Dishman Carbogen Amcis

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10th February, 2026

To, **The General Manager** **Department of Corporate Services** **BSE Ltd.** Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001. **Ref.: Scrip Code No. : 540701 (Equity)** **: 975834, 976560 and 977467 (Debt)**	**To,** **The Manager,** **Listing Department,** **National Stock Exchange of India Ltd.** "Exchange Plaza", C-1, Block G, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051. **Ref. : (i) Symbol – DCAL** **(ii) Series – EQ**

SUB: TRANSCRIPT OF EARNINGS CONFERENCE CALL – THIRD QUARTER ENDING 31ST DECEMBER, 2025

Dear Sir,

Pursuant to Regulations 30 and 51 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, pls. find enclosed herewith transcript of earnings conference call arranged by the Company with Investors on Wednesday, 4th February, 2025 to discuss the financial result and performance of the Company for the second quarter and half year ended on 31st December, 2025.

The aforesaid transcript is also being hosted on the website of the Company, www.imdcal.com in accordance with the Regulations 46 and 62 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015.

Kindly take the same on your record.

Thanking You,

Yours faithfully,

For, Dishman Carbogen Amcis Limited

SHRIMA GAURANGBHAI DAVE
Digitally signed by SHRIMA GAURANGBHAI DAVE
Date: 2026.02.10 18:32:59 +05'30'

Shrima Dave
Company Secretary

Encl.: As above

Dishman Carbogen Amcis Limited

Earnings Conference Call Transcript

Event: Dishman Carbogen Amcis Limited – Third Quarter Ending December 31, 2025 Earnings Call

Event Date/Time: February 4, 2026/ 1500 HRS

CORPORATE PARTICIPANTS

Harshil Dalal

Global CFO - Dishman Carbogen Amcis Limited

Mr. Paolo Armanino

Chief Operating Officer - Dishman Carbogen Amcis Limited

Mr. Stephan Fritschi

Chief Executive Officer - CARBOGEN AMCIS entities, Company's wholly owned subsidiaries

Moderator

Good afternoon, ladies and gentlemen. I am Karthikeyan, moderator for the conference call. Welcome to Dishman Carbogen Amcis Limited Q3 FY26 Conference Call. We have with us today from the management, Mr. Harshil Dalal, Global Chief Financial Officer; Mr. Paolo Armanino, Chief Operating Officer; and Mr. Stephan Fritschi, Chief Executive Officer.

As a reminder, all participants will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing * then 0 on your touch-tone telephone. Please note, this conference is recorded.

I would now like to hand over the floor to Mr. Stephan Fritschi. Thank you, and over to you, sir.

Stephan Fritschi

Hello, everybody. This is Stephan Fritschi speaking. I'm the CEO of Carbogen Amcis. I'm happy to also welcome Harshil Dalal, our Global Chief Finance Officer; and Paolo Armanino, our COO at the Dishman facility here in Ahmedabad.

Before we go and dive into the financial numbers, let's look at a brief update on Carbogen Amcis. Business wise, starting December here, that's our French subsidiary dealing with drug product. The market shows increased interest in the product capabilities. We got more RFP's, more projects secured over the past quarter, and we also got interest in late phase projects, phase II and so on.

In drug substance, we passed successfully a mock FDA audit at the Vionnaz's site. This is one of the four swiss sites. That's a preparation inspection or a PAI inspection, which will be executed sooner or later by the FDA, which is a great success also for this legal site in Switzerland. And among normal API's, also the ADC related molecules with higher priority status are in our pipeline, specifically in oncology, which is great news as well. And we will report back as soon as we get more information from our customers that we can disclose those names.

What we also have is this co-investment expansion project we talked recently together with a Japanese customer. The project is on track. We are now at the detailed engineering activities and planning, so that we can start soon with the construction, the preliminary work has already started. But then we go into the detailed construction, bigger capabilities in Switzerland, in our Aarau and Neuland facility.

The last business unit we covered here is the speciality. There we see a strong VDA, vitamin D and analogue sales. This is the branch and part of the portfolio with high margin. So, this is very satisfying, and we are happy about this. The cost reduction programs we have initiated, we continue, specifically on our cholesterol production, that this is getting more profitable. Also, we opened new sources for our main product or starting material in our Veenendaal facility, specifically on the wool grease.

Coming to the sales activities, as you might remember, in the past I always said, be close to the market, be close to the customers. This is a slogan, which is still valid, and this we support by adding more sales people. We have hired additional sales people in China and also in the U.S. So, the focus is on attraction of new development projects. This means early phase, but also late phase projects, because these are feeding eventually our commercial pipeline.

Some different initiatives have been started also to tackle big pharma, where we are historically also present, but we want to expand these activities as well, because there is the majority of the promising blockbuster projects. What we have also started over the past months is an initiative on -- specifically on early projects, and there we branded this initiative as SPRINT. The letters S-P-R-I-N-T stand for Smart and Efficient, Proactive and Agile, Regulatory Compliance, Innovative Science, No Compromises on Safety and Trusted Partner.

This activity brings us even closer and more attractive to our clients to be at the very beginning of the value chain on non-GMP and early phase activities. There, we have started this branding and initiative also by modifying our cost base and our working processes. So, this is promising, and we get the first orders these days and in the upcoming weeks.

We also reported back the tight collaboration between Carbogen Amcis and Dishman, DCAL. This means that we widen our portfolio in the sense that we can offer big quantities, also out of Switzerland, that we are facing our customers in project management, inter sales activities, so that we also can offer big volumes, quantities, namely that we do the development in Carbogen and the production, the big production, big volumes in India with Dishman.

So, there are already multiple big scale projects in collaboration, but also specifically with customers in discussion, and customers are reacting positively to this, and we are very confident that this will be a great success. The ADC expansion we talked recently is still under discussion and evaluation, and we are hoping to get some conclusion here very soon.

So, all in all, I perceive the position of Dishman Carbogen Amcis is very well. We conquer and add new business, and we are looking very confidently into the future and very optimistic and positively.

With this, I would like to end here. I thank you for your interest in Dishman Carbogen Amcis, and I hand over to Harshil Dalal.

Harshil Dalal

Thank you very much, Stephan, and a very good afternoon to everybody. Regarding the financial results of the quarter ending December 31, 2025, I'm sure you would have had a chance to go through it. I'll take you through the numbers for the quarter and for the nine months ending December 31, 2025.

For the quarter ending December 31, 2025, we did a revenue of about INR 720 crores as compared to INR 682 crores in the comparable quarter of last year, which is a growth of about 5.5%. We actually expected the revenue to be higher by about INR 20 odd crores in this particular quarter. However, there was a delay in the shipment of certain product, which has now gone out in January, and the delay was largely on account of delay in supply of key intermediate, as well as because of the holiday season in Europe because of Christmas. However, not to be disappointed, we do expect that the revenues in the current quarter should be higher by that amount than as expected.

The cost for the quarter ending December 31, '25 stood at close to about 20% as compared to about 15% in the comparable quarter of last year. The increase in the COGS specifically in this quarter was largely on account of higher commercial supply as compared to what we had supplied in the first half of the year, where the revenue was predominantly coming from the development side.

Having said that, in the current quarter, we also had a good amount of development revenue, largely coming from the non-late phase III molecules, where obviously from an EBITDA perspective the margins are lower as compared to the phase III work that we do.

The employee expenses for the quarter stood at about INR 355 crores as compared to INR 332 crores in the comparable quarter of last year. The INR 355 crores includes certain provisions that were made on account of certain severance packages that were getting paid out to certain employees at the end of December, plus certain social insurance cost provision that was mentioned too in this particular quarter.

Further expenses on account of the cost optimization efforts that we are undertaking across the group stood at about INR 109 crores as compared to INR 111 crores in the comparable quarter of last year. Overall, all of this translated into a reported EBITDA of about INR 113 crores, which is a margin of about 15.7% on the top line.

The depreciation and amortization was more or less in line with what we reported in Q2 and Q1 of the current financial year at about INR 84 crores. The finance cost stood at about INR 45.7 crores.

Moderator

Participants, kindly stay connected while we connect the management back on the call.

Harshil Dalal

Okay, I'm sorry for that, but I don't know why it got disconnected. So I don't know where I stopped, but I explained the depreciation and amortization, which was at about INR 84 crores, more or less in line with the previous quarter.

The finance cost stood at about INR 45.7 crores. In this finance cost of INR 45.7 crores, there was a one-time expense of about INR 11 crores that was booked in this quarter. This was on account of the new syndicated facilities that we entered into with the consortium banks in Switzerland, where there was a refinancing as well as a provision for enhancement of the credit facility, and because of which we had booked that expenditure in this quarter.

Overall, all of this translated into a profit before tax of negative INR 10 crores. The tax expense stood about 2.5 crores and the profit after tax stood at about negative INR 12.97 crores.

For the nine months ending December 31, 2025, as far as the revenues are concerned, we reported a growth in revenue of about 4.3%. What we expect and we are very much on target to achieve that, is that by the end of the financial year, this growth rate should be much higher than what it is reported for the first nine months, more or less in line with what we had stated in the previous calls.

The cost stood at about INR 273 crores, which is close to about 13%, 13.5% of the revenue. The cost this year is much lesser as compared to what it was in the previous year, largely on account of higher contribution of the development revenue, especially the late phase III molecules.

The employee expenses stood at about INR 1,040 crores as compared to INR 958 crores, which is an increase by about 7.5%. The other expenses stood at INR 363 crores, as compared to INR 354 crores in the first nine months of the last financial year, which is an increase by about 2.5%. Overall, for the first nine months, we stand at an EBITDA of about INR 403 crores, as compared to INR 316 crores, as reported as on for the first nine months of December 31, '24. This translates into an EBITDA margin of 19.4% for

the current year as compared to 15.9% in the first nine months of last year, which is a growth of about 27.3% as reported in the first nine months of this year.

The depreciation and amortization for the first nine months stood at about 250 crores, which is an increase as compared to the last year, largely on account of the operationalization of the manufacturing lines at our French facility, and more or less, it will remain at the same run rate as we look into the future.

The finance cost stood at about INR 130 crores as compared to INR 170 crores. We are seeing the borrowing cost for us going down, especially at the Swiss entity, where now the SARON, which is the Swiss equivalent LIBOR has gone down to 0% and our effective interest cost is now between 3%, 3.5%. However, because of certain one-time finance cost expenditures that were booked, the finance cost looked higher. However, we should see that in the coming quarters, this finance cost should come down.

All of this translated into a profit before tax of INR 58.76 crores and a profit after tax of INR 75.7 crores after accounting for the deferred tax asset largely out of the French facility. So, this is a significant improvement in the results for the first nine months of the financial year as compared to the first nine months of the previous financial year.

Going into the segment wise breakup of the revenues and the margin, the CDMO business keeps on doing well for us, both on the development as well as on the commercial manufacturing side. As I mentioned earlier this year, we are seeing a huge amount of revenue coming from development as compared to commercial, and we expect that it would be the same trend in the next financial year as well.

For the quarter, we did a revenue of about INR 630 crores as compared to INR 590 crores in this segment as compared to the previous financial year's quarter, which represents a 6.7% growth. For the first nine months the revenue stood at about INR 1,750 crores as compared to INR 1,723 crores in the first nine months of the previous financial year. We expect that this revenue should grow in the Q4 of the current financial year and would keep on showing a significant growth as we look into the future.

The Marketable Molecules segment did a revenue of about INR 90 crores in this quarter as compared to INR 92 crores, so more or less flattish. For the first nine months this figure stood at INR 330 crores as compared to INR 271 crores, which represents a 21.5% increase, which is largely driven by our vitamin D analogs and cholesterol business.

From a margin perspective, we did close to about 17% margin on the CDMO side of the business, which also includes our French facility, as compared to 22% in the previous financial year, where most of the

revenues was driven by the late phase molecules. In the first nine months of the year, we did an EBITDA of about 19.7% as compared to 17.2%, which is an increase of about 250 bps as compared to the first nine months of the previous year.

The Marketable Molecules segment did a 7.2% margin, largely because there was more of the cholesterol sales that happened in this quarter as compared to the previous quarter. However, if you see the first nine months, the margins stood at about 17.5% as compared to 8.3%, representing a 920-bps increase in the margins on the Marketable Molecule side. So, as you look into the future for this particular segment, and more specifically cholesterol and vitamin D analogs, we would keep on seeing the margin improvements, where our target is to first get to the 20% margin and then take it up to 25%.

So, this was some of the financial highlights for the quarter and the nine months ending December 31, '25. With this, I would like to hand over the call to Paolo Armanino, our Chief Operating Officer for the India operations, and then we can open the floor for Q&A.

Paolo Armanino

Thank you, Harshil, and good afternoon to all the shareholders. In the last quarters, I would say, we continue our journey, which is currently based on strengthening the relationship with Carbogen Amcis on CRAMS business, a part consolidating the operation at both Bavla and Naroda locations.

As I already mentioned, 1st of September, we are having a single point of contact for what concern the Carbogen Amcis and Dishman Carbogen Amcis sales team. Mr. Francois Baduel, Chief Business Officer is now leading the Dishman Group sales teams across all their sites globally: India, China, Switzerland, France, UK and Netherlands. This of course is a great advantage for all of us.

Since inception we already witnessed several progress in the overall safety moderation. We also witnessed a significant improvement of the quality of the CRAMS proposal received itself. We had several -site visits, and even the due diligence with the Japanese customers was performed in November and more are planned for the future quarters.

The same structure for both DCAL and Carbogen has been rearranged, keeping account also the operational teams in different countries. Dedicated technical groups with expertise in special technique were deployed to support and assess new proposal received by the sales group.

Additionally, the organization keep investing in expanding the market intelligence department globally. We already witnessed as the market intelligence is substantially supporting the sales activity. And just

recently we have added an important market intelligence resource in India, which is reporting to the consolidated Dishman Group team in Switzerland. Needless to say, that market intelligence enhanced significantly the job of the sales department.

The marketing intelligence department, which is based out of Switzerland is also reported to our CBO, practically clubbing together market intelligence and sales groups, into which we are having worked again here in India, our CEO and his key people to discuss the business strategy for the upcoming quarters.

For CRAMS we keep receiving several important projects from Bavla, including early phase projects. We are also very pleased to see an increase in the proposal for Naroda CRAMS, which we consider strategically very important for the overall business.

And the last note is about our soft gel formulation plant, which keep attracting the interest of very many different customers in India and abroad. We want to develop not only generic business, but also use Dishman Carbogen Amcis as a CBO for the new CRAMS business. As Stephan mentioned earlier, we are very confident for the future of the company and of the overall Dishman Group.

After said that, I hand over the call back to the moderator.

Moderator

We have the first question from the line of Smit Shah from JHP Securities. Please go ahead.

Smit Shah

Yeah, hi. Can you share some light on one new molecule which we have commercialized this quarter, like in terms of the molecule size, if any, and from which facility are we supplying this?

Harshil Dalal

Hi, Smit. Yeah, so this is for leukemia. We will not be able to mention the name of the customer at this point. And right now, I mean, it was developed at the Swiss site and it would be supplied from the Swiss site right now. The market opportunity could be quite significant. It could possibly be a blockbuster drug.

Smit Shah

Okay. But do we have any plans to get the commercial batch to the Bavla site?

Harshil Dalal

Well, we would have to discuss with the customers, based upon the projections what they are giving YoY. And then at appropriate time we can think about tech transfer or something like that, so depending upon the volumes.

Smit Shah

Okay, got it. And can you tell us what would be the revenues in nine-month FY26 from the Bavla site? And after the current quarter results, do we still stick to our revenue guidance of INR 250 to INR 290 crore for FY26 from the Bavla site?

Harshil Dalal

Yes. So for the first nine months the total revenue was about INR 150 odd crores, and we do expect that there should be higher revenues coming in Q4 as compared to Q3. But yeah, I mean, the bigger growth would largely be seen in financial year '27. But yeah, it should be closer to about INR 250 crores by the by the end of the financial year.

Smit Shah

Okay, got it. And can you also shed some light on the integration that you've been talking about between Carbogen entity and Dishman entity, which is the Indian facilities? More in terms of the numbers, like how many clients have already visited the facility? How many molecules do we expect to commercialize in FY27, which will lead to the ramp up? And how much of these molecules will be an NC.

Harshil Dalal

Sure. Paolo, you want to take that?

Paolo Armanino

We already had the several visits in the last six months. We are working very closely with the Carbogen sales people. So as I mentioned also, when we started working, it was in the early phases, not only in commercial. So, I would say in the last month we had four site clients already coming, and we are seeing

-- we already have the clients, the other clients coming in the next -- in the next quarter. So it's just a trend which you keep growing.

Smit Shah

Okay, got it. And one last question after which I'll get back in the queue. What are the EBITDA margins for development activities like phase II and phase III and that of commercial molecules? Just a broad range would also help?

Harshil Dalal

Well, a broad range would be, in phase III is where we make our highest margins. So you know we're talking about upwards of 30%. The early phase would be close to 12% to 15%. And commercial, if Switzerland, it would be close to about 25%. Obviously, in India is where we are now focusing on doing more of the commercial work. And in India if you talk about the commercial work, that could be close to about 35% to 40% at a minimum.

Smit Shah

Okay, got it. Thank you so much and best of luck! I'll get back in the queue.

Harshil Dalal

Thank you, Smit.

Moderator

Thank you. Next question comes from the line of Yash Tanna from ithought PMS. Please go ahead.

Yash Tanna

Yeah. So I have two questions, I think. So, the first one is on India. I think we've submitted -- we've been saying that you have submitted significant amount of RFP's to ramp up the India operations. So looking at the current pipeline and the RFP's submitted, what is the visibility that you have, at least for the next one year and also maybe the next one, two years?

Also, let's say if you submit RFP's of 100, what is the conversion typically for you? And also, if you can share the amount of RFP's submitted already.

Harshil Dalal

Sure. So, you know right now, banking upon the strong relationship that Carbogen Amcis has with many of the customers, we have given out a lot of RFP's from the India site. And in terms of value, this would be close to about 1,200 crores worth of RFP's that have been given out. We expect that at least 30%, 35% of this should get converted into orders, and that gives us the confidence. And this is an ongoing thing, so there are more and more RFP's that are going out to the customer.

So we do expect a significant ramp up as far as the India assets are concerned, because now that the capacity is already created, it is all about filling up these capacities with this new RFP. So these are the ones which we have given out based upon the relationship or that Carbogen Ancis carries with the customer, plus certain new customers as well. And then we already have the base load EBITDA, which we expect should also continue.

So overall, our first target is to get to INR 500 crores of revenue, which should happen in the next 12 to 18 months is what our expectation is. And then the next target is to get to INR 800 crores of revenue coming out of India's side. So that we have a clear path as far as the next three to five years are concerned, where we want to take the India business to.

Yash Tanna

Got it. And this 30% to 35%, just to follow-up is, has to be supplied in the next 12 to 18 months is what you said, the incremental RFP's.

Harshil Dalal

Well, these are RFP's. You know, some of them have already gotten converted into orders. Some of them are in the process of, so you know, once they get converted into orders, you have to give more or less, say, four to five months for the entire manufacturing process, and then they get supplied.

So yes, I mean overall what we expect, at what point these RFP's, some of these RFP's will get converted into orders, we would not have a control on that, because much of it is also dependent on the customer. But we should get a fair amount of visibility, I would say in the next six months' time.

Yash Tanna

Alright, sir. Got it. My second question was related to a molecule that we supply. So, one of -- like the partner of the molecule that we supply to has received additional indication approvals for first line metastatic breast cancer and also breakthrough therapy designation for post new driven therapy for breast cancer. So if you can explain each of these, like indications separately, and the impact on our commercial volumes that we will have in the next few years, because in our understanding, these additional indications expand the patient pool significantly.

Harshil Dalal

Absolutely. And based upon the projections that we have seen, not just from the analysts, but also as quoted by management of the customer, the volume seems to keep on increasing, and that was also one of the reason why we entered into a second round of co-investment earlier this year with the customer.

So yeah, we do expect a significant ramp up as far as the linker payload supplies from our sites are concerned. And the payload would keep on changing depending upon the end product, but as far as the linker is concerned, it remains the same.

So, this is something that we will keep on supplying to the customer into the future as well, and we do expect that the volume should ramp up over the next three to five years' time. Stephan, maybe if you want to add something.

Stephan Fritschi

Yes, absolutely. I'm fully agreeing with you, Harshil. The current capacity we have is based on the first forecast the client came to us with, and as soon as the customer realized that he got more indications which were successfully tackled, he also came to us and asked for bigger capacities. And as we were at that time currently limited in capacity, we agreed to joint investment and now we get the second round. Again, I can repeat that we are on track, and this should be finished in about one and a half years.

Yash Tanna

Got it. That's helpful. And sir, if you can share a few numbers around this molecule or this therapy indication, as in how much revenue are we currently doing, and what is the expectation in the next, let's say, three to four years?

Harshil Dalal

Well, for the last financial year, we supplied roughly about CHF 22 million worth of material to the customer. This year we expect it will be about CHF 30 million, and for the next year it could be closer to about CHF 40 million, and then it will just keep on increasing. But just to take a fair estimate, you can assume close to about 1x to 1.1x as the revenue that can be generated on the second round of co-investment which is for CHF 25 million. So that should contribute close to about CHF 30 million of incremental revenue.

Yash Tanna

Got it. And this CHF 30 million or CHF 40 million that you're saying, that wouldn't actually include the newer capacity, because that is anyway coming after one and a half years. Am I right?

Harshil Dalal

Absolutely. That's correct.

Yash Tanna

Got it. All right sir, I have more questions. I'll join back in the queue. Thank you.

Moderator

The next question comes from the line of Ankit Gupta from Bamboo Capital. Please go ahead.

Ankit Gupta

Thanks for the opportunity. On the India business side, Paolo, you and Harshil, if you can talk about, we had submitted some of the RFP's, for which we were expecting approvals from the customer, and these were expected to be pretty big given our Indian operations, and we were expecting the customer to come back with the order in Jan of this year. So, any updates on that? And I'm talking about the Japanese customer, the Swiss customer for whom we supplied for Japanese and the Chinese market. And they were -- we were in discussion with some intermediate, which was expected to be pretty big.

Harshil Dalal

Right. So, for one Japanese customer, not the big one that the Swiss entity is supplying to. Well, it is also supplying another intermediate to that particular Japanese customer. For India, you know, we already have had the, the KSM that we are already supplying to that Japanese customer.

What we have given out a quote for is the final API as well, for which -- and it is not just for the Japanese market, but we have also given that out for the -- for the Chinese customer as well. And we expect -- so, the preliminary feedback was that they were okay with the, with the price that we had given, but the final confirmation that we should receive should be most likely in April or in May. So that is the sense that we have received from the customer.

Ankit Gupta

Sure. And on the Indian operation side, this year has been pretty challenging for us in terms of revenue and the margins, because of the operating leverage, it has also declined significantly. You have spoken about the ramp up which will happen next year end, so how -- like all this INR 1,300 crore RFP that we have submitted and that we have bid for the Indian operations, for some of the big molecules, if you can talk about the time lines when we expect the customers to get back to us. If you can elaborate on that and how will that impact our numbers for FY27 for the standalone business?

Harshil Dalal

Right. So, in terms of the time lines, what I can say is that, as I mentioned earlier, we'll have to give it roughly about six months in order to get a firm commitment from the customer.
Having said that, even within these six months we are expecting some of the RFP's to get converted into orders. But within a period of six months, we should get a very good visibility on conversion of many of these RFP's into orders. A part of which will be supplied in the next financial year and then going into the future. Because in our business, these are mostly like long term contracts that we enter into with the customer. So, it is just this initial, I would say, peaking phase, where we have to put in the extra efforts, because once we have the customer onboard, more or less we remain their partners throughout the life cycle of the molecule.

Ankit Gupta
In that case Harshil, if you're expecting majority of the RFP's to get finalized in the coming six months, then you will also do trials and validation batches from an existing facility. So, the significant delta for this RFP should only come in FY28 and not FY27. Is that correct understanding?

Harshil Dalal

Yeah. So there would be a parting type that should come in FY27, but the major part of it should be in FY28. So that's the reason, you know what we are seeing is that the first target is to get to the, to the INR 500 crore mark, which should happen most likely by the end of the next financial year, or it might spill over a little bit in the year after that. But the year after that, it should be much higher than the INR 500 crores of revenue target, because many of these RFP's would have gotten converted into orders.

Ankit Gupta

Sure, sure.

Paolo Armanino

A certain amount of RFP, we are discussing at this moment with the customer are for commercial production direct. So, there are several RFP's which are going through early phases and the validation, but there are also a certain amount of RFP which can go directly to commercial phase. So, this can -- could contribute already significantly in this current financial year. So, we are discussing it, so RFP which require commercial directly.

Ankit Gupta
Sure. And on the ADC front, if you can talk about you know, there are other drugs so for our major customers there which are in phase III. So any visibility on that front and any commercial orders or visibility that the client has given to us for the supplies?
Harshil Dalal

Like, for the Japanese customer that we currently have on the ADC side, yes. I mean, there are other indications somebody also asked earlier, because some of the indications have received the first line treatment approval. Yesterday it was announced that the molecule has received priority approval for another indication.

Ankit Gupta

No. I'm talking about new other molecules, other molecules.

Harshil Dalal

Oh, other molecules?

Ankit Gupta

For this existing molecules you know. Other than that, there are some --

Harshil Dalal

Other than that, yeah, we are working on other ADC molecules as well, including one in phase III, and then there are other molecules in the earlier phases as well. So all of them are progressing right now quite well. At what point even the phase II molecule goes commercial, you know that is not yet known, but we expect maybe in the next 12 months, 12 to 18 months it should get commercial. So which should -- which should again be what we are expecting or what the customer is expecting would be again a blockbuster drug.

Ankit Gupta

Sure. Just last question from my side. On the French subsidiary side, if you can either tell us how much has been the revenue for the quarter, for the nine months, and how have been the losses here, and how do you expect the performance to improve going forward? And there were some challenges on the raw material side from the customers' end. So have they been sorted out and your view, your outlook for next year on this?

Harshil Dalal

Sure. So, on the French subsidiary, as Stephan mentioned in his opening remarks, we are seeing a lot of interest for that particular site, a lot of orders that have already been booked, and there are several in the pipeline. So, what we are expecting is that in the next financial year, we should be breakeven in that particular facility with both the manufacturing lines. So that's the visibility that we have right now.

For the current financial year in the first nine months, we did a revenue of about EUR 7 million and we should end the year with close to about EUR 9.5 million to EUR 10 million of revenue, which is a bit lower than what we were expecting, but the single most reason for this is because of the delayed supplies of certain truck substance that was supposed to come from the supplier's end, which is now going to come

only at the end of Q4 of the current financial year. So, all of that revenue should come in the next financial year.

But overall, from a business perspective, after receipt of the ANSM approval, we are seeing a huge amount of inquiries, a lot of inquiries getting converted into orders, earlier the customers who had apprehension coming to this particular site. We are seeing a lot of activity happening over there.

Stephan, do you want to add something more?

Stephan Fritschi

Yes. Thank you. What I would like also to mention is this synergy effect what we have between drug substance and drug product. So, this package what we can offer is attractive to clients. And due to this presence of both portfolio products or elements; drug substance and drug product, we got an increased number of customers being interested in the combination of both, and since we have the collaboration agreement with the other Swiss company, Celonic, which is working on antibodies, we have even a third dimension, and this is an increased interest on the market that we can offer the whole portfolio from antibodies to the drug linker, payload, and conjugation and then the drug product formulation.

There we have significant projects in the quotation phase. Of course, again, I cannot disclose, but once this has been finished, the negotiation successfully, hopefully, then we can disclose also this and tell a bit more details.

Ankit Gupta

So, what revenues do we expect for FY27 from the French subsidiary?

Harshil Dalal

So that should be closer to about 18 million.

Ankit Gupta

Okay, and that should help us at least breaking even at the EBITDA level?

Harshil Dalal

Yes, absolutely.

Ankit Gupta

Okay. Thank you .

Moderator

Thank you. The next question comes from the line of Venkata Padavala. Please go ahead.

Venkata Padavala

One is, what is the size of order pipeline that we have with Japanese customer over the next two years? And considering that they have multiple indications and multiple ADC molecules and as Dishman is going to be a primary supplier for this payload and linker, how you are going to plan to secure this supply pipeline?

Harshil Dalal

Yes. We have a fair visibility on the revenues coming from this particular customer over the next -- at least for the next three years, and that is the reason why we are doing the co-investment along with the customer. And that should allow us to ramp up the revenue significantly once the supplies from the second co-investments also start.

So yes, I mean, we would be the primary suppliers of the payload and the linker to the customer. I mean, we don't do the conjugation right now, because the customer does it by itself is what I'm understanding here. But yeah, I mean, we haven't seen any negative news from the customer. Everything looks very much on track, including the establishment of the new site.

Venkata Padavala

Being that we are going to supply more than five to seven ADC molecules, so how we are going to secure our supply pipeline?

Harshil Dalal

Well, on supply pipelines we will also manufacture the key starting materials as well as the intermediates for this final API or the linker and the payload that we supply to the customer, except for one intermediate, which is currently sourced from another company.

Apart from that, if you see right now, this particular molecule is manufactured in Shanghai as far as the KSM is concerned, KSM/intermediate, also in Manchester, in Neuland, in Aarau, as well as in Bubendorf. So, there are multiple sites across the group that are involved in manufacturing this payload and linker for the customer. And again, the quantities are not huge. Here we're talking about small quantities, but high value.

Moderator

Thank you. The next question comes from the line of Gunit Singh from Counter Cyclical Investment PMS. Please go ahead.

Gunit Singh

Hi sir. My first question will be regarding our current capacity and the utilization. Sir, what is the capacity utilization on a consolidated level and what is the maximum revenue potential from current capacity?

Harshil Dalal

Sure. So the capacity utilization value is across all of our sites. So, for example, the Swiss site is operating at roughly about 75% capacity. The French site has just started operations last year, so that's at roughly about 20%. The Netherlands facility is at about 60%, Manchester at about 75%, Shanghai at about 50%, apart from that, India, which is at about 20% to 25%. So, this is more or less the utilization across all of our sites. So as far as the commercial manufacturing work is concerned, we do not have any capacity constraints right now so to say, because we try to utilize the India sites as much as possible.

As far as the development work is concerned, we are trying to aim for more and more of the early phase development work, and those are the efforts that Stephan also mentioned in his opening remarks in order to get more of the early phase development work, and we keep on ramping up the operations out of the French facility, so that's the strategy.

Plus in China, we have now received the local FDA certification, basis which we have also hired a new salesperson in China in order to target the pharmaceutical market in China, so that the Shanghai facility can then start manufacturing and selling into the Chinese market. So that will help us to ramp up the utilization out of the China site as well.

Gunit Singh

Got it, sir. So basically, in FY2019 we were doing about 210 crores of PAT and about 2,000 crores of revenues when our block of plant and building was about 2,000 cr. And now it has almost doubled over the previous six years, but our revenues have not even increased at the rate of inflation, and our PAT, we haven't been able to achieve the margin in the PAT we did in FY2019.

So, I would like to understand the asset turn for the additional, say, 2,000 cr over the previous six years have been even less than 0.3. So, I mean was it misallocation of funds or is it so such that we added capacity, but there is no demand in the market, or we are facing some problems in ramping up our facilities? So, what is the main reason or what is your take on this.

Harshil Dalal

Yeah. So, there are like three or four factors. So first of all the right way to look at our assets would be after taking out the multiyear depreciation of the rupee against the foreign currency, because that, all of our assets get restated at the closing exchange rate, which actually boosts up the overall fixed asset base. So right now, there is almost an effect of almost 1,000 crores plus sitting as part of the gross plot, just on account of the foreign exchange fluctuation. That is number one.

Number two is that there is a huge amount of goodwill, which is also sitting in the balance sheet, which is a completely non-cash item, which needs to be discounted in order to look at the fixed assets objectively.

Thirdly, if you see the capacity additions which have been done, one is the French facility, where the total investment was close to about EUR 50 million, so give or take about 500 crores. And second was in India, which was close to about 300 odd crores. So these 800 crores of addition which was done, we have yet to realize the potential out of these investments which have been done, because the French site commenced operations last year. We expect it to ramp up and get to the breakeven level in the next financial year. Number one, the India site obviously had issues because of the eDQM observations that came in March of 2020, because of which the performance was subdued over the last four to five years,

and now we are seeing a good amount of visibility as far as the ramp up of the India operations are concerned.

So, as we keep on increasing the utilization at both these locations, that will have a significant positive impact not just on the revenue, but also on the margin front. And that is the reason our target is to get as quickly as possible to the 25%, 26% consolidated margin that we were doing prior to March of 2020. So that's the first target to be achieved over the next two years and then get to the 30% EBITDA margin mark by the end of 2030. So that is how even the ramp up in the revenues and the margins would happen.

Gunit Singh

Got it, sir. Sir, in terms of the ramp up, I mean for FY27, do you have any visibility of ramping up? So, if consolidated utilization is around 60% or 50%, so I mean what are the internal targets in terms of visibility for FY27 and for FY28 in terms of ramping up consolidated utilization?

Harshil Dalal

Sure. So, if you take a two-to-three-year view, we would want the utilizations to increase significantly, especially out of the French facility and the India site. So India should be able to easily make a 2.5x of what it is doing today as far as the production capacity utilization is concerned. And as far as the French facility is concerned, it should be a similar kind of number that we will be targeting in the next three years' time.

The Shanghai facility, we have just started the activities of targeting the pharmaceutical market in China. So that plus the incremental orders coming from the Swiss entity for some of the customers who want to have a preference for China to get their intermediates manufactured, we do expect that the utilization should go up from the current 50% to around 75%.

The Swiss entity, what we are trying to do is to focus on getting more and more projects for development. So, the target is that in the next five years, we should be able to double the development revenue from what it is right now, and that is the reason we are taking extra effort in getting the customers right at the initial phase of development, and then we are also targeting customers for the molecules which are already in phase III to be added as a second supplier.

So, there are various efforts that are being taken in order to make sure that we are able to increase the development revenue out of the Swiss entity and increase the commercial revenue out of the India site.

Gunit Singh

All right, sir. Got it. Thank you very much. Wish you all the best.

Harshil Dalal

Thank you.

Moderator

Thank you. The next question comes from Harshit R, Neogen Advisors. Please go ahead.

Harshit R

Yes sir, in the previous con-call you have guided approximately 20% EBITDA for FY26 and strong late phase ADC contribution. In Q3, margins dropped to 15% and the company reported a loss. Can you clearly quantify how much of this margin miss was due to mixed timing versus any structural cost increase? And also, does the 20% guidance still stand for FY26?

Harshil Dalal

Sure. So yes, so the target for the full year still stands. So, we could be ending the year with anywhere between 19.5% to 20%. So if you take the first nine months, we are already at about 19.4%. So, we don't deviate from what we had set out at the beginning of the year.

Obviously, QoQ in our business, it is very difficult to maintain on generating the margins all throughout each of the quarter, because as we saw in the first half of the year, there was a strong portion of the development revenue, most specifically the late phase molecule, because of which the cost was extremely low, because of which the EBITDA margins were at about 21% odd.

But in the second half of the year, we do have a high amount of commercial supplies that would go out where the margins are a bit lower than phase III molecule. But overall for the full year, as we had also said in the previous calls, the composition of development, it’s going to be higher than commercial. And that is one of the key reasons why from the last year's 17.3%, we should be ending the year with closer to 20% margin, and I think we stick to that even today as we see the full FY26.

Harshit R

Okay. And sir, one more question. This was on the business side, sir. Over the past 8 to 10 years, the company has invested heavily in R&D talent specific capabilities and the plants and all, yet the asset utilization and ROCE remains weak. While when we compare our peers like Laurus and Neuland, so at that point they were very small than us, but they have compounded faster. From your perspective, what has structurally prevented us from converting these capabilities into scale and returns and what is fundamentally different now that gives you confidence that this might change?

Harshil Dalal

Absolutely. So basically, if you see -- I mean there were several factors similar to what I had explained earlier. But one of the key factors was that over the last four, five years, the India site was not performing. Because if you see FY2020, India was doing a revenue of close to about INR 550 crores, with a margin of close to about 40% at an EBITDA level. Now when that revenue came down, that had an impact on the revenue, but more so on the operating margin that we were targeting to achieve in 2024-2025. So that had an impact.

Now that we have integrated the organization, we are looking at ramping up the revenues out of the India site. All of the regulatory hurdles are behind us, not just from the EDQM, but we also had successful FDA inspection, even from the Japanese PMDA, all of the regulatory issues are now behind us.

So, now what the focus of the business is to get more and more orders in order to fill up the India site, because this is the site which is going to give us the highest margins as far as the entire group is concerned. Plus the site has been upgraded significantly in order to make sure that we are ready to handle this kind of orders, the new orders that come in, not just for the short term or the medium term, but also for the long term. So that is the reason why we decided that if we have to make investments, let's do it for, one, so that we don't have to worry about these regulatory issues for the next 10, 15, 20 years. So that was the philosophy. So that's number one.

Number two, if you look at it, at the Swiss entity, we always had a constraint on the capacity in terms of manufacturing. So historically we have always been targeting the small molecules, the niche molecules, and that is also one of the reasons why oncology and technologies like ADC, highly potent compounds, those have become a significant portion of our revenue, which in a way is a good thing because our people, they are extremely talented, the scientists that we have, and that is the reason we have been able to crack this kind of complex technologies, which people are talking about today, which we had mastered 15 years back. So that's a great advantage to have.

But on the flip side, the higher volume business is something that we had to let go, because on one side we had the regulatory issues in India. The integration between India and Switzerland had not actually played out in the manner that was expected by the previous management, which is now actually playing out, that we have a singular business development organization, a lot of synergies that we see even on the operational side, and that gives us the confidence that now are the years where we should be able to reap the benefits of this closer integration.

So, I think with these two things coming into play and actually playing out for us over the next year, we should see a significant amount of ramp up, both in terms of revenues as well as margin. And now we also have this additional capability of doing the form/fill/finish for our customers, where we complete the entire loop of services that we can offer to our customers, right, from development of API to manufacturing of the final product, the injectables with the delivery form, which puts us in a very unique position as compared to many of our other peers.

Moderator

Thank you. Next question comes from the line of Ramanuj Chandak. Please go ahead.

Ramanuj Chandak

Sir, right now, given we have branches at China, India, and Europe, what is the difference you see between manufacturing in India and China? Means, do you see any structural difference of manufacturing we do here and there?

Harshil Dalal

Structurally, maybe Paolo or Stephan, from a manufacturing perspective if you want to answer that.

Stephan Fritschi

Maybe I can start and Paolo can jump in then. I would differentiate. I would not say what is the difference in manufacturing, but what is the market expectation. This is more relevant. From a production capability, we are quite similar. Of course, Shanghai is much smaller than India. There we have bigger capacities, bigger size, more people and so on and so forth. But the important thing is what our customer is expecting, and there is a diverse expectation.

One part of the customer, they say, we want to go to Asia. It doesn't matter if it's China or India. Some people say everything, but China, and some people say everything, but India. So this is where our strength is, that we can offer whatever the customer expects. From a quality perspective or from a scientific approach, we are the same. It's not a difference.

But maybe, Paolo, you can share your opinion from your perspective.

Paolo Armanino

Yes. I agree with you that there are many customers. I would say in the last period, we see completely trying -- the customer trying to get out from China, honestly because of this geopolitical situation. So we see that with the customers that are very, very keen to ship their manufacturing from China to India.

India from my perspective is a kind of ideal scenario worldwide, because especially in our case, we are having a large capacity and a great talent. There is a great team, in which in my opinion, India is much, much better than China, which is the language, because to write in English and to communicate in English is definitely a big advantage with respect to China. But of course, as you step aside, there are also customers which want to go to China. But geopolitically wise today, we see customer is very keen to come to India rather than to go to China.

Ramanuj Chandak

Currently, what is the preference of large pharma companies? Where do they want their materials to be sourced from? India or China? Means on a market level, generally, what are companies preferring right now?

Stephan Fritschi

Well, as I said, we see everything also from big pharmas. I mean, big pharmas, they have a worldwide footprint, but they are concerned about this Biosecure Act. Also, Dishman Carbogen Amcis are not falling under the BioSecure Act. There are still some concerns and that's why big pharmas have a trend to leave China and place more work in India. But again, it's not one unique voice. It's a diverse thing, because big pharmas they have also their subsidiaries in China. So they are also in a political environment where they need to be cautious as well.

Ramanuj Chandak
Do you see Dishman benefiting from the recent two FTAs that India had, one with Europe and one with USA?

Harshil Dalal

Sorry. Were you asking about trade deals?

Ramanuj Chandak

Recently, India has signed FTA with Europe and soon with USA also. Do you see Dishman benefiting in any manner? Means, can we bring back production to India?

Harshil Dalal

Well, yes. even before this deal, we were not seeing any impact, major impact of the tariff, because most of our shipment, even though the customers are based in the U.S., most of the shipments were happening to the European region. From that perspective, we don't see any positive or any negative impact because of this trade deal. But yes, I mean the idea is very clear, is to get more and more production into India and also try to fill up the Shanghai site as quickly as possible.

Stephan Fritschi

Maybe I may add. On the pharmaceutical arena and part, I agree there is not much impact because they are exempted from the tariffs, specifically in the U.S. On the fine chemical part, personally I see a big chance because there they are falling on the tariff regimes, but if we have now a free trades agreement between Europe and India, there's absolutely the chance that we can produce more in India and export it to Europe, because then the tariffs are significantly reduced on the fine chemicals, not pharmaceutical, fine chemicals.

Ramanuj Chandak

That's it from me. Thank you, sir.

Moderator

Thank you. Next question comes from the line of Vivian Joshi. Please go ahead.

Vivian Joshi

I have a structural question. We are a mature company, and still we go from red to green QoQ, is it just like part of the business or there is a period where we can see like consistent performance. I mean structurally can we sustain? Like are we are still in a growth phase or we are in the investment phase or we are a mature pharma company. I'm just finding it very difficult to understand. Thanks a lot and all the best.

Harshil Dalal

Well, I would say the nature of our business is such that it is very difficult to have a linearity in the margins every quarter, because it all depends upon whether -- I mean, what is the composition of revenue that is driving the margins in that particular quarter. So, the right way to look at our business would be more on a yearly basis, if not on a two-yearly basis. But at least on a yearly basis, we would have a visibility on what would what the revenue numbers could look like, on what the margin numbers would look like for the full financial year.

Quarterly, it might just depend upon what work has been done in that particular quarter, whether it is more of the mid phase development versus early phase versus commercial on the CDMO side, than on the marketable molecules whether it's more of the vitamin D analogs or cholesterol. Because this is a completely B2B business, so much of this is dependent upon also when the customer wants the material to be supplied, you know like we had even in this last quarter where they wanted it in January versus in December, because of the holidays.

So, there are these factors which might influence the quarterly margins or the revenue, but from a full year perspective, I think more or less we should be in line with what we state at the beginning of the year.

Moderator

Thank you. The next question comes from the line of Yash Tanna. Please go ahead.

Yash Tanna

Yeah. So my question is again on the ADC drugs that we supply. So, the molecule is a blockbuster product with significant end sales. But our revenue contribution is very minuscule if we compare it to the overall scheme of things. Even with the growing number that we alluded to my previous question, the share

seems to be significantly lower. So, just trying to understand why our share of value is so limited despite the scale of the molecule. Is it just because we don't do the antibody, and that is one of the biggest parts in the value chain?

And a related question with that is, with our partnership with Celonic for antibodies, can we compete in this space, and can we manufacture the complete ADC in-house? Because what we understand is that the innovators typically like to keep bioconjugation in-house. So just some thoughts on that.

Harshil Dalal

Sure. So, on the first question, so if you see last year, the customer did close to about -- I think, about 4 billion of revenue from this particular molecule. And right now there are two approved suppliers. One is ourselves, and second is the other Swiss based CDMO company.

So, we being the primary supplier, I mean, if you talk about the ADC, that would be close to about, say, maybe 1.5% at max of the final product price that the customer is realizing. So of the 4 billion, if you take 1.5%, that's roughly about 60 million. And then if you take out the antibody component, which could be close to about 20 million, 25 million, then we are left with roughly about 35 odd million. And of that, roughly about 60% is what is supplied by us and 40% by the other CDMO company. Plus, we also supply for the other indications, which are in the pipeline, and that's how the entire revenue of 30 million is more or less made up of.

So, I would say, as the revenues of the end customer keeps on growing, this will be more or less the share that can be computed as far as our contribution to the overall revenue is concerned. Because the kind of -- the ADC as such is not more than 1.5% at max of the final product type.

Yash Tanna

So, the linker that you're talking about is not more than 1.5% of the end sales?

Harshil Dalal

No. The linker and the payload put together.

Yash Tanna

Linker and the payload?

Harshil Dalal

The linker, payload, yeah they put together.

Yash Tanna

Got it, sir. That's helpful.

Harshil Dalal

No, no. I got your question. So, with this partnership with Celonic, we are able to offer the end-to-end solution to the customer, including the antibodies, the conjugation, the payload, and the linker. So, that is the benefit of having this partnership with Celonic, where even the customers who would be approaching Celonic, they could be potential customers for us as the suppliers of the linker, payload, and the conjugation.

So that is where we are seeing increasing amount of inquiries. We have also given out RFPs to certain customers with this entire proposition. And we see significant benefits, because now we are able to do the end-to-end for the customer, including the form/fill/finish out of the French facility if the customer decides that. But maybe Stephan, if you want to add something on this partnership?

Stephan Fritschi

No. Exactly that's the reason why we entered into this partnership. So, it's two-fold: A, we can offer this end-to-end solution, where it's a simplified process for the customer. But also secondly, on the sales and marketing front, there are customers dealing only with Celonic in that specific case, and we get into the picture so there are new customers for us, because so far the customer was kind of lost. And now with us in the picture, they can come to us with the linker payload and the conjugation request.

And of course, on the other side, for Celonic it's beneficial, because we have some customers have no contact with antibody development. So that's the reason why we say it's a win-win-win situation.

Yash Tanna

Have you already seen some interest from maybe small biotech customers or Celonic customers for this end-to-end capability?

Stephan Fritschi

Yes. This is what I mentioned before or meant. When I said there is an increased interest, they are mainly small biotechs, which develop their own antibody with the support of Celonic. But at the same time, they need somebody to produce the linker payload, and we are this company.

Yash Tanna

Got it, sir. That's very interesting. My final question is relating to the debt side. So, what is the current debt on books and how are we thinking on the debt front, let's say, for the next one to two years? Are we looking to pair it down, and if you can give some numbers around it?

Harshil Dalal

Sure. So basically, our net debt or a large portion of our debt is denominated in Swiss francs, and that will be the right way to look at our debt number. So, we are at close to about CHF 150 odd million of net debt.

What we plan to do over the next years would be to pair down the debt as far as the India site is concerned, because that is the debt which is coming at a higher cost as compared to the debt which we have at the Swiss entity. So, the cost differential is huge, almost about 7% between the India debt and the Swiss debt.

So ideally speaking, we would want to utilize the cheaper debt in Switzerland to pay off the debt in India, but technically that is not possible. So, we are looking at, apart from the operational cash flows, the free cash flows that we generate to pay down the rupee debt in India. So that's the prime target of the free cash flow.

Yash Tanna

Sorry, sir. Just to clarify, how much is the India debt and by how much are we planning to pair it down?

Harshil Dalal

So India debt is today roughly about 750 crores. So ideally speaking, we would want to make the India debt zero.

Yash Tanna

In the next two years' time frame?

Harshil Dalal

I would say, with the cash flow generations, we should be able to do it over the next three years' time.

Yash Tanna

Got it. And, are we looking to raise any other source of funds for this or will this primarily be from internal accruals?

Harshil Dalal

I think the internal accruals would be the primary thing. Apart from that we might do a fundraise, but obviously at the right valuation and taking into account the factors as well. But right now, we are just considering the operational cash flow.

Yash Tanna

All right, sir. Got it. Thanks and best of luck!

Harshil Dalal

Thank you.

Moderator

Thank You. Due to time constraints, that was the last question for the day. Now, I hand over the floor to Mr. Stephan Fritsch for his closing comments.

Stephan Fritschi

Yes. Thank you very much. Thank you to everybody for your interest in Dishman Carbogen Amcis. As we could see from the discussion, the business is quite lively and very diverse, and we are very well

positioned to serve the market, and we are optimistic and positive to tackle this and to bring great results in the future as well. So, thank you again, and have a nice day.

Harshil Dalal

Thank you.

Paolo Armanino

Thank you.

Moderator

Ladies and gentlemen, this concludes your conference for today. Thank you for your participation and for using Door Sabha's conference call service. You may disconnect your lines now. Thank you and have a pleasant evening.

Note: This document has been edited to improve readability