

18<sup>th</sup> February, 2025

<b>To,</b> <b>Department of Corporate Services</b> <b>BSE Ltd.</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001.  <b>Ref.: Scrip Code No. : 540701 (Equity)</b> <b>: 974556 and 975834 (Debt)</b>	<b>To,</b> <b>The Manager,</b> <b>Listing Department,</b> <b>National Stock Exchange of India Ltd.</b> “Exchange Plaza”, C-1, Block G, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051.  <b>Ref. : (i) Symbol – DCAL</b> <b>(ii) Series – EQ</b>
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**SUB: TRANSCRIPT OF EARNINGS CONFERENCE CALL - QUARTER ENDING 31<sup>ST</sup> DECEMBER, 2024**

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, 13<sup>th</sup> February, 2025 to discuss the financial result and performance of the Company for the third quarter ended on 31<sup>st</sup> December, 2024.

The aforesaid transcript is also being hosted on the website of the Company, [www.imdcal.com](http://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 – Third Quarter Ending December 31, 2024 Earnings Call

Event Date/Time: February 13, 2025/ 1600 HRS

## **CORPORATE PARTICIPANTS**

### **Harshil Dalal**

Global CFO - Dishman Carbogen Amcis Limited

### **Pascal Villemagne**

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

### **Mr. Paolo Armanino**

Chief Operating Officer - Dishman Carbogen Amcis Limited

### **Mr. Stephan Fritschi**

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

**Moderator:** Ladies and gentlemen, good day, and welcome to the Dishman Carbogen Amcis Limited Q3 FY '25 Earnings Conference Call. 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 star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Pascal Villemagne. Thank you, and over to you, sir.

**Pascal Villemagne:** Thank you, moderator, and good afternoon, dear shareholders. Happy to be with you today. And it's a bit of a bittersweet moment that I have to address to you today as you may have read in the recent news, I'm going to step down from my CEO role at Carbogen Amcis by the end of this fiscal year on the 31st of March. It was an incredible journey, and I'm extremely proud of what we have achieved together.

From the constant growth to the implementation of the new facility of drug product in France, all through the transformation of the Carbogen Amcis branch of the Dishman Carbogen Amcis company. These success are thanks to the amazing team that has worked with me and to whom I'm deeply grateful. I thank also you, our shareholders, for your unwavering support and the belief in our visions, and the confidence you place in Carbogen and Dishman Carbogen Amcis.

I will be replaced from the 1st of April by Dr. Stephan Fritschi, who has been with the company since more than 25 years. He knows the company extremely well. He has been the deputy of my predecessor, Mark Griffiths, and my deputy for the last 3 years. And I'm extremely confident that he will continue the extreme good work we have done together with the support of the Dishman Carbogen Amcis Group as well as the team at Carbogen.

I'd like to thank you again for your support. And I wish Stephan all the best for the future, and I'm very confident that he will be successful, and I will be always a good supporter of the company and the group. That said, I'd like to add a few words about the third quarter, especially at Carbogen, where we have registered a few good events. And one of them, as you know, we were expecting the French authority to come and audit the site.

It was planned to be in December and unfortunately, because of the flu, the inspector postponed it to January, but it was done in January, and it was extremely successful. So now we are expecting the official GMP certification of that site coming by the end of this quarter. So it's a big milestone for Carbogen Amcis and for the drug product business.

Alongside with this, in France, we have also booked a number of important new customers and orders, which are placing us in a very high confidence that we will achieve the forecast as well as our ambitions for next year. Our Swiss activities has been quite good, especially around the commercial productions. We are right now achieving nice figures by the end of the third quarter

and looks like we are going to achieve a number above digits by the end of the fiscal year for the Swiss activities, mainly driven by the commercial product.

Development activities, 2024 has been a bit more difficult on that side, especially by the middle of the year. But lately, we have seen that the number of requests from the market is picking up, and that's a very good news because that means that we will be able sooner rather than later to book new projects and new customers for sure.

Regarding the other affiliates, UK, China, nothing very specific to notice on the business side. However, with our Chinese affiliates, same as France, we have been audited by the local authority. And same as France, we should get the local Chinese certification, which is going to allow us to chase for Chinese business, which represents an immense opportunity due to the size of the Chinese market on the pharmaceutical business.

Last, regarding Netherlands, although the beginning of the year was difficult, especially around the vitamin D analogues family of products, we registered some nice changes, although the competition is very difficult. And especially on cholesterol, we have seen a number of orders coming in lately, which are going in the right directions and probably we will be able to go beyond the target for that business unit.

Last but not least, this week and next week, we are organizing a global sales meeting here in India with our drug substance people at Carbogen Amcis to reinforce the collaborations between Dishman Carbogen Amcis and Carbogen Amcis and to drive the synergies between the 2 companies with the objective to present a global strategy and enable more business for both companies.

So we are looking forward to that very close collaboration that we have started many, many years ago, but since now several weeks and several months, we are reinforcing and we are starting to see the fruits out of all those efforts. That's it on my side, and I'm going to hand it over to our Global CFO, Harshil Dalal, for presenting the numbers. Thank you very much.

**Harshil Dalal:**

Thank you very much, Pascal. Hello, everybody. A very good evening to all of you. I'll just take you through the financial highlights for the Q3 and the 9 months ended December 31, 2024. As you would have already seen the numbers, this was again a very strong quarter for us at a group level. So this is the second consecutive quarter where we have delivered a good amount of -- or a good number in terms of the operating profits as well as revenue.

The revenue for Q3 FY '25 stood at INR682 crores. This translated into a 9-month revenue of INR1,995 crores as compared to INR1,961 crores in the 9 months ended December 31, 2023. As far as the COGS is concerned, in Q3, the COGS stood at about INR98 crores, which is roughly about 14% of the revenue. This obviously is kind of an outlier. Usually, our COGS at a consolidated level is at about 17% to 18%.

But the major reason why the COGS was lower in Q3 was because in December and November, we had higher share of development revenue as compared to the commercial revenue. However, for the 9 months, the share of the commercial revenue this year has been significantly higher, and that is basically driving the revenue at a group level as well. The consolidated COGS for the 9 months stood at about INR355 crores, which represents roughly about 17% to 18% of the revenue.

The employee expenses stood at about INR332 crores as compared to INR309 crores in Q3 of FY '24. This represents an increase of 7.4%, and this is largely driven by the foreign exchange fluctuation because the Indian rupee depreciated against the Swiss franc. Additionally, there was also an impact of the yearly increment of the salaries that we give to the employees. For the full year, this number represented INR969 crores as compared to INR887 crores, resulting in a 9.2% increase.

The other expenses for Q3 FY '25 stood at approximately INR111 crores as compared to INR181 crores for Q3 FY '24. This is a decrease by about 39%. And this, if you remember, Q3 FY '24, we had booked a notional forex loss of almost INR70 crores on the US dollar balance that we had at Carbogen Amcis Switzerland on account of the fluctuation of the US dollar to Swiss franc. For the 9 months, this figure amounted to INR352 crores as compared to INR425 crores for the 9 months ended FY '24.

Overall, this translated into an EBITDA of about INR140.6 crores as compared to INR42.5 crores in Q3 of FY '24, which is almost 230% increase. And for the 9 months, this translated into INR318.5 crores as compared to INR232 crores in the 9 months ended FY '24. From a margin perspective, for Q3, the operating margin stood at 20.6%. And for the 9 months, this stood at about 16%.

As far as the depreciation and amortization is concerned, more or less, it was steady. We have operationalized both the manufacturing lines in France. So, the current depreciation figure of INR71.9 crores for Q3 FY '25 takes into account the depreciation of one manufacturing line because the second one got operationalized in January of this year. For the full year, this amount was INR214.6 crores.

The finance cost stood at INR48.78 crores, which is an increase by 47% as compared to Q3 of FY '24, where the finance cost was INR33 crores. And this increase is mainly on account of, as we had explained earlier, there was certain breach of financial covenants with the banking syndicate at Carbogen Amcis Holding, which essentially increased our borrowing cost based upon the new terms that were agreed.

However, with the improved performance of Q2 and now Q3, this interest cost should reduce substantially, and we should start seeing the impact of the same from Q4 of the current financial year. Overall, this translated into a profit before tax for the current quarter or of Q3 FY '25 of INR27 crores. The tax expense provision stood at INR22 crores. And the reason you see that the

tax expense as a percentage of the profit before tax looks exceedingly high is mainly because this tax provision is for the entities which are making profits.

So, it's mainly for Carbogen Amcis AG and the other entities which are making losses, the losses eat up the profit before tax, but there is no additional tax provision. So overall, this was a very good quarter for us. As far as the segment-wise breakup is concerned, Carbogen Amcis CRAMS, which includes the Swiss entity as well as Manchester, Shanghai and France, the revenue for Q3 stood at INR512 crores as compared to INR505 crores in the same quarter of the last year.

The cholesterol and vitamin D analogues business, which is a Dutch business, did a revenue of about INR50.65 crores as compared to INR61 crores in Q3 of FY '24. What we expect is that the Q4 of the current financial year should be extremely strong for this particular business on the back of higher sales of calcifediol, and that would also result into higher profitability for us.

The India business, the CRAMS business for India did a revenue of about INR77.7 crores as compared to INR55.5 crores in the comparable quarter last year, which is an increase of 28.5%. And for the 9 months, this number stood at INR209 crores as compared to INR130 crores of the 9 months of FY '24, which is an increase of 61%.

The India Quats and Generic business, which is largely done out of the Naroda facility did a revenue of INR41.5 crores as compared to INR28.68 crores in the quarter, which is an increase by 31%. And for the full year, it did a revenue of about INR87 crores. So, the India business is -- India business has also done -- has performed quite well, and we expect that the next year should be the real year of turnaround for the India facilities.

From a margin perspective, Carbogen Amcis CRAMS did a margin of 23.7% for the quarter as compared to 19.9% in Q3 of FY '24. And for the 9 months, it did a margin of 18% as compared to 18.3% in 9 months of FY '24. The vitamin D analogues and cholesterol business did 14.6% as compared to 16.6%, but as I mentioned, we do expect that the margin should increase in Q4 and going forward on the back of renegotiation of the wood risk prices that we had mentioned earlier as well.

The India NCE APIs and Intermediates segment did a margin of about 11% and the Quats and Generics business did a margin of 7.3%. As far as the net debt is concerned, as of 31st of December, this stood at CHF 168 million, which is a decrease by about CHF 5 million as compared to September 30, 2024. The capital expenditure for the first 9 months stood at USD 20.8 million. So, we are very much on track as far as the budget is concerned for the capital expenditure for the end of the year.

So, thank you very much, investors. And with that, I would just like to hand over the call to Dr. Stephan Fritschi, just to introduce himself. So over to you, Stephan.

**Stephan Fritschi:**

Yes. Hello, everybody. Thank you very much for taking your time attending this call. As my predecessor said, my name is Stephan Fritschi. I'm working for Carbogen almost 20 years -- 29

years. And before that, I was working in marketing and sales. And I hold a PhD in Organic Chemistry. So, I understand the CRAMS business from scratch because I started as a bench chemist and made my way through the organization up to where I'm now.

And I'm looking very much forward to the future and with the collaboration of all the colleagues, also specifically with Dishman Carbogen Amcis because as Pascal said, this is one of our core focuses in the upcoming future because there is a lot of synergy to be expected that we can get more efficient, more operationally efficient, but also more cost-efficient and penetrate the market.

Yes, with this, I hand back to Pascal. I'm looking forward to our next calls when we meet next time in May. Thank you.

**Pascal Villemagne:** Thank you very much, Stephan. And once again, I'm wishing you all the best for taking over this important role for the group. And I'm extremely happy that that's going to be you because I know that that role and the company will be in good hands.

**Stephan Fritschi:** Thank you very much.

**Pascal Villemagne:** That said, I think we can go to the Q&A session.

**Moderator:** The first question is from the line of Priyanka Patel from Krijuna Research and Analytics.

**Priyanka Patel:** My first question is, where is there inconsistency in our profit before tax? Because last quarter, it was INR42 crores and now it is INR27 crores. So, when we can expect consistency in our profit before tax?

**Harshil Dalal:** So Priyanka, thank you for your question. What we focus on is the operating profit. And as I already mentioned in my presentation, the finance cost in this particular quarter has increased significantly as compared to the previous quarter. So that was the major reason why the profit before tax was lower in this quarter as compared to the previous one. But what we are focused on is consistency in the operating profit because that is something that the entire operating team, the business is focused on.

The finance cost is something that we need to bring under control, and we have taken measures to bring it under control. And that is the reason why we are confident that from the next quarter or now from the current quarter, it should come down because of the improved financial performance.

**Priyanka Patel:** Okay, sir. And my next question is, in past company the breach of loan covenant and companies submitted counter proposal. So, can you provide an update on how this issue resolved?

**Harshil Dalal:** So basically, as we had mentioned in our previous calls, we had certain financial covenants that had to be met as of 31st of March 2024. And there was a breach in 2 of the financial covenants. And the reason for the breach of those financial covenants was because of the delay in start of



operations of our French entity, which we were expecting, would have started in January of '24. However, because of the technical issues that were found in relation to the plant and machinery and certain equipment, there was a delay in the start of the operations.

However, as of November of '23, the plant was deemed to be ready for operation and hence, all of the expenses that had to be incurred to modify or to make corrections to the equipment, all of those expenditures had to be expensed out through the P&L. So that was the reason in Q4 of last year, we had booked a massive loss of almost about INR50 crores on account of this particular reason in the P&L, and that was the reason why there was a breach of financial covenant as of 31st of March 2024.

This was explained in detail to the banking syndicate at Carbogen Amcis Holding. And we had also made -- we had also provided how do we turn this around. We were confident that these issues will be resolved. And this is that we had given a plan to the banks as well. And basis that there was an agreement that was signed with the bank wherein they agreed -- they agreed to base the breach of the covenant and that is something which has been agreed to.

However, till the time we comply with the original net leverage and the economic equity ratio as has been agreed with the bank, there was a step-up in the interest cost, and that is the reason why the interest cost has increased. I mean, that's the advantage that the banks try to take off the customers. But anyway, that is something that impacted the finance cost in the last quarter.

However, now with the improved performance of Q2 and Q3, we are now meeting the financial covenants and that should reduce the interest cost by almost about 4%. So, there would be a reduction of 2% that would be visible from January of this year and another 2% by March of this year.

**Moderator:** The next question is from the line of Sajal Kapoor from Antifragile Thinking.

**Sajal Kapoor:** First of all, I mean, good to see an old hand with a PhD in Organic Chemistry being elevated all the way up to the top. I mean, that's excellent culture. So, congratulations and look forward to the future in very safe technical hands. Coming to my questions, I have a few, and I'll re-join the queue if necessary. First up is as a percentage of our consolidated CRAM sales, what is the split between commercial and development this time around?

And what is the normal sort of split? Is it 50-50? Or is it 80% development, 20% commercial? I mean, what is the normal sort of split between these 2 revenue streams? And the reason is simple, commercial is recurring, development may or may not be recurring.

**Harshil Dalal:** Thank you, Sajal, for your question. So out of the total revenue in the quarter, roughly about -- so roughly about 60% of the revenue came from commercial and 40% came from development work. Usually, our split for the full year is roughly 50-50, but this year, the commercial revenue portion has been much higher as compared to development. But the commercial revenue -- sorry, if I misunderstood your second part of the question.

But the commercial revenue gives us a very good visibility in terms of the revenue that we would be getting from the commercial products over a sustained period of time as compared to the development. So, what we are trying to focus on right now on the development side is to get the early phase projects for the business at Carbogen Amcis.

**Sajal Kapoor:**

Yes. So, Harshil, I get that. So, if commercial is the majority of the revenue stream within our CRAM, then I think it's -- the commercial revenue should be growing in double digit because we just follow the scale-up in the end market, right? How much of this commercial pipeline is relatively new, i.e., launched last year or the year before?

**Pascal Villemagne:**

Well, first of all, how you -- from where you take your double-digit growth for commercial products, it goes along with the life cycle of those products, which I remember the audience that are not belonging to us. The IP is belonging to our customer. We are acting as a contract manufacturing organization here. So, we are not the promoter of the product sales on the market. We are providing the API only.

So, in that perspective, we follow the growth and the success of our customer on the market. So, we act as a service provider. We are not -- the commercial are products that are reaching the pharmaceutical market, but we are not managing those products per se. So that's the first thing. Second thing is that the vast majority of the profit is also coming from the development work because we also act here as a service company, and we charge our customer for the work we are doing.

So, it's an important stream of business. That's why an LC ratio between development and commercial on our side is about 50-50, 50 because half of that being commercial, as I should said, we have supply agreements that are giving us a mid-term view, a rock solid mid-term view on the revenue we are going to get from those commercial products and 50% of development because, yes, at some point, those commercial products, we have to manage their end of life.

We are working quasi-exclusively for the innovators. So, at some point, those products are facing generic competition, and we need to replace those products by new products coming out of this development pipeline. So that's how we manage that business and how we balance R&D work, which is a service work to a commercial, which is also a service work at the end of the day. I hope it answered the questions.

**Sajal Kapoor:**

Pascal, yes and no. So, I understand the economics that if it's a \$1 billion and innovator side of sales. So, for example, let's take one example, let's say, Pfizer, not necessarily fact that Pfizer is Dishman's customer. Let's take Pfizer as an example. The Pfizer's molecule is a \$1 billion small molecule in the market, Dishman should be making somewhere in the region of 2%, 3% of that \$1 billion. And that's the typical kind of API revenues for a molecule, which is commercial. So, I understand that.

My point is, if that 1 billion molecule becomes 3 billion, your API contribution should also grow in line with the growth in that molecule, point number one. Point number two is when I track

the majority of the emerging market players, so China and India, in particular, I see a significant double-digit growth in CDMO CRAMS year-over-year. So, there are many companies that have grown at a CAGR of 25%, 30%, 40% on a 10-year basis with lumpiness year-over-year.

I don't see that kind of a trend in Dishman Carbogen, unless I'm missing something. I mean, why are we not able to grow our commercial revenues and development put together? I mean, why is our CRAMS not 10x over the 10 years or so? Because that's the sort of average you pick any company, let's say, Neuland Labs, you pick Laurus Labs, Divis in India, all of them have compounded their CRAMS CDMO revenues by a solid 20%, 30%, 40% over a 10-year cycle.

**Pascal Villemagne:**

Yes. I understand your concern. First of all, when you have taken Pfizer as an example, if they have a franchise at 1 billion and it goes at 3 billion. Very often, they are not putting all their eggs in the same basket. So, if we start to be sole supplier at the very beginning, when they start to grow, they add over a supplier to secure their supply chain. So, we don't see that growth on our side because they are dividing their volumes with and among other service provider.

So, we see some volumes that are growing, but not in the same ratio because they are splitting their demand between different suppliers to derisk their supply chain. So that's one point. The second point is, obviously, if we want to grow, our business is very simple. If you have more cubic meters, you can produce more. So, at some point, we were facing a bottleneck in our global capacities, especially across Europe.

And we were not able to cope with higher demand. And that's where you have seen a number of smaller players coming with quite aggressive pricing on the market. So, at some point, we have chosen to go and increase our capacities in the drug product. That's why we have invested CHF 50 million into the new facility in France to diversify ourselves on the market and to de-risk also the market change between the small molecule and the biologic molecule, because with the drug product, we can address both markets.

So that was a strategic choice that unfortunately, we were not in a position to invest 1 billion in capacities everywhere. But we had to make a choice, and that choice was driven by the fact that we wanted to also be able to follow up on a certain number of new molecules coming in, in the biologic market. And that's why we have invested into the Drug Product business, for instance. I hope that clarifies a bit our strategy here.

**Sajal Kapoor:**

Yes, yes, yes. No, understood. Maybe we can have an off-line discussion and go into a detail, but in the larger interest of this call and letting others also participate. I've got a few questions on your Slide Number 16, I think it is, ADCs and Bioconjugation business update. That's a helpful update. The question I have is we have been the pioneers in ADCs, and I think we discussed that on the last call as well.

Other than the ADCs, are we currently working on peptide drug conjugation as well as small molecule GLP-1? I mean, what other technologies outside the ADCs is where we see good growth emerging over the next 3 to 5 years?

**Stephan Fritschi:** So maybe I can try to answer your question. If I understand correctly, if a part of the ADC, we got other bioconjugation projects? And the answer is yes. We are not depending only on ADCs, but also on other bioconjugations, regulations and so on. What you see here in the presentation, I guess you got this. It's in Principle ,2 Slides. One is the explanation, a short brief snapshot how we perceive the ADC or the conjugation product, which is consisting of the bulk of the drug substance, what we produce also in-house.

And then the drug linker, we also produce in-house. And the antibody, we get supplied by partners, and we conjugate this. And if it's not an antibody, but another carrier material, then we also order this normally. And of course, the third bubble if you see, look at it, it's drug product. It's what Pascal just mentioned, the possibility to send our products, the conjugation products to France for formulation. And if you want to see a better feel into which direction we are going, it's on the next slide.

We perceive our capability still on a growth phase, meaning that we acquire more and more projects, new request for quotations that we can supply our product to clients. Of course, there is certain weakness, which is that we do not have the antibody in-house that we have suppliers, we have partners. And there, we focus now on alliances with commercial partners who can bring the antibody into our game where we can offer our client base the antibodies from our own source.

Not that we produce antibodies, but we have our established partnership with our alliance.

**Sajal Kapoor:** That's absolutely fine. What about peptides and peptide drug conjugations as well as small molecule GLP-1, because there is a lot of action happening in this space as well. Are you seeing any traction on the peptides and small molecule GLP-1?

**Pascal Villemagne:** That's for sure the very high trend of the moment regarding this diabetes treatment driven by the 2 franchise, the one from Novo Nordisk and the other from Eli Lilly. And there is a high market demand on that. We have a few requests around that, that we cannot disclose because we are under a confidentiality agreement. One thing that is for sure, we are not peptide producer per se on our side.

So, we have questions around those kind of things, technology that are surrounding those concepts, but GLP-1 itself and the peptide production is not our core business. This is for sure. And if we have to go there, that would request a significant amount of capex to invest as well as another knowledge that is not core of our business right now.

**Moderator:** The next question is from the line of Amit from RoboCapital.

**Amit:** My first question, I was looking to get outlook on our debt level for next 2 years?

- Harshil Dalal:** Amit, thank you for your question. So as far as net debt is concerned, what our target is that in the next 3 years, we should be reducing our net leverage to less than 2, somewhere between 1.5 to 2. So that is what our goal is.
- Amit:** Could you mention absolute amount because that some gross level of debt or net level of debt in either dollar terms or rupee terms? That will be helpful.
- Harshil Dalal:** So, I think it would be in sync with the EBITDA as well. So, as the EBITDA -- because over the next five years, what we expect is that there would not -- or at least over the next three years, there would not be any significant amount of capex outlay that we might have to do. So, what we expect is that overall, the capex per year should be somewhere between \$20 million to \$25 million or somewhere around that.
- And as against that, we should be able to generate a good amount of free cash flow in order to keep on reducing our net debt. So, if I have to -- because you know, the working capital requirement is something which will keep on increasing as the revenues keep on increase, as other expenditures also keep on increasing.
- So, while the working capital requirement might go higher, but as far as the long-term debt is concerned, more or less, it should keep on getting paid down from a net debt perspective. So, if I have to give a figure just on the net debt, I would say that it should be somewhere around 120-odd million.
- Amit:** Also, my follow-up on a similar point is on interest. I think it was mentioned earlier that interest costs would go down. So, are we looking at about next quarter cost to be closer to INR30 crores, INR35 crores, Q4 cost?
- Harshil Dalal:** So in Q4, it should reduce -- I don't have the absolute figure, but it should reduce by...
- Amit:** Can we go back to the earlier like Q1, Q2 levels, the last year levels?
- Harshil Dalal:** Well, it would not be that low, but I think it should reduce by about INR10 crores.
- Amit:** All right. And my last question is on broad revenue growth guidance for next two, three years. Any outlook will be very useful.
- Harshil Dalal:** So, over the next three years, with the plans that we have with the closer integration of Dishman and Carbogen Amcis, plus the incremental orders that we expect to come in, in the Swiss entity, we expect that it would be safe to assume a CAGR of around 10% if you take a 3 to 5 year view.
- Moderator:** The next question is from the line of Subrata from Mount Intra Finance. Due to no response from the current participant, we will move on to the next participant. The next question is from the line of Satish Bhatt from Takshil Finance.

**Satish Bhatt:** Congratulations on the good set of numbers, Harshil and his team. Sir, I wanted a question on two, three things. What was the revenue for the France subsidiary this quarter? And what has been the EBITDA loss and the PBT loss, if you can throw some light on that? The second question is on a good presentation you made on the ADC capabilities. Can you give some light on how much of the commercial revenue comes from ADC?

And how much of development revenues you are getting from ADC? And what is the pipeline in terms of late Phase III where you have ADC molecules? If you can throw some light on that. That is the thing. And any movement of molecules from -- going to Phase III or maybe going for commercial launches maybe next 3 to 6 months? If you can throw some light on that. That's the only thing which I want.

**Harshil Dalal:** Thank you very much, Satish Bhatt. As far as the French performance is concerned, the revenue was about \$3 million in the quarter. And the loss was \$1.1 million in the quarter. So, what we expect is by the end of the year, we should be close to \$9 million of revenue. And in the next year, what we expect is we should be closer to about 18 million, and that would mean that we would be breaking even in the next financial year.

**Pascal Villemagne:** In terms of ADC revenues, the ratio between commercial and development. For the time being, it's only development because we are only working on the development project with our customers, with one of our main partners in that field. We are finishing the development work this year. That means that the next fiscal year will be kind of a pause because with the amount produced and the time they get their full market authorizations, the business is going to resume by commercial production in the year '26, '27.

A significant growth in that field, and that's going to represent probably at that time according to the marketing figures that we are having. So, we have to take those figures with all the consciousness that we can. I would say between 15 million and 20 million revenues for that particular product. And to give you an advice on the amount of development revenues that we are currently doing around ADC, it's about the same level, 15 million to 20 million, depending a bit on the product mix that we are having.

**Satish Bhatt:** And regarding the movements of products from Phase III to commercial or maybe going for the FDA filing or something like that, if you throw some light on that?

**Pascal Villemagne:** It's always very difficult to give you an answer to those questions because there is many, many moving targets between the success of a late phase clinical trials to the acceptance from the authority and the market authorization. It's always like reading in a crystal ball. We can say that usually in the percentage of attrition, it's kind of maximum 10% of the Phase III that are going to commercial.

So, if you have 10 projects, that's one that is going to be commercial. We should have right now about 17 products in late phase. So that means one to two products should go to commercial at some point.

- Moderator:** The next question is from the line of Deepak Poddar from Sapphire Capital.
- Deepak Poddar:** So just wanted to understand interest cost you mentioned will reduce by 2% from Jan and 2% from March. So, in quantum, you mentioned 10 crores is what you mentioned it will reduce in this quarter, on a quarter and quarter basis?
- Harshil Dalal:** Roughly, yes.
- Deepak Poddar:** And what about in the March quarter? In the June quarter it will further 10 crores because 2% again it will decrease, right? You mentioned.
- Pascal Villemagne:** Yes. Yes, that's correct.
- Deepak Poddar:** Okay, so the range which is now 48-50 crores it will come down to 30 crores in couple of quarters, right?
- Pascal Villemagne:** Yes, absolutely.
- Deepak Poddar:** Okay, fair. And you mentioned about COGS of 15% it's an outlier in this quarter that we have reported. So, what sort of EBITDA margin we see as a sustainable, I mean, is 20.5% EBITDA margin that we reported in this quarter is a sustainable number or if not what would be that?
- Harshil Dalal:** Well, I would say so basically in the current year what has happened is that the share of commercial revenue has been quite high as compared to development. So, what we -- and the same was the case even in Q3. So, you know if you see the 9 months the EBITDA margin is at about 16% and our target is that around 17% to 18% at a group level considering the losses that we have in France as well as the subdued performance that we had in Netherlands because of the higher gold risk prices.
- Considering all of this for the full year we should be at about 17% to 18%. For the next year or 20% kind of margin is something which needs to be sustainable. If you see historically at a consolidated level, we had done or we had been doing around 25%, 26% margin, and as the India performance keeps on improving what we expect is that is the target that we need to achieve in the next 2 to 3 years' time and then go beyond that at a group level.
- Deepak Poddar:** Okay. So what I understand this year we are targeting 17% to 18% EBITDA margin and next year 20%, and from FY '27 maybe what 25% kind of EBITDA margin? I mean, that would be about --
- Harshil Dalal:** I think it would still be at about 22, and then it will go to say 24, 25.
- Deepak Poddar:** By FY28?
- Harshil Dalal:** Correct.

- Deepak Poddar:** Okay. And in terms of revenue growth, I mean, this year we were targeting about 8 to 9% right and this first 9 months -- I mean, so what sort of revised outlook we would have for or are we still maintaining 8% to 9% for this year?
- Harshil Dalal:** I think we should end the year with about INR2700 crore plus kind of revenue. So that would be the idea. However, in terms of EBITDA we would be in excess of INR400 crores.
- Deepak Poddar:** Okay, INR400 crores plus kind of EBITDA margin. But I mean, already in 9 months we are at about INR316 crores right, with this fourth quarter being INR140 crores. So ideally it should be about INR400 crores, right?
- Harshil Dalal:** Yes, so that's the reason I said INR400 crores plus.
- Deepak Poddar:** Okay. And then how should one look at tax rate? I mean, because of so many subsidiaries we have, so how should one look at tax rate going forward?
- Harshil Dalal:** So I think for now, I mean, if you look at the current year because you know we have subsidiaries which are incurring losses, it would be difficult to just define our tax rate as a percentage of the PBT like. For example, if you see in the current quarter if you just calculate the tax rate that comes to around 80%.
- But 80% is not the tax rate that we pay but it's just that because of the losses which eat into the profits that are made by say Carbogen Amcis again, the tax rate as a percentage of the PBT looks extremely high. In absolute terms, I think for the year it should be somewhere around INR40 crores of tax.
- Deepak Poddar:** For FY '25 as a whole?
- Harshil Dalal:** For FY '25 as a whole.
- Deepak Poddar:** And anything on next year? I mean, is it possible to understand I mean next year what sort of tax we would be looking at?
- Harshil Dalal:** So next year, as I mentioned, as the French entity moves closer towards breakeven and with Netherlands also performing better than this year we would see that the tax rate as a percentage of the PBT should be much better. And we are also working on certain amount of tax optimization as well. So that should also help us in introducing the overall tax rate.
- Moderator:** The next question is from the line of Dharmesh Haria who is an Individual Investor.
- Dharmesh Haria:** So, I think in quarter 1 and quarter 2 I think in terms of EBITDA we were looking at INR500 crores but in the previous conversation I just thought that we will be doing above INR400 crores, so what is...?



- Harshil Dalal:** Well, I think so -- if you see the Q1, the EBITDA was quite subdued at somewhere around INR28-INR29 crores. What we mentioned was that the net 3 quarters should be extremely strong and we should be you know closer to about INR425 to INR450 crores. INR500 crores is something which obviously will not be possible in the current year. That is something for the next year exceeding INR500 crores mark, but in the current year it looks like we should be somewhere closer to INR425 to INR450.
- Dharmesh Haria:** So next year we are guiding close to INR500 or beyond INR500?
- Harshil Dalal:** It looks like with the triggers that we have in hand.
- Moderator:** As there are no further questions from the participants I would now like to hand the conference over to Mr. Pascal Villemagne for closing comments.
- Pascal Villemagne:** So once again thank you very much dear shareholders, last call for me. I'd like to thank you all very much for the tremendous support you have given to the group and I wish you of course all the best in the future. You are in a good hands with Stephan in charge of Carbogen Amcis as well as the entire team at Dishman Carbogen Amcis Group. Thank you very much and enjoy your evening. Bye-bye.
- Moderator:** On behalf of Dishman Carbogen Amcis Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.