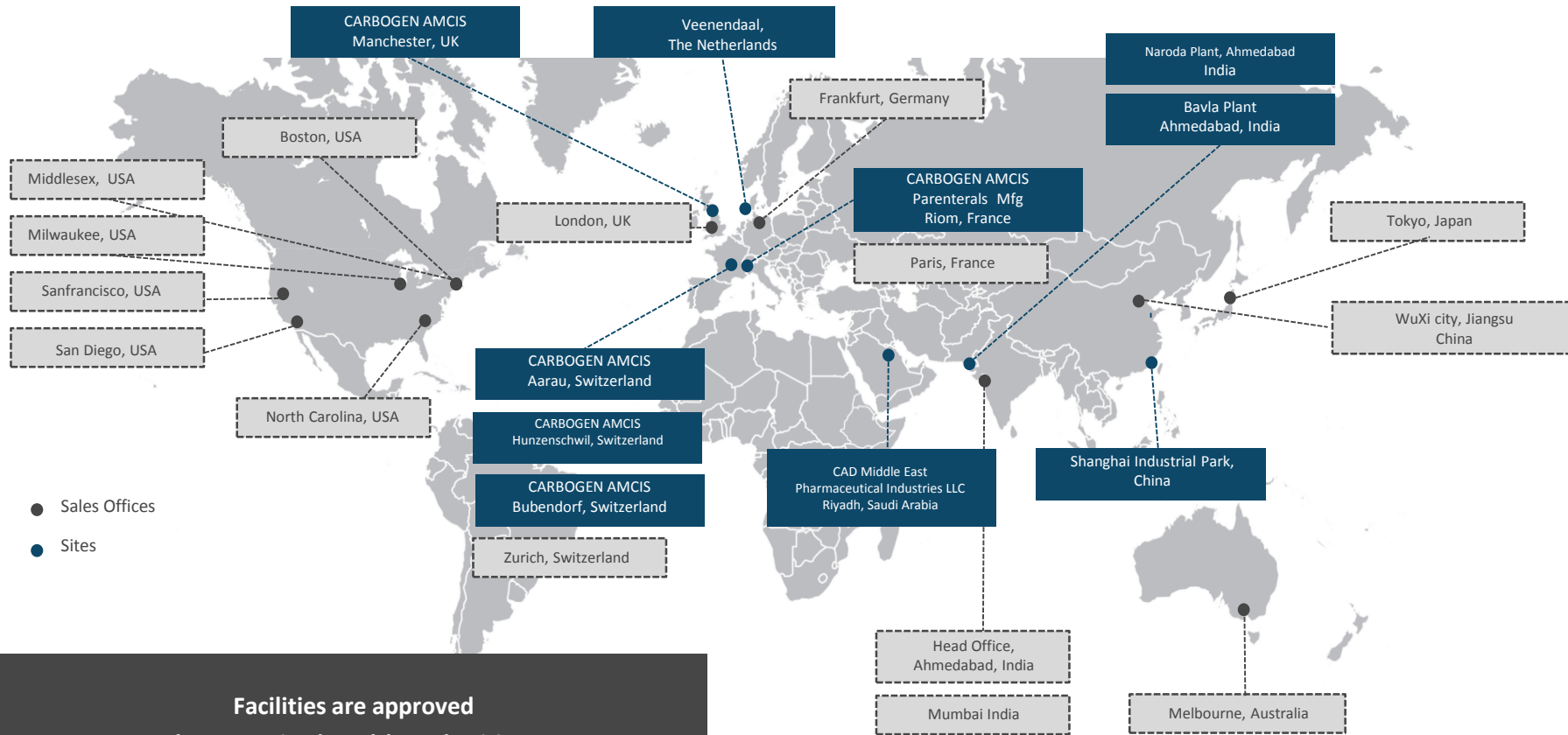
- 7,500 m2 R&D facilities, 28 R&D labs, formulation devp. lab, kilo lab, & pilot plant all cGMP compliant.
- Carbogen Amcis employs almost 200 chemists, ~40 % of whom hold a PhD in Chemistry.
- Dishman India employs 125 chemists, 30% of whom hold PhD in Chemistry.

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

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, India and China facility.

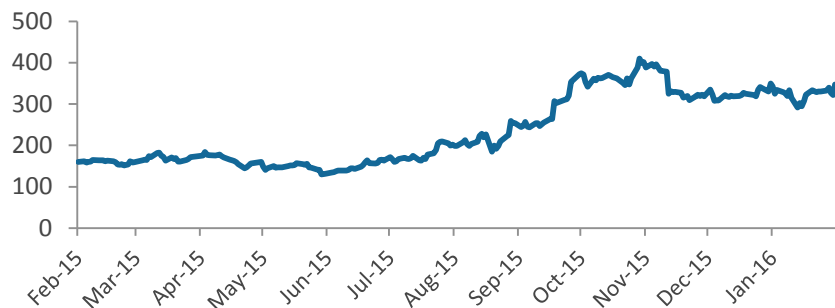
Strategy – Focus on Improvement in Margins

- 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 value added order execution from renovated Vitamin D facility in Netherlands.

Strategy - Reduction in Leverage & Improvement in Return Ratios

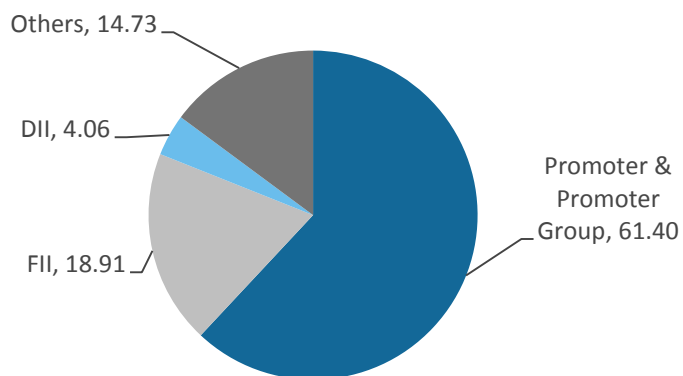
- No major capex planned for next two years.
- Incremental operating cash flows to be utilized for retirement of long term debt resulting to Robust Balance Sheet and Improved Return Ratios.

Share Price Performance



Source: BSE

% Shareholding – December 2015



Source: BSE

Market Data

As on 05.02.16 (BSE)

Market capitalization (Rs Mn)	28,054.4
Price (Rs.)	347.7
No. of shares outstanding (Mn)	80.7
Face Value (Rs.)	2
52 week High-Low (Rs.)	419.7-126.1

Key Institutional Investors as at December-15

% Holding

Goldman Sachs (Singapore) Pte	2.62%
Birla Sun Life	1.98%
Dimensional Fund Advisors	1.05%

Source: BSE

FOR ANY FURTHER QUERIES :



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Thank you!

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