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Initiating Coverage

Dishman Carbogen Amcis Ltd.

17-May-2021

RETAIL RESEARCH

Dishman Carbogen Amcis Ltd.

Industry	LTP	Recommendation	Base Case Fair Value	Bull Case Fair Value	Time Horizon
Pharmaceuticals	Rs. 167.25	Buy on dips to Rs 150 & add more on dips to Rs 129	Rs. 166	Rs. 181	2 quarters

HDFC Scrip Code	DISCAREQNR
BSE Code	540701
NSE Code	DCAL
Bloomberg	DCAL IN
CMP May 14, 2021	167.25
Equity Capital (Rs cr)	31.4
Face Value (Re)	2.0
Equity Share O/S (cr)	15.7
Market Cap (Rs cr)	2622
Book Value (Rs)	364
Avg. 52 Wk Volumes	1320182
52 Week High	216
52 Week Low	64

Share holding Pattern % (Mar, 2021)	
Promoters	59.3
Institutions	15.3
Non Institutions	25.4
Total	100.0

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Our take

Dishman Carbogen Amcis Ltd. (DCAL) is a global outsourcing partner for the pharmaceutical industry. It's a fully integrated Contract Research and Manufacturing Services (CRAMS) player with strong capabilities and presence across the value chain from research and development to late stage clinical and commercial manufacturing. DCAL has four decades of successful track record in CRAMS, API and Specialty Chemicals. Company has > 250 companies as clients and it has new product development pipeline of ~US$ 100mn as on Mar-2021. It operates 25 multipurpose facilities across India, Switzerland, the Netherlands, and China, and has a dedicated production facility for APIs and intermediates at Bavla and Naroda in Gujarat, India.

DCAL has a strong basket of 16 APIs in phase III development, which lends it better revenue visibility. In FY21, it commercialized four products, taking the total commercialized molecules stood at 24. It has ~25 molecules in early phase III and 16 molecules in late phase III. Out of these, around 50% molecules are in the Oncology segment. The company has one of the best High Potent (HiPo) facilities at Bavla (one of the largest in Asia), which allows it to enjoy significantly high margin while also ascertaining its presence in oncology and other highly potent molecules. Additionally, it has invested more than Rs 1,000cr in large scale multi-purpose manufacturing capacities over the years.

To make the most of the current and prospective opportunities, the company is setting up additional development and small-scale manufacturing facilities in Switzerland and France. It has planned a capex of CHF 90mn (~Rs 700cr) over the next three years. DCAL is focusing on improving its capacity utilization by targeting small and mid-sized biotechnology companies. In FY21, it had spent US$ 49mn in capital expenditure, which was on account of maintenance capex across all its plants as well as growth for the new capacities in India and abroad. DCAL enjoyed 24-26% operating margin in FY16-20; however, margin fell to 14.3% in FY21 due to EDQM observations at the Bavla facility, which affected the high-margin CRAMS India business. DCAL will continue to focus on low-volume, high-value orders, which should expand margins and drive profitability.

Valuation and recommendation

DCAL has a strong business model and is a preferred partner in India for global innovators. With strong visibility on commercial launches and future orders, it will finally realize its efforts of sustainable growth, starting FY22E, in our view. Altogether, there are 16 projects in phase-III, and we expect 3-4 of them would be commercialized every year. DCAL has a good track record of commercializing partnered molecules at regular intervals, which enhances confidence in its pipeline. We estimate 14% CAGR in revenue over FY21-23E, led by improvement in

CRAMS India business and healthy growth in other segments. Post weak operating performance due to lower sales from CRAMS India in FY21, we believe operating margin would bounce back to ~23% level over the next two years, which would drive 44% CAGR in EBITDA for the same period.

Investors' willing to take risk can buy the stock on dips to Rs 150 and add more on dips at Rs 129 for base case fair value of Rs 166 (16x FY23E EPS) and bull case fair value of Rs 181 (17.5x FY23E EPS) over the next two quarters.

Financial Summary

Particulars (Rs cr)	Q4 FY21	Q4 FY20	YoY (%)	Q3 FY21	QoQ (%)	FY19	FY20	FY21P	FY22E	FY23E
Total Revenues	529	512	3.4	469	13.0	2,059	2,044	1,912	2,247	2,483
EBITDA	88	107	-17.5	63	41.2	552	523	274	472	569
Depreciation	77	74	4.5	79	-2.8	240	283	308	335	360
Other Income	6	21	-72.2	9	-34.4	54	45	39	44	52
Interest Cost	9	20	-54.3	14	-37.5	57	62	48	40	36
Tax	121	-15	-	-6	-	98	42	100	39	61
RPAT	-135	50	-368.9	-16	743.8	210	180	-165	101	162
EPS (Rs)						13.0	11.5	-10.5	6.4	10.3
RoE (%)						11.9	9.6	-	4.5	6.5
P/E (x)						12.7	14.4	-	25.6	16
EV/EBITDA (x)						6.9	7.2	13.8	8	6.7

(Source: Company, HDFC sec)

Revenue Mix

(Rs cr)	Q4 FY21	Q4 FY20	YoY (%)	FY21	FY20	YoY (%)
CRAMS						
CRAMS India	23	101	-77.5	53	403	-86.7
CRAMS Switzerland, France & China	343	278	23.1	1280	1082	18.4
CRAMS UK	22	15	42.8	99	96	2.3
Marketable Molecules						
Carbogen Amcis BV	73	65	12	262	250	4.9
Others	70	53	32.5	217	213	2.1

Dishman Carbogen Amcis Ltd.

Q4 FY21 result highlights

Dishman Carbogen (DCAL) registered 3% YoY growth in revenue at Rs 529.3cr. EBITDA margin slipped 420bps YoY at 16.7%. Favorable forex movement led to better margin in the quarter. EBITDA margin ex forex impact came in at 12% for the quarter. Company reported net loss of Rs 135cr as compared to net profit of Rs 50.2cr, a year ago. Reported net loss is on the back of higher tax expenses of Rs 121cr, which included deferred tax of Rs 91cr. During the quarter, due to cancellation of one project, there was an impairment loss of CHF 2.77mn (Rs 22.4cr).

CRAMS revenue dipped 1% YoY at Rs 387cr; CRAMS India revenue declined 78% YoY at Rs 22.7cr. CRAMS Carbogen Amcis business grew 23% YoY at Rs 343cr. CRAMS UK revenue grew 43% YoY at Rs 21.7cr. Marketable molecule business registered 21% YoY increase at Rs 142.5cr. The Finance Act, 2021 has introduced an amendment to section 32 of the Income Tax Act, 1961, whereby goodwill of a business will not be considered as a depreciable asset and depreciation on goodwill will not be allowed as deductible expenditure effective April, 2020. In accordance with the requirements of Ind AS 12, the company has recognized additional deferred tax expense amounting to Rs 96.3cr as outcome on the difference between goodwill as per the books of account. This deferred tax liability shall not to be a cash outflow in the future. The entire deferred tax liability of Rs 96.3cr will be reversed in proportion to the goodwill amortized in books of accounts in the subsequent years.

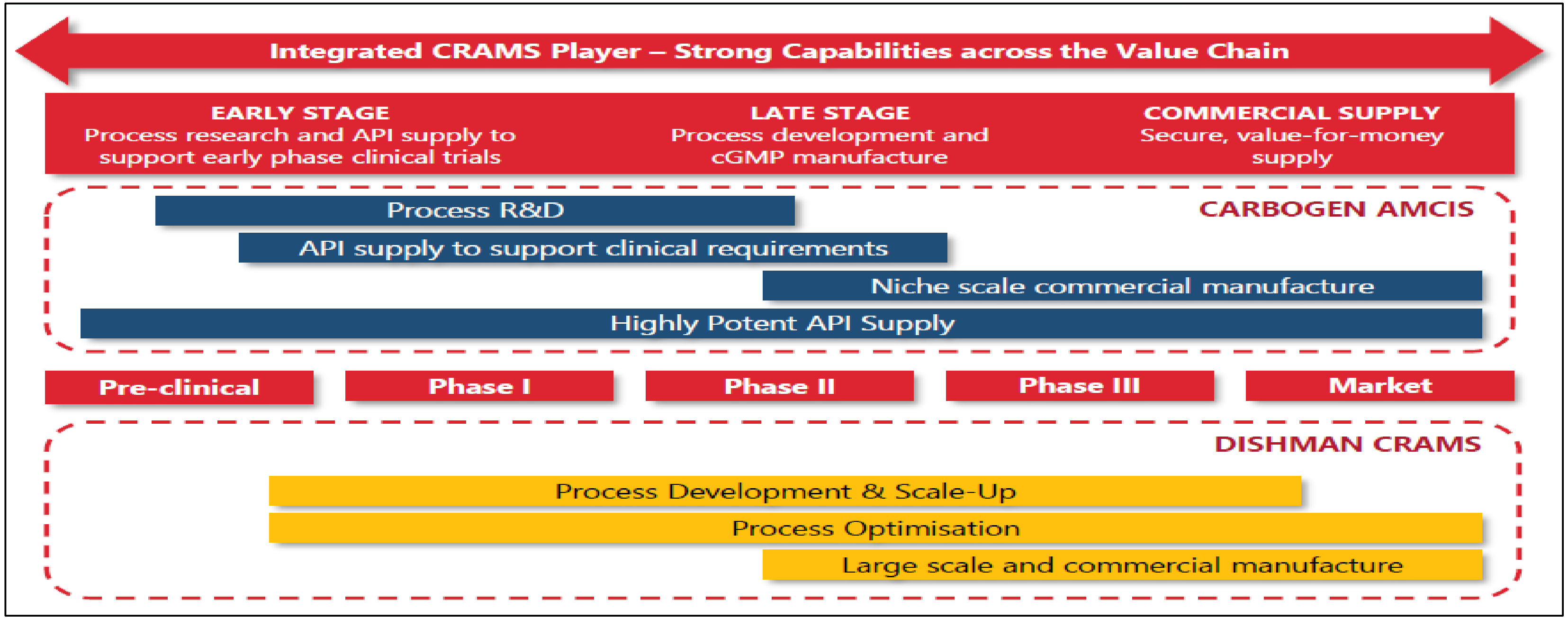
Recently, Dishman Carbogen (DCAL) announced that its subsidiary Carbogen Amcis AG has entered a co-investment agreement with a Japanese customer to build a site extension at Bubendorf in Switzerland. It will entail investment of more than CHF 15mn (Rs 125cr). The subsidiary will exclusively produce a complex and highly potent drug component (of a commercial antibody-drug-conjugate API) for the signatory customer. Currently, the company is planning the building extension, which it expects would commence operations in Sep-2022.

Key highlights from conference call

- CRAMS India revenue recorded 78% YoY decline due to EDQM observations but on account of certain successful customer audits and production of certain complex intermediates, this is expected to improve going forward.
- Marketable Molecules revenue increased 21% YoY as Carbogen Amcis BV revenue increased by 12% due to increase in sales of cholesterol segment.

Dishman Carbogen Amcis Ltd.

- EBITDA margin at Carbogen Amcis BV dipped in Q4 FY21 to 26% compared to FY21 average of 32.2% due to lower share of revenue from Vitamin D analogues. Vitamin D enjoys almost twice margin as compared to cholesterol segment.
- On constant currency basis, CRAMS Carbogen Amcis revenue grew 8% while in rupee terms the business increased 18.4% on YoY basis.
- Management commented that there will be significant growth in operating performance and bottom-line in FY22. EDQM remediation activities are progressing as per plan.
- 12 out of 16 late phase projects are prepared for validation during FY22 which is a record in the 40-year history of the company. These projects are into therapeutic areas such as antibacterial infection, lymphoma, multiple myeloma, myeloid leukemia, and gastric related disease.
- Capital expenditure for FY21 stood at ~US$ 49.3mn, which includes both growth and maintenance capex. Gross debt as on Mar-2021 stood at ~Rs 1410cr as against Rs 1165cr, a year ago.
- In Europe, the development pipeline stands at CHF 91mn as of March, 2021.
- Management has guided that the company is likely to do around 70% of FY20 CRAMS India business in FY22. Company expects from Q2 FY22 onwards gradual ramp up in CRAMS India business.
- The company has been steadily ramping up manufacturing activities at Bavla site in order to meet the customer requirements. Two of the largest global pharmaceutical companies have successfully audited the company's Bavla site during the year.
- Company guides for 10-12% revenue CAGR and targets to reach 30% EBITDA margin over the next 3-5 years.
- Company has successfully completed the transfer of an intermediate to Naroda facility to secure the supply chain for a USA based large pharma client.
- Employee expenses increased mainly due to forex fluctuations. Subsidiaries have done well during FY21.
- CRAMS India business was impacted by (1) European Directorate for the Quality of Medicines & HealthCare (EDQM) issues at Bavla site for the company’s product Dihydrotachysterol and (2) Covid impact in FY21.
- The company has appointed consultants to supplement the team in India in order to rectify deficiencies highlighted by the EDQM audit. It had submitted a Corrective Action Plan (CAPA) to the EDQM authority on 21 Aug 2020 and started its implementation. On 16 Oct, 2020, the company received the final audit closure report from EDQM, wherein its approach to remediate the deficiencies were considered appropriate.
- The company has done restructuring at CRAMS India business. After the restructuring, costs would reduce Rs 20-24cr per annum. DCAL is hiring more employees, which may push up costs; however, the company has guided for ~Rs 12cr in annual savings in the coming years.



(Source: Company, HDFC sec)

Diversified business profile

DCAL operates in two segments: CRAMS (which contributed 75% to FY21 total revenue) and marketable API molecules (which contributed 25% over the same period). In terms of therapy, DCAL focuses on high value-added areas such as oncology, which accounts for more than half of its total revenue. Other key focus areas include cardiology, central nervous system (CNS), and orphan drugs.

As per the commercial arrangements of DCAL, either the company or the customer may choose to discontinue the contract. This may affect overall revenue and profitability; however, with the sticky nature of the business, the company has been able to demonstrate a track record of customer retention. Also, for the client, termination of such a contract would incur high commercial and regulatory costs of switching suppliers. This further mitigates the company’s risk of losing clients.

Further, a typical contract for commercial APIs covers the entire patent life of the product while the price is negotiated at pre-defined intervals. The top global players account for around 25% of the company's CRAMS turnover, and small and medium-sized biotechnology companies contribute the balance 75%, mitigating the revenue concentration risk.

CRAMS business

Contract Research and Manufacturing (CRAMS) is the company's core business. Being an integrated CRAMS company, it has a presence across the entire value chain, from early-stage process research to late-stage clinical & commercial manufacturing. DCAL helps drug innovators across the globe, in research, development and commercialization of novel drug molecules in various stages of their development process. Further, the company plans to expand the finished dosage parenteral contract manufacturing in France. This will fuel the next phase of incremental growth for the company. In FY17, the company decided to undertake a reverse merger of its 100% subsidiary, Carbogen Amcis, with the parent entity. Post the reverse merger, it has been constantly benefitting from lower taxes due to the amortization of the resultant goodwill (to the extent of ~Rs. 100cr every year) but this may discontinue post FY21 following the new laws in the Budget.

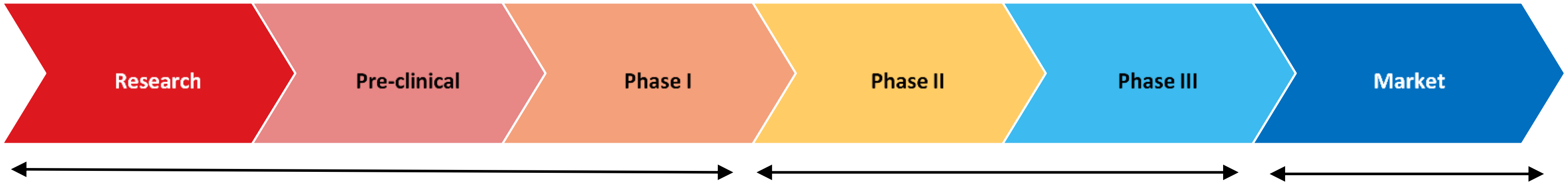
Once the innovative molecules are approved, this segment explores the possibility of possible large-scale commercial supply tie-ups. Carbogen Amcis is a specialized service provider offering drug development and commercialization services (at all stages of drug development) to pharmaceutical and biopharmaceutical companies. DCAL has manufacturing facilities in France, which offer aseptic manufacturing for liquid or freeze-dried products (including drug delivery) and highly potent antibody drug conjugates (ADCs). A wide range of filling volumes and packaging components (vials or syringes) are applied. DCAL has successfully completed numerous drug linker projects. Since the first ADC project in 2005, many customers, ranging from small biotech firms to large pharmaceutical companies, expressed growing interest in ADC and bio-conjugation abilities.

Antibody drug conjugates (ADCs) are a new class of highly potent biological drugs built by attaching a small molecule anticancer drug or another therapeutic agent to an antibody, with either a permanent or a labile linker. The antibody targets a specific antigen only found on target cells.

Dishman has invested in world class capabilities to address the oncology and other highly potent compound therapy markets. The High Potency (HiPo) API business represents a significant opportunity in top-line and bottom-line growth for the company. It has a differentiated set of capabilities in the HiPo API with pre-clinical API, phase I/phase II/phase III and commercial API and up to clinical Ph2 parenteral dosage form capabilities. In FY21, CRAMS business contributed to 75% of revenue and 57% of EBITDA as compared to 73% of revenue and 80% of EBITDA in FY20. EBITDA was impacted as CRAMS India business (high margin) had suffered in FY21.

The key growth drivers for the CRAMS business are (a) phase III pipeline getting commercialized; (b) additional contracts for oncology and other highly potent molecules; (c) better capacity utilization in China; (d) several niche APIs for development projects; (e) a shift to high margin contracts.

Value Chain



Early Phase API
Process research and rapid supply of APIs prepared according to non/cGMP

Late Phase API
Process research and rapid supply of APIs prepared according to non/cGMP

Commercial API
Process Optimization FDA audited

Marketable Molecules

The marketable molecules business is likely to grow on the back of increased demand for Vitamin D and analogues. The strategic decision to shift from Vitamin D3 500 to focus on margin accretive Vitamin D analogues has bolstered the overall operating margin. The company's subsidiary Carbogen Amcis BV has been consistently performing well over the past five years, owing to its continued focus on high-margin Vitamin D analogues business and cholesterol sales. The strategic shift towards margin accretive molecules has led to a shift in the trajectory of EBITDA margin from 20% in FY15 to 32% in FY21. The segment growth will be driven by (a) introduction of new products and (b) entry into different markets. The company has been planning to develop and manufacture niche generic APIs. It is working on development of certain generic molecules, which could have huge profitability potential. It is working towards capturing a larger market share of the profitable generic APIs, for which it has filed the Drug Master Filings and other regulatory filings.

Dishman Specialty Chemicals manufactures and supplies high-quality intermediates, fine chemicals, and various products for pharmaceutical, cosmetic and related industries. The company has had a long association with the manufacture and supply of Quaternary Ammonium Compounds (Quats) for use as phase transfer catalysts. These products find applications as phase transfer catalysts, personal care ingredients, fine chemicals, pharma intermediates, and disinfectants. Marketable molecules contributed 25% of revenue and 43% of EBITDA in FY21.

CRAMS India is witnessing favorable progress

During FY21, the company's manufacturing operations at Bavla (Ahmedabad), which has been adversely impacted by EDQM observations, were successfully audited by its key customers. This has allowed resumption of production of certain key intermediates and the situation is expected to progressively improve in the coming quarters. The company has initiated manufacturing of complex starting material for a Switzerland-based client at Bavla. Few of its other customers also successfully completed the audit, which should enable manufacturing of Bedaquiline Key Starting Material (KSM) in the medium term.

Commercial manufacturing opportunities are also growing

DCAL successfully completed validation at its site for the drug linker in Dec 2020 for an Oncology ADC, which is for multiple indications. It also completed validation for a molecule in Hypoparathyroidism for the linker and 3 building blocks. The company manufactures a GMP precursor for a commercial oncology product once every two years. This campaign commences in May 2021, which would be a good revenue contributor for the coming year. The company is investing aggressively in capacity expansion to support growth of the CRAMS business. Its first full ADC has had the Investigational New Drug (IND) application approved by the USFDA and is expected to progress to Phase I/II trials immediately. Three programs have entered late phase III, which include (i) the project for a large US-based pharma company where DCAL has been developing ADC Drug linker for a few years; (ii) a project for a US based biotech company in oncology; (iii) a project for a US based biotech company focused on Hypoxia. This may see accelerated review as it possibly has an impact on COVID-19. A commercial product made for a large US pharma client has been increased in batch size during Q3FY21. This product is a broad range antibiotic, and the company believes that the increase in volumes is related to its use in pneumonia patients, possibly with a link to the current pandemic.

CRAMS India business faced headwinds due to negative EDQM observations

In Feb 2020, the company's Bavla Site was jointly inspected by the Swissmedic and European Directorate for the Quality of Medicines & HealthCare (EDQM) for a product Dihydrotachysterol, which resulted in certain observations deficient to EU GMP Part II and other relevant

Annexes for the site. The company has submitted CAPA in response to the negative audit by the EDQM. This plan has been acknowledged by the EDQM. The corrective actions involve changes in mix of organizational structure, physical modifications, and a large number of changes in various procedures. Moreover, the company was asked to carry out a risk assessment of all the APIs and Marketable Molecules made and sold in FY20. The company has completed a detailed risk assessment for more than 90% of the products and there had been no negative outcome with any other product.

Management attributed the reason for the unsuccessful audit to inefficiency and lack of capability amongst employees and a few management members. Due to this, the company undertook an aggressive HR restructuring. They changed the leadership team to make it more aligned with the Switzerland operations and reduced the overall employee strength from 1,600 (including contract employees) to ~900. The main idea behind the restructuring was to improve operational focus and efficacy. The company also stated that it is investing more in systems & technologies, which would reduce the amount of people required to do the job.

Indian CRAMS industry outlook

India has become a preferred destination for outsourcing of research and manufacturing as it is able to offer high-end research services, biologics, and complex technology services at a low cost. The country has a large number of USFDA approved manufacturing facilities along with high skilled labor with expertise in pharmaceuticals manufacturing, which have been the key drivers of growth. Indian CRAMS companies continue to enjoy a competitive edge in being the preferred partners for drug development and manufacturing.

Moreover, the Indian government’s policies encourage exports and support R&D growth through several tax benefits, which aid growth in contract research and manufacturing services. The CRAMS landscape is witnessing increased activity with many pharma players increasingly outsourcing early drug development activities covering pre-clinical and early phase research to some of the leading Contract Research Organization (CRO) players in the market as a strategy to stay competitive, flexible, and profitable.

Key risks/concerns

Regulatory compliance risk

The pharmaceutical industry is a highly regulated one in many countries and requires approvals, licenses, registrations, and permissions for various business activities. Regulatory compliance risk, especially pertaining to the US FDA and EDQM, remains a key overhang for the sector.

Delay in product launches

DCAL has invested in building capabilities for producing high potency APIs. Delay in commercialization of revenues from these products could lead to lower-than-expected growth and profitability.

Inability to scale India CRAMS business and improve employee productivity

The inability to scale-up the highly profitable India CRAMS business and improve profitability of international business continues to be a major concern for the company. Moreover, the inability to improve employee productivity (an action responsible for ~40% of its revenue) could result in higher fixed costs.

Foreign exchange fluctuations

The company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily fluctuations in the USD, EURO, GBP, CHF, and Chinese Renminbi (RMB). It hedges a large part of its estimated foreign currency exposure with respect to forecasted sales.

Significant amount of Goodwill & Intangibles on B/S

Goodwill & Intangible assets form 44% of its total balance sheet. Any major impairment/write off would remain key concern for the company.

IT raid conducted in Dec-2019

In Dec 2019, the Income Tax (IT) department has raided 19 of the company's properties, including 7 offices and 12 residential properties. The company and its subsidiaries in other countries were suspected of being involved in routing money through accommodation entries. The company extended full co-operation to the officials during the search and provided all the information sought by them.

Stake sale by promoters

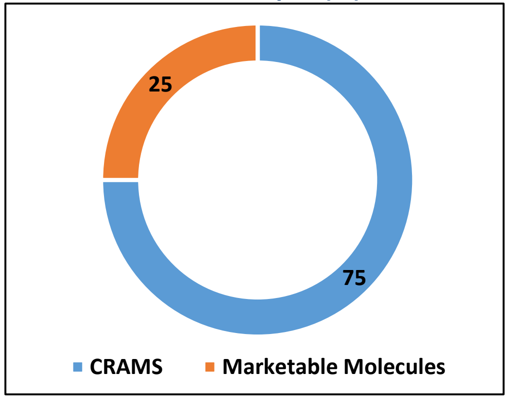
In Dec 2020 and Jan 2021, the promoters sold 3.9% stake in the company through the OFS route in two tranches. This sale of shares remains a concern for the investors.

Dishman Carbogen Amcis Ltd.

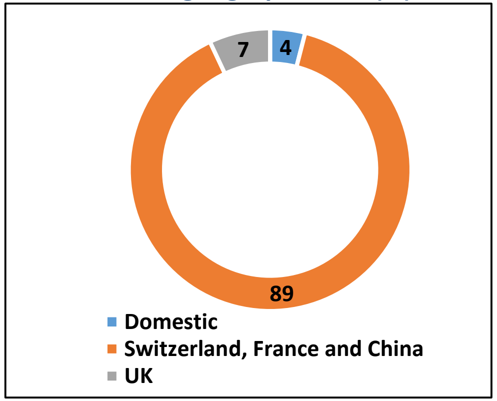
Company background

Incorporated in 1983, Dishman Pharmaceuticals was initially 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 commercialization services to pharmaceutical and biopharmaceutical industries at all stages of drug development. Dishman Pharma got amalgamated with Carbogen Amcis and the merged entity was renamed as Dishman Carbogen Amcis Ltd. (DCAL) w.e.f. Jan 2015. The new entity got listed on the bourses on Sep 21, 2017. Dishman Carbogen Amcis includes the erstwhile Dishman Pharma's Indian and foreign subsidiaries, joint ventures, and associate companies across the globe. The company is the preferred global outsourcing partner present across multiple continents and countries, including the US, Switzerland, the UK, France, the Netherlands, China, Japan, and India. The company operates 25 multipurpose facilities across India, Switzerland, the Netherlands and China, and a dedicated production facility for APIs and intermediates at Bavla and Naroda, in Gujarat, India. Most of its facilities have been approved/certified by regulatory authorities.

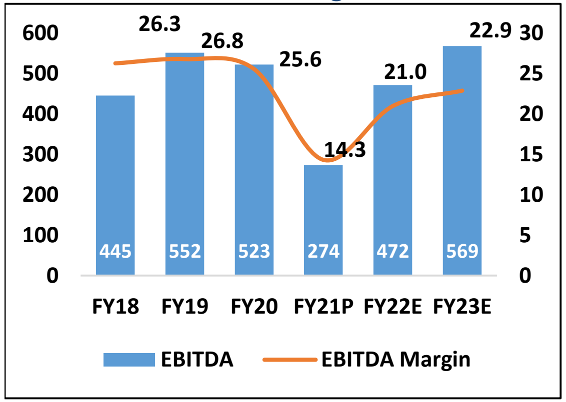
Revenue Split (%)



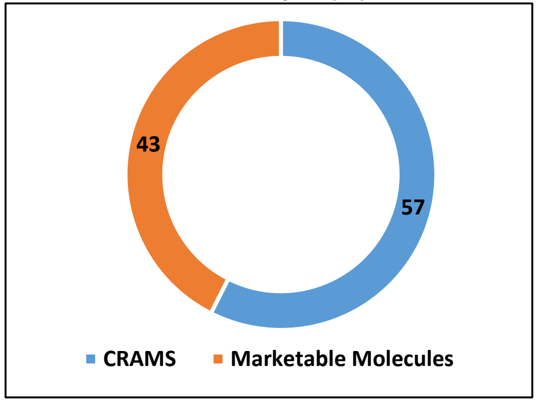
CRAMS geographic mix (%)



EBITDA and Margin Trend



EBITDA Split (%)



Source: Company, HDFC sec Research

RETAIL RESEARCH

Dishman Carbogen Amcis Ltd.

Financials

Income Statement

(Rs Cr)	FY19	FY20	FY21P	FY22E	FY23E
Total Income	**2059**	**2044**	**1912**	**2247**	**2483**
Growth (%)	21.5	-0.7	-6.4	17.5	10.5
Operating Expenses	1507	1521	1638	1775	1914
EBITDA	**552**	**523**	**274**	**472**	**569**
Growth (%)	23.9	-5.3	-47.6	72.2	20.5
EBITDA Margin (%)	**26.8**	**25.6**	**14.3**	**21**	**22.9**
Depreciation	240	283	308	335	361
EBIT	312	240	-52	137	208
Other Income	54	45	39	44	52
Interest expenses	57	62	48	40	36
Exceptional Items	-	0	-22	-	-
PBT	309	222	-83	140	223
Tax	98	42	100	39	61
RPAT	**210**	**180**	**-165**	**101**	**162**
Growth (%)	36	-14.4	-	-	59.9
EPS	13	11.5	-10.5	6.4	10.3

Balance Sheet

As at March	FY19	FY20	FY21P	FY22E	FY23E
SOURCE OF FUNDS					
Share Capital	**32.3**	**31.4**	**31.4**	**31.4**	**31.4**
Reserves	5347	5706	5668	5752	5888
Shareholders' Funds	**5379**	**5738**	**5699**	**5783**	**5920**
Long Term Debt	362	477	869	713	634
Net Deferred Taxes	140	145	197	189	185
Long Term Provisions & Others	248	294	311	303	308
Total Source of Funds	**6129**	**6653**	**7076**	**6988**	**7047**
APPLICATION OF FUNDS					
Net Block	1682	2098	2448	2562	2635
Goodwill and Intangible Assets	3591	3814	3738	3634	3526
Deferred Tax Assets (net)	106	111	117	117	117
Non-Current Investments	396	395	362	363	365
Total Non-Current Assets	**5774**	**6416**	**6664**	**6676**	**6644**
Current Investments	20	107	146	132	121
Inventories	549	607	516	585	633
Trade Receivables	445	577	379	505	612
Cash & Equivalents	96	161	278	70	61
Other Current Assets	440	347	340	323	310
Total Current Assets	**1553**	**1805**	**1661**	**1620**	**1742**
Short-Term Borrowings	520	754	600	552	514
Trade Payables	195	284	163	226	253
Other Current Liab & Provisions	464	515	475	518	560
Short-Term Provisions	19	16	10	12	13
Total Current Liabilities	**1198**	**1569**	**1249**	**1308**	**1339**
Net Current Assets	355	236	412	312	403
Total Application of Funds	**6129**	**6653**	**7076**	**6988**	**7047**

Source: Company, HDFC sec Research

Dishman Carbogen Amcis Ltd.

Cash Flow Statement

(Rs Cr)	FY19	FY20	FY21P	FY22E	FY23E
Reported PBT	309	222	-65	140	223
Non-operating & EO items	-54	-45	-62	-44	-52
Interest Expenses	57	62	48	40	36
Depreciation	240	283	308	335	361
Working Capital Change	-172	104	317	-104	-101
Direct Tax Paid	-98	-42	-51	-39	-61
OPERATING CASH FLOW (a)	**282**	**585**	**495**	**328**	**406**
Capex	-308	-409	-366	-350	-325
Free Cash Flow	219	-42	-600	-22	81
Investments	85	-77	-53	-1	-2
Non-operating income	54	45	39	44	52
INVESTING CASH FLOW (b)	**-169**	**-441**	**-381**	**-307**	**-275**
Debt Issuance / (Repaid)	-45	-40	37	-172	-77
Interest Expenses	-57	-62	-48	-40	-36
FCFE	22	61	-186	-234	-33
Share Capital Issuance	0	-1	0	0	0
Dividend	0	-3	0	-17	-26
FINANCING CASH FLOW (c)	**-101**	**-98**	**-11**	**-230**	**-139**
NET CASH FLOW (a+b+c)	11	46	104	-208	-9

Key Ratios

	FY19	FY20	FY21P	FY22E	FY23E
Profitability (%)					
EBITDA Margin	26.8	25.6	14.3	21	22.9
EBIT Margin	15.1	11.7	-1.8	6.1	8.4
APAT Margin	10.2	8.8	-8.7	4.5	6.5
RoE	11.9	9.6	-7.7	4.5	6.5
RoCE	11.7	8.1	-1	3.9	5.6
Solvency Ratio					
Net Debt/EBITDA (x)	1.4	1.8	3.8	2.3	1.7
D/E	0.2	0.2	0.3	0.2	0.2
Net D/E	0.1	0.2	0.2	0.2	0.2
Per Share Data					
EPS	13	11.5	-10.5	6.4	10.3
CEPS	27.9	29.5	9.1	27.8	33.3
BV	333	366	363	369	377
Dividend	0.2	0	0	1	1.5
Turnover Ratios (days)					
Debtor days	79	103	72	82	90
Inventory days	92	103	107	95	93
Creditors days	93	131	83	99	102
VALUATION (x)					
P/E	12.7	14.4	-15.7	25.6	16
P/BV	0.5	0.5	0.5	0.4	0.4
EV/EBITDA	6.9	7.2	13.8	8	6.7
EV / Revenues	1.8	1.9	2	1.7	1.5

Source: Company, HDFC sec Research

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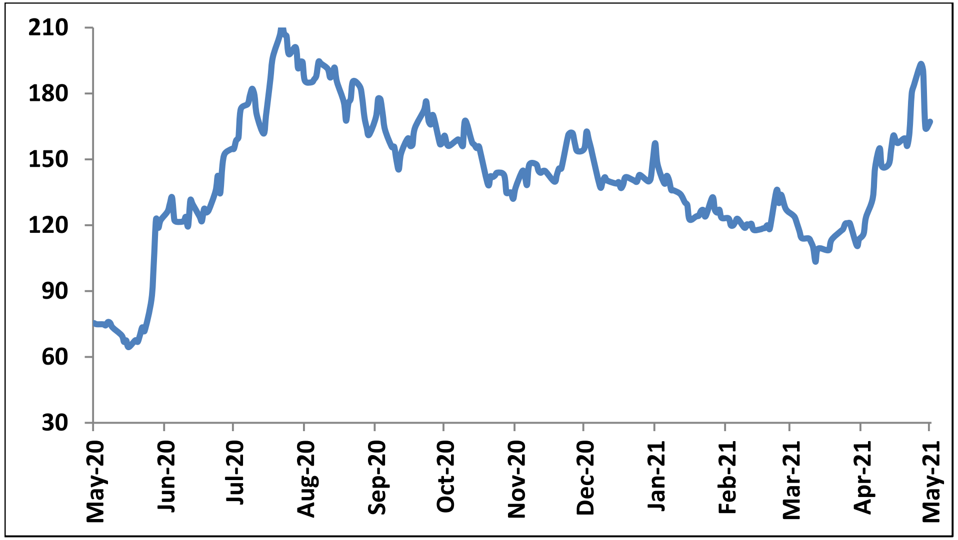
Dishman Carbogen Amcis Ltd.

Stock Price Chart



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