



**DISHMAN PHARMACEUTICALS & CHEMICALS LIMITED**  
**Q2 & H1 FY15 RESULTS UPDATE**  
**NOVEMBER 2014**



➤ **Q2 & H1 FY15 Results Highlights** **04 – 09**

➤ **Q2 & H1 FY15 Consolidated Financials** **10 – 11**

➤ **About Us** **12 – 16**

➤ **Business Strategy & Outlook** **17**

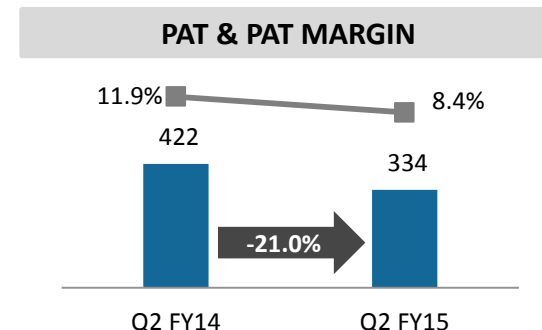
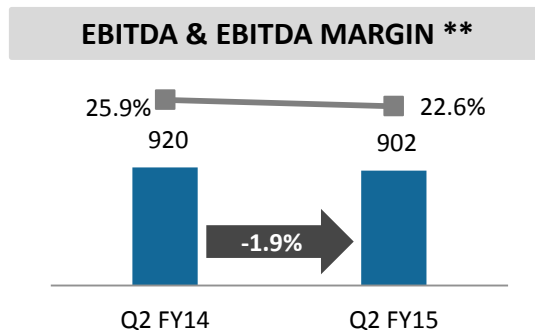
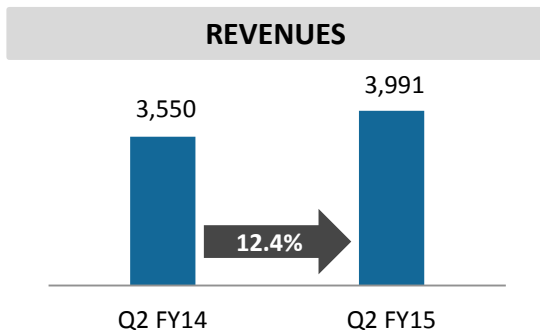


This presentation and the following discussion may contain “forward looking statements” by Dishman Pharmaceuticals and Chemicals Limited (Dishman) that are not historical in nature. These forward looking statements, which may include statements relating to future results of operations, financial condition,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

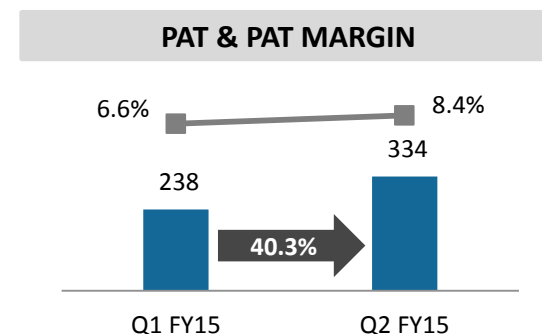
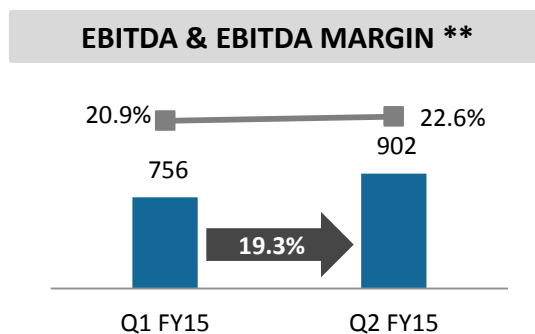
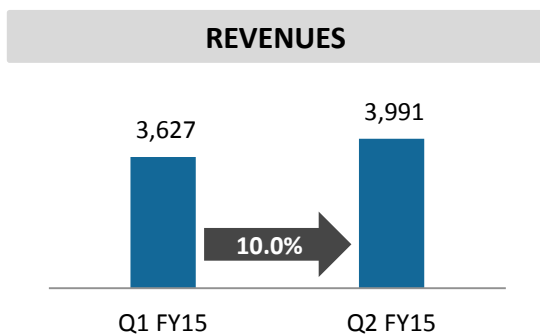
These statements are not guarantees of future performance, and are subject to known and unknown risks, uncertainties, and other factors, some of which are beyond Dishman’s control and difficult to predict, that could cause actual results, performance or achievements to differ materially from those in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

## YoY ANALYSIS



## QoQ ANALYSIS

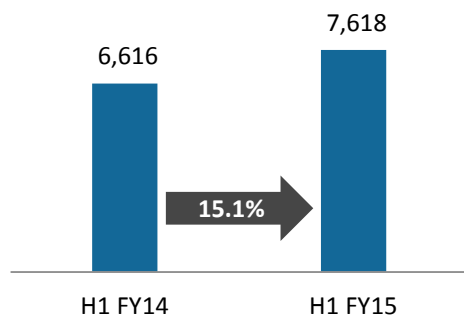


\*\* Excl Forex Impacts

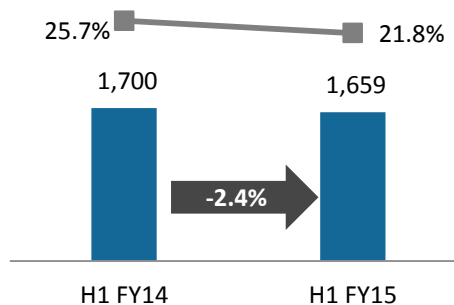
Note - In Rs Mn

## YoY ANALYSIS

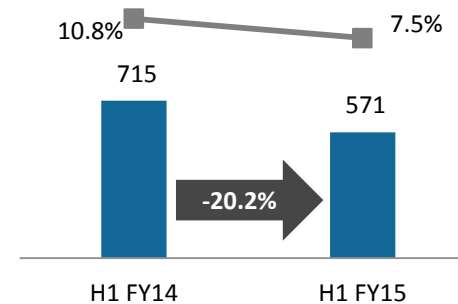
### REVENUES



### EBITDA & EBITDA MARGIN \*\*



### PAT & PAT MARGIN



\*\* Excl Forex Impacts

Note - In Rs Mn

- Q2 FY15 revenues grew by 12.4% YoY primarily driven by 19.5% YoY growth in revenues from Carbogen Amcis.
- H1 FY15 revenues grew by 15.1% YoY primarily driven by improved CRAMS business at Carbogen Amcis, India and UK, and higher Vitamin D sales.
- Q2 FY15 EBITDA (excl. Forex Impacts) declined by 1.9% YoY & EBITDA margin declined YoY from 25.9% to 22.6%. H1 FY15 EBITDA (excl. Forex Impacts) declined by 2.4% YoY & EBITDA margin declined YoY from 25.7% to 21.8%. The margins declined due to lower margins in CRAMS business and quats segment partially offset by higher margins in Vitamin D business.
  - During Q2 FY14 and H1 FY14, Carbogen Amcis had higher revenue contribution from “commercial production” work which has relatively higher margins.
  - During Q2 FY15 and H1 FY15, Carbogen Amcis majorly executed the relatively low margin “development & process” work.
  - Furthermore, during Q2 FY15 there was also some forex translation loss under Carbogen Amcis. Q2 FY15 EBITDA margin excl. forex impacts at Carbogen Amcis was at 18.9% compared to 23.5% in Q2 FY14.
  - Going forward, the margins at Carbogen Amcis would improve in H2 FY15 as the execution cycle heads towards the “commercial production”. 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.
- Q2 FY15 Depreciation declined 21.5% YoY due to reversal of excess depreciation which was charged in Q1 FY15 following the changes in the new Companies Act. The Company deploys only specialized equipments (life span of 15-20 years) which do not form part of the list of equipments provided by the government. The reversal decision was taken after evaluation analysis done by hired chartered Engineer.
- Q2 FY15 & H1 FY15 Interest cost improved YoY as it consisted of Rs 21.7 mn and Rs 143.0 mn forex loss respectively during prior period.

Revenues – Segment wise Breakup	Q2 FY15	Q2 FY14	YoY%	Q1 FY15	QoQ %	H1 FY15	H1 FY14	YoY%
<b>CRAMS (% of Total)</b>	<b>71.7%</b>	<b>66.8%</b>	-	<b>66.2%</b>	-	<b>69.1%</b>	<b>68.3%</b>	-
CRAMS – India	629	628	0.3%	584	7.8%	1,213	1,105	9.8%
CRAMS – Carbogen Amcis	1,991	1,665	19.5%	1,624	22.6%	3,615	3,172	13.9%
CRAMS – UK	192	66	190.9%	187	2.7%	378	222	70.6%
<b>Marketable Molecules (% of Total)</b>	<b>28.3%</b>	<b>33.2%</b>	-	<b>33.8%</b>	-	<b>30.9%</b>	<b>31.7%</b>	-
Vitamin D	492	488	0.8%	713	-31.0%	1,204	961	25.3%
Others	620	682	-9.2%	509	21.8%	1,128	1,131	-0.3%
<b>Total</b>	<b>3,923</b>	<b>3,529</b>	<b>11.2%</b>	<b>3,616</b>	<b>8.5%</b>	<b>7,539</b>	<b>6,592</b>	<b>14.4%</b>

Note - In Rs Mn

EBITDA Margin % – Segment wise	Q2 FY15	Q2 FY14	Q1 FY15	H1 FY15	H1 FY14
<b>CRAMS</b>					
CRAMS – India	41.0%	56.0%	35.6%	38.4%	59.1%
CRAMS – Carbogen Amcis	16.3%	25.6%	12.3%	14.5%	24.8%
CRAMS – UK	46.2%	-58.1%	35.6%	41.0%	-2.4%
<b>Marketable Molecules</b>					
Vitamin D	25.2%	13.6%	26.5%	26.0%	15.8%
Others	13.2%	24.2%	17.9%	15.3%	21.4%



Revenues – Businesswise Breakup	Q2 FY15	Q2 FY14	YoY%	Q1 FY15	QoQ %	H1 FY15	H1 FY14	YoY%
Dishman – Standalone	1,092	976	11.9%	897	21.8%	1,989	1,875	6.1%
Carbogen Amcis	1,991	1,665	19.5%	1,624	22.6%	3,615	3,172	13.9%
Dishman Netherlands	492	488	0.8%	713	-31.0%	1,204	961	25.3%
Dishman China	18	0	-	23	200.7%	41	0	-
Others	331	400	-40.3%	359	-31.0%	690	583	0.3%
<b>Total</b>	<b>3,923</b>	<b>3,529</b>	<b>11.2%</b>	<b>3,616</b>	<b>8.5%</b>	<b>7,539</b>	<b>6,592</b>	<b>14.4%</b>

EBITDA Margin % (excl. forex impacts) – Businesswise	Q2 FY15	Q2 FY14	Q1 FY15	H1 FY15	H1 FY14
Dishman – Standalone	30.7%	48.2%	37.1%	33.6%	36.2%
Carbogen Amcis	18.9%	23.5%	12.1%	15.8%	23.8%
Dishman Netherlands	24.6%	13.7%	26.5%	25.7%	15.8%
Dishman China	-	-	-	-	-
Others	28.4%	3.4%	13.1%	20.4%	26.2%

Note - In Rs Mn

Particulars (In Rs Mn)	Q2 FY15	Q2 FY14	YoY %	Q1 FY15	QoQ %	H1 FY15	H1 FY14	YoY %
Revenue from Operations	3,923	3,529	11.2%	3,616	8.5%	7,539	6,592	14.4%
Other Operating Income	68	20	234.1%	12	491.7%	80	25	221.0%
<b>Total Revenues</b>	<b>3,991</b>	<b>3,550</b>	<b>12.4%</b>	<b>3,627</b>	<b>10.0%</b>	<b>7,618</b>	<b>6,616</b>	<b>15.1%</b>
COGS	1,188	877	35.5%	1,045	13.8%	2,233	1,630	37.0%
Employee Expenses	1,135	1,053	7.8%	1,119	1.5%	2,254	1,976	14.1%
Other Expenses	790	647	22.0%	709	11.4%	1,499	1,182	26.9%
<b>EBITDA</b>	<b>878</b>	<b>972</b>	<b>-9.7%</b>	<b>754</b>	<b>16.3%</b>	<b>1,632</b>	<b>1,830</b>	<b>-10.8%</b>
<b>EBITDA Margin %</b>	<b>22.0%</b>	<b>27.4%</b>	- 540.7 bps	<b>20.8%</b>	1.19%	<b>21.4%</b>	<b>27.7%</b>	- 623.1 bps
Depreciation	240	306	-21.5%	306	-21.5%	546	529	3.2%
Other Income	10	45	-76.8%	45	-76.8%	55	30	83.7%
Finance Cost (Incl. Forex Impact)	175	189	-7.6%	205	-14.7%	380	470	-19.1%
<b>PBT</b>	<b>473</b>	<b>522</b>	<b>-9.4%</b>	<b>288</b>	<b>64.3%</b>	<b>761</b>	<b>861</b>	<b>-11.6%</b>
Tax Expense	139	100	40.0%	50	178.2%	189	145	30.3%
<b>% Tax Rate</b>	29.5%	19.1%	-	17.4%		24.9%	16.9%	
<b>PAT</b>	<b>334</b>	<b>422</b>	<b>-21.0%</b>	<b>238</b>	<b>40.3%</b>	<b>571</b>	<b>715</b>	<b>-20.2%</b>
<b>PAT Margin %</b>	8.4%	11.9%	- 353.8 bps	6.6%	1.80%	7.5%	10.8%	- 331.4 bps

Particulars (Rs mn)	Sep-14	FY 2014
<b>EQUITIES &amp; LIABILITIES</b>		
<b>Shareholder Funds</b>		
(A) Equity Share Capital	161	161
(C) Reserves & Surplus	119,99	116,11
<b>Total - Shareholder Funds</b>	<b>121,61</b>	<b>11,772</b>
<b>Share Application Money</b>	-	<b>41</b>
<b>Non Current Liabilities</b>		
(A) Long Term Borrowings	3,758	3,798
(B) Deferred Tax Liabilities (Net)	680	677
(C) Other Long Term Liabilities	-	1
(D) Long Term Provisions	612	637
<b>Total - Non – Current Liabilities</b>	<b>5,050</b>	<b>5,113</b>
<b>Current Liabilities</b>		
(A) Short term Borrowings	3,445	3,169
(B) Trade Payables	747	929
(C) Other Current Liabilities**	4,581	3,992
(D) Short Term Provisions	416	527
<b>Total – Current Liabilities</b>	<b>9,189</b>	<b>8,617</b>
<b>GRAND TOTAL – EQUITIES &amp; LIABILITIES</b>	<b>26,401</b>	<b>25,542</b>

Particulars (Rs. Mn)	Sep-14	FY 2014
<b>ASSETS</b>		
<b>Non Current Assets</b>		
(A) Fixed Assets	15,408	15,717
(B) Goodwill on Consolidation	123	123
(C) Non-Current Investments	249	249
(D) Deferred Tax Asset	-	-
(E) Long Term Loans & Advances	1,615	1,823
(F) Other Non-Current Assets	21	25
<b>Total - Non – Current Assets</b>	<b>17,416</b>	<b>17,937</b>
<b>Current Assets</b>		
(A) Inventories	4,944	4,233
(B) Trade Receivables	835	822
(C) Cash and Bank Balances	469	353
(D) Short Term Loans and Advances	2,736	2,197
<b>Total – Current Assets</b>	<b>8,985</b>	<b>7,605</b>
<b>GRAND TOTAL – ASSETS</b>	<b>26,401</b>	<b>25,542</b>

\*\* Includes CPLTD of Rs 1,966 mn as of FY14 and Rs 1,874 mn as of Sep-14

## 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 13<sup>th</sup> 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:

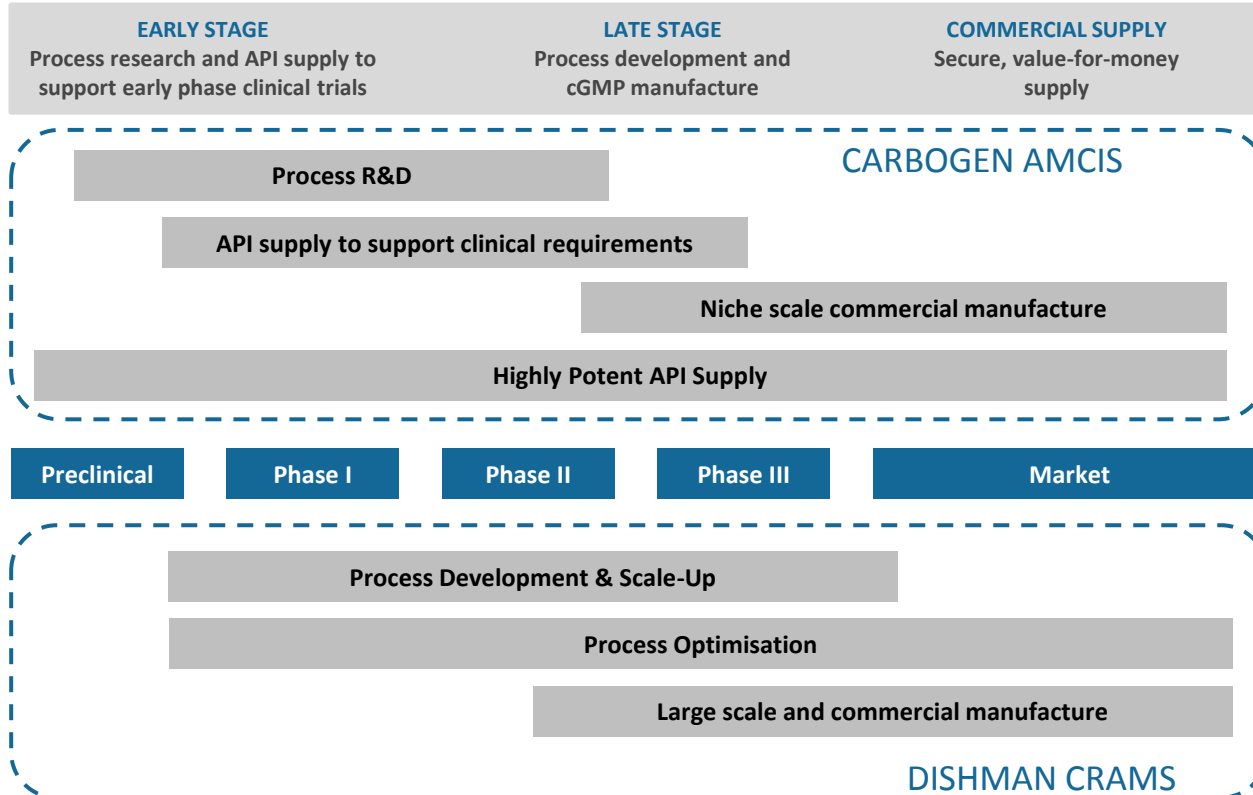
- Phase transfer catalysts, Vitamin D, Vitamin D analogues, cholesterol, laolin related products, antiseptic and disinfectant formulations for pharmaceutical, cosmetic and related markets.
- High quality supply of generic APIs and intermediates for pharmaceutical industry.

## 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 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**

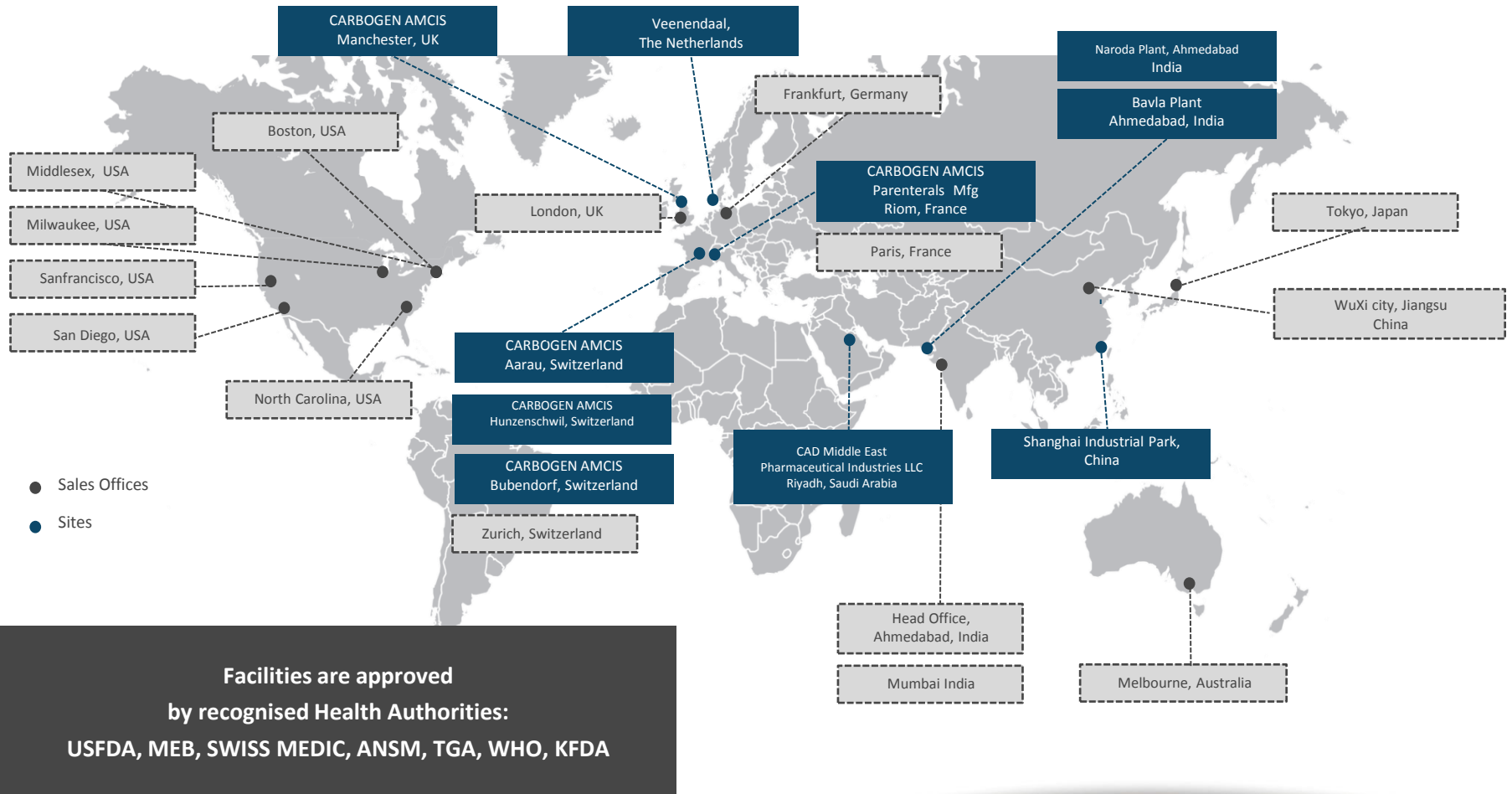
- 7,500 m2 R&D facilities, 28 R&D labs, formulation devp. lab, kilo lab, & pilot plant all cGMP compliant.
- Carbogen Amcis employs almost 200 chemists, ~40 % of whom hold a PhD in Chemistry.
- Dishman India employs 125 chemists, 30% of whom hold PhD in Chemistry.

#### **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**

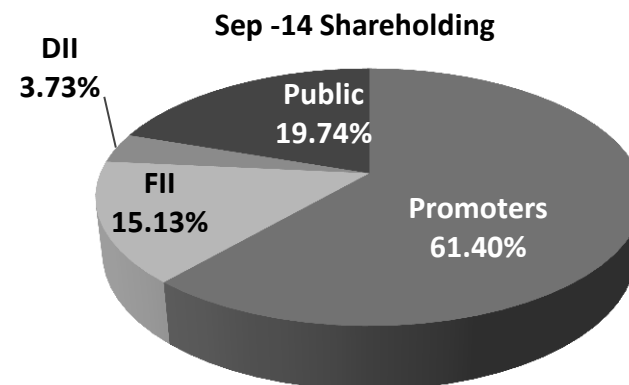
- 25 multi-purpose and 1 dedicated USFDA inspected production facilities.
- 750 m3 of reactor capacity in Bavla, 230 m3 in Naroda and 63 m3 in Shanghai.
- Asia's largest HIPO facility in Bavla.
- Large capacities provide competitive edge to win big long-term contracts



Shareholding %	Sep-14	Jun-14	Mar-14	Dec-13
Promoters	61.40%	61.40%	61.45%	61.68%
FII	15.13%	10.84%	8.95%	9.85%
DII	3.73%	3.90%	3.82%	2.70%
Public	19.74%	23.86%	25.78%	25.77%
Total No. of Shares (Mn)	80.69	80.69	80.69	80.69

Market Data	As on 13.11.14 (BSE)
Market capitalization (Rs Mn)	11,197
Price (Rs.)	138.75
No. of shares outstanding (Mn)	80.69
Face Value (Rs.)	2.00
52 week High-Low (Rs.)	197.00 – 75.00

Key Institutional Investors at Sep-14	% Holding
LIC of India	2.06%
Goldman Sachs (Singapore) Pte	1.72%
Morgan Stanley Asia (Singapore) Pte	1.69%
Bajaj Allianz Life Insurance Co Ltd	1.20%
HDFC Standard Life Insurance Company Ltd	1.09%





**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.

FOR ANY FURTHER QUERIES :



**Mr. Rajshekhar Bhat**

Group CFO

Contact: 079 26443053

Email: [rajshekhar.bhat@dishmangroup.com](mailto:rajshekhar.bhat@dishmangroup.com)

Website: [www.dishmangroup.com](http://www.dishmangroup.com)

DICKENSON**SEAGULL** **IR**

**Mr. Ammeet Sabarwal / Mr. Nilesh Dalvi**

IR Consultant

Contact: + 91 9819576873 / 9819289131

Email: [ammeet.sabarwal@dickensonir.com](mailto:ammeet.sabarwal@dickensonir.com)

[nilesh.dalvi@dickensonIR.com](mailto:nilesh.dalvi@dickensonIR.com)

Website: [www.dickensonir.com](http://www.dickensonir.com)



**Thank you!**

[www.dishmangroup.com](http://www.dishmangroup.com)

[www.carbogen-amcis.com](http://www.carbogen-amcis.com)

