

28th May, 2025

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

**SUB: TRANSCRIPT OF EARNINGS CONFERENCE CALL - QUARTER AND YEAR
ENDING 31ST MARCH, 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 Thursday, 22nd May, 2025 to discuss the financial result and performance of the Company for the quarter and year ended on 31st March, 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 Dave
Company Secretary

Encl.: As above



Dishman Carbogen Amcis Limited

Earnings Conference Call Transcript

Event: Dishman Carbogen Amcis Limited – Fourth Quarter and Year Ending March 31, 2025 Earnings Call

Event Date/Time: May 22, 2025/ 1600 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: Ladies and gentlemen, good day, and welcome to the Investor Conference Call for Dishman Carbogen Amcis Limited.

As a reminder, all participant lines will be in the 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 touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Stephan Fritschi – CEO, Dishman Carbogen Amcis Limited. Thank you and over to you sir.

Stephan Fritschi: So, hello everybody. This is Stephan Fritschi speaking. I am delighted we have got the opportunity to talk to you and discuss any questions.

I will start the meeting with a general business update, and then hand over to Harshil Dalal – our Global Finance Director.

Generally spoken, I think we can be happy with the results we achieved over the last year. It was a stellar result. I don’t go into financial details at this point, I will leave it to my colleague. But what we can say also from the Carbogen side, that we have a strong interest from clients into commercial, in commercial products. We over achieved the target. That’s great. And we expect a similar continuation for the upcoming year, which has started first of April.

The development pipeline is building up. So we are acquiring more and more projects around the entire portfolio from early phase to late-phase clinical cases, and eventually to validation to get more commercial products.

So the last time when I was here, I was presented, as being the next CEO. This happens on first of April 2025. And I said that we want to improve the sales numbers, and we are on the right track to do so. We have also different meetings among them. I also mentioned the sales meeting we had in India with our drug substance sales managers from Carbogen coming to Dishman in India to get to know more about the capabilities, what we can sell, capabilities and services.

And this was a great success. Not only that people came closer together, but more important also that our client base showed already a lot of interest in the additional services we can offer out of our Indian mother company. So, we see some new RPs and new product, project, which we expect to get also orders over the next weeks.

Some more information about certain specific sites:

We already started the discussion during the last call. For example, our French facility drug product, we got in the meantime, the GMP certificate from the French authorities. This is a milestone in our history, and specifically in our French subsidiary, working on drug products, because the GMP certificate is the basis and the fundament to successfully work on GMP

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products and GMP commercial production. So there, we expect also for the future an increased interest from the market. This we already experienced. We got already orders in the light of being able to produce on the GMP conditions. So we have got some development products, which end up in commercial production over the next 1 or 2 years.

Just to mention that the entire French facility is now operational. We got 2 filling lines. One is equipped with the lyophilizer to produce solid form of high-quality compounds. And the other line is fully finish where we produce vials filled with hyper solution, high-potent API solutions. So this is now, as I said, fully qualified and operational and ready to go.

The other side where we can report back the success in terms of authority inspections, our Chinese site in Shanghai. We had back in January an inspection from the Chinese FDA. And in the meantime, we got the drug manufacturing license which is, again, the basis for future GMP production, specifically for the Chinese market.

This is one of our focuses that we want to gain more projects out of China. Because the market is huge, promising, and we are convinced to be successful on the Chinese market to get more products on there.

The other sites were working according to budget specifically the Netherlands, the Dutch subsidiary, where we handle cholesterol and derivatives and Vitamin D, and there are analogues on derivatives. They had a strong selling year. We overachieved the budget there as well.

With the cost base, we looked into the cost base specifically into wool grease price, which is the most important starting raw material we work with, and there, we succeeded in negotiating new results in a lower price, much lower price, what we expect them to a higher profitability under the Dutch subsidiary.

Final and last but not least, I would like to quickly talk about an important customer out of Japan who is ready to co-invest in investment of more than CHF 25 million in capabilities and increasing capacity in Switzerland.

We are working on a complex molecule at drug linker. It's part of ADC. The clients is producing the ADC then for oncology purposes. And we got the opportunity to develop the process and take it to the value chain from early phase to late phase. And now we are ready for the validation. Actually, we have already validated and the commercial production is picking up now.

And the forecast is that high that we agreed with the clients to expand in our facilities. And this happens now over the next 2 years, we expect it to be operational in 2027 with a bigger reactors we have in Switzerland, and new capabilities for trying the intermediates. I think with this, we end the general update on the business, and I hand over to Harshil.

Harshil Dalal:

Thank you very much, Stephan. A very good afternoon or good evening to all of our participants as far as the financial performance for the quarter.

It was one of the best quarters for us, and this is the third consecutive quarter where I have been saying this. So we just expect the performance to keep on improving from here on in the same manner as the last 3 quarters have been.

So from a revenue perspective, the income from operations grew by close to about 10%, 9.4% to be precise as compared to the Q4 of FY '24. For the full year, this translated into around 3.7% as far as the revenue growth is concerned, so from INR 2,616 crores what we did in Financial Year '24, we now stand at INR 2,711 crores.

The cost of goods sold as well as the other expenses, we were successful in keeping it under control. In the last quarter as well as for the full year of Financial Year '25. This was because of the strong focus on the cost control measures that we have put in for the organization as a whole, and that translated into a strong EBITDA growth for us in Financial Year '25.

The EBITDA stood at about INR 472 crores for Financial Year '25 as compared to the reported INR 296 crores, though the adjusted EBITDA for Financial Year '24 because of the exceptional losses in France stood in excess of about INR 400 crores. EBITDA for the quarter stood at about INR 153 crores as compared to the reported INR 63.4 crores in Q4 of Financial Year '24.

This translated into an EBITDA margin of 17.4%, for the full Financial Year '25. And as far as the absolute number is concerned that far exceeded our expectations for Financial Year '25, but this was thanks to all of the measures that have been put in mainly on the cost control parameters.

For the quarter ended March 31, '25, the EBITDA margin stood at 21.4%. And this is very much in line with what we would want to achieve for the full year in the next financial year, as far as the group performance is concerned.

The depreciation and amortization stood at about INR 79 crores. We operationalized as Stephan mentioned, now both the manufacturing lines in France. And the additional depreciation of the second manufacturing line which started from January of '25 that is already captured in this number. So we don't expect the depreciation to increase much from here on onwards.

The finance cost, which in the last quarter stood at close to about INR 48 crores. Now we are at about INR 42 crores. And what we expect is that the finance cost for us should keep on going down as we as we keep on bettering our financial covenants with the bank.

What we expected in the full financial year of '26, we should be at least 10% to 15% lower than what we reported for the full Financial Year '25. All of this translated into a profit before tax of about INR 27.7 crores for the quarter and INR 19.3 crores for the full Financial Year '25.

This is a substantial improvement as compared to Financial Year '24. The French entity generated a revenue of close to about EUR 8.6 million for the full financial year, and we expect that the revenue should double in the Financial Year of '26 based upon the current business plan that we have.

Talking about the segment-wise performance as far as the revenue is concerned, in the current quarter, the revenue for the Carbogen Amcis CRAMS which in the current quarter was dominated by the development revenue as compared to commercial which dominated the rest of the 3 quarters during the year, it was more of the development revenue that had a higher share.

This revenue stood at INR 489 crores as compared to INR 449 crores in the comparable quarter of last year which is a growth of about 9%. And for the full financial year, the revenue stood at about INR 2,003 crores as compared to INR 1,953 crores in Financial Year '24.

The Cholesterol and Vitamin D analogues business, as I have mentioned in the previous call that we do expect that the revenue should be much higher than the quarterly run rate in the first 3 quarters, and there is something that was achieved in Q4 of '25, with about INR 121 crores of revenue as compared to INR 91 crores in comparable quarter of last year. For the full financial year, this translated into INR 305 crores of revenue as compared to INR 332 crores in Financial Year '24.

The India CRAMS business did a revenue of about INR 80 crores in the quarter and for the full year, it did about INR 290 crores. which is a growth of about 35% as compared to Financial Year '24. So we are already seeing turnaround or, I would say, a start of a turnaround in the India CRAMS business, and that trend should continue in Financial Year '26 and going forward.

The Quats and Generics business for the full year was more or less flattish at about INR 113 crores as compared to INR 115 crores in Financial Year '24.

As far as the margins are concerned, in the current quarter, we saw Carbogen Amcis CRAMS delivering a very strong EBITDA margin of close to 25% as compared to 15.6% in Q4 of FY '24. And for the full year, the margin stood at about 19.7% as compared to 17.7% in Financial Year '24.

The Cholesterol and Vitamin D analogue business where as we had mentioned earlier, the prices of one of the key raw materials has increased substantially. We have managed to lower those prices significantly starting from the current financial year, and we will start seeing the margin improvement in that particular business. However, for Financial Year '25, the margin stood at about 10.3% as compared to 17.8% in Financial Year '24.

The India CRAMS business margin stood at about 17.3% in Q4 of FY '25 as compared to comparable quarter where the margin was 5.2%, and for the full year, this translated into a 13% EBITDA margin, which was almost 0% in FY '24.

Across the generic business, the margin stood at about 8.4% in Q4 of FY '25 as compared to 7.2% in the comparative quarter last year. While for the full year, it was flattish at about 7% for FY '25.

Overall, as I mentioned earlier, this was a very good year for us. And it far exceeded our expectations on the operating profits and we aim to continue this in the future as well. As far as the net debt is concerned, we also saw a reduction in the net debt as compared to March 31, '24 and also as compared to the previous quarter, where now the net debt stands at about INR 157 million spend as compared to INR 163 million as of March 31, '24.

The cash flow generation for the year has also been quite strong, and the cash flow spent on the investment activities on the CAPEX stood at about INR 216 crores, which was very much in line with our expectations.

This basically covers the entire financial performance for the year and the quarter, and we will be open to answering any questions that you might have.

Moderator: Thank you sir. We will now begin with the question-and-answer session. The first question comes from the line of Subrata Sarkar from Mount Intra. Please go ahead.

Subrata Sarkar: Yes. So a couple of questions. Now, sir, like this quarter, Indian NCE API and Intermediates saw a decline. This is in contrary to our general trend. So if you can highlight a few things on that.

And second will be like why this like India, again, operation Quats and Generics margin is not picking up. Still we are operating at a very low margin. So this is my basic 2 question, then I will move to other 2 businesses also.

Harshil Dalal: Thank you Mr. Subrata for your question. So this quarter revenue stood at about INR 80 crores. So if you see the full financial year, we closed with about INR 290 crores, INR 300 crores was what we were expecting for the full year. So that's very much in line with our expectations. As we have been saying even earlier, quarter-over-quarter there could be swings in the revenue. But as far as the trend is concerned, that is something which is very much established. So it's just for this particular quarter. Otherwise for the full year, we have achieved the target.

The Quats and Generics business, that business is basically the traditional business with which Dishman actually started and more or less, we don't expect a huge margin improvement in that particular business.

It's a steady-state business for us, both in terms of revenues and the margin. So at max, maybe we can get to, say, close to about 10% to 12% as the margins. But for the last year, it's still in line with what the previous year did, which was close to about 7.5%.

Subrata Sarkar: Okay. Just one follow-up question on the India side, like with all the regulators behind, like what can be our like peak revenue with the existing assets that we can achieve. And in FY '26, what revenue we are expecting from that?

Harshil Dalal: So as far as the India assets are concerned, we have done a major upgradation in both our Bavla site as well as the Naroda site. And what we expect is that this is CAPEX as well as the operational efficiencies that we are trying to bring in. We could possibly achieve our total revenue of close to about INR 800 crores with all the plants or all the units up and running. So that is the potential opportunity for the India assets.

For the next financial year, what we expect is obviously the focus would remain on the CRAMs business, but we also expect certain pockets of our Quats and Generics business also to do well. And with that, the India CRAMs business, we do expect close to about 15% to 20% of growth and the Quats and Generics business should be anywhere between 5% to 10%.

Subrata Sarkar: And sir, our CRAMs India business should achieve higher margin because ideally, that's a higher-margin business?

Harshil Dalal: More or less.

Subrata Sarkar: Like 13%, which we are for full year?

Harshil Dalal: Yes. So if you see historically we have done upwards of 35%, 40% EBITDA margins for that particular business. So as the revenues keep on increasing, obviously, the cost base has increased because of the improvements that we have done, but we do expect that the margin should move towards the 20%, 25% mark.

Subrata Sarkar: Okay. And sir, specifically coming to the cholesterol and Vitamin D business, like raw material cost, one of the key ingredients has increased. But now we have done some like repricing. So based on that, sir, what kind of a margin for FY '26, we can expect? I know maybe 17%-18% FY '24 margin are difficult to achieve, but still like where it can be?

Harshil Dalal: I wouldn't say it's difficult to achieve, but yes, here between 15% to 20% is what we can aim for.

Subrata Sarkar: Okay. Now sir, like my second last question is on the overall revenue, sir, if you can give us some guidance like with Indian operation now ex of regulatory issue, we are ramping it up, contract research for Amcis is also back on track. Can we expect a double-digit growth in terms of top line as a whole or at least double-digit growth ex of, let's say, India Quats and Generics business?

Harshil Dalal: Yes. Based upon the current business plan that we have, we do expect that over the next 3 to 5 years, we should achieve a CAGR of anywhere between 12% to 15%.

Subrata Sarkar: Okay. But this year, definitely, can we expect at least like last year, growth was only 3%. So can we expect far better growth at least at the company level, sir?

Harshil Dalal: Of course. Yes, there is even what Stephan mentioned that the focus is on how do we keep on improving the revenues, but obviously, we don't want to do that at the cost of not achieving the EBITDA or the cash profits.

So the focus would remain on generating more profits like what we did, what we have done and what we have achieved in Financial Year '25. So the focus would be on maintaining or improving those margins, but we would not want to do the sales at the cost of the profit. So while we would want to increase the revenue substantially from here on, but obviously, not at cost of profits.

Subrata Sarkar: Okay. So in that case, sir, what margin as a whole company we are targeting in FY '26?

Harshil Dalal: FY '26, we should be closer to the 20% mark.

Subrata Sarkar: As a whole, sir, at a company level?

Harshil Dalal: Yes.

Subrata Sarkar: Okay. And sir, last question from your point of view, like now most of the cost behind we have a substantial debt. So what is our idea. Idea is to repay back some debt or since it is in foreign currency and it is a low cost debt, do we want to continue with it? Because sir, what is happening, sir, despite our EBITDA margin back on track. Like it's not getting reflected into PAT, because of like higher depreciation as well as well as interest costs. And if revenues do not grow substantially, it's very difficult to flow to the PAT, basically the improved performance. Optically, it's become depressed. So any idea on that?

Harshil Dalal: The revenues would increase and for sure, what I was just trying to say is that we would not want to sell something at a loss or substantially lower profit, just in order to show growth in the revenue. But to your point, the focus is on generating the free cash flow, because if we see most of the CAPEX is behind us, the larger CAPEX, especially like the new French facility, plus the digital transformation that we have undertaken, most of the costs have been incurred, There would be cost that would be incurred, but will be substantially lower than what we have.

So now whatever CAPEX that we do, would be based upon proper business case, a commitment from the customer. Like Stephan mentioned, we have the customers, where there is co-investment agreement, where more or less we know that there is going to be an assured revenue in the future. So those CAPEX is something that we would do. Otherwise, there is no reason why we should not generate free cash flow.

And what that would mean is that the net debt at the group level should keep on going down in the future. As far as the conversion from the EBITDA to the PAT is concerned, yes, basically there are 2 components, the interest and the depreciation.

So on the interest part, as I mentioned, the interest cost or the interest rates for us on the debt that we have would keep on going down, they are going down and that would be reflected in the quarters to come. That is number one.

And number 2, we have this amortization of the goodwill close to the tune of almost INR 45 crores till Financial Year '24, and now the amortization amount has also been reduced. So we do expect that there should be a positive conversion from the EBITDA to the PAT. And the tax rate for us remains more or less at the same level, as what we saw in FY '25, except that there is a French entity, which is a loss-making entity right now. And as it keeps on turning around, generates profit, the tax rate for us should also come down.

Subrata Sarkar: Okay. And sir, last, on the overall industry, is there any like how would you see the environment, like if things are improving on the CRAM side from the clients end, where the funding is okay, like we are facing additional demand or as it is or there is some deterioration, if you can highlight something on that.

Stephan Fritschi: So if I understand correctly, you would like to know more our perspective about the development of the CRAMS market. Is this your question?

Subrata Sarkar: Yes, sir, vis-a-vis last year, let's say, what is your outlook basically?

Stephan Fritschi: So generally spoken, we observed still a strong interest, strong investment in our CRAMS business or in the development of new APIs. So there is no change in that sense, of course, there are some challenges on the way, specifically in the U.S., outside the US the interest is still high, and that is also one of our focuses to work more on outside the U.S. markets to get more business there.

Generally spoken, the majority of the business is still a small molecule. What we also observed, a strong interest in formulation products, specifically antibody drug conjugates, but also other conjugation products like polymer carriers linked with APIs. So this part is increased interest in the market.

And also there, we are looking into investments. It's a bit early to go into more specifics. Last time I mentioned that we are looking into alliances, this discussions continue. And we're also looking into product expansion projects in Europe and also in India. So then we are prepared to go into the future as well. Does this answer your question?

Subrata Sarkar: Yes sir. Thanks.

Harshil Dalal: Thank you.

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Moderator: Thank you. The next question comes from the line of Anita Jani from Seven Islands. Please go ahead.

Anita Jani: Yes. This is Anita Jani from Seven Islands PMS. I have one quick question, sir. I would want to know about your outlook. By when will we be able to achieve INR 750 crores of EBITDA?

Harshil Dalal: So I think based upon the things as they stand right now, what we expect is in the next 2 to 3 years, we should be closer to that number.

Anita Jani: Next 2 to 3 years. And for this year, we are expecting approximately INR 550 crores to INR 570 crores of EBITDA, right?

Harshil Dalal: Yes, that is something that should be achievable.

Anita Jani: Okay. All right. Thank you so much, sir.

Harshil Dalal: Thank you.

Moderator: The next question comes from the line of Smit Shah from JHP Securities. Please go ahead.

Smit Shah: Yes. So firstly, congratulations on a good set of numbers. My question here would be that this year, we did an EBITDA of INR 469 crores. Next year, probably we will do somewhere around INR 550 crores to INR 570 crores. And if you see that it converts to an operating cash flow of roughly around INR 400 crores to INR 450 crores at the very least.

So I wanted to understand how much of the debt repayment will happen in the next 1 or 2 years? Because I know you have already given a guidance on the net debt-to-EBITDA part, but that is more of a factor of the EBITDA going up and not the debt going down. So if you can share some details on what will be your gross debt trajectory in the next 2 years, that would be more helpful.

Harshil Dalal: So basically, the way we look at it would be more on a net debt basis, not on net debt to EBITDA, not the net leverage. But say on a net debt basis, we would see it coming down in the coming years. Because right now, the CAPEX that we plan to incur year-over-year, including the maintenance and the CAPEX that we have incurred for the compliance part would be somewhere between 25 million to 30 million as an average. So what we expect is that the net debt should come down by close to about INR 100 crores to INR 200 crores every year.

Smit Shah: Okay. Understood, but are we like --

Harshil Dalal: Just to complete, the only factor would be if you are looking at it in INR, the only factor would be the FX fluctuation, which is obviously not in our control. But because most of our debt is denominated in foreign currency, and that is the reason in our presentation as well as we give out that figure in Swiss francs, where most of our debt is sitting. So from a CHF perspective, we are pretty confident to reduce it by anywhere between CHF 10 million to CHF 20 million.

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Smit Shah: Okay. Understood. And sir, one more question. So if we check out your inventory days, those are at 550 to 650-odd levels. So why is the inventory days so high for us?

Harshil Dalal: So you said 550 days?

Smit Shah: Yes, your inventory days, when I see, your inventory days are too high as compared to your peers. So what would be the reason for that?

Harshil Dalal: So the inventory is largely on account of the commercial manufacturing projects that we have on hand, where our customers would mandate us to keep a certain level of inventory for them. It cannot be 550 days, I can check the number. That is the only reason why it would be on the higher side, because most of the molecules that we did with our new chemical entities where if the customer wants us to stock certain amount of materials, while we are launching the product in the market that we would have to produce such high quantities of the finished goods or the work in progress.

Smit Shah: Okay. Understood. And sir, just one last thing, we have been trying to get in touch management just to understand the company a little bit better. And we sent a lot of further emails as well, but we have got no revert. So if you can look into this, that will be really great. Yes. Thank you so much.

Harshil Dalal: Okay, sure. It might have been missed out, but we will get back to you.

Smit Shah: Sure. Thank you. All the best.

Moderator: Thank you. The next question comes from the line of Satish Bhatt from Anvil Family Office. Please go ahead.

Satish Bhatt: Hello, good evening, sir. Congrats on the good set of numbers. I have 2 set of question. One for Harshil, and one for Stephan. Harshil, you reported that this year you had a French revenue of EUR 8.6 million. So what was the EBITDA loss and the PBT loss, if you can just throw light on that?

Harshil Dalal: Yes, the EBITDA loss was about EUR 6.5 million. And on the PBT, that was close to about EUR 9 million.

Satish Bhatt: So do you expect that this year we will be able to break even this level?

Harshil Dalal: Yes, that's the idea. So the breakeven point for us is close to about EUR 18 million of revenue. So the breakeven in terms of breaking even at an operating level, So that is what we are aiming for. At a worst case, we should be closer to the EUR 15 million to EUR 16 million in terms of revenue.

Satish Bhatt: Yes. And Harshil, you told that your peak revenue from India can be around INR 800 crores. So how many years it will take to reach that figure?

Harshil Dalal: What we are doing is right now Stephan mentioned is that we are trying to have a closer collaboration between Carbogen Amcis and our India operations, trying to see like what are the projects were because of this collaboration, we can have more and more molecules being manufactured in India, which will help us to better utilize the capacity in India, and that would eventually result into better operating margins at a group level.

So that is exactly what we have been trying for and we are already seeing quite a positive effect as we speak. And in terms of time line to get to that kind of number, if we are able to get more and more projects into India, quickly, though it takes time, because it's not an overnight thing. But overall, we believe that it should be possible in the next 2 to 3 years' time.

Satish Bhatt: Okay. That's quite good, sir. And sir, regarding Stephan, there are 2 questions for you. One is you told that regarding a Japanese customer, you another co-investment of EUR 25 million has come. So are we investing in that project or only the innovator is investing? And you told that you are doing more of a value-added thing than currently you are doing. So what type of additional work we are doing, which can be incremental to your business, which can add value to your margin profile of Carbogen Amcis.

Stephan Fritschi: Yes. If I understand correct, you asked me if we are investing into this project as well. So, while in the investment of the infrastructure, it's a core investment, meaning the client pay for it, and we deliver all products. Once everything is finished, we deliver the product at a certain price, until we reach their agreed final amount. Finally, the co-investment is about 50%.

Satish Bhatt: So this will be part of the normal CAPEX, which will come in the current year?

Stephan Fritschi: No. It's paid by the customer.

Satish Bhatt: Okay it's paid by the customer. And what type of incremental value addition you are doing with the ADC plant? ADC front, where you can have incremental margins from that same project?

Stephan Fritschi: Well, if you could give the same numbers. It's significant. We're talking at the end, I don't know, 10% of the entire revenue coming from this, from the Carbogen side. But it's difficult, of course, there's still some flexibility in the amount, because it's market outlook. It's the best guess the client has, and we are depending on his efforts and his success, of course. But we are all optimistic that we reach, and hopefully, overachieve this target.

Satish Bhatt: Yes. And sir, last year, we had around 16 Phase III late projects, and during the year, it's come down to 14. So any product has gone into commercial or is it just a normal dropouts? And how has been the Phase I and II development pipeline phasing over a period of year?

Stephan Fritschi: So, it's a normal development that our flexibility and variability that the late phase are acquired but also dropping off. We have 1 or 2 examples where the late-phase projects dropped off on last minute, because the client made a recalculation. And that's why we finally also lost this project, which has not been extraordinary. It's part of the business where we are in.

On the other side, we increased the number of commercial products, that's the other effect when we get the commercial status and the late stage is ending, because it turns into commercial. Your question concerning the number of early phase or Phase 1. It's also a tricky one because it's a lot of flux here.

We are talking of dozens and dozens of early-phase projects. What we see, generally spoken, there's a pickup of new early-phase projects on one hand, but also on the other side, investors are also looking into late-phase projects in the market, because they would like to get their invested money as soon as possible back, and this is when they are in the late phase. So that's the other direction we're going through, focusing on Phase IIb and Phase III projects. When we get the opportunity to acquire those projects, but also maybe even if we are not the first supplier then to be the second supplier, which is also good.

This would be in accordance with our customer strategy that normally they have 2 to 3 suppliers for one API to have risk mitigation, and that's what we're also trying to do, focusing on those projects. What we have invested in the last 2 to 3 months into market intelligence, to get more information from the market about the market, about projects our clients are working on, that we can step into and offer our services.

Satish Bhatt: And sir, a lot of talks now are going on, everybody is --

Moderator: I am sorry to interrupt Satish. Could you please rejoin the queue so the Management can respond to the other participants?

Ladies and gentlemen, in the interest of time, I would request you to stick to just 2 questions. If you have any more questions, kindly rejoin the queue.

The next question comes from the line of Vignesh Iyyer from Cquent Investments. Please go ahead.

Vignesh Iyyer: Hello, sir. Thank you for the opportunity. Sir, 2 questions from my side. So the first question is, from our Bavla site, historically, we have done INR 100 crores, INR 120 crores run rate for the quarter. And if I remember correctly from the earlier calls, we were targeting that INR 100 crores numbers coming in FY '26, so just wanted to understand that would we see that number coming in any of the quarters in this year?

Harshil Dalal: Yes. That's the expectation. Obviously, there would not be a linear in that number in each of the quarters. But yes, we should get to that number, I would say, in the later part of FY '26.

Vignesh Iyyer: Okay. And that would be on the same line, that would be like usually the quarter 4 being the best quarter, right, among all the quarters?

Harshil Dalal: Yes. Historically, that's been the case.

Vignesh Iyyer: Right. So second question from my side, one on the Netherland business side of it. So wanted to understand the contribution mix that has come from analogue and cholesterol this quarter. Historically, again it was 45%-55%, what was for this quarter? And can you give that number for the entire year?

Harshil Dalal: Yes, sure. So as far as the cholesterol business is concerned, in the current quarter, that was close to about 60% as compared to, and even for the full year, it was quite high, it was again close to about 60%, and 40% was the vitamin D analogue.

Vignesh Iyyer: So sir, going ahead, would we see some change in that mix coming? I am sure that change decides on the margin part of the business, if I understand it right.

Harshil Dalal: Yes. So from the margin perspective, as I mentioned, we have this key material, which is the old rates where we were trying to see how we could reduce the prices, and we have been successful in doing that, and that should help us in improving the margins for our Dutch entity, both on the cholesterol as well as the vitamin D analogues front.

Vignesh Iyyer: Got it, sir. That's all from my side, and all the best, sir.

Harshil Dalal: Thank you.

Moderator: The next question comes from the line of Akshay Kothari from Envision Capital. Please go ahead.

Akshay Kothari: Yes. Thanks for the opportunity. Just wanted to understand whether CHF price fluctuations, which have been quite drastic and since last 3, 4 months, how do they impact us? If CHF gains, do we get forex gain?

Harshil Dalal: Yes. So from a revenue perspective, the revenue which is denominated in Swiss francs, that would be a positive impact. But then if you look at the cost basis, because our final reporting of the consolidated number happens in Indian rupees, and most of our costs, especially the employee costs are all denominated in Swiss francs or most of it are denominated in Swiss francs.

So when we do the translation from Swiss francs to INR, the employee cost has an embedded component of the foreign exchange fluctuation, which upon the appreciation of the Swiss francs against INR would have an impact on the cost parameter.

From a cash flow parameter, no, because we earn in Swiss franc or in U.S. dollars, and that's how the payments are made. But just from a reporting perspective, because everything gets reported in INR, which is the functional currency of reporting, that would have a negative impact on the cost part.

Akshay Kothari: Okay. And so that's why our employee cost as a percentage of sales, even though our sales have gone up has actually increased. Is it because of that?

Harshil Dalal: Yes. So part of it is related to the FX fluctuation. So if you see the Swiss francs to the INR, the closing exchange rate as of the last year was about 92.5, while as of 31st of March '25, sorry, is 96.67. So that's like a 5% appreciation of the Swiss franc, which directly impacts the cost basis. While most of our revenues, they are denominated in U.S. dollars as compared to Swiss franc.

Akshay Kothari: Understood. And sir, will our employee cost at any point of time come down, I understand we have more than 50% of staff as PhD, but will our employee cost in absolute terms come down at any point of time?

Harshil Dalal: That would be quite difficult because most of the employee cost is related to the development work that we do, and we need those scientists or R&D chemists in order to make sure that we are able to deliver what the customer requires. So we don't expect that to come down.

But obviously, what we are trying to do is to bring in as much efficiency as possible, if we are successful or as we succeed in getting most of the, or more of the large-scale manufacturing in India, that will have a positive impact on the employee cost as a percentage of revenue.

Akshay Kothari: And lastly, sir, our CAPEX, you guided is around INR 1,500 crores in INR terms, right?

Harshil Dalal: You mean the CAPEX for the last year?

Akshay Kothari: CAPEX for this year?

Harshil Dalal: No, no. Not INR 1500 crores. That would be close to about EUR 25 million, EUR 25 million to EUR 30 million, so about INR 250 crores to INR 300 crores.

Moderator: Sorry to interrupt Akshay, could you please rejoin the queue?

Akshay Kothari: This is the last thing. How will our depreciation actually decrease or remain same? This is the last question, yes.

Harshil Dalal: When I talk about the CAPEX. So in future years, obviously, as we incur this CAPEX, there would be an increase in depreciation. What I was trying to say is that the larger amount of the CAPEX, which was mainly for the French entity, that is now behind us. And also there will be certain assets which are reaching the end of the life as far as the depreciation is concerned. So

overall, in a year's time, if you ask, yes, there would be an increase in depreciation, because of the CAPEX that we do minus the assets that are reaching the end of life.

Akshay Kothari: Thanks a lot, and all the best.

Harshil Dalal: Thank you.

Moderator: The next question comes from the line of Rishikesh Oza from Rebecco Capital. Please go ahead.

Rishikesh Oza: Hi, thank you for the opportunity. Sir, could you please guide us on what tax rate do we see for next year FY '26?

Harshil Dalal: So the tax rate would be difficult to mention, because if you look at the various entities within the group, we have the French entity, which is currently making a loss. And then we have the profitable entities, which are the Swiss entity and then we have the Dutch entity as well.

And then you have a Manchester, which is more or less breaking even or does not have substantial amount of profits and so is the case with Shanghai. And then you have the India business, which is just turning around, so there is a loss over there.

So overall, we pay taxes on the entities where we make the profit, and then obviously, we don't pay the taxes where there are losses. So the effective tax rate looks quite high as compared to the profit before tax as is also evident in the Financial Year '25 numbers. So I would say if you want to pick out a tax rate, so to say, on the PBT, then more or less it would remain similar to what we have in FY '25.

Rishikesh Oza: So that is around 33% I can see the tax rate for FY '25. So that would be very high.

Harshil Dalal: So as far as our tax rates are concerned, so in Switzerland, it is around 15% to 16%. In France, it is about 25%. Netherlands is 25%, India is close to about 35%. And Shanghai is also around 25%. So on an average, if you see our tax rate is anywhere close to about 25%, if you take an average. But because certain entities are profit making and the rest are loss-making, the effective tax rate becomes much higher than what actually that we are paying in each of the entities that are generating profits.

Rishikesh Oza: Okay. Okay. So would it be fair for us to take somewhere around 25% to 30% tax rate?

Harshil Dalal: Yes, that would be the effective tax rate on an average.

Rishikesh Oza: Okay. Got it. Thank you.

Moderator: Thank you. The next question comes from the line of Sajal Kapoor from Antifragile Thinking. Please go ahead.

Sajal Kapoor: Yes. Thanks for taking my question. Harshil you mentioned the CAPEX for FY '26 to be in the region of INR 250 crores to INR 300 crores, how much is our usual maintenance CAPEX within this number? And what I am basically looking for is the split between the maintenance, regular CAPEX and the growth CAPEX in this number.

Harshil Dalal: So the maintenance CAPEX would be close to about INR 170 crores to INR 180 crores of the entities together. And the rest would be for the growth CAPEX, which also includes our digital transformation initiative.

Sajal Kapoor: Sure. And one for you Stephan, regarding this Japanese innovator co-investing? So what might have motivated this customer to co-invest? And why did they select DCAL for this upfront cash payment instead of some of the bigger players such as Recipharm or maybe Lonza?

Stephan Fritschi: Quality, reliability and how we approach our customers and projects. So these are key words what are important to our clients. So when we start to work with the client, we establish a relationship with them, which is based on trust. And clients get confident that we succeed. And the chemistry in this specific case is very complex, very challenging. And we achieved to be successful that the client says well, we want to remain Carbogen's customers.

And as you know, the Japanese clients are very loyal. It's a long-term investment they are doing. It's challenging to get Japanese customers on board. But once you get them on board, they stick with you if you deliver and deliver what you promise and this we do. So that's the reason why they stayed with us, because tech transfer there to another site, which is maybe lower in cost, there's quite a risk for the customer that doesn't succeed. So that's the reason why he invests in our capabilities.

Sajal Kapoor: Amazing. That's very helpful Stephan. And finally, we had 15 molecules in Phase III previously. Slide 23 is the one I am looking at. Now from 15, we have got 14 left. Please, could you clarify whether there has been a drop out due to poor clinical data? Or if this molecule has progressed to the NDA, commercial stage?

Harshil Dalal: So basically, 15 was the number previously. Now we have got 14 so why there is one less?

Stephan Fritschi: Okay. Well, as I said before, there are different factors. In one case, it is that the project of loss on the client side, because as you know, the clients, the customers they are monitoring very carefully and closely during the development phase of the project of the molecule, if it's worthwhile to pursue. And this does not only include technical aspects, but also marketing aspect.

And in that case, it came to customers awareness that it was just too costly to market it, and not enough revenue to be accepted to sell this drug. And this has nothing to do with how expensive or how cheap we are in our services. It's the overall global view of the customer on their portfolio. And if they see that the profit is not big enough, then they drop off the project. And this can happen in very last minute, and this is observed in this one specific case.

Sajal Kapoor: Yes, of course. No, that's helpful, Stephan and Harshil. Thank you so much. That's all I had. Thank you.

Moderator: Thank you. The next question comes from the line of Ankur Agarwal from RC Business House. Please go ahead.

Ankur Agarwal: Sir, my question is from the ROCE side. Our ROCE is very low, like 2% in this year, what company is doing to increase that ROCE to somewhere 13%-15%? Is it possible?

Harshil Dalal: No. So obviously, the ROCE is definitely one of the focus areas. And if you see the capital employed right now, there is the component of FX as well, which needs to be removed as well as the goodwill needs to be removed in order to calculate the right return on capital employed.

Having said that, if you see over the last 2 to 3 years, there has been a significant amount of CAPEX that has been done whether it's the French entity, the digital transformation plus the CAPEX that we had to do in Bavla. So the returns on these investments is something which should start showing up in the numbers in the coming years, and that should definitely help us in improving the ROCE.

Ankur Agarwal: What is the time line to when we come to 10% or more than ROCE. Is it possible? Or is it not possible?

Harshil Dalal: No, definitely it is possible. I think in the next 2 to 3 years, once we start seeing profits being generated from the French entity, the India business ramping up and margin improvement in Netherlands, with all of these factors put together. And the Swiss business, obviously, performing the way it has been. All of these factors put together, we should definitely see a double-digit ROCE.

Ankur Agarwal: By when?

Harshil Dalal: That would be in the next 3 years.

Ankur Agarwal: 3 years. Okay. That's all from my side. Thank you.

Harshil Dalal: Thank you.

Moderator: The next question comes from the line of Shubrojeet Tripathi, an individual investor. Please go ahead.

Shubrojeet Tripathi: Thank you for the opportunity. My question is like you have spoken about increasing the synergy between the India operations and the Carbogen Amcis unit. So what will change? Like what are you trying to change, because DCAL has been a combined entity for many years now, and Stephan himself has been with the Carbogen Amcis entity for more than a decade. So what change are you trying to bring in now? And why was it not done earlier? Thank you.

Stephan Fritschi: Thanks very much for the question. I will try to answer as good as possible in that sense. I think the big difference is that we have a change in leadership. We realize that both organizations The DCAL, the Dishman organization, but also the Carbogen organization is much stronger if you collaborate. Meaning that we have synergies, for example, the Carbogen side is limited in reactor side, and whereas in Dishman side, they are more suited to make fast process development.

And these are things what we tried to bring together, also in the time of globalization and electronic interaction we see on the procurement side, for example, that we can achieve much better results if you bring things together. This is one of the projects we are initiating here that we do the procurement hopefully together, this is still under investigation, but this is one of the outlooks.

And what we see, on the Carbogen side, we have a number of commercial products, which are getting much more mature. Meaning that there is a certain risk that the patents will expire and the client decides maybe to give up the product. And if we can offer a more cost-effective way how to produce, then the customer is also interested to get a better deal out of it. And we call this life cycle management that we from Carbogen side, look at the molecules and the processes and where it make sense, we transfer to Dishman to Bavla that they can produce either intermediate or eventually an entire API.

Of course, this happens always in collaboration with our clients that is aware of what we are doing. Because it's also important that the clients keep the trust in our capabilities in the way how we work.

Shubrojeet Tripathi: No. Sir, but my question was why was it not done so many years earlier? Why now?

Stephan Fritschi: I can answer the question why now, but maybe less why not earlier, because I was not in the driver's seat. And now we see that time has changed. And in the past, the price pressure was not that huge than what it is today.

Shubrojeet Tripathi: Okay. And secondly, Harshil, the trade receivables have gone up pretty substantially. So could you help me explain that?

Harshil Dalal: Yes, that's largely on account of the higher shipments that were done in the last month that was in March, and that is the reason why at the end of the year, the receivables are quite high.

Shubrojeet Tripathi: But it has gone up by almost 40% on the revenue growth, which is not so substantial.

- Harshil Dalal:** Yes. So in the last quarter, in the month of January the revenue was not that great, but it was mainly in February and March. And that is the reason you see that substantial increase, both on the development as well as the commercial side.
- Shubrojeet Tripathi:** Okay. Thank you. That's it from my side.
- Harshil Dalal:** Sure.
- Moderator:** Thank you. The next question comes from the line of Soham from RV Investment. Please go ahead.
- Soham:** This INR 550 crores to INR 570 crores EBITDA, which we are expecting in FY '26. This is while considering a 20% margin?
- Harshil Dalal:** Yes. The 20% is what we would aim for. So we would try to see if the EBITDA can be even higher than this number. But our 20% margin is something that we are targeting.
- Soham:** So we are targeting a low single-digit margin growth in revenue, top line?
- Harshil Dalal:** We are targeting low double digits. So as I mentioned, the EBITDA could be higher than this.
- Soham:** No, sir. I am talking about revenue. Revenue will be low single digit?
- Harshil Dalal:** Yes. I was also mentioning about the revenue that it could be low double digits. And what that would mean is that the EBITDA could be higher than this number. That is what our target is that at a minimum. This is the number that we should achieve the INR 550 crores to INR 570 crores.
- Soham:** Okay, sir. And we are expecting a 10%, 15% decrease in finance costs this year, right?
- Harshil Dalal:** Yes, at a minimum.
- Soham:** At a minimum. Thank you, sir. That is very helpful.
- Harshil Dalal:** Thank you.
- Moderator:** Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to Mr. Stephan Fritschi for the closing remarks.
- Stephan Fritschi:** Okay. Thank you very much. I thank all of you for your interest in our company. And in the development, what we have done and also will do. We hope that we could answer all your questions to your satisfaction. And we are looking forward to the future in our company to further expansion of our capabilities and sources. And I am looking personally also forward for a close collaboration across the entire portfolio of our business.

In that sense, I wish you a nice afternoon, nice evening, and talk to you next time.

Harshil Dalal:

Thank you very much, everybody.

Moderator:

Thank you, sir. Ladies and gentlemen, on behalf of Dishman Carbogen Amcis Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.