



**DISHMAN PHARMACEUTICALS & CHEMICALS LIMITED**  
**Q4 & FULL YEAR FY16 RESULTS UPDATE**  
**MAY 2016**



➤ **Q4 & Full Year FY16 Results Highlights**

➤ **Consolidated Financials**

➤ **About Us**

➤ **Business Strategy & Outlook**



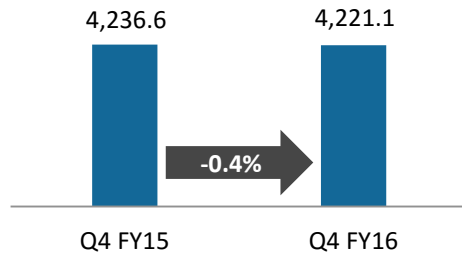
This presentation and the following discussion may contain “forward looking statements” by Dishman Pharmaceuticals and Chemicals Limited (Dishman) that are not historical in nature. These forward looking statements, which may include statements relating to future results of operations, financial condition, 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.

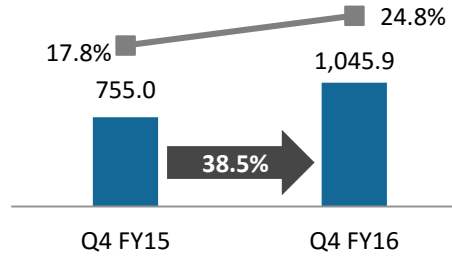
In particular, such statements should not be regarded as a projection of future performance of Dishman. It should be noted that the actual performance or achievements of Dishman may vary significantly from such statements.

## Q4 FY16 YoY ANALYSIS

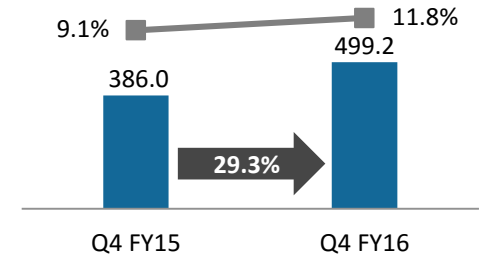
### REVENUES



### EBITDA & EBITDA MARGIN

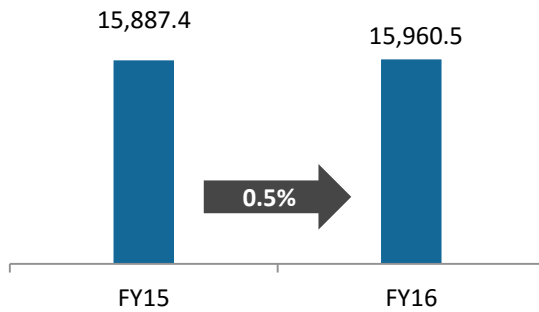


### PAT & PAT MARGIN

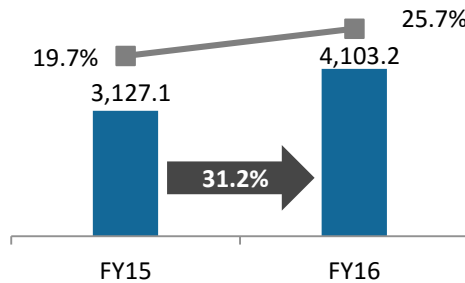


## Full Year FY16 YoY ANALYSIS

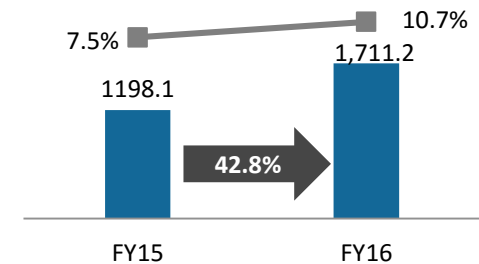
### REVENUES



### EBITDA & EBITDA MARGIN



### PAT & PAT MARGIN



In Rs Mn

**Financial Highlights:**

- Q4 FY16 revenues marginally declined by -0.4% YoY.
  - CRAMS – Carbogen Amcis: Revenues were marginally higher as the focus was on selecting only higher margin orders. The overall performance is on track backed by optimum capacity utilisation of 95% and strong order book of minimum ~ CHF 100 mn of development orders.
- CRAMS – India: Revenues growth driven by strong traction in high margin product sales and development quantity supplies.
- Vitamin D: Revenues declined as the company continued to consolidate its focus on high margin Vitamin D analogues.
  
- Q4 FY16 EBITDA increased significantly by 38.5% YoY. EBITDA margins improved from 17.8% in Q4 FY15 to 24.8% in Q4 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.

**Financial Highlights:**

- Interest expense declined by 18% YoY in Q4 FY16 driven by lower debt and conversion of certain rupee loans into foreign currency loans and repayment of high cost debt.
- Q4 FY16 PAT increased by 29.3% YoY driven by significant improvement in operational profitability and operational efficiency across global operations. PAT margin improved from 9.1% in Q4 FY15 to 11.8% in Q4 FY16.
- The employee costs in Q4FY15 were significantly lower as compared to Q4FY16 as Swiss subsidiary CA had written back employee pension liability to the extent of around CHF 6.8 million (Rs. 440 million).
- The other income declined by 82.2% YoY during Q4FY16 as compared to Q4FY15 due to the one time event of a claim received (Rs. 580 mn) in Q4FY15 with respect to loss of profit resulting out of a break down of a major commercial equipment at CA.
- The Depreciation expense declined by 57.7% YoY In Q4FY16 as compared to Q4FY15, as there was a one time depreciation provision of Rs. 270 mn on account of the provision for Asset Retirement Obligation (ARO) at CA during Q4FY15. Therefore, there is a significant drop in depreciation expense YoY.
- For the year ended 31st March, 2016 the Company has declared and paid 100% Dividend of Rs.2.00 per equity share with a face value of Rs.2.00 each. Subsequent to 31<sup>st</sup> March, 2016. The Company has issued and allotted 8,06,97,136 equity shares of Rs.2/- each, as fully paid-up bonus shares in the ratio of 1 (one) equity share for every 1 (one) Equity share held.

## Q4 & FULL YEAR FY16 RESULTS SEGMENTWISE ANALYSIS

Revenues – Segment wise Breakup	Q4 FY16	Q4 FY15	YoY%	FY16	FY15	YoY%
<b>CRAMS (% of Total)</b>	<b>73.3%</b>	<b>66.0%</b>	-	<b>71.2%</b>	<b>69.8%</b>	-
CRAMS – India	655.3	466.1	40.6%	2,693.4	2,328.2	15.7%
CRAMS – Carbogen Amcis	2,209.5	2,166.4	2.0%	7,735.6	7,712.5	0.3%
CRAMS – UK	110.4	142.1	-22.3%	688.6	853.5	-19.3%
<b>Marketable Molecules (% of Total)</b>	<b>26.7%</b>	<b>34.0%</b>	-	<b>28.8%</b>	<b>30.2%</b>	-
Vitamin D	505.1	623.5	-19.0%	2,231.9	2,270.4	-1.7%
Others	576.5	808.1	-28.7%	2,269.1	2,438.9	-7.0%
<b>Total</b>	<b>4,056.7</b>	<b>4,206.2</b>	<b>-3.6%</b>	<b>15,618.5</b>	<b>15,603.5</b>	<b>0.1%</b>

In Rs Mn

EBITDA Margin % – Segment wise	Q4 FY16	Q4 FY15	FY16	FY15
<b>CRAMS</b>				
CRAMS – India	51.4%	56.1%	50.1%	43.9%
CRAMS – Carbogen Amcis	19.0%	16.7%	18.6%	15.0%
CRAMS – UK	18.7%	17.6%	25.3%	32.0%
<b>Marketable Molecules</b>				
Vitamin D	30.4%	11.1%	29.8%	19.7%
Others	20.1%	4.8%	21.0%	9.7%



Particulars (Rs Mn)	Q4 FY16	Q4 FY15	YoY %	Q3 FY16	QoQ %	FY16	FY15	YoY %
<b>Revenue from Operations</b>	<b>4,056.7</b>	<b>4,206.2</b>	<b>-3.6%</b>	<b>3,824.7</b>	<b>6.1%</b>	<b>15,618.5</b>	<b>15,603.5</b>	<b>0.1%</b>
Other Operating Income	164.4	30.4	440.8%	62.7	162.2%	342.0	283.9	20.5%
<b>Total Revenues</b>	<b>4,221.1</b>	<b>4,236.6</b>	<b>-0.4%</b>	<b>3,887.4</b>	<b>8.6%</b>	<b>15,960.5</b>	<b>15,887.4</b>	<b>0.5%</b>
COGS	755.7	1,842.8	-59.0%	844.2	-10.5%	3,363.0	5,494.7	-38.8%
Employee Expenses	1,576.0	842.7	87.0%	1,301.2	21.1%	5,354.9	4,232.1	26.5%
Other Expenses	843.5	796.1	6.0%	642.0	31.4%	3,139.4	3,033.5	3.5%
<b>EBITDA</b>	<b>1,045.9</b>	<b>755.0</b>	<b>38.5%</b>	<b>1,100.0</b>	<b>-4.9%</b>	<b>4,103.2</b>	<b>3,127.1</b>	<b>31.2%</b>
<b>EBITDA Margin %</b>	<b>24.8%</b>	<b>17.8%</b>	<b>696bps</b>	<b>28.3%</b>	<b>-352bps</b>	<b>25.7%</b>	<b>19.7%</b>	<b>603bps</b>
Other Income	129.5	727.2	-82.2%	16.7	675.4%	265.4	869.1	-69.5%
<b>EBITDA with Other Income</b>	<b>1,175.4</b>	<b>1,482.2</b>	<b>-20.7%</b>	<b>1,116.7</b>	<b>5.3%</b>	<b>4,368.6</b>	<b>3,996.2</b>	<b>9.3%</b>
<b>EBITDA Margin % (with OI)</b>	<b>27.8%</b>	<b>35.0%</b>	<b>-714bps</b>	<b>28.7%</b>	<b>-88bps</b>	<b>27.4%</b>	<b>25.2%</b>	<b>222bps</b>
Depreciation	299.0	706.7	-57.7%	271.0	10.3%	1,090.6	1,507.1	-27.6%
Finance Cost (Incl. Forex Impact)	204.8	249.9	-18.0%	185.0	10.7%	944.4	897.1	5.3%
<b>PBT</b>	<b>671.6</b>	<b>525.6</b>	<b>27.8%</b>	<b>660.7</b>	<b>1.6%</b>	<b>2,333.6</b>	<b>1,592.0</b>	<b>46.6%</b>
Tax Expense	173.5	139.7	24.2%	191.3	-9.3%	623.5	394.4	58.1%
<b>% Tax Rate</b>	<b>25.8%</b>	<b>26.6%</b>	<b>-75bps</b>	<b>29.0%</b>	<b>-312bps</b>	<b>26.7%</b>	<b>24.8%</b>	<b>194bps</b>
<b>PAT</b>	<b>498.1</b>	<b>385.9</b>	<b>29.1%</b>	<b>469.4</b>	<b>6.1%</b>	<b>1,710.1</b>	<b>1,197.6</b>	<b>42.8%</b>
Income from Associates	1.1	0.1	1000.0%	-	-	1.1	0.5	120.0%
Minority Interest	-	-	0.0%	-	0.0%	-	-	0.0%
<b>PAT after Minority Interest and Share of profit/(loss) of Associates</b>	<b>499.2</b>	<b>386.1</b>	<b>29.3%</b>	<b>469.4</b>	<b>6.3%</b>	<b>1,711.2</b>	<b>1,198.1</b>	<b>42.8%</b>
<b>PAT Margin %</b>	<b>11.8%</b>	<b>9.1%</b>	<b>272bps</b>	<b>12.1%</b>	<b>-25bps</b>	<b>10.7%</b>	<b>7.5%</b>	<b>318bps</b>

Particulars (Rs mn)	FY16	FY15
<b>EQUITIES &amp; LIABILITIES</b>		
<b>Shareholder Funds</b>		
(A) Equity Share Capital	161.4	161.4
(C) Reserves & Surplus	14,354.1	12,216.5
<b>Total - Shareholder Funds</b>	<b>14,515.5</b>	<b>12,377.9</b>
<b>Minority Interest</b>	<b>4.4</b>	<b>0.0</b>
<b>Non Current Liabilities</b>		
(A) Long Term Borrowings	4,189.4	3,301.9
(B) Deferred Tax Liabilities (Net)	773.9	628.7
(C) Other Long Term Liabilities	0.0	0.0
(D) Long Term Provisions	805.1	733.1
<b>Total - Non – Current Liabilities</b>	<b>5,768.4</b>	<b>4,663.6</b>
<b>Current Liabilities</b>		
(A) Short term Borrowings	4,223.8	4,068.2
(B) Trade Payables	869.6	1,514.4
(C) Other Current Liabilities**	3,624.8	4,751.9
(D) Short Term Provisions	798.7	713.4
<b>Total – Current Liabilities</b>	<b>9,516.9</b>	<b>11,047.9</b>
<b>GRAND TOTAL – EQUITIES &amp; LIABILITIES</b>	<b>29,805.3</b>	<b>28,089.4</b>

Particulars (Rs. Mn)	FY16	FY15
<b>ASSETS</b>		
<b>Non Current Assets</b>		
(A) Fixed Assets	13,772.3	13,513.8
(B) Goodwill on Consolidation	2,531.8	2,313.6
(C) Non-Current Investments	250.4	249.5
(D) Long Term Loans & Advances	2,201.2	1,871.3
(E) Other Non-Current Assets	31.7	5.9
<b>Total - Non – Current Assets</b>	<b>18,787.4</b>	<b>17,954.1</b>
<b>Current Assets</b>		
(A) Current Investments	0.0	0.0
(B) Inventories	4,831.1	4,482.6
(C) Trade Receivables	1,523.3	2,171.1
(D) Cash and Bank Balances	622.0	362.0
(E) Short Term Loans and Advances	3,794.7	3,029.5
(F) Other Current Assets	246.8	90.1
<b>Total – Current Assets</b>	<b>11,017.9</b>	<b>10,135.3</b>
<b>GRAND TOTAL – ASSETS</b>	<b>29,805.3</b>	<b>28,089.4</b>

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

## 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:

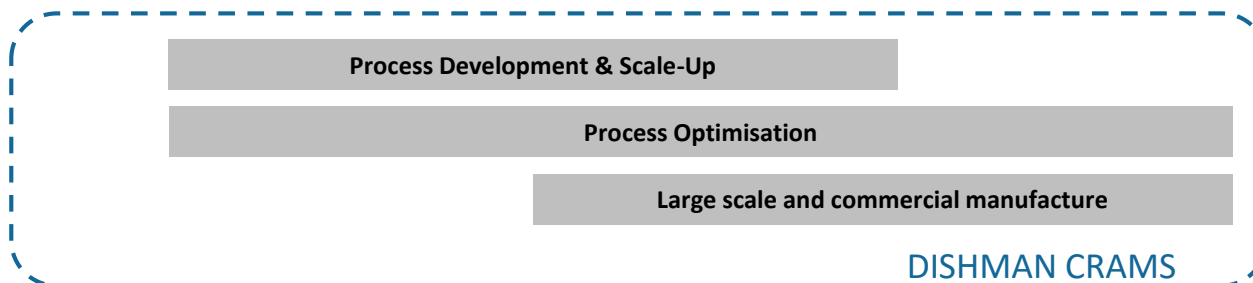
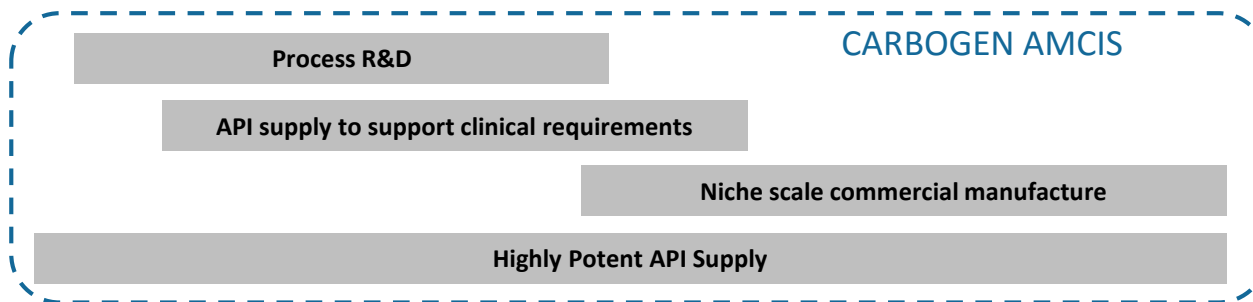
- Phase transfer catalysts, Vitamin D, Vitamin D analogues, cholesterol, laolin related products, antiseptic and disinfectant formulations for pharmaceutical, cosmetic and related markets.
- High quality supply of generic APIs and intermediates for pharmaceutical industry.

## 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 m<sup>3</sup> 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**

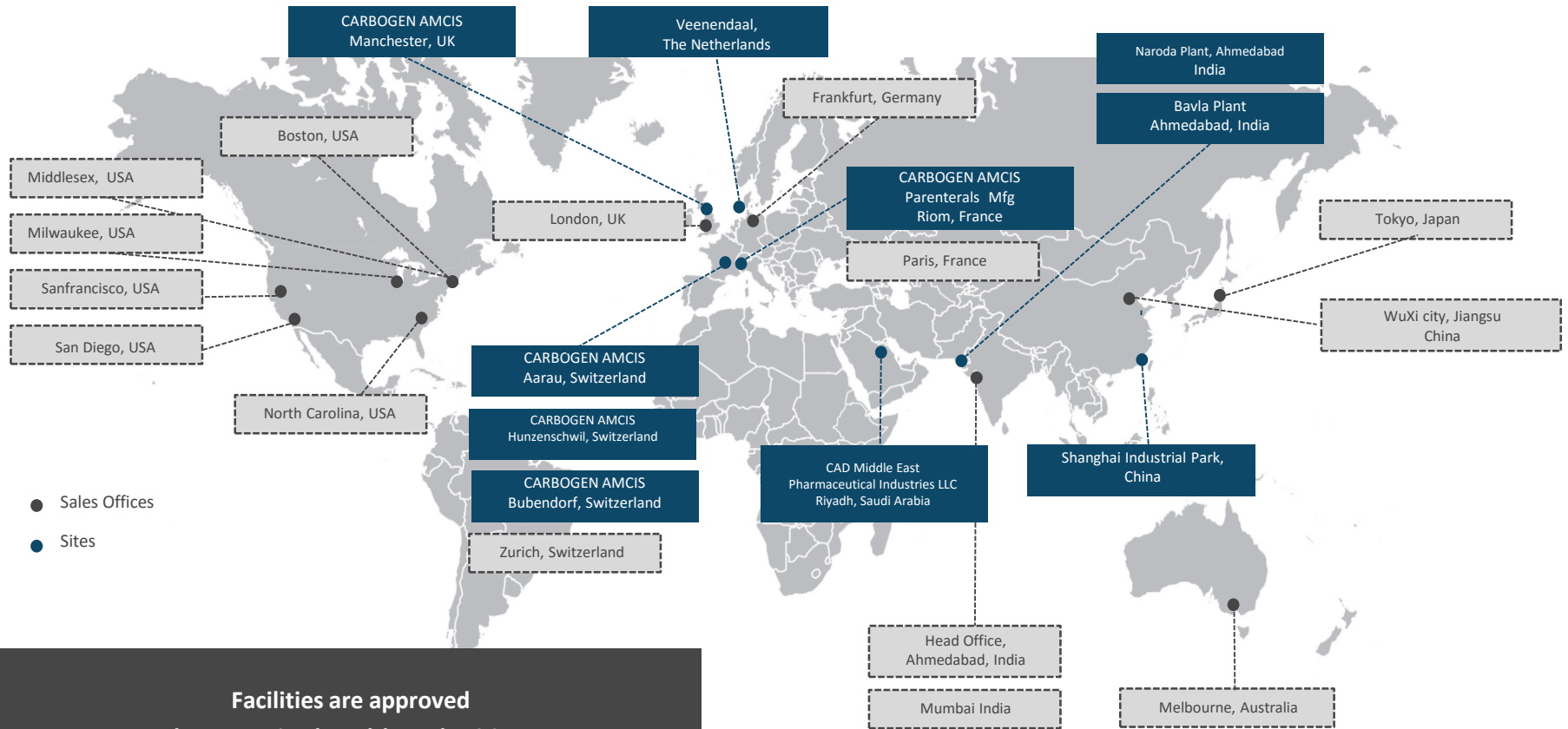
- 7,500 m2 R&D facilities, 28 R&D labs, formulation devp. lab, kilo lab, & pilot plant all cGMP compliant.
- Carbogen Amcis employs almost 200 chemists, ~40 % of whom hold a PhD in Chemistry.
- Dishman India employs 125 chemists, 30% of whom hold PhD in Chemistry.

#### **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.

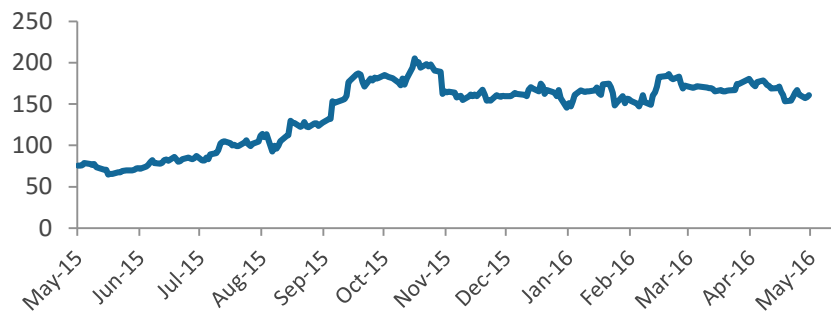
**Strategy – Focus on Improvement in Margins**

- 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**

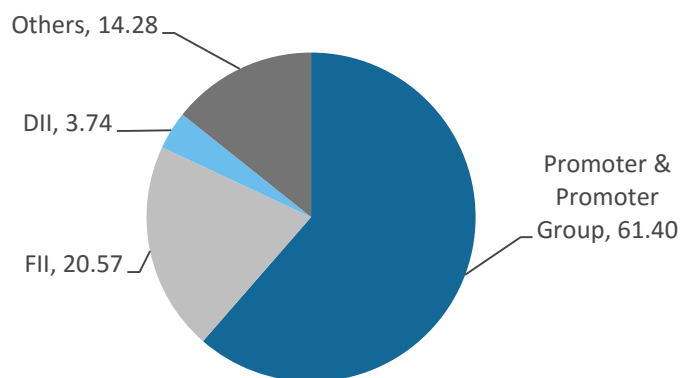
- No major capex planned for next two years.
- Incremental operating cash flows to be utilized for retirement of long term debt resulting to Robust Balance Sheet and Improved Return Ratios.

### Share Price Performance



Source: BSE

### % Shareholding – March 2016



Source: BSE

### Market Data

As on 19.05.16 (BSE)

Market capitalization (Rs Mn)	26,573.6
Price (Rs.)	164.6
No. of shares outstanding (Mn)	80.6
Face Value (Rs.)	2
52 week High-Low (Rs.)	209.8 – 63.1

### Key Institutional Investors as at March - 16

% Holding

Goldman Sachs (Singapore) PTE	3.18%
Birla Sun Life Trustee Co. Pvt. Ltd A/C Birla Sun Life Eqty Fund	2.99%
LSV Emerging Markets Equity Fund Lp	1.11%
Dimensional emerging Markets Value Fund	1.05%

Source: BSE



FOR ANY FURTHER QUERIES :



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**Thank you!**

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