



DISHMAN PHARMACEUTICALS & CHEMICALS LIMITED
Q2 & H1FY17 RESULTS UPDATE
October 2016

DISCUSSION SUMMARY

- Q2 & H1FY17 Results Highlights
- Consolidated Financials
- Business Strategy & Outlook



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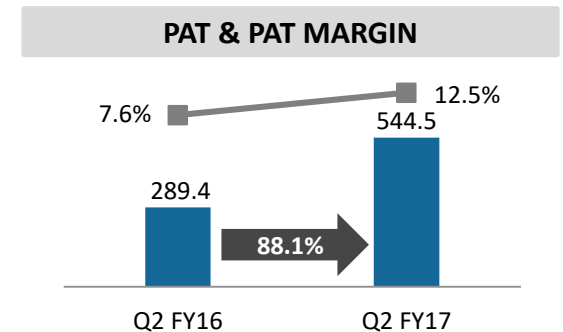
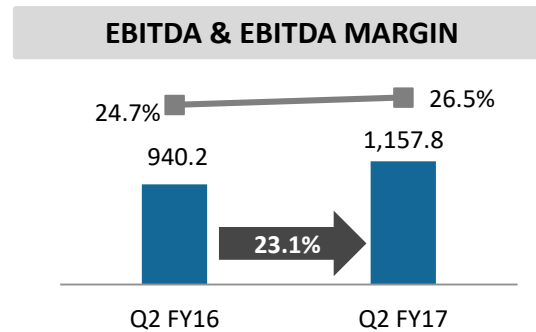
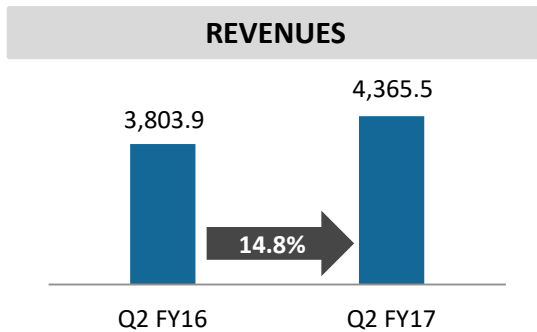
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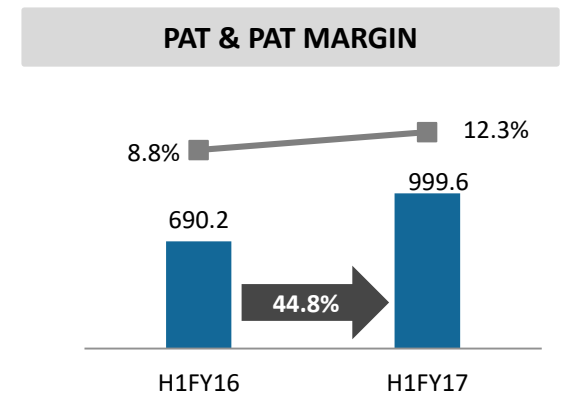
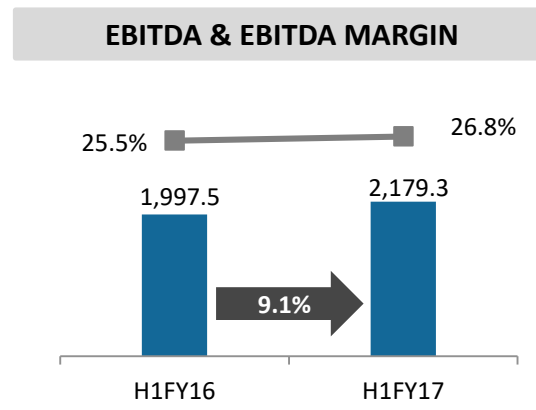
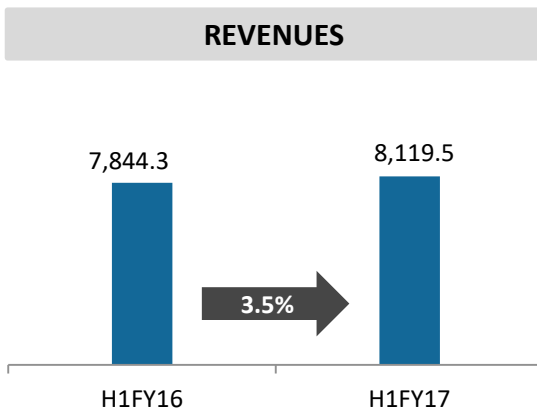
Q2 & H1FY17 Results Highlights



Q2 FY17 YoY ANALYSIS



H1 Y17 YoY ANALYSIS



In Rs Mn.

Financial Highlights:

- Q2 FY17 revenues increased by 14.8% YoY.
 - CRAMS – India: Revenues increased 33.9% YoY on account of increased momentum in commercial orders. Currently both the operational cells at HiPo facility are completely occupied and the process for activating the 3rd cell has started.
 - CRAMS – Carbogen Amcis: Revenues were higher 26.7% due to higher share of development orders.
 - Dishman Netherlands: Revenues increased 14.8% YoY on account of higher sales of Vitamin D analogues and cholesterol.
- **EBITDA margins improved from 24.7% in Q2 FY16 to 26.5% in Q2 FY17.**
 - CRAMS – Carbogen Amcis: Operating Margins declined by ~60 bps due to higher revenue contribution from development orders as compared to commercial orders.
 - CRAMS – India: Operating Margins increased ~520bps due to execution of high margin commercial and development orders, process improvement and better Product mix.
 - Dishman Netherlands: Focus on high value products like certain Vitamin D analogues and direct selling of cholesterol to end customers.
- Depreciation declined 8% yoy on account of restatement of accounts as per Ind AS which led to higher recognition of depreciation in the corresponding quarter last year.
- Interest expense declined by -27.5% YoY in Q2 FY17 driven by lower debt, conversion of rupee debt into foreign debt and conversion of higher cost foreign currency loans into lower cost foreign currency loans. **Net Debt reduced by ~Rs. 500 mn in the first half of 2017.**
- **Q2 FY17 PAT increased by 88.1% YoY driven by significant improvement in operational profitability and operational efficiency across global operations. PAT margin improved from 7.6% in Q2 FY16 to 12.5% in Q2 FY17.**

Revenues – Segment wise Breakup	Q2 FY17	Q2 FY16	YoY%	H1FY17	H1FY16	YoY%
CRAMS (% of Total)	75.9%	72.3%	-	73.4%	67.5%	-
CRAMS – India	763.1	570.0	33.9%	1,184.2	1,238.2	-4.4%
CRAMS – Carbogen Amcis	2,386.8	1,884.0	26.7%	4,407.1	3,651.6	20.7%
CRAMS – UK	90.0	242.7	-62.9%	224.8	325.7	-31.0%
Marketable Molecules (% of Total)	24.1%	27.7%	-	26.6%	32.5%	-
Vitamin D	608.9	530.6	14.8%	1,234.6	1,404.9	-12.1%
Others	420.6	501.6	-16.2%	877.5	1,109.0	-20.9%
Total	4,269.4	3,728.9	14.5%	7,928.2	7,729.3	2.6%

In Rs Mn

EBITDA Margin % – Segment wise	Q2 FY17	Q2 FY16	H1FY17	H1FY16
CRAMS				
CRAMS – India	56.0%	50.8%	56.2%	50.4%
CRAMS – Carbogen Amcis	18.1%	18.7%	18.9%	18.0%
CRAMS – UK	14.8%	24.2%	20.4%	22.3%
Marketable Molecules				
Vitamin D	30.7%	29.0%	32.4%	29.9%
Others	23.4%	17.1%	26.8%	20.1%

Consolidated Financials



Particulars (Rs Mn)	Q2 FY17	Q2 FY16	YoY %	Q1 FY17	QoQ %	H1 FY17	H1 FY16	YoY %
Revenue from Operations	4,269.4	3,728.9	14.5%	3,658.9	16.7%	7,928.3	7,729.3	2.6%
Other Operating Income	96.1	75.0	28.1%	95.1	1.1%	191.2	115.0	66.3%
Total Revenues	4,365.5	3,803.9	14.8%	3,754.0	16.3%	8,119.5	7,844.3	3.5%
COGS	918.4	898.9	2.2%	541.9	69.5%	1,460.4	1,759.5	-17.0%
Employee Expenses	1,429.7	1,230.1	16.2%	1,450.5	-1.4%	2,880.2	2,470.8	16.6%
Other Expenses	859.6	734.7	17.0%	740.0	16.2%	1,599.6	1,616.5	-1.0%
EBITDA	1,157.8	940.2	23.1%	1,021.6	13.3%	2,179.3	1,997.5	9.1%
EBITDA Margin %	26.5%	24.7%	180 bps	27.2%	-69 bps	26.8%	25.5%	138 bps
Other Income	76.5	79.8	-4.1%	70.1	9.1%	146.7	119.2	23.1%
EBITDA with Other Income	1,234.3	1,020.0	21.0%	1,091.7	13.1%	2,326.0	2,116.7	9.9%
EBITDA Margin % (with OI)	28.3%	26.8%	146 bps	29.1%	-81 bps	28.6%	27.0%	166 bps
Depreciation	308.9	335.6	-8.0%	284.8	8.5%	593.6	596.9	-0.6%
Finance Cost (Incl. Forex Impact)	189.0	260.6	-27.5%	224.6	-15.9%	413.6	578.6	-28.5%
PBT	736.4	423.8	73.8%	582.3	26.5%	1,318.8	941.2	40.1%
Tax Expense	189.7	143.8	31.9%	127.4	48.9%	317.0	261.0	21.5%
% Tax Rate	25.8%	33.9%	-817 bps	21.9%	388 bps	24.0%	27.7%	-369 bps
PAT	546.7	280.0	95.3%	454.9	20.2%	1,001.8	680.2	47.3%
Income from Associates	-	-	-	-	-	-	-	-
Minority Interest	-	-2.9	-100.0%	-	-	-	-2.9	-100.0%
Other Comprehensive Income	-2.2	6.5	-133.8%	-	-	-2.2	12.9	-117.1%
PAT after Minority Interest and Share of profit/(loss) of Associates	544.5	289.4	88.1%	454.9	19.7%	999.6	690.2	44.8%
PAT Margin %	12.5%	7.6%	486 bps	12.1%	36 bps	12.3%	8.8%	351 bps

Particulars (Rs mn)	H1FY17
EQUITIES & LIABILITIES	
Shareholder Funds	
(A) Equity Share Capital	322.8
(C) Reserves & Surplus	16,452.4
Total - Shareholder Funds	16,775.2
Minority Interest	-
Non Current Liabilities	
(A) Long Term Borrowings	3,251
(B) Deferred Tax Liabilities (Net)	668.5
(C) Other Long Term Liabilities	-
(D) Long Term Provisions	785.3
Total - Non – Current Liabilities	
Current Liabilities	
(A) Short term Borrowings	4,464.5
(B) Trade Payables	881.5
(C) Other Financial Liabilities	1,913.2
(C) Other Current Liabilities**	1,530.2
(D) Short Term Provisions	592.3
Total – Current Liabilities	9,381.7
GRAND TOTAL – EQUITIES & LIABILITIES	30,861.7

** Current portion of long term maturities – Rs. 1,065.3 mn.

Particulars (Rs. Mn)	H1FY17
ASSETS	
Non Current Assets	
(A) Property, plant and equipment	13,761.7
(B) Capital work in progress	1,270.6
(C) Goodwill	2,531.8
(D) Other Intangible assets	160.9
(E) Financial Assets	
i) Investments	252.6
ii) Loans	393.2
iii) Others	21.6
(F) Other Non-Current Assets	1,840.7
Total - Non – Current Assets	20,233.1
Current Assets	
(A) Inventories	4,947.6
(B) Financial Assets	
i) Investments	-
ii) Trade Receivables	1,524.1
iii) Cash and cash equivalents	191.0
iv) Bank Balances other than (iii) above	96.6
v) Loans	81.8
vi) Others	3,316.1
(C) Current Tax Assets	0.0
(D) Other Current Assets	471.4
Total – Current Assets	10,628.6
GRAND TOTAL – ASSETS	30,861.7

Business Strategy & Outlook



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.

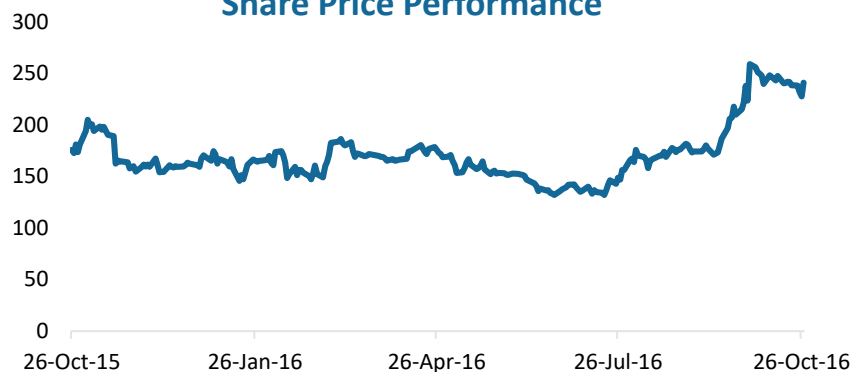
Strategy – Focus on Improvement in Margins

- 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

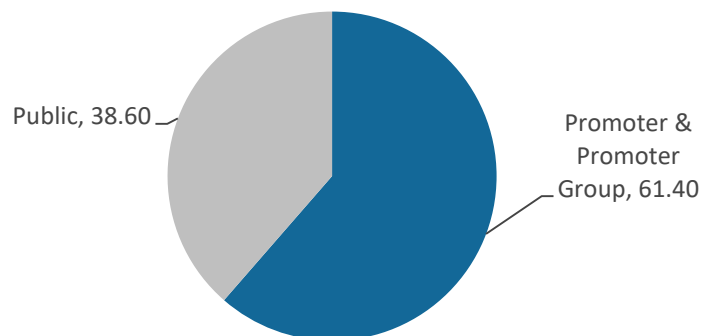
- No major capex planned for next two years.
- Incremental operating cash flows to be utilized for retirement of long term debt resulting to Robust Balance Sheet and Improved Return Ratios.

Share Price Performance



Source: BSE

% Shareholding – September 2016



Source: BSE

Market Data

As on 27.10.16 (BSE)

Market capitalization (Rs Mn)	38,920.2
Price (Rs.)	241.2
No. of shares outstanding (Mn)	161.4
Face Value (Rs.)	2
52 week High-Low (Rs.)	267.9 – 127.6

Key Institutional Investors as at September - 16

% Holding

Birla Sun Life Trustee Co. Pvt. Ltd A/C Birla Sun Life Eqty Fund	2.51%
L&T Mutual Fund	1.87%
Morgan Stanley Mauritius Co. Ltd.	1.49%
LSV Emerging Markets Equity Fund Lp	1.45%
Tata Balanced Fund	1.18%

Source: BSE

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Thank you!

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