

25th January, 2018

To, Department of Corporate Services Bombay Stock Exchange Ltd. Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001.	To, The Manager, Listing Department, National Stock Exchange of India Ltd. “Exchange Plaza”, C-1, Block G, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051.
Ref.: Scrip Code No. : 540701	Ref. : (i) Symbol – DCAL (ii) Series – EQ

**SUB: INVESTORS PRESENTATION ON UNAUDITED FINANCIAL RESULT –
REGULATION: 30**

Dear Sir,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, kindly find enclosed herewith Presentation on financial result for the quarter ended 31st December, 2017 made to Analyst and Investors.

Kindly take the same on your record.

Thanking You,

Yours faithfully,
For, Dishman Carbogen Amcis Limited


Shrima Dave
Company Secretary



Encl.: As Above

Dishman Carbogen Amcis Limited

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CIN No. : U74900GJ2007PLC051338



DISHMAN CARBOGEN AMCIS LIMITED

Q3 & 9M FY18 RESULTS UPDATE
January 2018

SAFE HARBOR STATEMENT

This presentation and the following discussion may contain “forward looking statements” by Dishman Carbogen Amcis Limited (‘Dishman’ or the ‘Company’) 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.

DISCUSSION SUMMARY

- ❖ Q3 & 9M FY18 RESULTS UPDATE
- ❖ INDUSTRY OVERVIEW
- ❖ COMPANY OVERVIEW



Q3 & 9M FY18 RESULTS UPDATE

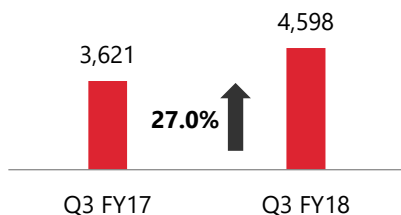


Q3 & 9M FY18 RESULT HIGHLIGHTS

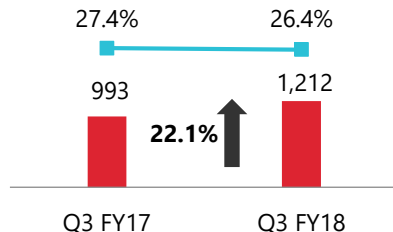
Q3 FY18 YoY ANALYSIS

In Rs Mn

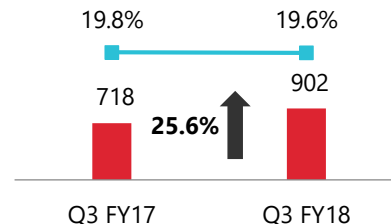
REVENUES



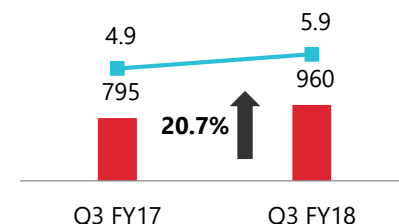
EBITDA & EBITDA MARGIN *



ADJUSTED PBT # & PBT MARGIN

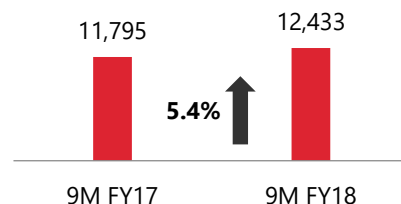


CASH PAT @ & CASH EPS

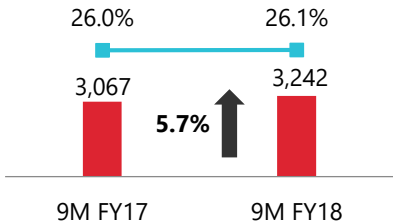


9M FY18 YoY ANALYSIS

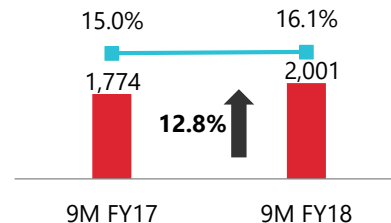
REVENUES



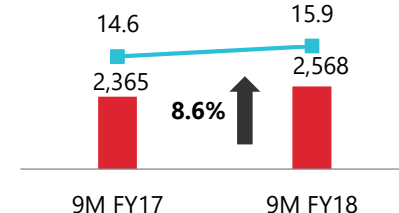
EBITDA & EBITDA MARGIN *



ADJUSTED PBT # & PBT MARGIN



CASH PAT @ & CASH EPS



* EBITDA excluding other income

PBT is adjusted to exclude the additional goodwill amortization of Rs. 221.1 mn in Q3 FY17, Q3 FY18 and Rs 442.2 mn in 9M FY17, 9M FY18 on account of merger

@ Cash PAT = Adjusted PAT + (Depreciation – additional goodwill amortization), adjusted for merger impact,
Adjusted PAT = Adjusted PBT – Normalized tax rate of 30%

Q3 FY18 RESULT HIGHLIGHTS

Financial Highlights:

- **Total revenues increased by 27.0% YoY to Rs 4,598.2 mn in Q3 FY18.**
 - CRAMS Carbogen Amcis revenues increased 52.1% YoY due to higher developmental orders pertaining to late phase III supplies.
 - CRAMS India revenues decreased 20.6% YoY due to deferment of orders to the next quarter resulting in higher inventory.
 - Emphasis is on high value developmental and commercial orders across late phase molecules.
 - Vitamin-D revenues decreased 17.8% YoY due to lower sales of Cholesterol.
- **EBITDA margin decreased from 27.4% in Q3 FY17 to 26.4% in Q3 FY18.**
 - Lower contribution from high margin CRAMS India business had a marginal impact.
 - Continued focus on niche molecule developmental orders at Carbogen Amcis led to sustained profitability.
 - Increase in sales of high margin Vitamin D analogues led to margin improvement in Vitamin D business.
 - Foreign exchange gains of Rs 174.5 mn recognised in other operating income.
- Interest expense declined by 4.4% YoY from Rs 133.9 mn in Q3 FY17 to Rs 128.0 mn in Q3 FY18 driven by conversion of higher cost rupee loans into lower cost foreign currency loans. Tax expense increased due to reversal of deferred taxes at Chinese operations.
- **PBT increased by 37.0% from Rs 496.7 mn to Rs 680.6 mn. Adjusted PBT # increased by 25.6% from Rs 717.8 mn to Rs 901.7 mn.**
- **PAT increased by 29.3% from Rs 324.8 mn to Rs 420.0 mn. Adjusted PAT # increased by 25.6% from Rs 502.5 mn to Rs 631.2 mn.**

PBT is adjusted to exclude the additional goodwill amortization of Rs. 221.1 mn in Q3 FY17 and Q3 FY18 on account of merger
Adjusted PAT = Adjusted PBT – Normalized tax rate of 30%

Q3 & 9M FY18 SEGMENT-WISE REVENUE ANALYSIS

In Rs Mn

Revenues – Segment wise Breakup	Q3 FY18	Q3 FY17	YoY%	9M FY18	9M FY17	YoY%
CRAMS (% of Total)	76.6%	69.2%		76.2%	72.2%	
CRAMS – India	433.2	545.9	-20.6%	1,411.0	1,730.1	-18.4%
CRAMS – Carbogen Amcis	2,682.6	1,763.6	52.1%	7,348.5	6,170.7	19.1%
CRAMS – UK	186.7	157.5	18.6%	380.3	382.3	-0.5%
Marketable Molecules (% of Total)	23.4%	30.8%		23.8%	27.8%	
Vitamin D	494.1	601.4	-17.8%	1,468.5	1,836.0	-20.0%
Others	512.4	496.3	3.2%	1,393.3	1,348.5	3.3%
Total Revenue from Operations	4,309.1	3,564.7	20.9%	12,001.6	11,467.6	4.7%

Q3 & 9M FY18 SEGMENT-WISE MARGIN ANALYSIS

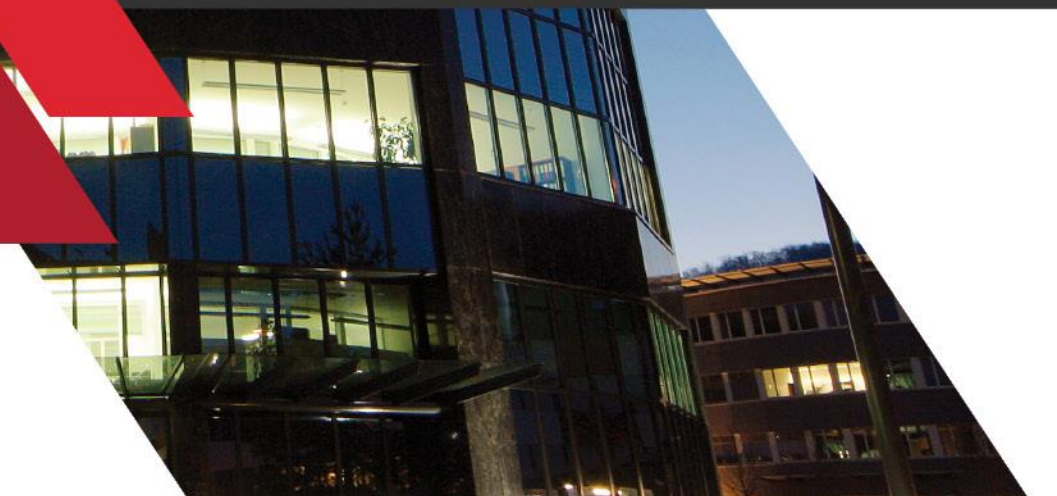
EBITDA Margin % – Segment wise	Q3 FY18	Q3 FY17	9M FY18	9M FY17
CRAMS				
CRAMS – India	57.5%	57.4%	53.5%	55.4%
CRAMS – Carbogen Amcis	21.3%	19.3%	20.5%	19.0%
CRAMS – UK	29.2%	26.5%	25.0%	22.9%
Marketable Molecules				
Vitamin D	40.8%	31.2%	38.6%	30.8%
Others	26.4%	22.0%	22.8%	20.9%
Total EBITDA Margin %	26.4%	27.4%	26.1%	26.0%

CONSOLIDATED P&L STATEMENT

Particulars (In Rs Mn)	Q3 FY18	Q3 FY17	YoY %	Q2 FY18	QoQ %	9M FY18	9M FY17	YoY %
Revenue from Operations	4,309.1	3,564.7	20.9%	4,307.9	0.0%	12,001.6	11,467.6	4.7%
Other Operating Income	289.1	56.0	416.3%	130.5	121.5%	431.4	327.1	31.9%
Total Revenues	4,598.2	3,620.7	27.0%	4,438.4	3.6%	12,433.0	11,794.7	5.4%
COGS	1,034.2	648.8	59.4%	794.5	30.2%	2,303.0	2,109.2	9.2%
Employee Expenses	1,584.4	1,308.8	21.1%	1,518.4	4.3%	4,536.8	4,189.0	8.3%
Other Expenses	767.6	670.5	14.5%	795.6	-3.5%	2,351.1	2,430.0	-3.2%
EBITDA	1,212.0	992.6	22.1%	1,329.9	-8.9%	3,242.1	3,066.5	5.7%
EBITDA Margin %	26.4%	27.4%	-106 bps	30.0%	-361 bps	26.1%	26.0%	8 bps
Other Income	146.2	155.3	-5.9%	90.1	62.3%	301.9	223.1	35.3%
EBITDA with Other Income	1,358.2	1,147.9	18.3%	1,420.0	-4.4%	3,544.0	3,289.6	7.7%
EBITDA Margin % (with OI)	29.5%	31.7%	-217 bps	32.0%	-246 bps	28.5%	27.9%	61 bps
Depreciation	549.6	513.6	7.0%	545.7	0.7%	1,609.4	1,565.1	2.8%
Finance Cost	128.0	133.9	-4.4%	133.7	-4.3%	375.5	388.7	-3.4%
Profit from Associates & JV	-	3.7	-	-	-	-	3.7	-
PBT	680.6	496.7	37.0%	740.6	-8.1%	1,559.1	1,332.1	17.0%
Tax Expense	260.6	171.9	51.6%	256.7	1.5%	525.0	380.8	37.9%
Current Tax	215.4	157.8	36.5%	127.2	69.3%	397.2	363.0	9.4%
Deferred Tax	45.2	14.1	220.6%	129.5	-65.1%	127.8	17.8	618.0%
% Tax Rate	38.3%	34.6%	368 bps	34.7%	363 bps	33.7%	28.6%	509 bps
PAT	420.0	324.8	29.3%	483.9	-13.2%	1,034.1	951.3	8.7%
PAT Margin %	9.1%	9.0%	16 bps	10.9%	-177 bps	8.3%	8.1%	25 bps



INDUSTRY OVERVIEW



GLOBAL SPENDING ON MEDICINE

Outlook of Leading Therapy Areas Spending and Growth, Constant US \$ Bn

Therapy Areas	Spending 2016	2011-16 CAGR	Spending 2021	2016-21 CAGR
Oncology	75.3	10.9%	120-135	9-12%
Cardiovascular	70.5	-2.5%	70-80	0-3%
Pain	67.9	7.1%	75-90	2-5%
Diabetes	66.2	16.4%	95-110	8-11%
Respiratory	54.4	3.4%	60-70	2-5%
Antibiotics and Vaccines	54.4	2.5%	60-70	2-5%
Autoimmune	45.1	18.2%	75-90	11-14%
Mental Health	36.8	-5.0%	35-40	(-1)-2%
Antivirals EX – HIV	33.2	38.1%	35-40	0-3%
HIV	24.6	11.5%	35-40	6-9%
All Others	230.2	5.5%	360-415	4-7%

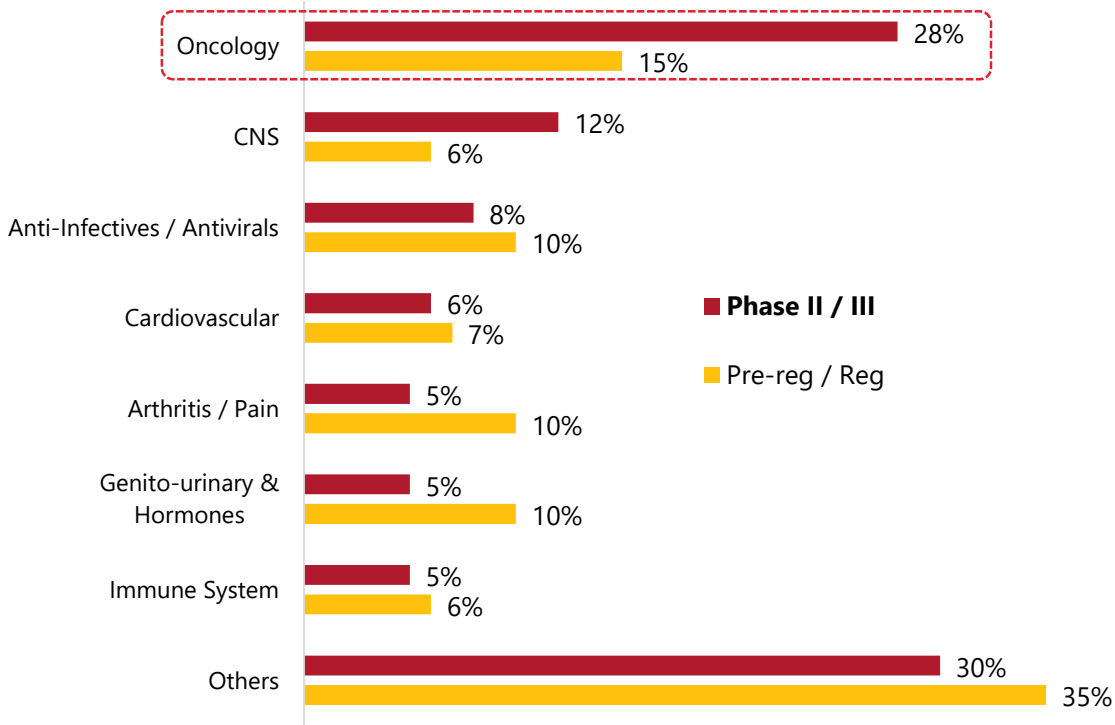
- Oncology is expected to be the most critical therapeutic segment driving the global spend on medicine in future.
- According to the QuintilesIMS Institute, Oncology is projected to touch US\$ 120-135 Bn in spending in the leading developed and pharmerging markets of the world.
- Growth in Oncology is led by a constant upsurge of the immune-oncology treatment which drastically improves outcomes and resistance for patients.

- **Oncology as a therapeutic segment is a key focus area for Dishman.**
- **Currently, around 50% of Dishman's annual revenues come from Oncology therapeutic segment.**

Source: IMS Therapy Prognosis, Sept 2016: QuintilesIMS Institute, Oct 2016

Note: Includes 8 developed and 6 pharmerging countries: U.S., EUS, Japan, Canada, China, Brazil Russia, India, Turkey, Mexico

GLOBAL MEDICINES IN LATE STAGE DEVELOPMENT



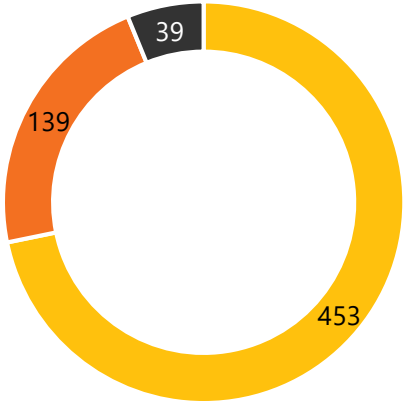
- Oncology has become one of the major focus areas for pharmaceutical and biotechnology companies.
- Around 28% of the Phase II / III clinical trials are in the Oncology segment.
- Oncology (cancer treatment) requires highly potent drugs which are highly effective at much smaller dosages and have the ability to target only the diseased cells.

- **Dishman’s High Potency API (HIPO) facility at Bavla, India is the largest facility in Asia and one of its kind facility in the World.**
- **Currently, Dishman has ~20 molecules in early phase III and 10 molecules in late phase III. Out of these, 60% molecules are in Oncology segment (of which 80% are HIPO molecules)**

Source: IMS R&D FOCUS, Sep 2016; QuintilesIMS Institute, Oct 2016

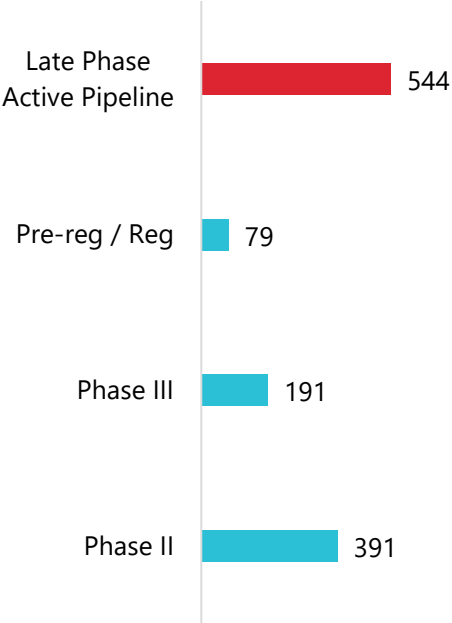
GLOBAL ONCOLOGY MEDICINE PIPELINE

Molecules in the Late Pipeline: 631



- Phase II
- Phase III
- Pre-reg / Reg

Companies with Late Phase III Pipeline: 544

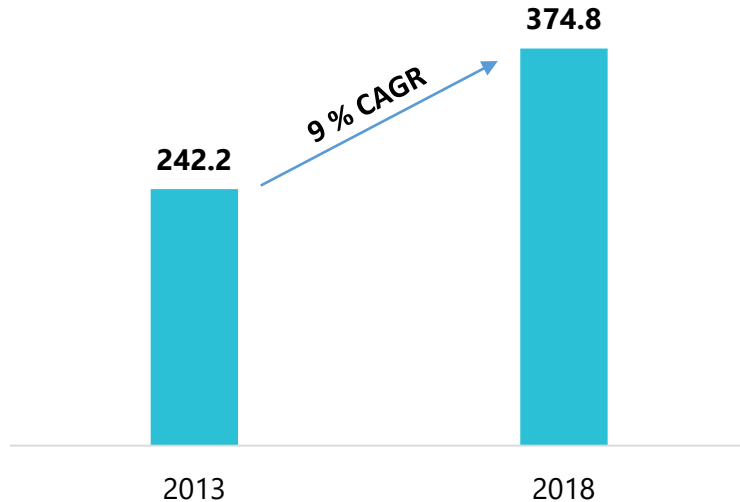


- The pipeline of oncology drugs in clinical development has expanded by 45% over the past ten years from 392 molecules in 2006 to 631 molecules in 2016.
- The duration of Phase III trials for new oncology medicines has dropped from 2,000 days in 1997 to 1,070 days in 2016, resulting in faster introduction of newer oncology medicines in the market.
- The number of new molecules and increasing number of grouped treatments have encouraged the pace of development within oncology.

Source: Global Oncology Trends 2017, QuintilesIMS Institute, Jun 2017

GLOBAL CRAMS OPPORTUNITY

Global CRAMS Industry (US\$ Bn)



R&D outsourcing is inevitable for pharma innovators

- The global pharmaceutical and biopharmaceutical contract manufacturing, research and packaging is seen reaching **US\$ 374.8 Bn** by 2018 from **US\$ 242.2 Bn** in 2013.
- Increasing price and cost pressures and patent expiries are leading to shrinking margins in the pharmaceutical industry.
- Outsourcing has become a viable and beneficial business strategy that is enabling firms to transfer non-core activities to external partners.
- The Indian CRAMS players are expected to touch US\$ 18 Bn in 2018, having grown at CAGR of 18-20%, from US\$ 7.6-7.8 Bn in 2013.
- India has high-skilled low-cost labour, with cost of production significantly lower compared to US and Europe.
- India has the largest number of USFDA-approved manufacturing plants outside US.

COMPANY OVERVIEW



BRIEF PROFILE



BUSINESS OVERVIEW

- Integrated CRAMS company with strong capabilities right from process research & development to late stage clinical and commercial manufacturing.
- Global presence with manufacturing sites in Switzerland, UK, France, Netherlands, India and China.
- Comprehensive product offerings – APIs, High Potent APIs, Intermediates, Phase Transfer Catalysts, Vitamin D Analogues, Cholesterol, Lanolin-related products, Antiseptic and Disinfectant formulations.



KEY STRENGTHS

- Preferred global outsourcing partner with capabilities across the entire CRAMS value chain.
- Strong chemistry skills.
- Upfront investment of more than Rs 10,000 Mn in large scale multi-purpose manufacturing capacities.
- The HIPO facility at Bavla, India is the largest HIPO facility in Asia. Dishman is at forefront to gain from the high margin HIPO opportunity in the Oncology space.



FINANCIAL OVERVIEW

- Consolidated Revenues, EBITDA and Adj. PAT of Rs 17,137 Mn, Rs 4,534 Mn and Rs 2,139 Mn in FY17, having grown at CAGR of 8%, 12% and 21% respectively over FY13 to FY17.
- Strong balance sheet with D:E ratio of 0.19x as on Mar-17.
- Improving profitability and return ratios over FY13 to FY17
 - EBITDA margin – 22.8% to 26.5%
 - PAT margin – 7.9% to 12.5%
 - ROCE – 11.1% to 14.9% *
 - ROE – 10.2% to 17.0% #

FY17 ROE = Adj. PAT / Average (Equity – Goodwill), Adj. PAT = Rs 2,138.8 Mn (adjusted to exclude merger impact)

* FY17 ROCE = Adj. EBIT / Average (Equity – Goodwill + Debt), Adj. EBIT = EBIT + Rs 884.5 Mn of additional goodwill amortization on account of merger

RECENT CORPORATE RESTRUCTURING

SCHEME OF ARRANGEMENT & AMALGAMATION

- The Board Of Directors approved the Scheme of Arrangement and Amalgamation on 24th February 2016, which involves merger of Dishman Pharmaceuticals and Chemicals Limited ('DPCL') and Dishman Care Limited ('DCL') with Carbogen Amcis (India) Limited ('CAIL').
- Post the merger, DPCL will now be known as Dishman Carbogen Amcis (India) Limited ('DCAL').

IMPACT OF MERGER

- The amalgamation has been accounted under the "Purchase Method" as per AS14.
- Accordingly the assets and liabilities of DPCL and DCL have been recorded at fair value as on Appointed Date of 1st January 2015.
- The purchase consideration of Rs. 48.1 Bn has resulted in goodwill of Rs. 13.3 Bn which represents the excess consideration payable over the net assets.
- This goodwill will be amortized over the period of 15 years starting from the Appointed Date of 1st January 2015.

KEY FINANCIALS EXCLUDING MERGER IMPACT

Particulars (Rs Mn)	FY17	FY16	YoY %
Total Revenues	17,136.9	16,016.9	7.0%
Adjusted PBT #	3,054.2	2,333.6	30.9%
Tax Expense	906.5	622.6	45.6%
Adjusted PAT after MI, share of associates	2,138.8	1,709.9	25.1%

PBT is adjusted to exclude the additional goodwill amortization of Rs. 884.5 mn in FY17 and FY16 on account of merger

Key Benefits:

- Strengthened Balance Sheet and Consolidation of operating entities for improved operational control.
- Amortisation of goodwill will lead to significant tax savings over coming 15 years

PREFERRED GLOBAL OUTSOURCING PARTNER

**INTEGRATED
ACROSS THE VALUE
CHAIN**

**STRONG
CHEMISTRY
CAPABILITIES**

**CLOSE PROXIMITY
TO CLIENTS WITH
GLOBAL PRESENCE**

**LARGE SCALE
MANUFACTURING
CAPACITIES**

Integrated CRAMS Player present along the entire value chain from building blocks to commercialization and product launch stage

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

- Globally, Dishman group has more than 550 scientists, more than 50 doctorates as senior scientists and 200 scientists working under them in India.

Close Proximity to Clients

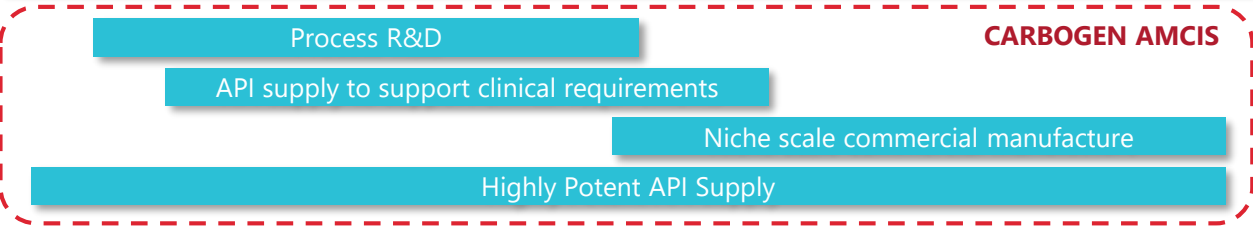
- Local representation, local support in all major markets.
- Front end via CA with access to more than 150 established customer relationships of CA.
- Trust & Confidence of customers for entire drug life-cycle engagement.

Large Scale Mfg Capacity

- Dedicated USFDA inspected production facilities.
- Asia's largest HIPO facility in Bavla.
- Large capacities provide competitive edge to win big long-term contracts

INTEGRATED CRAMS PLAYER

Integrated CRAMS 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.

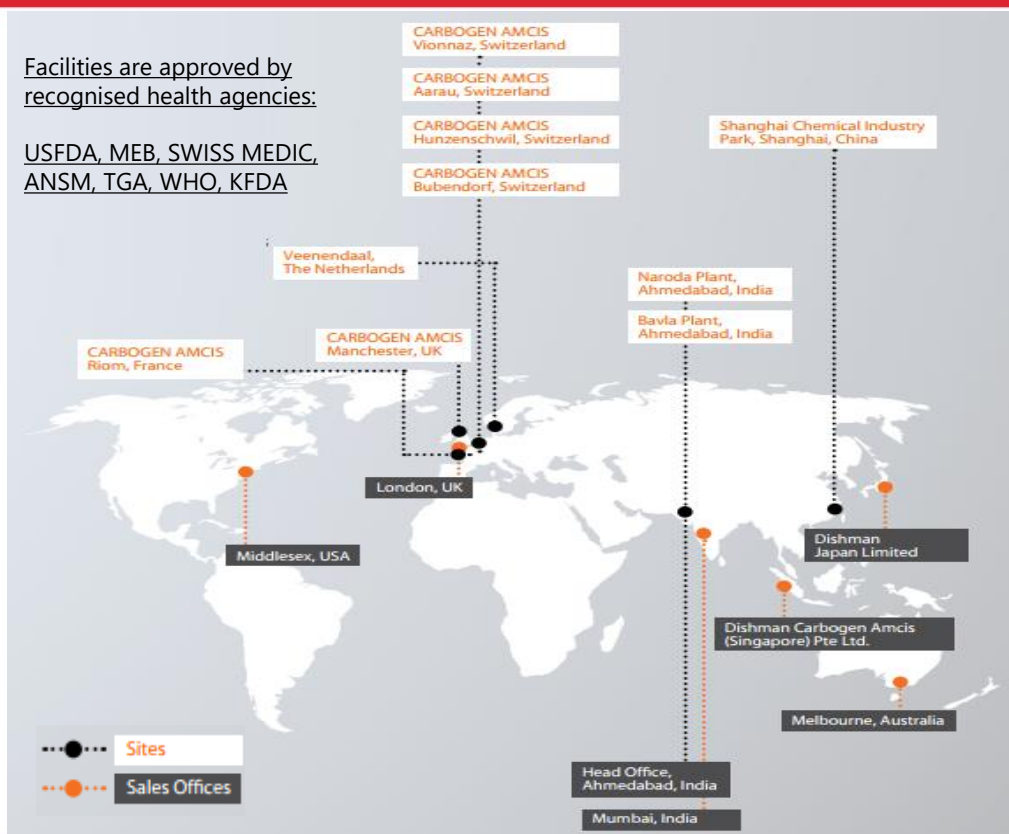
**Dishman India
Strong Manufacturing Capabilities**

- Large dedicated R&D center with multiple shift R&D operations (India)
- Multi-purpose and dedicated production facilities for APIs, intermediates (India, Europe and China)
- Dedicated API manufacturing capacities (India, China)

STRONG CHEMISTRY SKILLS & GLOBAL PRESENCE

Facilities are approved by recognised health agencies:

USFDA, MEB, SWISS MEDIC, ANSM, TGA, WHO, KFDA



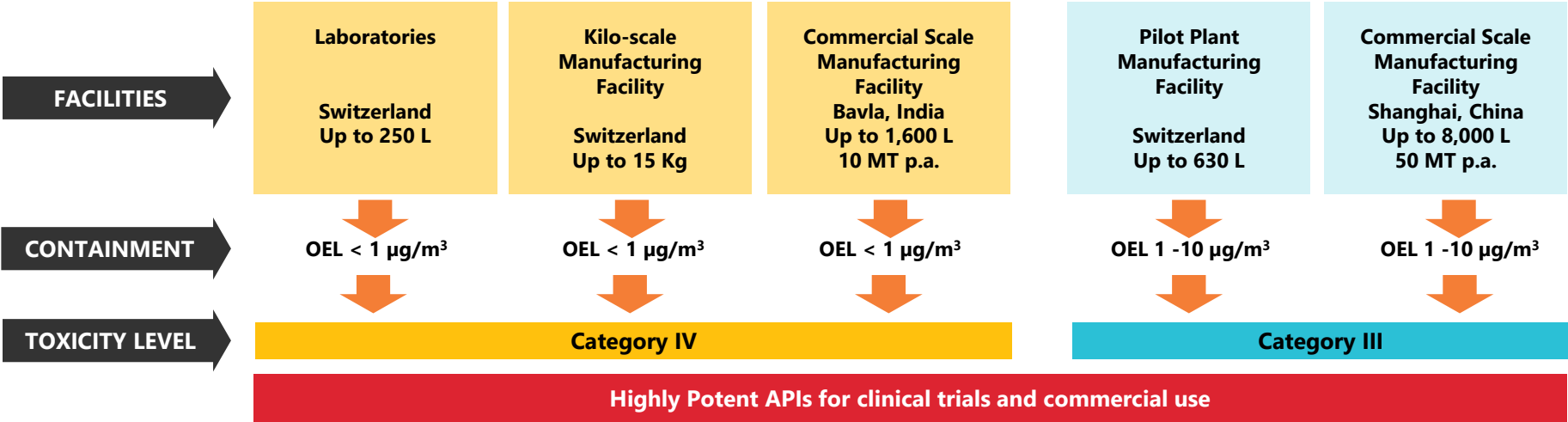
Superior Chemistry Skills & Capabilities

- 28 dedicated R&D labs with multiple-shift R&D operations, including HIPO labs
- 25 multi-purpose facilities at Bavla, Naroda, Manchester, Switzerland, Netherlands and Shanghai
- 1 dedicated production facility for APIs and Intermediates at Bavla
- 7,500 m² floor space of R&D at Switzerland, Manchester and Bavla
- Asia's largest HIPO facility at Bavla, India
- 750 m³ of reactor capacity at Bavla, 230 m³ at Naroda and 63 m³ at Shanghai

CUTTING-EDGE HIPO CAPABILITIES

World Class HIPO capabilities

- Facilities range from laboratory scale for process research and development to large scale manufacturing on **8,000 L** scale, with an ability to handle the highest category IV compounds (high toxicity levels).
- State-of-the-art containment services, with all cGMP compliant facilities with an ability to operate for preclinical testing, clinical trials and commercial use.
- **The HIPO facility at Bavla, India, is one of the kind facility in the world and the largest facility in Asia.** The facility has a sound mix of Kilo-lab and full scale manufacturing units to cater to both small volume and large volume orders



BUSINESS STRATEGY & OUTLOOK

Improvement in Margins

- Better churning of existing capacities with focus on low volume high value orders resulting into better margins.
- Incremental Revenues from HIPO APIs where EBITDA margins are higher at 40-50%.
- Higher profitability from sale of Vitamin D analogues (e.g. Calcifediol) which is a low volume and high margin category as compared to Vitamin D3.



Higher Asset Turnover with Efficient Capacity Utilization

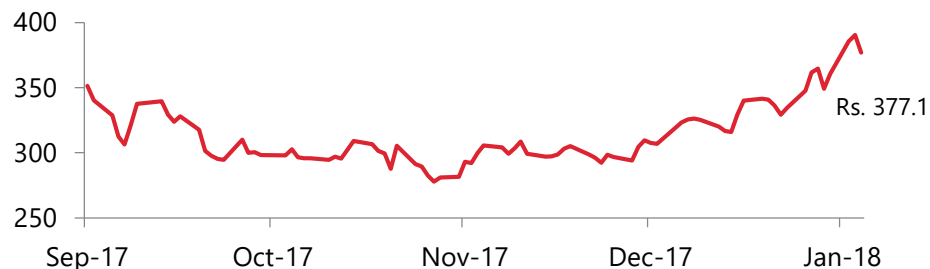
- Consistent addition of small and mid-sized companies in development pipeline.
- Improvement in China operations (currently 30% utilization).
- Strong Phase III molecules pipeline leading to pickup in revenues from drug commercialization in near term.
- Increased order flow at the HIPO facility.
- Focus on niche generic APIs to leverage spare capacities.

Healthy Balance Sheet Improving Return Ratios

- Limited annual capex of Rs 2 bn over the next two years for maintenance, additional lines at HIPO facility and upgradation of new building at Carbogen Amcis to expand custom synthesis business.
- Improving capacity utilisation and healthy operating cash flows will lead to robust balance sheet and better return ratios.

SHAREHOLDING STRUCTURE

Share Price Performance

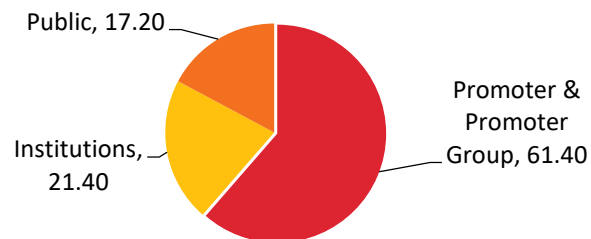


Market Data

As on 24.01.18 (BSE)

Market capitalization (Rs Mn)	60,853.7
Price (Rs.)	377.1
No. of shares outstanding (Mn)	161.4
Face Value (Rs.)	2.0
52 week High-Low (Rs.)	396.5–275.0

% Shareholding – December 2017



Source: BSE

Key Institutional Investors as at December - 17

% Holding

L&T Mutual Fund	4.96%
Birla Sun Life MF	2.06%
IDFC MF	1.48%
TATA Balanced Fund	1.46%
LSV Emerging Markets Equity Fund LP	1.34%
Government Pension Fund Global	1.22%



ENERGISE YOUR
SCIENCE FOR LIFE

FOR FURTHER QUERIES:



Mr. Harshil Dalal

Senior Vice President – Accounts & Finance
Email: harshil.dalal@dishmangroup.com



Mr. Nilesh Dalvi/Ravindra Bhandari

IR Consultants

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