

11th November, 2025

To, Department of Corporate Services BSE Ltd. Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001. Ref.: Scrip Code No. : 540701 (Equity) : 975834 and 976560 (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 - QUARTER AND HALF YEAR
ENDING 30TH SEPTEMBER, 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, 5th November, 2025 to discuss the financial result and performance of the Company for the second quarter and half year ended on 30th September, 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 – Second Quarter and Half Year Ending September 30, 2025 Earnings Call

Event Date/Time: November 5, 2025/ 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 Q2 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, and welcome, everybody, to today's investor call to talk about the Q2 financial results. My name is Stephan Fritschi. I'm the CEO of Carbogen Amcis. And I also welcome from our side, Harshil Dalal, our Global Chief Financial Officer and Paolo Armanino, COO of Dishman Carbogen Amcis in India.

Before we go into the financial, I propose that I give you a brief update from a business perspective. And I would like to start with our French subsidiary, where we as I said last time already, we got the GMP certificate and this was really a kick in our business in the other income. We get more RFPs, requests for proposals, from our customers. And the good thing is, it's not only early phase, but also late phase, which then really gives us a stable base load on our business.

The next subsidiary, Shanghai, is again the drug manufacturing license we obtained. I communicated this last time as well. There, we are focusing on the Chinese domestic market. We increased the sales force and from January onwards, we get additional salespeople to conquer and being active on the Chinese market to get more business from there.

The Swiss operations, they operate smoothly as expected and still with a strong emphasis on small molecules and specifically on high potent compounds. There, we see a huge interest for combination, link of payloads, high potency and communication in relation to ADCs. And you have seen earlier this year, the communication about the collaboration with Japanese clients. There, I can confirm that we are starting now the investment projects on this activity, which means bigger quantities, bigger capacities in Switzerland because the client would like to get material, proceed and manufacture it in Switzerland. So, he is willing to invest in our infrastructure, which is a nice beautiful collaboration with this long-standing customer.

In terms of sales activities, we are proceeding as we said earlier, we increased our sales force, not only in China, but also in The U.S. We get more salespeople there to penetrate also the American market and be more present there and close to market. Last week, we had the CPHI in Frankfurt. That's the biggest event exhibition in the pharmaceutical outsourcing market. And what we have seen is really, a pickup in interest from the market. Market is lively. Customers are coming, talk to us and are specifically interested in our collaboration.

We enter more and more together with Dishman in India. So, this is really a good PR, not only PR on paper, but also in reality. We've got multiple projects on the discussion quotation and we are close to finalize the negotiation to get more business also into Bavla. Specifically, I would like to emphasize the new collaboration we communicated a month ago, with Celonic. Celonic is a small CDMO active in the

antibody production development of antibodies. And we entered into a collaboration. There was a press release. You can read this in media. And with this collaboration, we closed the gap what we had so far, which is link of payload production, development production we can do. And the combination with the antibody, we also can do and could do for a long time, but was missing development of antibodies.

Now, with this collaboration, we approach our customers to offer these services as well. This has been done, as I said before, by Celonic. And I call this as a win-win-win situation because Carbogen Amcis benefits and profits of this collaboration because we can get more clients, different clients, which come from Celonic. The same is the case for Celonic itself. They get our clients in collaboration.

And last but not least, but most important is that the client gets the benefit of this new one-stop shop feature we can offer out of us. In terms of close collaboration with Dishman, I can confirm that the process is proceeding. We have, last year, I mentioned this already, the financial department, unified under Harshil Dalal, the Indian and the Carbogen Amcis Group Finance is now under his leadership, which is very beneficial. Since September 1 this year, we have one sales organization under the leadership of Francois Baduel. So, he's taking care of all the sales activities.

So, we can assure that we have no duplication of sales efforts anymore. So, we are more effective and productive. And since Monday this week, November 3, we communicated the combination of, let's say, the merger on the IT organization. This is led by Sanjeev Jain. He is now leading the entire IT activities and information and communication technologies in Carbogen Amcis, but also in Dishman Carbogen Amcis. So, this is one further milestone in our process to get closer together. And one of the next steps, what we are looking into is into procurement. I think that's for the time being all that I would like to say as an introduction.

And with this, I would like to hand over to Harshil Dalal.

Harshil Dalal

Thank you very much, Stephan. Very good afternoon to everybody. Regarding the financial performance for the quarter ended September 30, 2025, this was again a very strong quarter for us both in terms of operating profit as well as the cash profit that was generated for the quarter. Overall, from a revenue perspective, the revenue stood at INR 652.6 crores as compared to INR 789 crores in Q2 of the last financial year. As you might remember, in Q2 of the last financial year, there was a huge deferment of orders from Q1 to Q2, and that was a reason Q2 of last year, the revenues were exceptionally high as compared to the run rate for the full financial year.

The cost for the quarter was substantially lower as compared to what our average cost percentage is. And the major reason for that is most of the revenue in this particular quarter was dominated by the development of the services that we provided to our customers. This also includes the supplies that we made for ADC to the large Japanese innovator as well. And the margins are substantially higher in the Phase 3 work that we do as well as the supplies to Japanese customer and that has influenced the lower COGS for this particular quarter.

The employee expenses more or less stood in line with what our run rate is about INR 333 crores. The other expenses stood at about INR 136.5 crores. This also includes certain provisions for owner's contract that was made in Q2 of financial year 2026. Overall, this translated into an EBITDA of about INR 149 crores for the quarter, which for the first half of the year stood at about INR 289.5 crores as compared to INR 176 crores in the comparable first half of the last financial year, representing a growth of about 64.4% at an EBITDA level. The EBITDA margin as well for Q2 was quite impressive at

about 22.8% and for the first half of the year stood at about 21.3% as compared to the first half of the last financial year where it was 13.4%.

The depreciation and amortization were about INR 84 crores for the quarter. The finance cost at about INR 42 crores. The finance cost in effect has actually reduced as far as our Swiss borrowings are concerned. However, there is a translation impact on the finance cost because of which it looks higher than what the actual cash outflow is. The profit before tax stood at about 30.5 crores and the tax expense, there was a positive impact on the tax expense because of the provision for the capital tax assets at some of the locations, which are expected to turn profitable over the next three years to five years.

So overall, this led to a profit after tax of about INR 65 crores for the quarter as compared to INR 33 crores in the comparable quarter of the last financial year. And for the first half of the year, the profit after tax stood at about INR 88.6 crores as compared to negative INR 44 crores in the first half of the last financial year. So, there is a substantial improvement that we are seeing every quarter over the last five quarters and we would expect this trend to continue in the future as well. As far as the segment-wise take-up of the revenue is concerned, the CDMO piece of the revenue for the current quarter, the revenue stood at about INR 509 crores, which is a degrowth as compared to Q2 of the last financial year. But as we have been saying, it's difficult to compare for our industry and for our business this quarter versus the Q2 of the last financial year.

And again, in Q2 of last year, there was a deferment of shipment from Q1 because of which the revenue was exceptionally high. For the first half of the year, more or less, the revenue was similar to what we had done in H1 of last year. However, we do expect on the CDMO side of the business that the second half of the year would be much stronger as compared to the first half, where in the first half, most of the revenue was dominated by the development work that we had done. We would expect more of the commercial share of the revenue to come in the second half of the year.

The Marketable Molecules segment grew significantly in Q2 of this year as well as in the first half of the year. And this was largely dominated by the cholesterol and the vitamin D analogue business, which is very much on target or may even exceed the target for the full financial year. So, we saw a growth of about 85% as compared to Q2 of the last financial year. As far as the Marketable Molecules segment is concerned, where we closed the quarter with about INR143 crores of revenue. For the first half, these figures corresponded to 33.7% growth with about INR 240 crores being contributed by the Marketable Molecules segment.

As far as the breakup of the overall revenues are concerned in Q2, the CDMO part of the business contributed about 78%, while about 22% was contributed by the Marketable Molecules segment, while in the first half, these figures corresponded to 82.4% and 17.6% respectively.

Regarding the breakup of the EBITDA margins, according to the segments, we had a significant margin update as far as the CDMO part of the business is concerned in the current quarter, where it did about 25.3% EBITDA margin as compared to 19% in the comparable quarter of last year. And as I mentioned earlier, this was largely on account of the Phase 3 supplies and more specifically because of the supplies to the Japanese innovator.

In H1 of the year, these margins stood at about 21.3% as compared to 14% in H1 of last financial year, representing a 726 bps increase as far as the margins are concerned. The Marketable Molecules segment did a margin of about 14% as compared to 15.7% in Q2 of last year. Having said that, the major contributor of the increase in the margins in the current quarter, which was the vitamin D

analogues and cholesterol business, which did a margin of about 18%, though the revenue share of cholesterol as compared to vitamin D analogues was quite high.

The Naroda business, the Quats business is where the margins were lower in the current quarter and that's the reason, you see 170 bps decline as compared to Q2 of the last year. Overall, for the first half, the margins stood at about 21.4% for the Marketable Molecules segment as compared to 9.3% in H1 of last year representing 120% growth as far as the margins are concerned.

So overall, this was a very good quarter and a good first half for the financial year, and we are very much on target to achieve the numbers that we had mentioned earlier for the full financial year as far as the operating profit is concerned. The net debt, excluding these liabilities, also showed a decline as compared to June as well as March 31, 2025, where now the net debt stands at about CHF 141 million as compared to CHF 157 million as of March 31, 2025.

The capital expenditure that was done during Q2 was about \$7.3 million as compared to the first full half of the year, which was about \$13 million. So more or less, as we have been saying, the CapEx for the full year should be close to about INR 200 crores to INR 210 crores. So, we are very much on target as far as that particular CapEx is concerned.

With this, I would like to ask the moderator to open the floor for Q&A.

Moderator

We have the first question from the line of Abhishek Jain from Alfa Accurate. Please go ahead.

Abhishek Jain

Yeah. So, my first question is about the geography mix. How was the geography mix in first half of FY26?

Harshil Dalal

As you know, in our business, the major geographies to which we sell, especially on the CDMO side of the business, it comprises mainly of U.S., Europe and Japan.

So as far as the first half was concerned, roughly about 25% of the revenue came from U.S., about 55% from Europe and the rest from Asia, which is predominantly Japan.

Abhishek Jain

Okay, got it. And sir, in the CDMO business if we compare QoQ basis, there is a decrease in the revenue but if I see the EBITDA margin, that has gone up. So, what is the reason? Is there any change in the mix?

Harshil Dalal

No. So first of all, it would be difficult to see our business QoQ because it all depends upon whether in a particular quarter it is more of the development revenue or the commercial revenue, which is taking up a larger portion of the revenue. So like, for example, in this quarter, as I mentioned earlier, it was more of late Phase 3 molecule, including the molecule that we supplied to the Japanese innovator, which was a significant portion of the overall revenue. And when we talk about

development late Phase 3, that's where we make our highest margins and the material consumption is hence extremely low as compared to the commercial. And that is also one of the reasons why you see a higher gross margin.

Having said that, in the second half of the year, yes, while the development revenues will remain strong, but we will also see a larger portion of the commercial shipments, which would happen between Q3 and Q4 of the financial year. So from a first half perspective, if you see, there is a growth of about 3.5% as far as the revenues are concerned. Though the CDMO part of the business revenue as compared to first half of the last year is flat, but we will see most of the growth coming in the second half of the year as far as the CDMO segment is concerned. From an overall revenue perspective, I think we should still see a high single digit or maybe close to about low double digit kind of growth as far as the revenues are concerned.

But the most important part was to make sure that we are able to hit our targets or even better as far as our operating margins are concerned. And that is something that we have already demonstrated in the first half, and we should be able to demonstrate that in the second half of the year as well.

Abhishek Jain

Got it. Sir, on the overall guidance front for '26, so you had guided around INR 3,000 crores revenue and 20% to 22% EBITDA margin. So, you are still intact with this particular guidance for FY26? And if you can throw some colour on the FY27 revenue growth and guidance for the different sector?

Harshil Dalal

So as far as the full year is concerned, yes, we do expect close to about 8% to 10% kind of growth in the revenue. But as far as the operating margins are concerned or the EBITDA is concerned, where we have guided growth of about 18% to 20%, I think we should be able to get to the 20% mark basis results that we have achieved in the first half and what they're expecting in the second half of the year.

As far as FY'27 is concerned, we do expect that there should be a good ramp up in the margin, especially because we will see the French facility turning profitable in that particular year. We will also see a significant ramp-up in the order supplies going out of Bavla, and the Swiss business will keep on growing in the manner it has been. So overall, all of this will result into a significant growth, both in terms of revenues as well as in the operating margin, where we expect that the operating margin growth would be at a much, much faster pace as compared to the revenues.

Abhishek Jain

Okay, sir. And my last question on the ROCE front. So, what's your long-term plan for the ROCE? And how much ROCE we can be able to achieve in FY26? And what strict operational or financial milestone which are required to cross the double-digit margin? And what is your internal timeline for each unit?

Harshil Dalal

So, we have also given out a presentation as well that we have specifically talked about the two ROCEs that we make on the CDMO part of the business, excluding the assets which are not currently getting utilized, more specifically the French facility and the Bavla site in India. So as the ramp up of the activities in both of these sites, which are going to be one of the key growth drivers as we move into

the future, we will see the ROCE percentages increasing in the future quite significantly. So, our internal target is to get to the 25% ROCE margins over the next four years to five years.

So, that is something which we are very much on track to achieve because we are looking at an extremely strong pipeline for Bavla. This is all of the discussion, RFPs from contracts that we are bidding for Bavla, for the French facility, now with the certification having been received, we are seeing the huge interest from the customers on the drug product side of our business. So, all of this should culminate into a significant accretion in the EBITDA as well as in the EBIT numbers going forward. So, our 25% is the benchmark that we have set for ourselves and I think we are pretty much on target to achieve it.

Abhishek Jain

Thank you, sir. That's all from my side.

Moderator

Thank you. We have the next question from the line of Kashyap Karthi from Table Tree Capital. Please go ahead.

Kashyap Karthi

Thank you for the opportunity. Congratulations on a very good set of numbers for the first half. Sir, two, three questions. The first question was around the French subsidiary. If you could just throw some light on it because in the annual report, we saw that it did INR 145 crore loss, the French subsidiary.

So at what currently, I mean, in FY26, what revenue would we do? Or, essentially, if you could tell me roughly at what revenue will be EBITDA breakeven and what revenue will be PAT breakeven that will be very helpful around French subsidiary?

Harshil Dalal

Sure. So, as far as the French facility is concerned, as I just mentioned, we are seeing a huge amount of interest from the customers. And these are not just customers coming to the French facility for their orders, but these are also customers on the drug substance side of our business, which is the API CDMO part of the business, where we are now able to offer end-to-end solution to the customers, so including the ADC part.

So, as Stephan also mentioned, we have entered into this collaboration with a Swiss company for the antibodies. So, now we have the entire offering that we can give to the customer right from the antibody, the conjugation, payload, linker as well as the form fill finish. And that is where we are seeing increasingly a huge amount of interest from the customers and even during the CPHI, the interest was fantastic.

So, we have no doubts of ramping up the French facility quite significantly going forward. And as far as the breakeven point is concerned, so that's going to be about EUR 18 million where we would breakeven at an EBITDA level. So, that is something we should be surpassing in the next financial year. In the current year, we expect that we would still have EBITDA losses coming from the French facility.

But overall, at its peak, we do expect that we can generate EUR 45-odd million of revenue with the two lines that are already in place, plus a provision for a third line, which we can set up in the future if we need to. So and right now, the orders that we are getting are mainly for the late phase project, which could eventually go into commercialization. And now with this certification having received at the French facility, we'll be able to support the customer even after the monitoring moves from development stage to commercial. So, that's how we are looking at the French facility.

Kashyap Karthi

Got it, sir. Very helpful. Sir, given, you mentioned about 8% to 10% revenue growth, and I'm just focusing on revenue growth, we'll end up somewhere around INR 2,500 crores revenue. Do you think next year, is there a possibility given the pipeline that you have, given the ADC molecule is having multiple other indications and everything else? Do you think INR 3,000 crore revenue is possible in FY27?

Harshil Dalal

So, you're talking about, the CDMO part specifically?

Kashyap Karthi

Yeah. CDMO, sir. CDMO.

Harshil Dalal

Yes. Yeah. So, that's very much, what we have as a target in our mind. That is something that we would want to achieve, in FY27. So, yes, that's exactly what we have as a plan.

Kashyap Karthi

Got it, sir. Last question from my side, sir, our Naroda facility, has been reviewed and we've not received any observations. Have we kind of received a formal approval from FDA, or are we still awaiting it?

Harshil Dalal

No. We have already received formal approval. The EIR has already been received.

Kashyap Karthi

Okay. Sure.

Moderator

Thank you. We have the next question from the line of Smit Shah from JHP Securities. Please go ahead.

Smit Shah

Yeah. Firstly, congratulations on the good set of numbers. My question would be that at peak utilizations, how much revenues can we make from the French facility? And how much EBITDA margins can the French facility make at peak utilizations?

Harshil Dalal

That would be, with all the lines running at full speed, that would be close to about 45 million of revenue. And at that revenue, it can do an EBITDA margin of about 35%.

Smit Shah

Okay. And by when do we expect it to like just a rough number would help like ramp it up to full capacity utilizations in the next two years or maybe three years?

Harshil Dalal

It would take close to about four years' time to get to that level.

Smit Shah

Okay. Got it. And also in Bavla, we have a total of 18 units, out of which right now, we only have nine units operational and which we first aim to get to full utilizations. And then you had mentioned that we will have to do some refurbishments to operationalize the next nine units.

So, how much would this cost be? Just an approx number would be helpful.

Harshil Dalal

Well, also, so, what the idea for Bavla is that we try to utilize the existing units which are running to the maximum extent possible before we start refurbishing the other units. So, only exception to that would be the hypo facility in Bavla, where we are looking at one or two projects which could come into that particular unit, which is a specific unit for highly potent compounds, where we might have to ramp up the refurbishment much ahead of otherwise, we would need to.

So, if there is a specific order for a specific unit, which has those specific capabilities, we will have to incur that expenditure quite quickly. But apart from that, I think the annual spend should not be more than roughly about INR 50 crores to INR 60 crores. This is all including the maintenance CapEx as well that would need to be incurred.

Smit Shah

Okay. Got it. And just one last question from my side. So on an annualized basis, if we have like, we have interest cost, which has jumped from INR 120 crores to INR 160 crores to INR 170 crores, whereas debt levels from FY24 to current date has not increased in tandem. So, I assume that the INR 40 crore, INR 50 crore increase is on the back of COVID and defaults.

So, when do we expect to get back to INR 120 crores finance cost assuming that we don't pay out any debt?

Harshil Dalal

No. So, the interest cost had increased last year. Again, this year, you know, we have already seen the interest cost going down, but then there is also an FX impact when we do the translation of those interest costs from Swiss francs to INR. So, what we are already seeing at the Swiss entity, on a net

basis, the borrowings will be close to about 100 million. So, what we are already seeing is that those interest costs have already come down, and those will further go down as we move into the following quarters. So, that is where the interest cost reduction is.

The part where the interest cost is high for that, that is sitting in India. And that is something that we would want to review as quickly as possible. And whether we do it in the same manner as we have been doing right now or else that we could have that as one of the objects for which we could do a fundraise.

So, that is something that we would want to retire as quickly as possible in order to make sure that the interest cost burden goes down. The other part to it is that if you see the last two, three years, since all of our loans are variable in nature, the SARON or the SOFR had actually gone higher because of the increased rates globally because of the inflation.

Now, what we have seen is that even SARON has now come down to 0%. So, whatever now we pay to the bank is only the spread because the Swiss equivalent Libor has now gone to zero. So, now effectively, the interest costs have been reducing for us, and that should get reflected in the numbers as well, hats off any INR depreciation against the Swiss franc or U.S. Dollar.

Smit Shah

Okay. Got it. Thank you so much. I'll get back in the queue and all the best.

Moderator

We have the next question from Vignesh Iyer from Sequent Investments. Please go ahead. Mr. Vignesh, your line is you're not audible, sir?

Vignesh Iyer

Yeah. Thank you. Thank you for the opportunity. So, my first question is regarding the Bavla site. Earlier in the quarter four, I'll call, if I remember, Mr. Harshil had mentioned about the major upgradation in our Bavla site and revenue potential of INR 800 crores with all the plants and units running.

So, wanted to understand what is the run rate right now, I mean, in this quarter? And also wanted to know how close are we to hitting the INR 100 crores run rate per quarter that we had earlier targeted?

Harshil Dalal

Right. So, thank you for the question, Mr. Iyer. So basically, the Bavla site, yes, as I mentioned earlier, we have signed certain new contracts, and we are in the process of signing some as well. We have already scheduled certain visits for some of the potential Japanese customers. Recently, we signed a contract for an Italian customer. So, we are seeing an increasing interest for the Bavla site.

As far as the recognition of the revenue is concerned, what we are seeing is that most of the revenue recognition should start from the next financial year. So this year, more or less, Bavla would be doing a revenue, which was equal to what it did last year, so say, close to about INR 250-odd crores. We will start seeing the ramp-up happening from the next financial year as we start servicing the orders that are in the pipeline.

So progressively, what we will see in the next financial year is that QoQ, there should be an increase in the revenues coming out of the Bavla site. And in order to touch the INR 800 crores, the target is that we should be able to touch that over the next three years. And that is something which looks very much possible with the kind of RSQs which have been given out because of the closer integration between India and Switzerland. So, as Stephan also mentioned about the steps that have already been taken in order to make sure that this integration works. And one of the key aspects was to have a unified business development organization, and that is something which is already enforced now.

And even during the CPHI, we saw a huge amount of interest from the customers where they hear about the integrated story between Switzerland and India. So, we have no doubt in terms of ramping up the revenue coming out of the Bavla site. And with all of the upgradations that have been done over the last three, four years when we were under the EPM cloud, that is actually now resulting into positive effects as we are seeing now increasing customer interest for the Bavla site.

So, to answer your question, I would say if you take a three-year view, starting from the next financial year, we should be pretty much retargeting the kind of revenue that you mentioned.

Vignesh Iyer

Right, sir. So, my second question would be to understand our order book as in the development pipeline and commercial order book for Carbogen Amcis as on September 30, 2025.

Harshil Dalal

The development pipeline right now stands at roughly about CHF 150 million. And as far as the commercial is concerned, that could be close to about CHF 100 million. So, that's the pipeline with which we are working right now as far as Carbogen Amcis is concerned.

Vignesh Iyer

Okay. Yes. That's all from my side. Thank you.

Moderator

The next question coming from the line of Mythili Shah from Sapphire Capital. Please go ahead.

Mythili Shah

Yes. Just a clarification on a few things. So, we mentioned that we'll be growing by 8% to 10%. That is the growth you're expecting in CDMO. Is that correct for FY26?

Harshil Dalal

Yes. So, the 8% to 10% will be the total growth that we expect for the entire business as far as the revenue is concerned.

Mythili Shah

Okay. And we are also expecting INR 3,000 revenue from CDMO on FY27?

Harshil Dalal

Yeah. That's the target. This will also include the French facility, India, Bavla site as well as Switzerland, Manchester and Shanghai. Yes.

Mythili Shah

Yes. And on the MM side, what sort of targets do you have for next year? And how many of the 12 late phase molecules are we expecting to commercialize next year?

Harshil Dalal

There is something that we would not know. That depends upon how aggressively the customer is pursuing it as well as it depends upon the regulatory agencies. But what we can say is that the pipeline looks extremely strong, especially the late Phase 3, which is predominated by oncology segment, including ADC molecules as well.

And as and when these molecules move from development to the commercial stage, we would see a significant incremental revenue that could be coming our way. But how many of them will go commercial, what timeline, you know, that is something which would be anybody's guess right now.

Mythili Shah

Got it. Also, I'm new to the business, so my question might be a little on the easier side. But the one thing we mentioned was that we had a significant supply to the Japanese innovator in the CDMO, which led to 25% margin. Do we have more contracts in pipeline going forward that can lead to a higher margin on the CDMO side?

Harshil Dalal

Yes. So for us, the late phase development work that we do, we typically make our highest margins in that particular phase, followed by commercial and then the early phase development work. So, as I mentioned, we have a strong basket of molecules in late Phase 3, not just the molecule that we have for the Japanese customer. And with these projects, three are under validation. So, we do expect the margins from these projects to continue in the manner that they are.

It's just that in a particular quarter, what dominates the revenue, as I mentioned earlier, and that's the reason we see close to about 25% kind of margin. Having said that, if we take the last year, we had a huge amount of commercial supply that happened, especially from the Swiss entity. And that was also one of the reasons why we saw a significant uptick in the revenues. This year, what we are seeing is that the development side of the revenue will be a predominant portion of the overall revenue. So, it all depends upon the customer strategy as well because this is all B2B.

So, sometimes the customers, they want to stock up larger quantities for the launches that they are going to make because of which in the next year or in the first half of a particular year, they might not want those quantities and it would come subsequently. But the underlying point is that we have a good visibility, the basket of the products is extremely strong. And we have no doubts in terms of the growth for this particular business.

Mythili Shah

And the French facility, the breakeven you mentioned was EUR 80 million the EBITDA level. Is that correct?

Harshil Dalal

You're talking about the French facility?

Mythili Shah

Yeah. That's actually, it was EUR 8 million or EUR 80 million?

Harshil Dalal

EUR 18 million would be the breakeven point at an EBITDA level.

Mythili Shah

EUR 18 million. And, I think it can do a EUR 45 million at a 35% margin. Correct?

Harshil Dalal

Correct. That's correct.

Mythili Shah

Okay. And on the ADC part, could if you could explain a bit more detail what sort of end-to-end solutions are we going to provide and how it's going to help our business out?

Stephan Fritschi

Okay. Maybe I can answer that. So, what we do, well, we are very strong. We are very well known for the high potent activities. And this validation campaign, Harshil mentioned before, we are predominantly in the arena of the high potency activities. And the high potency species are normally going into the ADC final product.

To create an ADC antibody drug conjugate, you need the payload, which is the high potent compound, a linker, which is often a peptide. We connect those two and then we conjugate with the antibody. And this is what we can do out of Switzerland. And we would be now A, with the collaboration with Celonic is that we get the antibody as well. And furthermore, together with the French subsidiary, we can ship the final product, the ADC product to the French subsidiary for dosing and dispensing into the virus and lyophilization.

So, this is in a nutshell what we are doing, to provide our products to the pharmaceutical markets in ADCs. I don't know, did I answer your question?

Mythili Shah

Yeah. That answers my question. Thank you so much for the time. Thank you.

Stephan Fritschi

You're welcome. Thank you.

Moderator

Thank you. The next question comes from Srihari C from PCS Securities. Please go ahead.

Srihari C

Yes. Thank you. Yes. So, my major part of the question is around the CHF 50 million that your partner would be spending, Japanese partner. So, if you could please let us know what are the areas in which this is planned to be deployed?

And secondly, what is the kind of asset turn you expect from it? I mean, if you can, I think on CHF 25 million, what is the kind of effect on you had in FY25? And going down the line, at optimal level, what is the kind of effect on you would expect? And secondly, on the fundraising plan, whether you have started any roadshows for that? Thank you.

Harshil Dalal

Sure. Thank you. So the first part of the question, as we understood, this was related to the co-investment agreements that we have entered into with the Japanese customer. So, the first investment agreement was entered into in 2021, where we were supposed to do the extension in Bubendorf, which is the largest site ex of India that we have. And that extension got completed, the validation also got completed, and now we are already producing the quantities for the customer.

So, that is something which has already happened. It was a total investment of about CHF 25 million, of which the customer contributed CHF 15 million and we contributed CHF 10 million. So, we expect an asset term of at least 1x on this particular extension. The second co-investment agreement got entered into June of this year and it is expected to go live by January '27 where, as Stephan mentioned, we have already started the investment for the customer. And this is again our CHF 25 million of investment. But this time, we don't contribute anything. The entire contribution comes from the customer.

So, once it goes live, again, as we speak, we would expect close to 1x as the asset comes. Having said that, we also manufacture the ADC at our other locations as well. So, the second extension or the second expansion is happening at Neuland and Aarau, which are the other two sites in Switzerland apart from Bubendorf and Vionnaz.

So, this extension is now happening at the other two sites. It is also our Shanghai site, the Manchester site, which also support the final payload and the linker that we supply to the customer. So basically, this molecule touches various sites across the group in order to deliver the final payload and linker to the customer. And right now, as we think, we have a good visibility in terms of the orders over the next three years or so. And we do expect that there will be a significant ramp-up year over year for this particular molecule.

Having said that, while this is right now, it has become one of the largest molecules for us, we have several other molecules in the pipeline as well as some of the molecules which have recently gone commercial where we would again see a good amount of ramp-up. So that's on the co-investment part.

On the fundraising part, yes, we did meet certain investors as part of our new deal roadshow. And that is why we have pitched the business to these potential investors.

Srihari C

So any kind of quantum that you're looking at, fund raise?

Harshil Dalal

Well, overall, we have taken approval up to INR 1,000 crores of fund raise. So, yes, the quantum would be within this overall range. Not that we might raise the entire INR 1,000 crores, but it might be a subset of this.

Srihari C

I mean INR 1,000 crores appear a bit high. So, would it be something around INR 500 crores or is it to INR 1,000 crores?

Harshil Dalal

Yes. The purpose is going to be to retire the debt in India. So, that is roughly about INR 700-odd crores. So, you know, we would look at somewhere like INR 500 crores to INR 700 crores.

Srihari C

Yes. so on this CHF 25 million outlay that has already been incurred, what is the kind of revenue generated in FY25?

Harshil Dalal

Sorry, can you please repeat the question? I couldn't hear that.

Srihari C

Yes. The CHF 25 million, which your Japanese partner held, 2021 outlay, what was the kind of revenue generated on that in FY25?

Harshil Dalal

Yes. So in FY 2025, we did revenue of close to about CHF 22 million. And yes, and in the current year, it should be close to about CHF 30 million.

Srihari C

Okay. Yes, that's it. Thank you.

Harshil Dalal

Sorry, just to add, this CHF 22 million is not just from that extension, but it's an overall revenue that we have done for the customer.

Moderator

We have the next question from the line of Venkata Padavala, an individual investor. Please go ahead with your question.

Venkata Padavala

Hey. Hello. Venkata here. So, I wanted to understand the Germany ADC molecule that you mentioned in the annual report that you people are doing end-to-end development. So, I wanted to understand what is the current state of molecule and what kind of molecule we are working for a German customer?

Stephan Fritschi

So maybe, I can answer this question. Roughly, that's a collaboration we started, let's say, 12 years ago, very small scale. And we work essentially from Manchester, Shanghai, Neuland, what Harshil mentioned before, one of the Swiss sites and Bubendorf, where we produce the high potent part and then we conjugate with an antibody we purchase from outside. And this material to conjugate goes then to Saint-Beauzire, to France for the drug product formulation. It's a peptide derivative and indications oncology, breast cancer, and things like this.

Venkata Padavala

So, is it something in the pre-clinical stage?

Stephan Fritschi

No. It's late Phase 1, early Phase 2.

Venkata Padavala

Early Phase 2. Okay. So, the second question is something related to the current GLP or aging molecules. So, I mean, are you doing anything on the GLP or aging molecules currently?

Stephan Fritschi

Yes. Yeah. I'm not directly involved in the GLP development production, but of course, we are interested in this field, in this arena because the capacity in the world market is not big enough. So, we think there's a chance that especially Bavla can enter into this collaboration at some point. But at the moment, we are not active here.

Venkata Padavala

Okay. That's it from my side. Thank you.

Stephan Fritschi

You're welcome. Thank you.

Moderator

We have the next question from the line of Amit Agicha from HG Hawa. Please go ahead.

Amit Agicha

Yes. Thank you for the opportunity. So my question is, can you brief us about what the current working capital cycle is and where do you see it stabilizing?

Harshil Dalal

Sure. Our working capital cycle is roughly around 80 days. And the way to calculate our working capital cycle is to take the inventory as well as the receivables and subtract the creditors, but of course also subtract the prepayments that we receive from our customers. So overall -- and that is also something that we have given in our presentation, which is updated on the stock exchange, not the recent one, but the one before, where it has remained in the range of about 75-80 days. And I would say, more or less, it would be around that range even going forward.

The largest blockage of our working capital is in the inventory, mainly because our customers, they would mandate us to keep us certain level of stock of the APIs either in semi-finished nature or in finished nature, where they do not end up in a situation, just because of the shortage of the API, the final product gets impacted, especially, when they're launching their molecule in new markets. So, that is where the largest blockage happens. But yes, I mean, overall, it remains around 75-80 days.

Amit Agicha

And the second question is, with debt, actually, I missed that part. Like what is the current total debt that we have and what is the cost of debt we are spending on?

Harshil Dalal

The total debt, so in INR terms would be close to about INR 2,200-odd crores. And out of this gross debt, roughly about, I would say, close to INR 1,450 crores to INR 1,500 crores would be sitting at the Swiss entity, where the average cost of borrowing is roughly around 3% to 3.5% now. The remaining part of the borrowing is sitting at the India level, where the average cost of borrowing will be about 10% to 10.5%.

Amit Agicha

So, what is the company's policy connected to this? Any time to optimize the cost of borrowing or reduce the debt to EBITDA ratio?

Harshil Dalal

Yes. So apart from this, we obviously have cash of roughly about INR 600-odd crores. But having said that, yes, the idea is to try and pay down the India debt as quickly as possible because that will result into a better conversion from the EBIT level to the PBT and the PAT level as far as the P&L is concerned. But more importantly, also from a cash perspective, with that kind of interest savings, we can deploy that cash into the working capital that would be required in India in order to fund the increased dollars that we are already seeing coming at the Bavla site. So that is something that we would want to do and that is something that we are at.

Amit Agicha

I appreciate you answering my questions, sir. All the best for the future. Thank you.

Harshil Dalal

Thank you very much.

Moderator

Thank you. The next question comes from the line of Sharmistha Dana from Iwealth Fund. Please go ahead.

Sharmistha Dana

So, sir, my question is, currently, which are the big molecules, and are you the only supplier to them? And also, if any patents are going off in the next few years? If you can give us some detail.

Harshil Dalal

Sorry. For what? Did you ask if you are the sole supplier?

Sharmistha Dana

Sir, in CDMO sector or the marketed molecule sector, currently, which are the major revenue-driving molecules? And are you the only supplier, and if any patents are going off in the next few years?

Harshil Dalal

Well, as far as the molecules are concerned, we are fairly diversified. I mean, obviously, over a period of time, antibody drug conjugation is one of the key technologies that we have mastered. We have been one of the earliest movers in there, and that is the reason why we are increasingly seeing lot of ADC interest from our customers. So, we have one molecule that we supply the payload and the linker to the customer, which has become the largest molecule for us. But apart from that, it is highly diversified.

As far as the supplies are concerned in some of the molecules, so today we have about 28 molecules, which are already in the commercial stage, where in certain cases, we are the sole supplier and in certain cases, are the primary supplier, if not the sole supplier. But for us, being a CDMO, a true CDMO player, the journey always begins with the development of the new chemical entities, working through the entire life cycle of development and then if the molecule moves from development to commercial, supporting the customer on the commercial side.

So, it is not that we try to target the customers to add us as a second supplier or in Phase 3, which might now change with the India facility having now received all of the clearances and all of the integration that we talked about that we will start targeting molecules in Phase 3 as well or to add us as a second supplier where many of the companies are also looking at adding a second supplier in addition to the supplies that they might be getting, for example, from a Chinese supplier. So, those are the kind of opportunities where the addition of India to the overall basket with the singular business development team that definitely helps us.

Sharmistha Dana

Okay. Thank you, sir

Harshil Dalal

Sure. Thank you.

Moderator

Thank you. The next question comes from the line of Ramanuj Chandak, an individual investor. Please go ahead.

Ramanuj Chandak

Yeah. So, thank you for bringing this option of pre-registration. This time, it was much better..

Ramanuj Chandak

Sir, we see on our annual reporting on page 39, we are seeing Dishman Carbogen is going completely towards cloud migration of ERP, it means we are going for SAP as our accounting software. Right?

Harshil Dalal

That's correct.

Ramanuj Chandak

Is that done completely?

Harshil Dalal

Well, India has already been successfully operating on SAP since last 16 years now. We already have SAP in Netherlands, but and we also upgraded to S/4HANA. The idea is to now also put the entire Carbogen Amcis on SAP, that the fourth phase should go live in the next 4-6 months that would be the Swiss entity. So right now, we are in the process of implementing S/4HANA in Switzerland and then we would replicate that in Manchester, Shanghai and finally France.

So, that's the roadmap that we have set out. So, the idea is very clear, we put the whole group on the same ERP platform and that we can reap the benefits of centralization of many of the processes, which will further help us in bringing in operating leverage for the group as a whole. And it is not just this system, but we are also looking at common systems in terms of the lab management software, as well as the other functions as well. So, that's the global integration digital transformation exercise that we are undertaking across the group.

Ramanuj Chandak

It means will this be more transparent than what current process you are using?

Harshil Dalal

Well, right now, we are on Microsoft Axapta as far as those with entities concerned. And, I mean, that's the thing in Shanghai as well as in Manchester, while the French entity is on Microsoft D365.

Ramanuj Chandak

Yes. So, how much is this total cost for us migrating to this?

Harshil Dalal

Well, the total estimate cost would be close to, I mean, everything put together would be close to about, I would say, 15 million.

Ramanuj Chandak

INR 15 million or \$ 15 million?

Harshil Dalal

No. CHF 15 million, probably about INR 150 crores.

Ramanuj Chandak

Okay. My second question is actually regarding our total manufacturing output. Sir, on basis of total quantity of APIs or all the pharma that we manufacture, what percentage comes from India? What percentage comes from Switzerland? And what comes from China? Can you give that in detail on quantity basis?

Harshil Dalal

On quantity basis would be difficult to quantify because, as you know, the Swiss entity, the maximum it can produce for a particular customer or a particular molecule, most specifically, would be not more than 1.6 tons to 2 tons of a particular molecule, while the India entity has multi-ton capacity -- production capacity.

So, in terms of our total capacity, that is something that we have disclosed in one of the earlier presentations. And right now, as you know, Bavla is actually now ramping up the production in India. So, the production is not at a huge scale, but that is the idea as we move into the future.

And that is where the Swiss entity could also benefit because we can target molecules like one of the speakers asked regarding GLP. So if it is the Swiss entity, it can never target GLP molecules because it just does not have the capacity. But now with the integration with India, we can utilize the Bavla site more efficiently, and we can look at such opportunities as well, as we move into the future.

Ramanuj Chandak

So, okay, in future, suppose you want to expand your manufacturing capacity, in which country would it be?

Harshil Dalal

Well, if it is related to some specific technology, like, for example, ADC, that is something that, we would want to keep in Switzerland. So if we have to, say, increase the conjugation capacity, which we

may have to, based on the interest that we are getting, so that is something that we would want to keep in Switzerland because the quantities required are not going to be large.

As far as the larger volume business is concerned, I would say the capacity is now already created in India. So, we don't need to actually invest heavily into creating larger volume capacity. It is all about utilizing the capacity that is available to us, especially out of Bavla in a more efficient manner.

So, that is exactly what we'll be targeting. And as we mentioned earlier, there will be certain amount of refurbishment expenditure that could need to be incurred. It's not going to be a huge significant expenditure.

Moderator

Next question from Sathya, an individual investor. Please go ahead.

Sathya

Hi. I have two questions. This is regarding the COGS. COGS has reduced drastically. What is the reason? Will it have an effect? Does it have to be compensated for other quarters -- upcoming quarters?

Harshil Dalal

Well, yes. As I already explained earlier, the COGS is lower mainly on account of a significantly high contribution from the Phase 3 molecule in terms of the revenue. And that is where, obviously, the material cost is quite low. So, that is the main reason why in this quarter, the COGS were extremely low.

For the full year, I think we should be -- as the commercial supplies also increase and we will also have the early phase work as well, we do expect that the cost would be a bit lower than what we had last year. But otherwise, yeah, I mean, for the full year, it would be higher than what we've seen in Q2 of this year.

Sathya

Okay. So, sir, one more thing. I believe, the initial portion I missed the base when you're talking about this new Swiss collaboration. So, did we link any PAT to them? And then are we expecting any revenue somewhere in the coming quarters? How do you see? What is your status? Where are we?

Harshil Dalal

I'm sorry. But can you please pick up a little bit? Because it is difficult to hear the question.

Sathya

Yeah. No. This is regarding the Swiss collaboration. I have missed the initial expression on this. What I'm asking is, did we ink any PAT on this? And are we expecting any revenue in upcoming quarters? Where are we standing on this?

Harshil Dalal

You're talking about the, and you can correct me, but you're talking about the collaboration that we entered into with the Celonic, the Swiss company on the EDC side. Is that the question?

Sathya

Yes. Same thing. In the page number 4, we have announced the rate.

Harshil Dalal

So, the question is whether we would see a ramp-up in the revenues because of this collaboration in the future.

Sathya

Yeah. Any additional revenue that we are expecting from this, and what is the quantum and when? Time and quantity is what it must?

Stephan Fritschi

Well, there is no specific number in revenue increase, but of course, we expect an increase in revenue and also in profit, of course. The question when? We have communicated this collaboration somewhere in September, and it takes some time. We have handful of customers now under discussion. And it takes normally negotiations between 3 months and 6 months to talk about the clear understanding of the project and talk about the size of the activities and so on and the contractual details.

So, it's not that I can promise a hiccup tomorrow, increased revenue and so on, but it takes over the next weeks and months some time, to get the clients on board.

Sathya

Okay. Sir, regarding the Bavla site, what is the utilization of the Bavla site last year versus this year? And what is expected for the next financial year?

Harshil Dalal

Right now, the utilization is quite low, roughly about 20% to 25%. And we do expect that in the next year, the ramp-up should be quite significant on the back of the RFQs, which have been given out. The close collaboration between Switzerland and India is definitely helping us in getting more and more customers. And as I mentioned earlier, there should be a significant ramp-up if you take a three-year view, starting from the next year. We do expect that the revenue should grow exponentially from here on.

Sathya

From here on means by FY26 you are expecting or FY27, we can expect?

Harshil Dalal

Well, from FY27, we will see a good amount of ramp-up, which should be repeatable in the numbers as well.

Sathya

Okay. Yes. That's it. Thank you.

Moderator

Due to the time constraints, that was the last question for the day. I now hand over the floor to management for closing comments.

Stephan Fritschi

Okay. Thank you very much. Thank you everybody. We hope to have answered your questions. And of course, if there's some questions left, you can approach us outside of this call.

We thank you for your interest in Dishman Carbogen Amcis and we are looking forward to the future to expand our services and capabilities also in tight collaboration between the entities what we described between Carbogen Amcis and Dishman Carbogen Amcis in India to increase our portfolio and the offering from our company.

And with this, I would like to say goodbye and wish you all the best. Have a good day. Thank you.

Harshil Dalal

Thank you.