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BP WEALTH

Dishman Carbogen Amcis Ltd.

Initiating Coverage Report

CRAMS & VITAMIN D3

EBITDA and PAT Growth

Gearing Up for next leg of growth

March 2019

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Company Background

Incorporated in 1983, Dishman Pharmaceuticals was a global outsourcing partner for the pharmaceutical industry offering a portfolio of development, scale-up and manufacturing services. In Aug-2006, it acquired Carbogen Amcis, a leading service provider, offering a portfolio of drug development and commercialisation services to the pharmaceutical and biopharmaceutical industries at all stages of drug development. Post a Scheme of Arrangement, Dishman Pharma was Amalgamated with Carbogen Amcis and the merged entity was renamed as Dishman Carbogen Amcis Ltd. (DCAL) wef Jan 01, 2015. The new entity got listed on Sept 21, 2017. The company operates 23 multipurpose facilities across India, Switzerland, the Netherlands and China, and a dedicated production facility for APIs and intermediates in Bavla and Naroda. Most of its facilities have been approved/certified by health authorities.

Investment Rationale

CRAMS :Stable order book with wider client base

DCAL has an overall order book of US\$ 150 million (US\$ 90 million to be completed by FY2019 at Carbogen Amcis) with strong pipeline in Phase III which is expected to get commercialized in coming years. As per the management, DCAL is sole or preferred supplier for all existing products, where 75% of their revenue comes from repeat orders. The company has enhanced its client base over last five years to reduce its dependence on major global innovators (Large Pharma companies), the contribution of these innovators has fallen to below 40%. The idea is to de-risk the business model to the maximum extent and also to effectively improve the capacity utilization of the plants. Mylan, Abbott, JnJ, Novartis and Celgene are among the top 5 customers- contribute 19% of total revenue. The company has over ~450 CRAMS projects under different phases out of which 16-18 molecules are in Phase III. Of this, nine are in late phase III trials, thus giving a high possibility of some converting to commercial launch. Among the late stage molecules, a significant number of molecules have been filed by the innovators for regulatory approvals. The company expects 1-3 products to get commercialized each year with expected average revenue of US\$3-4mn/molecule in the first year of launch. We expect 1-3 products to be commercialised every year, which will accelerate growth and de-risk earnings from block-buster products. This will drive further growth and profitability, and reduce dependence on existing commercial molecules, leading to lower earnings risk.

Improving traction in marketable molecule business

The Marketable Molecules (MM) vertical has four subsegments – generic APIs, specialty chemicals (QUATS), vitamins & chemicals and disinfectants. DCAL has restructured its portfolio and exited from the formulation of low margin Vitamin D products to high margin low volume Vitamin D analogues, which fetches a significantly higher price in the global market. The company is now focused on Calcifediol and Calcitriol, which are highly concentrated Vitamin D analogues, which has applications in the nutritional and healthcare space. Post this shift, Dishman Netherlands business profitability has grown from 20% in FY15 to 38.2% in FY18. Moreover, with the focus on niche generic APIs (especially oncology), this is likely to support future growth. The overall margins for Marketable Molecules stands at ~33-35%, higher than 28% in FY15. Vitamin D analogues business continues to account for ~52.6% of total sales, with margins of 38.2% in FY18. With the focus on improvement in the margins, DCAL is aiming to forward integrate the Vitamin D analogue business into development and manufacturing of finished dosage form over the next 12-24 months. DCAL is also forward integrating in the domestic Vitamin-D business. It has already secured the Indian FDA approval for its products and will start selling Vitamin-D products through its own front end. The company expects this business can generate revenue of INR 280-350mn in FY20E.

Tesaro's acquisition by GSK to improve marketing potential for Niraparib

Niraparib was the first commercialised oncology product from the company, for which it is a preferred API supplier for the innovator This drug was approved in the US and Europe. The innovator also has one more supplier for this drug in the US Dishman has earmarked one block of Hipo plant for Niraparib (ovarian cancer). The company is also approaching USFDA for validation of one more block for this drug The current size of Niraparib for ovarian cancer is US\$150 million, as per management. At peak level, this drug can achieve ~US\$1 billion sales. Apart from ovarian cancer, the innovator is also working on other indicators including prostate cancer and breast cancer for Niraparib. All these indicator trials are currently in Phase III Dishman's revenue from Niraparib in FY18 was US\$8mn. In FY19 the management guided for US\$12mn sales from this drug. Further, Zejula (current potential \$20mn/year) can generate \$70mn/year if approved in expanded indications. Oncology is yet another opportunity for DCAL as it is present in both Chemical and Biological verticals. Apart from Niraparib, currently the company is also working on three more Phase III molecules at its Bavla facility Tesaro has recently been acquired by GSK UK for a sum of US\$ 5.1bn, which improves prospects of Niraparib's commercial success. We believe this development is a big positive for Dishman as it will make Niraparib a leading product in cancer therapy with GSK's strong marketing network.

Stock Rating

BUY	HOLD	SELL
> 15%	-5% to 15%	< -5%

Sector Outlook

Positive

Stock

CMP (Rs)	210
Target Price (Rs)	291
BSE code	540701
NSE Symbol	DCAL
Bloomberg	DACL IN
Reuters	DSHM.BO

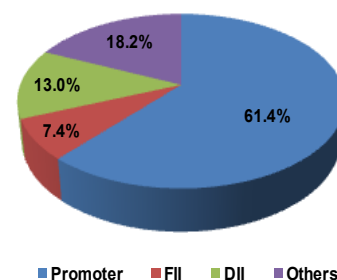
Key Data

Nifty	11,462
52 Week H/L (Rs)	386/180
O/s Shares (Mn)	161
Market Cap (Bn)	33.9
Face Value (Rs)	2

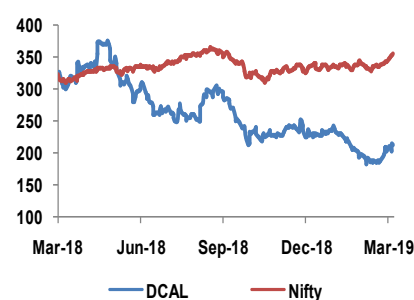
Average volume

3 months	1,25,783
6 months	1,39,974
1 year	2,04,344

Share Holding Pattern (%)



Relative Price Chart



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Dishman Carbogen Amcis Ltd.

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Why we like this stock & valuation methodology

DCAL has built a healthy order book in CRAMS, which is virtually full of current capacities, and thus the management's focus is shifting to improve profitability. We expect a significant growth in earnings over the next couple of years (earnings CAGR of ~33% in FY18-21E), which will aid to generate sizable cash flows. Apart from Niraparib, there are three to four potential launches in near future, which will not only accelerate growth, but also de-risk earnings from blockbuster products. The emerging signs of a recovery in Carbogen, robust prospects from Vitamin D business, concentration on sweating off the assets and improving the financial ratios like Debt/Equity and ROCE, gives us confidence on its performance. Given its significant operating leverage, a pick-up in revenue growth can deliver significant earning up-sides and trigger a re-rating. At the current market price (of Rs 210) the company is trading at 13.3x its FY20E consolidated EPS of Rs 15.7 and 10.1x its FY21E consolidated EPS of Rs 20.8. We believe the valuations are attractive and the stock can give decent returns in the future. Thus, We give a BUY rating on the stock by assigning 14x (30% discount to Cyclically Adjusted Price Earnings (CAPE) 10yr Avg P/E) of its FY21E earnings and arrive at a target price of Rs 291 (potential upside of 39% from CMP) for an investment horizon of 12-15 months.

We have valued DCAL based on 14x (30% discount to Cyclically Adjusted Price Earnings (CAPE) 10yr Avg P/E) FY21E earnings and arrive at a target price of Rs 291 (potential upside of 39% from CMP) for an investment horizon of 12-15 months.

Key Financials (Consolidated)								
YE March (Rs. mn)	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E	FY21E
Revenue	13,853	15,887	15,961	17,137	16,948	18,489	20,881	24,003
<i>Revenue Growth (Y-o-Y)</i>	8.9%	14.7%	0.5%	7.4%	(1.1%)	9.1%	12.9%	14.9%
EBIDTA	3,321	3,127	4,103	4,534	4,380	4,926	6,011	7,193
<i>EBIDTA Growth (Y-o-Y)</i>	14.5%	(5.8%)	31.2%	10.5%	(3.4%)	12.5%	22.0%	19.7%
Net Profit	1,093	1,198	1,711	1,472	1,546	1,801	2,541	3,356
<i>Net Profit Growth (Y-o-Y)</i>	9.0%	9.6%	42.8%	(14.0%)	5.0%	16.5%	41.1%	32.1%
Diluted EPS	6.8	7.4	10.6	9.1	9.6	11.2	15.7	20.8
<i>Diluted EPS Growth (Y-o-Y)</i>	9.0%	9.6%	42.8%	-14.0%	5.0%	16.5%	41.1%	32.1%
No of Diluted shares (mn)	161	161	161	161	161	161	161	161
Key Ratios								
EBIDTA (%)	24.0%	19.7%	25.7%	26.5%	25.8%	26.6%	28.8%	30.0%
NPM (%)	7.9%	7.5%	10.7%	8.6%	9.1%	9.7%	12.2%	14.0%
RoE (%)	9.9%	9.9%	12.7%	4.7%	3.1%	3.5%	4.7%	6.0%
RoCE (%)	12.3%	8.6%	14.7%	6.1%	3.9%	4.4%	6.0%	7.6%
Tax Rate %	30.1%	24.8%	26.7%	32.6%	33.0%	33.0%	33.0%	33.0%
Book Value Per share (Rs.)	73.2	76.7	90.0	298.3	316.4	325.9	339.3	357.0
Valuation Ratios								
P/E (x)	31.0x	28.3x	19.8x	23.0x	21.9x	18.8x	13.3x	10.1x
EV/EBITDA	12.5x	13.1x	10.2x	9.1x	9.7x	8.4x	6.7x	5.5x
P/BV (x)	2.9x	2.7x	2.33x	0.70x	0.66x	0.64x	0.62x	0.59x
Market Cap. / Sales (x)	2.4x	2.1x	2.1x	2.0x	2.0x	1.8x	1.6x	1.4x

Source: Company, BP Equities Research

Dishman Carbogen Amcis Ltd.

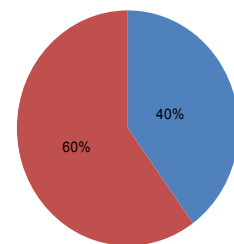
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Investment Rationale

Reducing dependence on large pharma co

CRAMS :Stable order book with wider client base

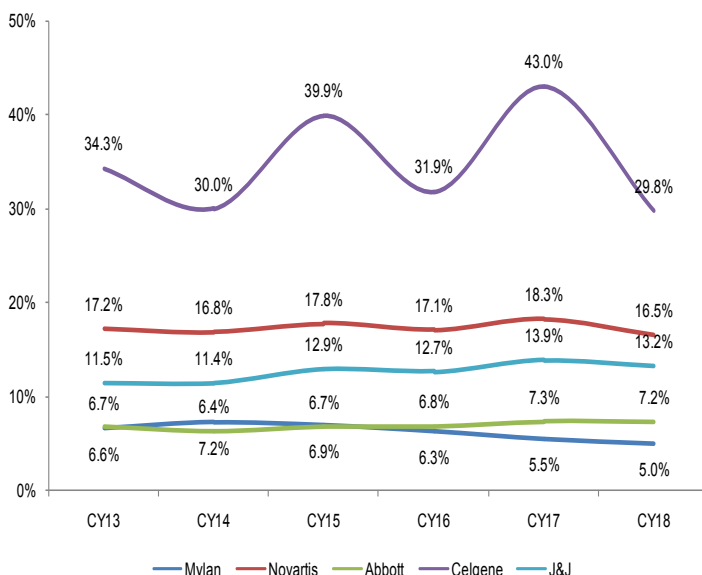
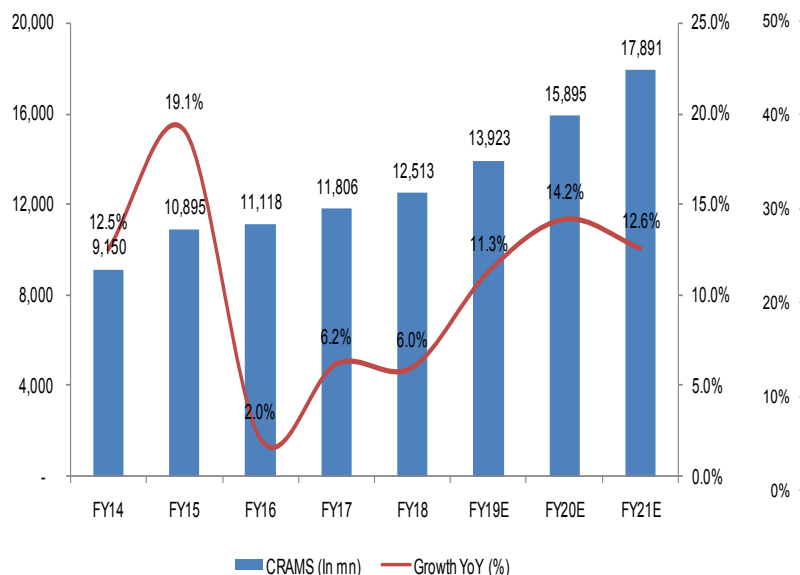
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■ Large Pharma Companies ■ Small Pharma Companies

CRAMS revenue set to grow at 12.7% CAGR during FY18-21E

Top 5 customers R&D spend % of revenue



Source: Bloomberg, BP Equity Research

The company has over ~450 CRAMS projects under different phases out of which 16-18 molecules are in Phase III. Of this, nine are in late phase III trials, thus giving a high possibility of some converting to commercial launch. Among the late stage molecules, a significant number of molecules have been filed by the innovators for regulatory approvals. The company expects 1-3 products to get commercialized each year with expected average revenue of US\$3-4mn/molecule in the first year of launch. We expect 1-3 products to be commercialised every year, which will accelerate growth and de-risk earnings from block-buster products. This will drive further growth and profitability, and reduce dependence on existing commercial molecules, leading to lower earnings risk.

Nuzuza : Next commercial opportunity

Omadacycline (brand Nuzuza, company Paratek Pharma), has been approved by USFDA in October 2018. It is indicated in the treatment of Community-Acquired Bacterial Pneumonia (CABP) and Acute Skin and Skin Structure Infections (ABSSSI). DCAL expects revenue of \$4-6mn in FY20E from Nuzuza which is launched in Feb 19 by Paratek Pharmaceuticals.

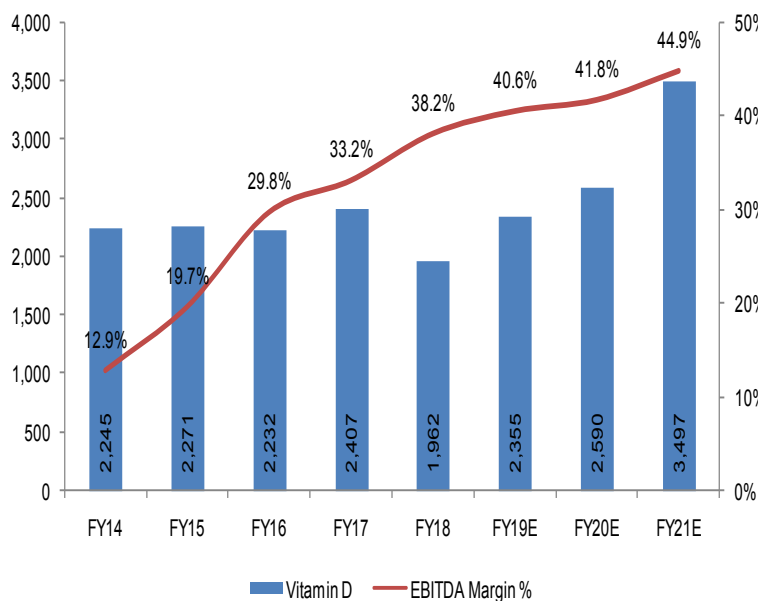
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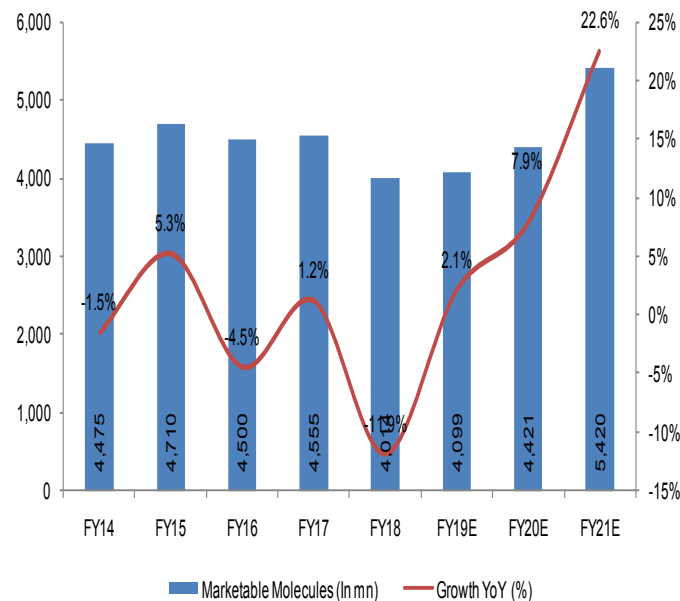
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Higher utilization leads to margin expansion in vitamin D business



MM business expected to deliver 10.5% CAGR over FY18-21E



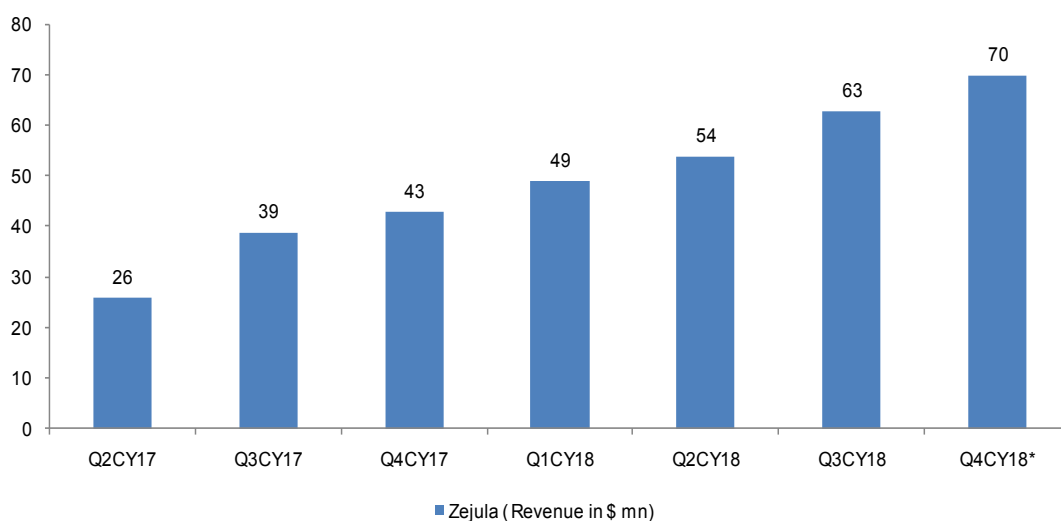
Source: Company, BP Equity Research

Tesaro's acquisition by GSK to improve marketing potential for Niraparib

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Compliance track record remain strong as their facilities are inspected by global innovators on regular basis give less room for regulatory lapses.

Zejula revenue trend remain strong



Source: GSK Presentation, BP Equity Research (* estimated numbers)

HRD status likely to identify non-gBRCA patients who will benefit from PARP inhibitors

Potential to expand the number of patients by 3x

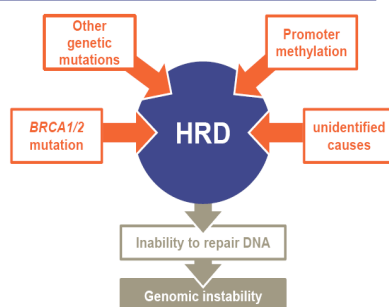
Commercially available test for HRD is available from Myriad Genetics

Assesses for BRCA 1 and BRCA 2 status, as well as 3 biomarkers associated with HRD - LOH (loss of heterozygosity), LST (large-scale state transitions), and TAI (telomeric allelic imbalance).

Very few patients tested for HRD today

We anticipate a shift from gBRCA testing today to HRD testing in the future as data supports use of PARP inhibitors in HRD positive patients

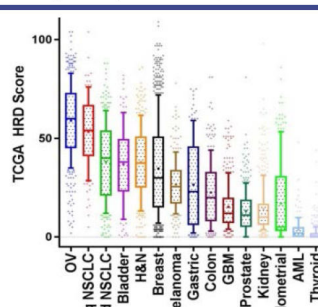
Scope for improvement as current HRD test likely does not capture all potential HRD patients



HRD testing could enable further development opportunities for Zejula

Pan-cancer analysis of genomic scar signatures associated with homologous recombination deficiency suggests novel indications for existing cancer drugs

Marquard et al. Biomarker Research (2015) 39



Mono/combo therapy	Indication	Study
Zejula monotherapy	Ovarian cancer 1LM	PRIMA
Zejula plus anti PD-1 mAb	Ovarian cancer 1LM	FIRST
Zejula plus anti PD-1 mAb or Zejula monotherapy	NSCLC, SSCL	JASPER
Zejula plus Avastin	Ovarian cancer 1LM	OVARIO
Zejula plus Avastin	Recurrent ovarian cancer	AVANOVA
Zejula plus Keytruda	Triple negative breast cancer or ovarian cancer	TOPACIO
Zejula monotherapy	Metastatic castration resistant prostate cancer	GALAHAD*
Zejula plus chemo	Ewing's sarcoma	

* Study conducted by partner Janssen; royalties and milestones payable on sales and development milestones

Source: GSK Presentation

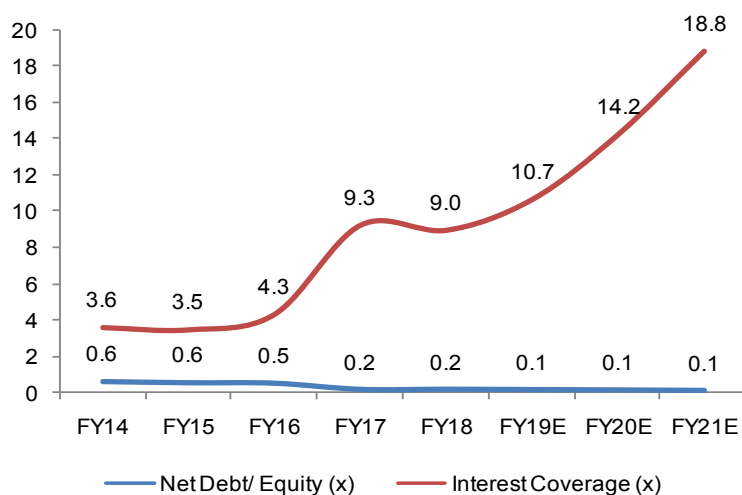
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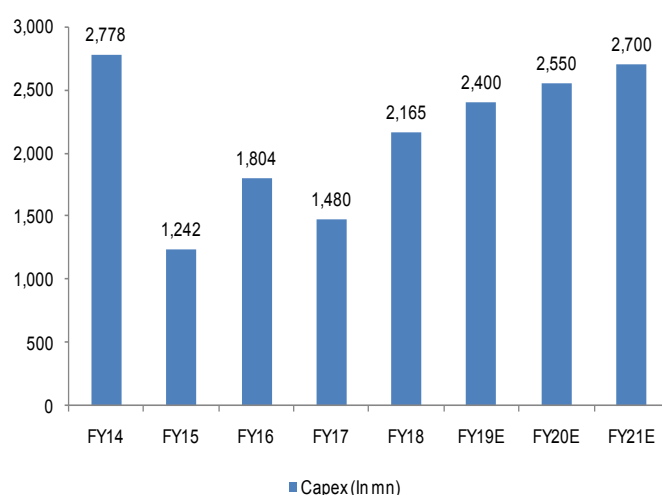
Financial performance to improve further

DCAL had witnessed steady revenue growth of 5.9% CAGR over FY13-18, whereas profit had grown at 9% CAGR over the same period. During this timeframe, the EBITDA margin remained in the range of 20-26%. EBITDA margins have been in an upward trend since FY16. This was mainly owing to the rationalisation of orders at Dishman India in FY15 and operating leverage in Switzerland. From here, we see average 150-175bps margin improvement every year, which will be led by higher utilisation of the Hi-Po and Shanghai facilities and commercialization of 1-3 molecules every year from the phase III pipeline. As per management, Oncology products (like Niraparib) were in phase III as the commercialized products fetch gross margins of 90% and EBITDA margins of 65%-70%. With 12.3% revenue CAGR, 18% EBITDA CAGR and financial leverage, we expect earnings to grow at 29.5% CAGR over FY18-21E. Both declined interest cost and lower depreciation cost led by higher asset sweating will contribute significantly to boost earnings. With plough back of profits in existing business the net debt to equity ratio is expected to fall from 0.2 in FY18 to 0.1 by FY21E. The increasing utilization at Hi-Po facility and turnaround in Chinese operations will further aid in improving ratio.

Comfortable financial leverage ratios

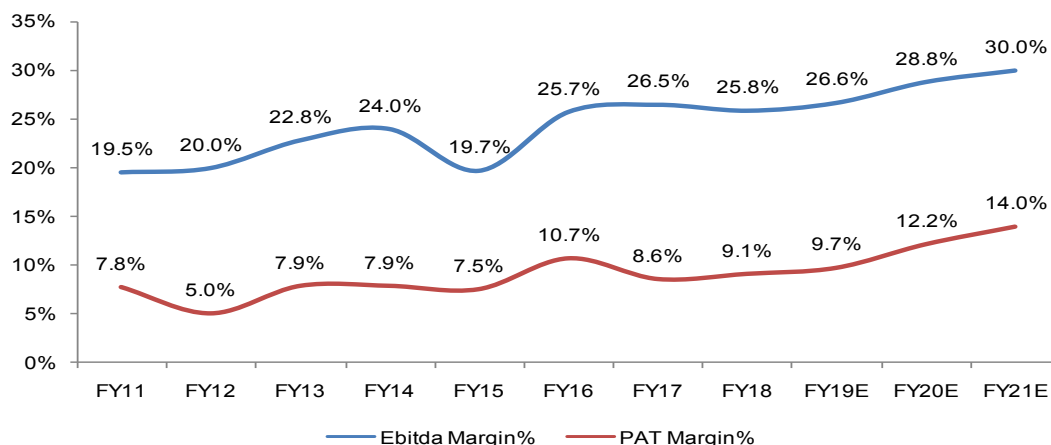


Capex to remain at stagnant level



Source: Company, BP Equities Research

Commercial launches to push margin upward



As per management, Oncology products (like Niraparib) were in phase III as the commercialized products fetch gross margins of 90% and EBITDA margins of 65%-70%

Source: Company, BP Equities Research

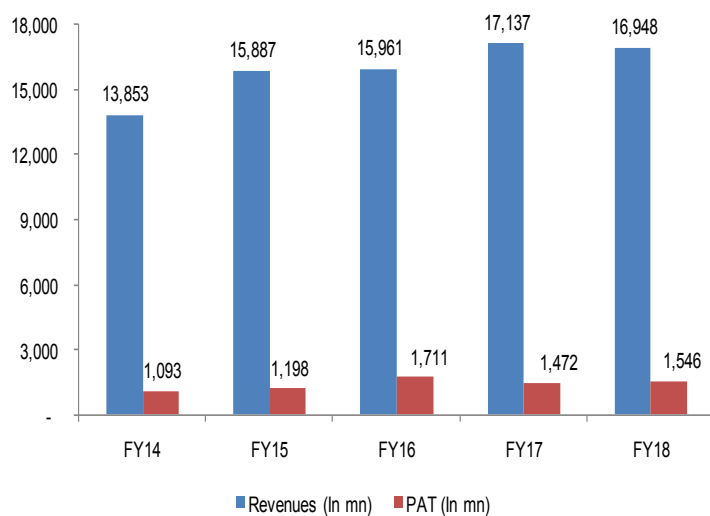
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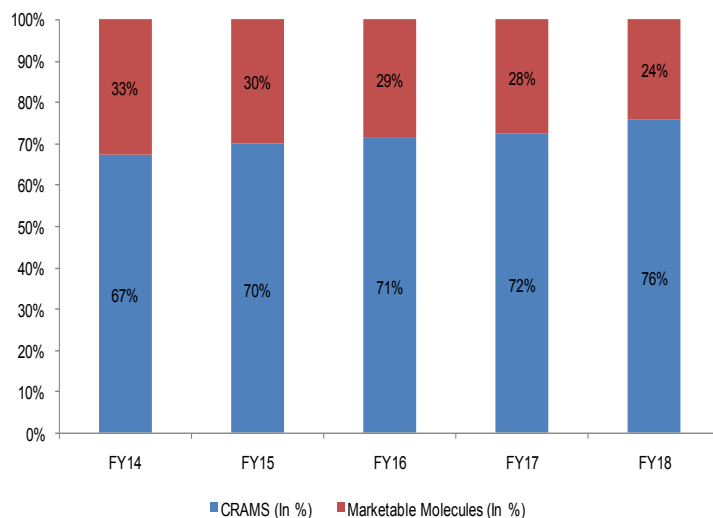
Business snapshot

- ⇒ **Dishman-CRAMS** : Process development process optimization, manufacturing of late stage clinical and commercial supply.
- ⇒ **Carbogen-Amcis**: Process research and development, API supply for clinical trials, niche scale in commercial manufacturing, high potency API supply. Mainly caters to specialty pharma segments.
- ⇒ **Dishman Specialty Chemicals** : manufacturing of phase transfer catalyst, intermediated and fine chemicals for pharma and cosmetic use.
- ⇒ **Dishman Vitamins and Chemicals**: Vitamin-D2 & D3, Vitamin-D analogues, cholesterol related products for Pharma, cosmetics use.
- ⇒ **Dishman care**: Disinfectant, anti-septic formulations.
- ⇒ **Dishman Generic -API**: Various API's focused on the US market.

Revenue and Profitability trend



Segment wise revenue breakup



Source: Company, BP Equities Research

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⇒ Peer group comparison

Company	CMP	M Cap	P/E		EPS		EV/EBITDA		RoE (%)	
	(Rs.)	(Rs. Bn)	FY20E	FY21E	FY20E	FY21E	FY20E	FY21E	FY20E	FY21E
Dishman Carbogen	211	34	13.4	10.1	15.7	20.8	6.7	5.5	4.7	6.0
Suven life Sciences	248	32	20.0	18.8	12.4	13.2	12.3	11.2	17.1	15.7
Divi's Labs Ltd*	1,710	454	28.2	24.3	60.6	70.5	19.7	16.9	21.0	20.9

Source: BP Equities Research, * Bloomberg estimate

⇒ PE band



Source: Ace equity, BP Equities Research

⇒ Key Risk and Concerns

Competition from China

China emerging as a strong contender for CMO business on account of cost competitiveness, though India has a lead over China in terms of manufacturing facilities and Language skills.

Delays in product launches

DCAL has invested in building capabilities for high potency APIs. Delays in commercialization of revenues from these products could result in lower growth and profitability.

Foreign exchange fluctuations

The Company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions. The Company hedges 75% to 80% of its estimated foreign currency exposure in respect of forecast sales.

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Valuation & Outlook

Valuation	Basis	FY19E	FY20E	FY21E
Dishman Carbogen Amcis Ltd				
EPS		11.2	15.7	20.8
Growth in EPS (YoY %)		16%	41%	32%
Implied PE		18.8x	13.3x	10.1x
Assigned PE	(14x PE)			14
Target Price				291
(Implied PEG Ratio considering next 3 years: 0.7)				
CMP				210
Upside Potential (%)				39%

We have valued DCAL based on 14x (30% discount to Cyclically Adjusted Price Earnings (CAPE) 10yr Avg P/E) FY21E earnings and arrive at a target price of Rs 291 (potential upside of 39% from CMP) for an investment horizon of 12-15 months.

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Profit & Loss A/c (Consolidated)						
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Revenue	15,961	17,137	16,948	18,489	20,881	24,003
<i>Growth %</i>	<i>0.5%</i>	<i>7.4%</i>	<i>-1.1%</i>	<i>9.1%</i>	<i>12.9%</i>	<i>14.9%</i>
Total Operating Revenue	15,961	17,137	16,948	18,489	20,881	24,003
<i>Growth %</i>	<i>0.5%</i>	<i>7.4%</i>	<i>-1.1%</i>	<i>9.1%</i>	<i>12.9%</i>	<i>14.9%</i>
Less:						
Raw Material Consumed	3,363	3,293	3,369	3,749	3,938	4,413
Employee Cost	5,355	5,960	6,254	6,686	7,400	8,337
Other Expenses	3,139	3,350	2,944	3,128	3,532	4,060
Total Operating Expenditure	11,857	12,603	12,568	13,563	14,870	16,810
EBIDTA	4,103	4,534	4,380	4,926	6,011	7,193
<i>Growth %</i>	<i>31.2%</i>	<i>10.5%</i>	<i>-3.4%</i>	<i>12.5%</i>	<i>22.0%</i>	<i>19.7%</i>
Less: Depreciation	1,091	2,135	2,114	2,279	2,364	2,454
EBIT	3,013	2,399	2,266	2,647	3,647	4,739
<i>Growth %</i>	<i>86.0%</i>	<i>-20.4%</i>	<i>-5.5%</i>	<i>16.8%</i>	<i>37.8%</i>	<i>29.9%</i>
Interest Paid	944	490	488	462	422	382
Non-operating Income	265	261	530	502	567	652
Profit Before tax	2,334	2,170	2,308	2,688	3,792	5,009
Tax	624	707	762	887	1,251	1,653
Net Profit before Minority	1,710	1,463	1,546	1,801	2,541	3,356
Minority Interest	0	0	0	0	0	0
Net Profit	1,711	1,472	1,546	1,801	2,541	3,356
Adjusted Profit	1,711	1,472	1,546	1,801	2,541	3,356
Reported Diluted EPS Rs	10.6	9.1	9.6	11.2	15.7	20.8
<i>Growth %</i>	<i>42.8%</i>	<i>-14.0%</i>	<i>5.0%</i>	<i>16.5%</i>	<i>41.1%</i>	<i>32.1%</i>
Adjusted Diluted EPS Rs	10.6	9.1	9.6	11.2	15.7	20.8
<i>Growth %</i>	<i>42.8%</i>	<i>-14.0%</i>	<i>5.0%</i>	<i>16.5%</i>	<i>41.1%</i>	<i>32.1%</i>

Source: Company, BP Equities Research

Common Sized Profit & Loss Account (Consolidated)						
YE March (Rs. mn)	FY16	FY17	FY18	FY19E	FY20E	FY21E
Total Revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Less:						
Raw Material Consumed	21.1%	19.2%	19.9%	20.3%	18.9%	18.4%
Employee Cost	33.6%	34.8%	36.9%	36.2%	35.4%	34.7%
Other Expenses	19.7%	19.5%	17.4%	16.9%	16.9%	16.9%
Total Operating Expenditure	74.3%	73.5%	74.2%	73.4%	71.2%	70.0%
EBIDTA	25.7%	26.5%	25.8%	26.6%	28.8%	30.0%
Depreciation	6.8%	12.5%	12.5%	12.3%	11.3%	10.2%
Interest Paid	5.9%	2.9%	2.9%	2.5%	2.0%	1.6%
Non-operating Income	1.7%	1.5%	3.1%	2.7%	2.7%	2.7%
Extraordinary Items	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Profit Before Tax	14.6%	12.7%	13.6%	14.5%	18.2%	20.9%
Current tax	3.9%	4.1%	4.5%	4.8%	6.0%	6.9%
Profit/Loss of Associate Company	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%
Profit After Tax	10.7%	8.6%	9.1%	9.7%	12.2%	14.0%
Adjusted Profit	10.7%	8.6%	9.1%	9.7%	12.2%	14.0%

Source: Company, BP Equities Research

Dishman Carbogen Amcis Ltd.
Initiating Coverage report

Cash Flows (Consolidated)						
YE March (Rs. Mn)	FY16	FY17	FY18	FY19E	FY20E	FY21E
PAT	1,711.1	1,472.1	1,545.7	1,800.6	2,540.9	3,356.2
Less: Non Operating Income	(265.4)	(261.3)	(530.2)	(502.3)	(567.3)	(652.1)
Add: Depreciation	1,090.6	2,135.0	2,114.2	2,279.2	2,363.9	2,453.6
Add: Interest Paid	944.4	490.1	488.3	461.7	421.8	382.0
Operating Profit before Working Capital Changes	3,480.7	3,835.9	3,618.0	4,039.2	4,759.3	5,539.6
(Inc)/Dec in Current Assets	(274.1)	(2,626.0)	(1,734.4)	175.7	(1,139.2)	(1,486.7)
Inc/(Dec) in Current Liabilities	(1,686.5)	793.9	1,757.0	(708.1)	857.0	1,153.0
Changes in Inventory	(348.5)	565.3	(579.8)	(440.7)	(683.9)	(892.5)
Net Cash Generated From Operations	1,171.6	2,569.1	3,060.8	3,066.2	3,793.2	4,313.4
Cash Flow from Investing Activities						
(Inc)/Dec in Fixed Assets	(2,368.4)	*(36,958.7)	(4,341.3)	(2,400.0)	(2,550.0)	(2,700.0)
(Inc)/Dec in Capital Work In Progress	564.1	(361.3)	25.3	0.0	0.0	0.0
(Inc)/Dec in Investment (Strategic)	0.0	(113.5)	(203.6)	0.0	0.0	0.0
(Inc)/Dec in Investment (Others)	(355.7)	64.2	(879.9)	297.8	(355.9)	(464.4)
Add: Non Operating Income	265.4	261.3	530.2	502.3	567.3	652.1
Net Cash Flow from/(used in) Investing Activities	(1,895.5)	(37,300.1)	(5,492.8)	(1,599.9)	(2,338.5)	(2,512.3)
Cash Flow from Financing Activities	0.0	0.0	0.0	0.0	0.0	0.0
Inc/(Dec) in Total Loans	1,260.5	1,523.9	1,256.6	(370.8)	(430.1)	(332.5)
Inc/(Dec) in Reserves & Surplus	805.9	32,463.1	1,104.8	0.0	0.0	0.0
Inc/(Dec) in Equity	0.0	(121.6)	283.0	0.0	0.0	0.0
Dividend Paid	(322.7)	(193.7)	0.0	(270.1)	(381.1)	(503.4)
Less: Interest Paid	(944.4)	(490.1)	(488.3)	(461.7)	(421.8)	(382.0)
Adjustments	236.9	1,801.3	92.6	(0.0)	(0.0)	(0.0)
Net Cash Flow from Financing Activities	983.9	34,982.9	2,248.7	(1,102.6)	(1,233.1)	(1,217.9)
Net Inc/Dec in cash equivalents	260.0	251.9	(183.3)	363.7	221.6	583.2
Opening Balance	362.0	622.0	873.9	690.6	1,054.3	1,275.9
Closing Balance Cash and Cash Equivalents	622.0	873.9	690.6	1,054.3	1,275.9	1,859.1

Source: Company, BP Equities Research, *= Unadjusted Number



Dishman Carbogen Amcis Ltd.

Initiating Coverage report

Balance Sheet (Consolidated)						
YE March(Rs. mn)	FY16	FY17	FY18	FY19E	FY20E	FY21E
Liabilities						
Equity Capital	161	0	323	323	323	323
Share application money pending allotment	0	40	0	0	0	0
Reserves & Surplus	14,359	48,100	50,751	52,281	54,441	57,294
Equity	14,520	48,140	51,073	52,604	54,764	57,616
Preference Share Capital	0	0	0	0	0	0
Net Worth	14,520	48,140	51,073	52,604	54,764	57,616
Minority Interest						
Others	1,579	3,065	3,590	3,719	4,039	4,456
Total Loans	8,413	8,451	9,183	8,683	7,933	7,183
Capital Employed	24,512	59,656	63,846	65,006	66,735	69,256
Assets						
Gross Block	24,912	61,871	66,212	68,612	71,162	73,862
Less: Depreciation	9,462	13,398	15,605	17,884	20,248	22,702
Net Block	15,450	48,473	50,607	50,728	50,914	51,160
Capital WIP	854	1,215	1,190	1,190	1,190	1,190
Long Term Loans & Advances	2,233	2,169	3,049	2,751	3,107	3,571
Intangible assets under development	0	114	317	317	317	317
Non Current Investments	250	443	1,066	1,066	1,066	1,066
Current Assets						
Inventories	4,831	4,266	4,846	5,286	5,970	6,863
Sundry Debtors	1,523	2,856	4,444	4,848	5,475	6,294
Cash and Bank Balance	622	874	691	1,054	1,276	1,859
Loans and Advances	3,057	3,612	3,354	2,528	2,855	3,281
Other Current Assets	984	1,723	1,183	1,430	1,615	1,857
Total Current Assets	11,018	13,331	15,461	16,090	18,135	21,097
Less:Current Liabilities & Provisions						
Sundry Creditors	870	856	1,859	2,006	2,200	2,487
Provisions	799	659	826	3,699	4,178	4,803
Other Current Liabilities	3,625	4,572	5,159	1,430	1,615	1,857
Total Current Liabilities & Provisions	5,293	6,087	7,844	7,136	7,993	9,146
Capital Applied	24,512	59,656	63,846	65,006	66,735	69,256

Source: Company, BP Equities Research



Key Ratios (Consolidated)

YE March (Rs. mn)	FY16	FY17	FY18	FY19E	FY20E	FY21E
Key Operating Ratios						
EBITDA Margin (%)	25.7%	26.5%	25.8%	26.6%	28.8%	30.0%
Tax / PBT (%)	26.7%	32.6%	33.0%	33.0%	33.0%	33.0%
Net Profit Margin (%)	10.7%	8.6%	9.1%	9.7%	12.2%	14.0%
RoE (%)	12.7%	4.7%	3.1%	3.5%	4.7%	6.0%
RoCE (%)	14.7%	6.1%	3.9%	4.4%	6.0%	7.6%
Current Ratio (x)	2.1x	2.2x	2.0x	2.3x	2.3x	2.3x
Dividend Payout (%)	21.9%	13.2%	0.0%	15.0%	15.0%	15.0%
Book Value Per Share (Rs.)	90.0	298.3	316.4	325.9	339.3	357.0
Financial Leverage Ratios						
Net Debt/ Equity (x)	0.5	0.2	0.2	0.1	0.1	0.1
Interest Coverage (x)	4.3x	9.3x	9.0x	10.7x	14.2x	18.8x
Interest / Debt (%)	12.0%	5.8%	5.5%	5.2%	5.1%	5.1%
Growth Indicators %						
Growth in Gross Block (%)	10.5%	148.4%	7.0%	3.6%	3.7%	3.8%
Sales Growth (%)	0.5%	7.4%	(1.1%)	9.1%	12.9%	14.9%
EBITDA Growth (%)	31.2%	10.5%	(3.4%)	12.5%	22.0%	19.7%
Net Profit Growth (%)	42.8%	(14.0%)	5.0%	16.5%	41.1%	32.1%
Diluted EPS Growth (%)	42.8%	(14.0%)	5.0%	16.5%	41.1%	32.1%
Turnover Ratios						
Debtors Days	35	61	96	96	96	96
Creditors Days	27	25	54	54	54	54
Inventory Days	110	91	104	104	104	104

Source: Company, BP Equities Research



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