



13th September, 2017

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.	To, Department of Corporate Services Bombay Stock Exchange Ltd. Pheroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001.
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SUB. : TRANSCRIPT OF CONFERENCE CALL - QUARTER ENDED ON 30TH JUNE, 2017

REF.: SCRIPT CODE OF ERSTWHILE DISHMAN PHARMACEUTICALS AND CHEMICALS LTD. (TRANSFEROR COMPANY): 532526 (BSE) AND DISHMAN (NSE)

Dear Sir,

With reference to captioned subject, please find enclosed herewith transcript of conference call arranged by the Company with Analyst & Investors, on Wednesday, 16th August, 2017 to discuss the financial result and performance of the Company for the quarter ended on 30th June, 2017.

Kindly take the same on your record.

Thanking You,

Yours faithfully,
For, Dishman Carbogen Amcis Limited

S.A. Dave
Shrima Dave
Company Secretary

Encl.: As Above



Note: As informed to the Stock Exchanges earlier, Scheme of Arrangement and Amalgamation amongst **Dishman Pharmaceuticals and Chemicals Ltd.** (“DPCL”), **Carbogen Amcis (India) Limited** (“CAIL”) and **Dishman Care Limited** (“DCL”) has become effective from the date of filing of certified copy of the order of Hon’ble High Court of Gujarat dated 16th December, 2016 with the Office of Registrar of Companies, Gujarat i.e. w.e.f. 17th March, 2017. Accordingly, DPCL has been merged into CAIL. Subsequently, in terms of the said Scheme, the name of Transferee Company i.e. Carbogen Amcis (India) Ltd. has been changed to “**Dishman Carbogen Amcis Ltd.**” w.e.f. 27th March, 2017.

Dishman Carbogen Amcis Limited

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CIN No. : U74900GJ2007PLC051338

Earning's Conference Call Transcript

Event: Dishman Carbogen Amcis Limited - First Quarter Ending June 30, 2017 Earning's Call

Event Date/Time: AUGUST 16, 2017/1600 HRS

Dishman Carbogen Amcis Limited Conference Call

CORPORATE PARTICIPANTS

Janmejay R. Vyas

Chairman & Managing Director - Dishman Carbogen Amcis Limited

Arpit Vyas

Managing Director & CFO - Dishman Carbogen Amcis Limited

Sanjay S. Majmudar

Director - Dishman Carbogen Amcis Limited

Mark Griffiths

Global Chief Executive Officer & Director – Dishman Carbogen Amcis Limited

Harshil Dalal

Vice President (Finance) - Dishman Carbogen Amcis Limited

CONFERENCE CALL PARTICIPANTS

Rashmi Sancheti

Research Analyst - Mumbai

Ranveer Singh

Systematix- Mumbai

Aditya Gupta

Narnolia Securities – Noida

Nitin Agarwal

IDFC Securities - Mumbai

Sangam Iyer

Subhkam Ventures – Mumbai

Cydrella Carvalho

Dolat Capital – Mumbai

Rahul Sharma

Karvy Stock Broking - Mumbai

Arpit Kapoor

IDFC Mutual Fund – Mumbai

Ankit Choudhary

M&G Investments - Jaipur

Nishit Shah

Ambika Investment – Mumbai

PRESENTATION

Mahima - Moderator

Good evening ladies and gentlemen, I am Mahima the moderator for this call. Welcome to the conference call of Dishman Carbogen Amcis Limited. Mr. Arpit Vyas will be the call leader today. For the duration of the presentation, all participant lines will be in the listen only mode. After the presentation, the question and answer interactive session will be conducted for all the participants in the conference. I now hand over the call to Mr. Arpit Vyas. Thank you and over to you Mr. Vyas!

Arpit Vyas - Managing Director & CFO - Dishman Carbogen Amcis Limited

Thank you Mahima. And thank you all. Good afternoon to all of you and thank you for joining the conference call of Dishman Carbogen Amcis Limited. It is a great pleasure to greet you all once again on behalf of the Board of Directors and the Senior Management.

Before we discuss the quarterly performance, let me tell you that we have successfully completed our reverse merger and the new company now on will be known as Dishman Carbogen Amcis Limited, resulting in creation of a balance sheet which helps the group

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showcase its true and fair value making it a formidable CRAMS player to existing and potential customers and help us chart more sustained growth strategies to achieve our long-term goals.

Let me assure you that we continue to have a healthy order book across all businesses. In fact, we have right now one of the largest number of molecules in the late phase III and early phase III. Many of the early phase III molecules are converted to late phase III and it seems to be looking very positive. The therapeutic segments that we are focusing on are oncology, cardiovascular, CNS, ophthalmology and orphan drugs.

We continue to keep investing in increasing our capabilities and capacities in research of early phase molecules so we continue to keep investing in Switzerland and the Swiss asset base which Mark will talk about briefly later. The bottleneck for us is 95% capacity is occupied for developmental products that we should be able to debottleneck which will enable us to take more orders and generate more revenues from future pipeline of the products.

Coming to the operational performance for Q1FY18, our revenues show a decline of 10.2% to Rs.340 Crores mainly because of few reasons, one being the rupee has appreciated tremendously against the dollar, the revenues in CRAMS were lower because some products are going to be phased out in the later part of the year. Vitamin D sales have declined due to lower sales of cholesterol again because the orders are phased in the later part of the year.

We have said time and again that we are not a company to be looked on a quarter-on-quarter so the actual revenue decline should not be considered in the quarter. You must look at the entire number at the end of the year in the balance sheet.

EBITDA margins declined from 27.7% in the first quarter of last year to 20.6% this quarter because of lower revenues and the notional forex loss that we had to book in terms of the euro appreciating tremendously in the first quarter. However, high margin vitamin D segment partially offsets the overall impact because of the euro appreciating against the dollar as well.

Our adjusted PAT excluding the additional goodwill amortization was down 38.4% from 431 million to 265 million. Despite a blip in performance this quarter, let me assure you that our long term continues to remain robust as we continue to innovate and strive towards achieving leadership position in our business. We have been recognized and that is clearly seen from our demand, which keeps increasing for research work. It is unfortunate that we do not have the capacity now to take the orders to address and cater to them as quickly as possible and we are hence working on it, so everything is extremely positive. Whatever dips and downs are seen are mainly due to the non-company related matters which are forex issues and some related to logistics. Otherwise everything else is on track.

With that I would like to pass on the call to Mark to say a few words.

Mark Griffiths - Global Chief Executive Officer & Director – Dishman Carbogen Amcis Limited

Thanks, Arpit. Good evening everybody. First, my apologies, I may be drifting in and out, unfortunately I am due to travel shortly. So following on from what Arpit has said, the performance scores for this quarter are predominantly impacted by supply of the products to customers because predominantly we were working directly with new chemical entities and innovators, we are tiding to their supply requirements and their pricing and the first quarter is when they are working out, what they are trying to do for this coming year, a lot of our customers are American customers they are trying to work out what their supply requirements are going to be because the financial year ends in December so there were whole number of issues relating to supply. We do not see any significant concerns at all for our year end numbers and as Arpit said, really looking this business on a year-on-year basis is much more useful and not on quarter-on-quarter.

However, to pick up on some further highlights: Arpit has mentioned the R&D capacities are for highly open products and form a significant part of our business. We are currently investing to grow our capacity in Switzerland and that project has already started and we hope to have some capacity coming on line within the January to March space of the coming year. That will significantly increase our ability to bring more in pipeline.

Relating to the pipeline especially as it goes towards early phase, we are monitoring this monthly. We see no slowdown in the appetite from customers to outsource early phase work. We certainly see no slowdown in the volume of opportunities in that space. That of course is critical for us because that is the long-term pipeline in the business and we feel very confident that at the moment we are not seeing any impact at all of things like Brexit, with the Trump effect, we are still seeing companies investing and trying to bring molecules in the market and because Carbogen AMCIS and Dishman Carbogen AMCIS are one of the key players in this market, we are quite bullish about our ability to continue to score customers which is why we are growing certain elements of the business to enable us to capture that work and be able to service our customers.

Moving on to Dishman Netherlands, we have been talking for a long time, the business is now being fully stabilized and has been contributing significantly both to the topline but more importantly for us in terms of profitability for the entire group. We are now working on our strategy to diversify ourselves away from the slightly larger volume and value products at Dishman Netherlands and we have a project which is being sponsored by Mr. Vyas Senior and led by him called Project Genesis, which is the development of new medicines based on Vitamin D analogs and bringing those to the market utilizing the skill sets in Dishman Netherlands and the capacity which exists around the Carbogen AMCIS Dishman Group. So that is a very interesting project. That is underway and we have been consistent with our Vitamin D analogs business in Netherlands which is the key growth driver for the future. We are one of the small number of companies. We have a tremendous amount of experience and depth of knowledge in this area and we will be

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doing a lot of work relating to bringing the products to ourselves rather than working direct with clients. So this is something very exciting and we are putting a lot of resource across the group into this project as we speak. We are all excited about that one.

Moving on to the later phase work, I am delighted to tell everybody that we have signed the contract for the first commercial project for Unit-9 at our high potency facility in Bavla. We are intensely proud of this because this project has taken number of years since we have started as a preclinical project in Switzerland and developed from Switzerland up to phase II in Switzerland and then transferred over to Unit-9 in Bavla to do all the supplies for phase III for development process and then get into the commercial arena and the supply contract was signed last week. So, we are intensely proud of that and I think that is just another example of how the group has held for the years worked together to really develop a strong value proposition for customers, which we think the customers are liking.

Moving on to China, it is just standing on its own. We are working very hard to ensure that China is sustainable and it is also supporting the rest of the group. It is doing a lot of work to support the European operations at Carbogen AMCIS, Manchester and Switzerland but also doing a lot of work to support our colleagues in Bavla and in Naroda for sourcing and for manufacturing intermediates and starting materials that are very difficult to find or very expensive to find. We also now have internally qualified the facility for GMP so basically our internal quality systems have now been satisfied that we are compliant with GMPs but we are now selling the facility as a GMP facility.

We have several western clients, couple of US and one European client who are very interested in utilizing this large-scale manufacture where they have a desire to work in China.

That being my part of the update for you, I will hand over to Mr. Harshil Dalal. Thank you.

Harshil Dalal - Vice President (Finance) – Dishman Carbogen Amcis Limited

Thanks Mark. Hello everybody. Mr. Arpit Vyas has already gone over the financial highlights and I am sure you would have also had an opportunity to go through it. I would just like to highlight a few key points in the financial statements for the first quarter. One is the topline where we mentioned that the sales of certain CRAMS orders from India got deferred to the later quarters instead of the first quarter, so that impacted the sales by almost 20 Crores as well as there was a forex reinstatement difference as compared to the Q1 last year, so that impact was almost 22 Crores that was on account of the average exchange realization paid for the Euro, Swiss Francs as well as the US dollars. So, if we take both these things into account, the topline is the same and most of it would flow into the EBITDA and hence the profit after tax.

So the quarter overall for us has been a good quarter except for the deferment of the sales from Q1 to the later quarters which is obviously a part and parcel of our business. The most important thing to look at is the gross margin that we have done in the first quarter which has improved compared to Q4. We have done a gross margin of about 86% that means the cost of material consumption was about just 14% so we have kept on maintaining the efficiencies in the processes that we have been describing in each of the quarterly calls.

Additionally, the finance cost has remained in line with what we were expecting, it is in line with what we did in Q4 so the finance cost for the quarter was about 11 Crores and this should remain at a similar level for each of the quarters throughout the year. Additionally, the amortization impact of 22-odd Crores had been taken in the first quarter of this year and the corresponding numbers of last financial year have also been restated for comparison purpose to include the amortization impact. And the yearly amortization should be about 89 Crores which we expect a tax benefit on the amortization that we do each year which would be reflected in the year-end tax numbers.

As far as the subsidiary financials are concerned, Carbogen AMCIS has exceeded the expectations of revenues even after the reinstatement of the Swiss Franc into the rupee at a lower rate. The rupee revenue has been higher as compared to the last year same quarter, the impact of the dollar and the euro was largely seen in the India CRAM sales.

Dishman Netherlands again it was just a quarterly thing we believe that for the year we should be able to achieve our targets for Dishman Netherlands as far as the sales of analogs and cholesterol is concerned.

With that I will like to handover the call to Mr. Sanjay Majmudar.

Sanjay S. Majmudar - Director - Dishman Carbogen Amcis Limited

So very quickly couple of very specific points which people might be wondering. Just to elaborate and take it forward from where Harshil left, the deferment relates to one specific regular customer who is a very long-term customer whose annual plans remain the same but the Q1 sales to them was zero. So effectively therefore Q2-Q3-Q4 will be equal to or at least slightly higher or almost in line with the annual sales and therefore there is an impact of the 20-22-odd Crores, which is very specific. Secondly, if you see the impact of the other income on the sequential quarter that is quarter ending 31 March, 2017, the other operating income stood at 47 Crores which specifically includes the forex gain of about 43 Crores as a part of the accounting procedure followed by the company under Ind-AS which this quarter is negative at about 11 Crores so there is a significant swing otherwise from an operational perspective and on an overall basis we do not see any problem and I think the year as Arpit and Mark concluded and impressed upon should look quite comfortable going forward.

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I think with this we will request the moderator to throw the house open for Q&A.

Mahima - Moderator

Thank you very much Sir. Now we will begin the question and answer interactive session for all the participants who are connected to the audio conference service from Airtel. Participants who wish to ask question may please press "*" "1". First question comes from Ms. Rashmi Sancheti, Research Analyst from Anand Rathi Mumbai.

Rashmi Sancheti – Research Analyst - Mumbai

Hello, thanks for taking my question. Sir, your partner innovator has signed an agreement with Takeda for ovarian cancer drug for the Japanese market so are we API supplier for Japanese market also?

Mark Griffiths - Global Chief Executive Officer & Director – Dishman Carbogen Amcis Limited

We cannot discuss the terms of the contracts with the client, unfortunately all I can say is it's an expensive supply as it covers number of territories.

Rashmi Sancheti – Research Analyst - Mumbai

Okay but are we the global supplier or just for some of the markets?

Mark Griffiths - Global Chief Executive Officer & Director– Dishman Carbogen Amcis Limited

We are only one of the two suppliers in the world.

Rashmi Sancheti – Research Analyst - Mumbai

Okay and any ramp up in the ALS category drug, which has been commercialized last quarter?

Arpit Vyas - Managing Director & CFO - Dishman Carbogen Amcis Limited

If the US FDA has given the approval, it will be commercializing soon, so we have given them the late phase III quantities now they will be preparing for the launch.

Rashmi Sancheti – Research Analyst - Mumbai

Okay and can you divide the molecules, how much is it in Phase I, Phase II and phase III, total number of molecules?

Mark Griffiths - Global Chief Executive Officer & Director – Dishman Carbogen Amcis Limited

In late phase III we are looking at about 10 now, in early phase III probably something around 20, in pre-clinical we are probably looking at over 100, in phase I probably another 150 and in phase II probably another 80 to 100. It is a moving piece all the time. We have been working over 300 projects a year just out of Europe. These are being worked in Bavla and a significant number being worked at other places as well. It is a moving piece and it is a significant number.

Rashmi Sancheti – Research Analyst - Mumbai

Thanks.

Mahima - Moderator

Thank you very much Madam. Next question comes from Mr. Ranveer Singh – Vice President, Systematix, Mumbai.

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Ranveer Singh – Systematix- Mumbai

Thanks for taking my question. Just you mentioned that the agreement you have signed for the supply of product so can you give the visibility in terms of revenue potential from this product from hi-po facility?

Mark Griffiths - Global Chief Executive Officer & Director – Dishman Carbogen Amcis Limited

Yes, from hi-po facility we would be expecting something in excess of 10 million dollars in a year at the first couple of years before it ramps, then beyond that we just do not know. It really depends on the uptake in the market, we know the molecule is being a critical molecule for the treatment of this disease, but they are being studied in phase II and phase III trials for treatment of other cancers. We will say in the next two years we are expecting not less than \$10 million for unit 9.

Ranveer Singh – Systematix- Mumbai

So unit 9 taking together all molecules relatable to unit 9 you are talking about or for this contract only?

Arpit Vyas - Managing Director & CFO - Dishman Carbogen Amcis Limited

Only this contract. Yes.

Ranveer Singh – Systematix- Mumbai

Okay. And secondly you said in Q1 we had two impacts - 20 Crores roughly in CRAMS which got deferred and another 20 Crores may be due to forex related things so still I see a difference of roughly 150 Crores on sequential basis also excluding your other operating income or even on year-on-year basis also it has roughly 25 Crore differences in revenue so is there other element also which has been lagging this quarter?

Harshil Dalal - Vice President (Finance) - Dishman Carbogen Amcis Limited

So Ranveer if you see even historically, Q4 has been our strongest quarter so it would not be fair to compare with Q4, if you just consider Q1 on a standalone basis if you consider this 42 Crores impact we would be close to about 380 Crores of revenue which would be in line with what we did in the first quarter last year. So effectively what we are saying is that had these two events not been there, we would be at the same level as what Q1 last year was.

Ranveer Singh – Systematix- Mumbai

Fine. This 22 Crores amortization which we have taken will it be factored every quarter up to 15 years?

Harshil Dalal - Vice President (Finance) - Dishman Carbogen Amcis Limited

Yes, so starting from 1 January 2015, this is the third year or the second full year where we will be taking the impact of 22 Crores in each quarter and this would continue for another 12 years from now.

Ranveer Singh – Systematix- Mumbai

Okay and just an update on our supplies related to that cancer product which we were supposed to supply so what is your status now; we have already started booking or how is it?

Mark Griffiths - Global Chief Executive Officer & Director – Dishman Carbogen Amcis Limited

We were in the middle of the campaign right now in the unit 9 so the customers are first campaign, first commercial campaign.

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Ranveer Singh – Systematix- Mumbai

So just to clarify the same product that we are talking about from unit 9 or unit 9 agreement is different?

Mark Griffiths - Global Chief Executive Officer & Director – Dishman Carbogen Amcis Limited

Yes unit 9. This is what we have been talking about.

Ranveer Singh – Systematix- Mumbai

Okay. That is all; I am in queue I will join later. Thank you.

Mahima – Moderator

Next question comes from Mr. Aditya Gupta – Research Analyst from Narnolia Securities, Noida.

Aditya Gupta – Narnolia Securities – Noida

Hello, thank you for taking my question. Sir can you give any timeline for the relisting on BSE and NSE?

Harshil Dalal - Vice President (Finance) - Dishman Carbogen Amcis Limited

So, Aditya from our end, I mean there is no submission pending from our end so the ball is entirely in the court of SEBI, we have already received the approvals from the stock exchanges so we are waiting as eagerly as you are.

Mark Griffiths - Global Chief Executive Officer & Director – Dishman Carbogen Amcis Limited

I think it is a matter of few days Aditya.

Aditya Gupta – Narnolia Securities – Noida

Okay thank you Sir.

Mahima – Moderator

Next question comes from Nitin Agarwal, Analyst from IDFC Securities, Mumbai.

Nitin Agarwal – IDFC Securities - Mumbai

Thanks for taking my question. Mark on the vitamin D business that you talked about so how exactly should we look at this business over the next couple of years?

Mark Griffiths - Global Chief Executive Officer & Director – Dishman Carbogen Amcis Limited

Basically, what we are doing is we wanted to stabilize the business which we have done. Having stabilized the business is given us some opportunity to look at other opportunities to utilize that in a mature market and the cholesterol business is matured. We are very good at it and we have a good supply position, but longer-term we do not believe that the cholesterol business on its own is going to provide the growth that we want to see. So over the last couple of years, with Mr. Vyas Senior's guidance we have been looking at different molecules and what those molecules can bring to the society, to the human and we have identified a couple of vitamin D analogs that have significant benefit to the general health of people especially people in areas where there are disadvantages, where they do not have access to good drugs, but also to the developed world as well, as a result of that we have engaged the world experts and we are collaborating with them to develop the molecules and carry out clinical trials. This is all done internally with a view that these vitamin D analogs which we always made in very small volumes, can open the market to increase the volumes in the business. So that is really what we are doing, the way I think we should look at the business is it is in transition and we wanted to stabilize, we wanted the business to contribute, and it's happening now. So, what we are looking for is what to do next and this is the plan. And the project is called project Genesis. Within the next year, we are building and constructing the

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business if you like the business plans, we are developing the market, we are doing some clinical trials beyond that within the next two to three years, I think there is going to be significant benefits to everybody in following this strategy. Will that be fair Arpit?

Arpit Vyas - Managing Director & CFO - Dishman Carbogen Amcis Limited

I think that should be good.

Nitin Agarwal – IDFC Securities - Mumbai

On these products that you talked about, are these some sorts of innovative products that Dishman is looking to develop or these are existing products that we are creating copies of or something like that?

Arpit Vyas - Managing Director & CFO - Dishman Carbogen Amcis Limited

Nitin, these are not innovation products. these products have been the legacy of Dishman Netherlands since a very long time, we have just found out a new route of and the new importance of the molecules which we are further planning to integrate. Some companies are doing the same by using our own analogs and they are coming out with an exorbitant price, which we think and feel is extremely unfair and just creating a massive dent in the economy and hence we are using the same product and planning to come out with the own version of it at a much better and a fair cost which should increase the revenues Dishman Netherlands and create a new opportunity in a new segment for the entire group. As Mark already said we have taken a world leader in vitamin D who is the master of or the Godfather of vitamin D you can say, on board and he is extremely interested in working with us and solely for us for this purpose in this project.

Nitin Agarwal – IDFC Securities - Mumbai

And what could be the revenue potential for these products, Arpit?

Arpit Vyas - Managing Director & CFO - Dishman Carbogen Amcis Limited

I think right now it is too early to say but if you consider this, that in one of the companies which is APCO that we supply to right now, they are launching the same in US as a treatment for normalizing your vitamin D levels for 1,000 dollars a month per person so this is their value proposition, which is extremely expensive but they seem to have gotten the approval somehow or from somewhere and we plan to challenge that and bring the cost down considerably.

Mark Griffiths - Global Chief Executive Officer & Director – Dishman Carbogen Amcis Limited

The most important thing to consider with this is Mr. Vyas Senior has come up with the synthetic route which is significantly shorter and more cost efficient than anybody else is using so that is our key advantage.

Nitin Agarwal – IDFC Securities - Mumbai

That is very interesting. And secondly on the status of a unit 9 FDA inspection where do we stand on that?

Mark Griffiths - Global Chief Executive Officer & Director – Dishman Carbogen Amcis Limited

That is going to happen anytime soon. We do not know because we do not get a warning. We get a couple of days at the most, but it will be happening because the product is being fast tracked, it is essentially approved and we already had the mock pre-approval inspections from the client who has hired a consultant to do an early audit and then after that a mock audit and we are expecting an audit within the next three to six months. That is the best we can say, but it will get an audit. There is no question. It will get an audit.

Nitin Agarwal – IDFC Securities - Mumbai

And lastly Mark you talked about the de-bottlenecking in Switzerland, I mean how critical is that and what does it do for the business?

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Mark Griffiths - Global Chief Executive Officer & Director – Dishman Carbogen Amcis Limited

It is critical in terms of our ability to be able to take more development work in high potency. We really have been victims of our non-success in this with the hi-po capacity everything is booked, but the hi-po capacity has the least flexibility. We have been very, very busy for about nine months, so having looked at the market and the appetite in the markets for bind development services and outsourcing, we bought the building if you remember probably about nine or six months ago something like that in Switzerland and we are now starting to fit that building out in phase I with some more laboratories. That will give us the opportunity to add another 40 people and if you look at the average earnings per person is around at about \$250 to \$3,000 per person. I think it is a rough indication of what we anticipate this to be.

Nitin Agarwal – IDFC Securities - Mumbai

Okay. Thank you and best of luck.

Mahima - Moderator

Next question comes from Mr. Sangam Iyer, Fund Manager, Shubkam Ventures, Mumbai.

Sangam Iyer – Subhkam Ventures – Mumbai

Just wanted to clarify couple of things. I mean during the last call we did mention that one of the products did get approved and we were awaiting approval for another product during this quarter itself right, so now there are two products that have got approved and of which one commercial agreement is already signed is that the correct understanding that I am having?

Mark Griffiths - Global Chief Executive Officer & Director – Dishman Carbogen Amcis Limited

There is another supplier agreement, which is ready to be signed in fact I have got it on my computer for the final review. That is for a diabetes drug for US customer. We will be the second supplier of that drug. We will also get a lot of the development work in Switzerland but that will be second supply at Bavla. Ultimately supply has to be looked at there. They are in clinical trials now and one of which looks as though it is going to be approved. They are just waiting for the feedback from the FDA so it is not in our control. It is not even in the client's control. But beyond that we are already working. We have already got the manufacturing supply agreement ready on my laptop to look at today and sign. So this was the one that we were talking about.

Sangam Iyer – Subhkam Ventures – Mumbai

So, coming back to this, given that there are two supply agreements from Bavla that are coming through, would the supply be contingent to the US FDA approval coming through for unit 9 or how does it work?

Mark Griffiths - Global Chief Executive Officer & Director – Dishman Carbogen Amcis Limited

No, Bavla has been seen on numerous occasions by the FDA but unit 9 has never been formally approved by the US FDA which is why we believe that the product that we have been talking about which has been signed which is an oncology drug we will look for one FDA audit because the FDA has never formally seen unit 9. If that drug was going into the one of the existing buildings in Bavla we feel quite confident probably we would not get an FDA audit because the FDA only recently seen the sight but because unit 9 would be brand new to the FDA, we are almost 100% sure that we will get an audit especially because the drug is fast tracked. So that is the reason why we cannot predict when the FDA is going to come and see but we know enough about the industry to know that they probably will come and even if the FDA does not come, EMA will, which is the European Authorization.

Sangam Iyer – Subhkam Ventures – Mumbai

So from our perspective if one were to look at the supply, to begin we can start the supply from other facilities because unit 9 is oncology facility right, so from the supply perspective how does it work, till the approval comes through from any of these authorities the supply would not begin?

Mark Griffiths - Global Chief Executive Officer & Director – Dishman Carbogen Amcis Limited

No. The supplies would have begun because it is being fast tracked it is being fast tracked by the FDA so we have already started first commercial campaign in unit 9 even before the agreement was signed. So, we are already manufacturing the first ever commercial product line because we got to build stocks for launches.

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Arpit Vyas - Managing Director & CFO - Dishman Carbogen Amcis Limited

And Sangam to add to what Mark just said, fast track approvals can only be given to companies who have a outsourcing from manufacturers who have a low risk indication on the US FDA map and Dishman is one of the companies who has a low risk in the books of US FDA, which gives them the ability to get the fast track and launch. If the company was at a higher risk then the fast track would have been difficult to achieve and possibly Dishman would not have been considered for the same as well. Regarding the other product, which is non-hipo, unit 9 is not an oncology facility but a hipo facility, which is a for highly potent compounds which have toxic chemicals that could range from any therapy including oncology. Oncology is one of the major ones who use this highly potent compound. The non-potent compounds which Mark talked about the second product, which is to do with diabetes, is not going to be in unit 9 but in the other plants which are already US FDA approved and for that US FDA will consider again Dishman is a low risk site and whether to come in audit for this compound especially is the call that they will take otherwise they would take it in their routine audit after three or four years.

Sangam Iyer – Subhkam Ventures – Mumbai

So from that perspective when we are looking at a potential of 10 million dollar per year in the initial two years from each of these products so would it be fair to assume that these two products are?

Arpit Vyas - Managing Director & CFO - Dishman Carbogen Amcis Limited

Not each of these two products, just one from unit 9.

Sangam Iyer – Subhkam Ventures – Mumbai

Okay Sir, the oncology one, is what you were factoring has around ten-million-dollar kind of a potential.

Arpit Vyas - Managing Director & CFO - Dishman Carbogen Amcis Limited

Yes.

Sangam Iyer – Subhkam Ventures – Mumbai

How big can this diabetes one be?

Mark Griffiths - Global Chief Executive Officer & Director – Dishman Carbogen Amcis Limited

Your guess is as good as ours. I think with diabetes being such a widespread disease it could be many, many, many times, but there are also drugs out there on the market already, so it is already in a competitive market. We are supplying with this view with nominal numbers, but at the end of the day even the client does not know that there are nine clinical trials now, different areas so it could be a blockbuster, it could be ten times a year, it could be 110 times a year, we just do not know.

Sangam Iyer – Subhkam Ventures – Mumbai

Okay got it. So just going back to the adjustments that happened this quarter because of the deferment etc., if I were to adjust it back we are looking at a margin profile of around 27% - 28% without any of this large product going commercial?

Harshil Dalal - Vice President (Finance) - Dishman Carbogen Amcis Limited

27 is more likely, yes.

Sangam Iyer – Subhkam Ventures – Mumbai

So, with the launch coming in of these products etc., should one be seeing the margins north of 28% going forward in the coming quarters, is that a fair assumption?

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Arpit Vyas - Managing Director & CFO - Dishman Carbogen Amcis Limited

I think 26% to 28% is a nice number where you should think of consolidating because as you know we are a growing company and we will always keep growing and hence we will always keep investing as well into new capacities, into new ideas into new synthesis so I think 26% to 28% is an ideal number to look at.

Sangam Iyer – Subhkam Ventures – Mumbai

Great. Could you just give us some fair idea in terms of now that we are into the second quarter how should one look at the various segments in terms of growth for this financial year and for the next financial year where the debottlenecking is also behind us?

Arpit Vyas - Managing Director & CFO - Dishman Carbogen Amcis Limited

I think CRAMS will always be growing at a steady rate of around 10% to 15%, which we have showcased. The other segments are - some of them are fairly new ideas, the ideas are very much out of the box ideas so some time will be taken for them to be fructified, which includes the project Genesis, the other segment which are marketable molecules and the generic segment are fairly stable and with the growth rate of possibly 5% to 10% but our focus has always been key in terms of CRAMS but that is where we would want to go in and I think post the debottlenecking, one should not see a growth increase after the bottlenecking but the sustainability of the growth after debottlenecking, right now we are at full capacity so the growth factor has been reduced and hence debottlenecking will help us maintain the sustainability of that growth and not increase it substantially. And this we are not taking into consideration any molecules which are going to be launching and generating massive revenues post three years of launch that will happen when it happens and we will look into it at that point of time but we do not consider what is going to increase the possibility of a molecule to be launching and hence we will focus on the research side of it more and more research and services side which will help us build a robust pipeline for the future.

Sangam Iyer – Subhkam Ventures – Mumbai

Right. And finally, from my end, since earlier we were talking about two molecules that could get commercialized this financial year because of the dates that were more or less kind of, could you give us some more light in terms of are there any further molecules that are there that could actually come through because of some fast tracking etc. for this financial year?

Mark Griffiths - Global Chief Executive Officer & Director – Dishman Carbogen Amcis Limited

Given the number of projects we were working on, there is always a possibility for somewhere around one to three commercial molecules every year, just because the number that we are working on is a statistical game basically. By the time, you get to the phase III, you got a pretty good idea of the products, so may be conservatively 50% or 60% of those will get through conservatively and we look at it conservatively rather than over promising so somewhere between one and three every year for the next couple of years, would not be a bad assumption is not a target because it is not in our control when things go commercial. The way it is we are providing support and helping the customer get to where it needs to be but if you mentally plan somewhere between one and three a year, given the pipeline we have got that is not unreasonable, but there in a whole range of therapeutic areas as Arpit said we are in oncology, we are in eye care, we are in central nervous system, we are in cardio, we are all over the map, we do not specifically focus only in one area of therapeutics so the ones or threes are not an unreasonable assumption.

Sangam Iyer – Subhkam Ventures – Mumbai

Great. And any breakthroughs in terms of the listing of Carbogen AMCIS in Switzerland?

Harshil Dalal - Dishman Carbogen Amcis Limited

So right now that is still on the drawing board so nothing concrete as of now we will inform you as and when the plans are finalized.

Sangam Iyer – Subhkam Ventures – Mumbai

Okay, because I thought since the reverse merger is now complete may be now things will be much easier in terms of.....

Arpit Vyas - Managing Director & CFO - Dishman Carbogen Amcis Limited

That, it is a long-term strategy but we have not made any declaration and we will go by the official declaration that we will be making from time to time as per the LODR guidelines.

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Sangam Iyer – Subhkam Ventures – Mumbai

Okay, great. Congratulations and all the best.

Mahima - Moderator

Next question comes from Ms. Cyndrella Carvalho from Dolat Capital, Senior Research Analyst, Mumbai.

Cyndrella Carvalho – Dolat Capital – Mumbai

Sir just wanted to understand we have signed the agreement for our oncology drug from unit 9 so just some color in terms of do we remain the first preferred partner and we have already given a guidance of around 10 million dollars over the year so our share is around 70%-80% or how should I look at it?

Mark Griffiths - Global Chief Executive Officer & Director – Dishman Carbogen Amcis Limited

Now, the supply agreement says that we could supply up to 85% of the total demand for the year, but that is what the supply agreement for the other supplier will surely say as well. We just do not know nor does the client. They have a very strong view on this particular indication that they have and there are number of other indications in cancer that this drug is showing some effect so the customer does not know now exactly what the uptake is going to be and there are clinical trials and other indications so I do not like using blockbuster and things like that but this is I suppose from my conservative view, this is a significant drug, so significant that there are other partnerships with that client with large pharma as well, but again we just do not know and if you ask the client he would not know either, but we know is that we have already got volumes for this year, but we have been asked to supply and we have already started supplying, so we just do not know. I wish I could tell you, but I cannot. I just do not know.

Cyndrella Carvalho – Dolat Capital – Mumbai

As of now our status remain as a first preferred partner, right?

Arpit Vyas - Managing Director & CFO - Dishman Carbogen Amcis Limited

Yes, because we help them develop from the early pre-clinical stages so unless we do something terrible to them, we will remain a preferred supplier.

Cyndrella Carvalho – Dolat Capital – Mumbai

Okay great. Good to know that. And coming to the second point what Mark mentioned that there are other trials which are ongoing which they have already started on so have we seen the continuous support for the other indications already in terms of supply?

Mark Griffiths - Global Chief Executive Officer & Director – Dishman Carbogen Amcis Limited

We are supplying drugs to the customer. We know anecdotally that some of the late phase III supplies we made last year, we manufactured last year, went through clinical trials for other indications. We know that anecdotally. The answer is yes.

Cyndrella Carvalho – Dolat Capital – Mumbai

Okay of course I understand that. Now coming to the next 18 months pipeline as we have alluded last quarter that we have already in terms of commercialization space we have couple of products, we have entered commercialization from Carbogen AMCS now, one we have already entered from the Bavla unit, the other one would enter from the Bavla unit 9, other one would enter from Bavla so can you give us some color in terms of where do you see in terms of the entire pipeline plays for next 18 or 24 months?

Mark Griffiths - Global Chief Executive Officer & Director – Dishman Carbogen Amcis Limited

It is a very difficult project since it has specific numbers on these things. What we can do is we can look back over 20 years of Carbogen AMCS and we can say that on average you could see between one and three commercials launch a year but the

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technicality of this is not commercial and that is what we make in a month, but we earn the right to make the money in pre-clinical phase I and phase II so the life blood of the entire group including Bavla is our ability to be able to do the early phase work and support the customer and if we do the job and we support the customer they are successful in their clinical trials. We have seen that the customer does not change suppliers. So the criticality is we make the money in commercials but we are in the right to make that money in pre-clinical phase I and phase II. So that the criticality of having a continuous flow of projects coming through in pre-clinical and phase I is absolutely fundamental to the long-term success of the business. That is the key thinking. If you have been involved over the years and I apology to Arpit and Harshil, I will now use the phrase kissing frogs. What we have to do is to kiss frogs to find the prince and if you do not kiss the frog you would not find the prince. That is what we have to do. We must continue to invest in creating R&D capability so that we can kiss more frogs so that we can increase our opportunity to get more princesses – our late phase III commercial projects.

Cyndrella Carvalho – Dolat Capital – Mumbai

Great to know that. Mark, coming to the question again that like you know last quarter we said that there were around two products which entered in commercialization stage from Carbogen AMCIS right so over the next six to eight months, how should we look at that?

Mark Griffiths - Global Chief Executive Officer & Director – Dishman Carbogen Amcis Limited

We see a steady growth. What happens with these is the customer gets a view. They get an initial reach from the FDA and the FDA says yes that there is a good likelihood that this is going to be the approach so what they do is they build a bit of stock. So we supply quite a bit of material in phase III, some of them for validation and some of them also what we call pre-commercial batches so under the process of validation but they are quick commercial. They are building stock. So as soon as they get the approval, they have already got stock made into tablets, capsules and syringes. Then what happens is they start the first year or two to a very difficult market because they just don't know what the uptick is going to be. Once you pass two years as Arpit said a bit earlier, the customer then gets a pretty good idea of what the long-term uptick is going to be and they can start to plan more accurately. The first two years are always a little challenging simply because the customer does not know how much he is going to need to supply the market and therefore we do not know. We just should be reactive. Once you get passed two to three years, we get an idea of what the market needs and then you can be much more accurate about the plan and then you can talk about the volumes and then you can talk about revenue.

Cyndrella Carvalho – Dolat Capital – Mumbai

Sir, just last one, Mark on the additional facility in Switzerland, how is the progress coming up and how should we look at it going ahead?

Mark Griffiths - Global Chief Executive Officer & Director – Dishman Carbogen Amcis Limited

It is going very well. Demolition is complete. Rebuilding has already started. All the key contracts have been placed with the soft contractors and the building companies. So we are anticipating having some of that capacity available to us somewhere between January and March of next calendar year, we believe that for full realization in the numbers we should be looking at end of the next year to get the full impact of that but we know that there is an appetite for this requirement already. We know that we can sell and in fact we have already sold a couple of the labs already to our customers. So we are not too concerned about that, but to fully fructify reasonably it is going to be during the course of next year.

Cyndrella Carvalho – Dolat Capital – Mumbai

Okay. And last question, what is our tax guidance for this full year?

Harshil Dalal - Vice President (Finance) - Dishman Carbogen Amcis Limited

For the full year it should be about 26% to 27% on the profit before tax.

Cyndrella Carvalho – Dolat Capital – Mumbai

Okay. Thanks all the best guys. Thank you.

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Mahima – Moderator

Next is Mr. Rahul Sharma – Analyst from Karvy Stock Broking, Mumbai.

Rahul Sharma – Karvy Stock Broking - Mumbai

Hello, you all had spoken about 42 Crores being deferred, 20 Crores was because of one customer. What was the other 20-22 Crores for?

Harshil Dalal - Vice President (Finance) - Dishman Carbogen Amcis Limited

Rahul if you are comparing the Q1 to Q1 that is on account of the average exchange foreign exchange realization rates so last year the average rate at which the sales in dollars got booked was at above 68 while this year it was at about 64.5 similarly the Swiss Franc was at 68.82 for this year Q1 was about 65.31 and so on and so forth for the Euro and the Pound so it is just the average rate at which the sales invoices got booked in this quarter as compared to the last year. Apart from this as far as the profitability is concerned it also got impacted because of the notional forex loss this was to the tune of Rs. 11.6 Crores so as we know we have our borrowings in foreign currency there would always be a mark to market each quarter so either there could be a notional gain or a notional loss but this cannot effectively turn into an actual loss because we have corresponding sales in foreign currency and we also have hedged ourselves in different currencies for the year. So, the impact of this Rs. 11.6 Crores should nullify in the remaining three quarters.

Rahul Sharma – Karvy Stock Broking - Mumbai

This is in the interest segment or where is it reflected?

Harshil Dalal - Vice President (Finance) - Dishman Carbogen Amcis Limited

The 11.6 Crores part of it is in operating income so whatever is the gain or loss on account of the hedges that we have done against the sales will flow into the operating income and whatever is related to the borrowing that we have that will go as part of other expenditure.

Rahul Sharma – Karvy Stock Broking - Mumbai

Okay. And how are you looking at the current year with probable campaign trials already starting up you are looking at high single digit growth or what is it outlook of growth for the current year?

Harshil Dalal - Vice President (Finance) - Dishman Carbogen Amcis Limited

So, we will be maintaining the guidance that we have been giving which would be close to at least 10% in terms of the topline.

Rahul Sharma – Karvy Stock Broking - Mumbai

Okay which is mainly driven by CRAMS?

Arpit Vyas - Managing Director & CFO - Dishman Carbogen Amcis Limited

That is right.

Rahul Sharma – Karvy Stock Broking, Mumbai

Okay. Vitamin D will be flat?

Arpit Vyas - Managing Director & CFO - Dishman Carbogen Amcis Limited

Will be stable, yes.

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Rahul Sharma – Karvy Stock Broking - Mumbai

Okay. I will join back the queue.

Mahima – Moderator

Next is from Mr. Arpit Kapoor from IDFC Mutual Fund, Mumbai.

Arpit Kapoor – IDFC Mutual Fund – Mumbai

Thanks for taking my question. Just a clarification, so for the oncology drug supply from unit 9, would we be booking any revenues still or we wait to get an FDA audit here before we get a go ahead?

Arpit Vyas - Managing Director & CFO - Dishman Carbogen Amcis Limited

We will be booking as per the supply so as and when the product leaves the premises, we will be booking revenue.

Arpit Kapoor – IDFC Mutual Fund – Mumbai

And that is not contingent on FDA audit?

Arpit Vyas - Managing Director & CFO - Dishman Carbogen Amcis Limited

No. It is not.

Arpit Kapoor – IDFC Mutual Fund – Mumbai

Okay. And when you are forecasting let us say revenue of \$10 million, what kind of capacity utilization will it entail of the current hipo block and what is the capex that you foresee that you would have to do let say to cater to the same drug if the supplies increase or to other drugs which may be in phase II or phase III which actually may get into commercialization a year down the line?

Arpit Vyas - Managing Director & CFO - Dishman Carbogen Amcis Limited

As the process and the documents with the customer stands right now, as of now for the requirement of their ten plus million-dollar worth of product, one cell will be fully occupied for around six to eight months is what we are proposing to them is more efficient structure and a more de-risking structure to qualify at least two blocks in the same building which can help us reduce the timeline significantly which can help them in the future as well for when the demand goes up. So, we are working on that but as of now till that happens we can think of at least six to eight months of one cell being booked for the demand as of now.

Arpit Kapoor – IDFC Mutual Fund – Mumbai

What would be your capex plans both for hipo and for the other drugs going forward for the next 12 to 18 months?

Arpit Vyas - Managing Director & CFO - Dishman Carbogen Amcis Limited

For hipo I think right now we have between two cells, we are planning to fit in the other two cells and one small kilo lab as well which should be in the region of around 30 to 40 Crores and for other capex plans it is mainly to do with upgradation of certain old buildings, upgradation of certain old and non-GMP buildings and making them into GMP buildings so that should be over two years in the tune of around Rs. 125 Crores. This is for India and then plus whatever is required abroad.

Arpit Kapoor – IDFC Mutual Fund – Mumbai

And typically, when we sign the contracts with the innovator, the contracts get renewed every year do we get a longer term visibility of three years or five years?

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Harshil Dalal - Vice President (Finance) - Dishman Carbogen Amcis Limited

It is always five years.

Arpit Kapoor – IDFC Mutual Fund – Mumbai

Because let us say if the end company or the innovator gets into an M&A kind of deal and is bought over by another company, the contract that we have with the innovator continues to be honored and to that extent do we have the visibility of revenues for the next three or five years depending upon the timeline of the contract?

Arpit Vyas - Managing Director & CFO - Dishman Carbogen Amcis Limited

The pharma industry is bit more complicated in the legal aspects of the contracts even if companies merged and wishes to change the supplier it is going to take them further five years to do so, just a contract is not a firm ground.

Arpit Kapoor – IDFC Mutual Fund – Mumbai

I understand the regulatory aspect of it but you still are covered for at least five years given the fact that we have an alternate hipo supplier and they do a site transfer or something on those lines?

Arpit Vyas - Managing Director & CFO - Dishman Carbogen Amcis Limited

Yes, that is where we must help them to do the same. If we are the primary supplier we have to help them develop we have to help them do the tech transfer and everything but five years on the minimum side for a new chemical entity it could go up to 15 years as well is an automatic roll over after five years for next five years.

Sanjay S. Majmudar - Director - Dishman Carbogen Amcis Limited

For instance, we had our very first contract that we had signed and the supplies began in 2003 and they continue today irrespective of contract or no contract.

Arpit Kapoor – IDFC Mutual Fund – Mumbai

So now will it be more uniform or you will still have some, you will have one quarter where you will book all the revenues or two quarters and then so is the revenues, the run rate that you book the revenues will be more stream lined or is it going to be lumpy in nature?

Arpit Vyas - Managing Director & CFO - Dishman Carbogen Amcis Limited

It will be lumpy till the time there is an offtake analyzed by the customer to understand how the product is doing, basically after launch you can consider that it is still a legal trial at a larger level in territories that they have decided to launch at first which includes The United States of America, how the product is off-taking from the shelf is one thing and how the product is going to benefit the patient is also to be analyzed for taking into consideration what is going to be the next supply. So I think it will be a little lumpy in both positive and negative side we do not know but at least the ten million we foresee it be for the product it could go higher or it could go even lower depending on how the market is responding to the product.

Harshil Dalal - Vice President (Finance) - Dishman Carbogen Amcis Limited

So if you talk of overall revenues, yes Q1 has been a bit of a laggard because of specific reasons so I think rather the correct scale to compare it could be on an annual basis and it will not look lumpy, it should be because there are quite a few other contracts which are regular so I think overall 10% growth as Arpit and the team guided would be visible on an annual basis with the operating margins looking at the range we have indicated so I think may be quarterly lumpiness could be there but very honestly it is beyond our control and should not be read too much into it as an extrapolation.

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Arpit Kapoor – IDFC Mutual Fund – Mumbai

Understood. Would we have to do additional work on some other regulatory agency so let say that the innovator wants to launch the drug in Japan?

Arpit Vyas - Managing Director & CFO - Dishman Carbogen Amcis Limited

No it would suffice, the product would be going to US and from US it would be going to Japan so if it's for the generic molecule yes, the FDA from other countries like Japan and everyone would be coming in to view but this is not the case. It is a new chemical entity so it will be under the customer review if it is launched by the FDA then it is okay.

Arpit Kapoor – IDFC Mutual Fund – Mumbai

Sir, any revenue guidance for the diabetic molecule that you are talking about?

Arpit Vyas - Managing Director & CFO - Dishman Carbogen Amcis Limited

No not at all.

Arpit Kapoor – IDFC Mutual Fund – Mumbai

So, any indication will it be a \$5 million market?

Sanjay S. Majmudar - Director - Dishman Carbogen Amcis Limited

Mark indicated we do not know. It is difficult to predict right now. There may be some revenues but let us see, too early to say.

Arpit Kapoor – IDFC Mutual Fund – Mumbai

Thanks a lot for taking the question.

Mahima – Moderator

Next is Mr. Ankit Choudhary from Jaipur from M&G Investments Private Limited.

Ankit Choudhary – M&G Investments - Jaipur

What are the major benefits of the merger between both the companies?

Arpit Vyas - Managing Director & CFO - Dishman Carbogen Amcis Limited

Ankit if you look at it this is not the merger of the Swiss subsidiary. It is the merger of and the consolidation of Indian subsidiaries and consolidating the same so it is a reverse merger which has helped us value all the investments from the parent at the fair value, which has given us a major advantage in terms of giving the answer to the customers who always had a question that how can a company which has a net-worth of \$100-150 million be able to handle a billion dollar plus valued product and we always had to explain them what was the situation whether it was a book net-worth versus the actual net-worth and with this we are able to bring the actual net-worth on the books, which showcases the true strength of the company, which is the major benefit that we see. The second is that with the value creation there is a value of intangible which is being created which as well helps somewhat in tax depreciation but that can only be seen post the assessment is done and if all goes in the favor of the company then we should see additional tax to be saved within the company giving company free cash to invest further.

Ankit Choudhary – M&G Investments - Jaipur

Thank you so much.

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Mahima – Moderator

The next question is from the line of Mr. Nishit Shah, President - Ambika Investments, Mumbai

Nishit Shah – Ambika Investment – Mumbai

Thanks for taking my question. My question is on your operating margins, Arpit. If you look at the leader in the CRAM space, I am talking about Divis Lab, they have an operating margin of something like 35% to 36%. Now you spoke earlier on the call that 26% to 28% would be a good number to look at so the issue is that when you have a funnel which is as good as what it is and when you have couple of molecules in the market, are we saying that we are not going to see margins of 35%-36%?

Arpit Vyas - Managing Director & CFO - Dishman Carbogen Amcis Limited

35%-36% in our company is not possible because if you look at it, our asset base unlike any other company in the world let alone the Divis is widespread. We should include India, China, Netherlands and Switzerland. Switzerland being one of the costliest asset base in the world but at the same time the output is twice as much to any and consolidating everything it comes down to 26%-28% which is very high I would say considering majority European assets.

Sanjay S. Majmudar - Director - Dishman Carbogen Amcis Limited

Just to add what Arpit says if you were to look at only a pure contract research play, our margins are pretty high in terms of pre-clinical phase I and phase II both at Bayla and in Carbogen, of course Carbogen margins at this contract research level would not be as high because there is a very high cost of people who are working there and those PhDs and those scientists that are doing the research. For us, contract research is a major pipeline creator for eventual contractor manufacturing as Mark explained that we have at various stages and we must keep on kissing frogs if I may borrow his phrase and analogy. More important focus is on high quality manufacturing and at a diversified production base, I think at a sustainable level of EBITDA because of the different set of operating parameters, the EBITDA would be different in Europe and different in India so on a consolidated blended basis if I were saying 26%-28%, actually if you look at India standalone it looks much higher at 35% or even 40% on case to case basis so I think from our perspective since our model and our approach is different, we of course will strive to improve these margins but to commit at this point in time is not something that we are comfortable with.

Nishit Shah – Ambika Investment – Mumbai

I think it was useful to know that and you explained it well so you have a large operation in Switzerland and that is very essential for you to get peak continuous pipeline of phase I, phase II drugs and eventually it translates into late phase III and the eventually gets into manufacturing contracts so that part I understand but would you say that your India operation if I should compare India operation apple-to-apple with anybody be as profitable as somebody else?

Arpit Vyas - Managing Director & CFO - Dishman Carbogen Amcis Limited

I think so and India operation if you were to extract the number we would be around 37% margins in any case, so if you look at the India's standalone business it is about 37% to 40%.

Nishit Shah – Ambika Investment – Mumbai

That is very good, that is very helpful. Thank you very much.

Mahima – Moderator

The next question is from the line of Mr. Nitin Agarwal, IDFC Securities from Mumbai.

Nitin Agarwal – IDFC Securities - Mumbai

Can you just give us some update on the disinfectant business in terms of the contract scale up and all which we were talking about earlier?

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Arpit Vyas - Managing Director & CFO – Dishman Carbogen Amcis Limited

The contracts with the few multinationals are going well which are Johnson & Johnson and Ecolabs and everyone. They have started off-taking the product and now again for us it is a contract manufacturing side again so it is the offtake of the product in the market of how they are doing and conducting the marketing activities and the off-take is we should see a growth but from zero revenues couple of years ago to almost Rs. 5 to 6 crores last year, we possibly see around Rs.10 to 12 crores business this year.

Nitin Agarwal – IDFC Securities - Mumbai

Okay fine, thank you.

Mahima – Moderator

Ladies and gentlemen this concludes the call, you may now disconnect your lines, thank you for connecting to audio conference service from Airtel. Have a pleasant evening. Thank you.