

Ami Organics

Aim, Master, Innovate



Fermion contract and electrolyte additives to catalyse revenue growth

Revenue/EBITDA/PAT CAGR expected at 31%/44%/76% over FY24-27E

Initiate with a BUY and TP of INR 1,965 per share

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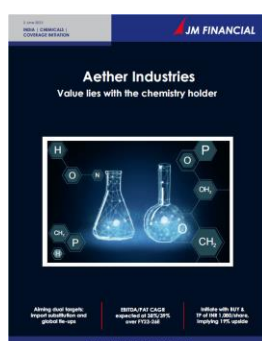


Ami Organics' growth is set to be catalysed by increasing contribution from high-margin Nubeqa contract supplies and electrolyte additive sales. Ami's strength in R&D and in manufacturing large-scale pharma intermediates will help it increase the CDMO contract revenue share in its pharma intermediates business and provide long-term sales visibility. This will be supported by a solid base business of existing pharma intermediates for APIs in fast-growing chronic therapies where Ami has a market share of 50-90%. We estimate revenue/EBITDA/PAT CAGR of 31%/44%/76% over FY24-27E.

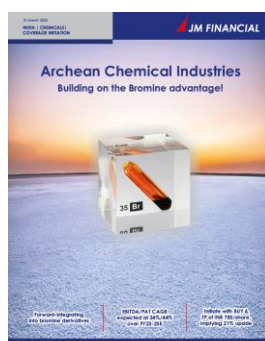
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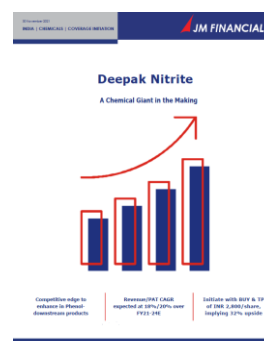
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Ami Organics

Aim, Master, Innovate

Ami Organics is among the leading players in pharmaceutical intermediates and the specialty chemical industry in India. It caters to pharma majors with niche pharma intermediates for patented and generic APIs and new chemical entities, and key starting materials for fine chemicals. The company's business can be categorised into two broad categories: Pharma Intermediates, and Specialty Chemicals. The company recently acquired Baba Fine Chemicals, which will enable its foray into the semiconductor chemicals segment.

Ami, with a portfolio of 570+ products, caters to 500+ customers across 45 countries. Its key customers include Laurus Labs, Cipla, Fermion, etc. It has manufacturing facilities at Sachin, Ankleshwar, and Jhagadia and an Analytical Development Laboratory supported R&D facility at Surat. Ami has developed ~10 electrolyte additives and it has already started commercial production of two of these (VC and FEC).

We initiate coverage on Ami Organics with a BUY rating and a Mar'26 TP of INR 1,965/share. Key risks: i) Delay in commercialisation of new pharma intermediates; ii) Underwhelming Nubeqa intermediate sales; and iii) Delay in electrolyte additive production and offtake.

Nubeqa intermediate sales and electrolyte additives to catalyse revenue growth: Ami, with its strong focus on innovation, has started supplying multiple intermediates for Nubeqa (Darolutamide), a prostate cancer drug, as a part of its contract with Fermion. We believe peak revenue potential from this contract could be INR 5.0bn-7.2bn for Ami. Further, Ami has set up 2,000MT production capacity for each of two electrolyte additives for Li-ion batteries, which could provide peak revenue of INR 1.5bn by FY27, in our view. Besides this, its recent acquisition of Baba Fine Chemicals has enabled it to enter into the semiconductor chemicals space while its existing businesses are likely to grow steadily.

Revenue/EBITDA/PAT CAGR expected at 31%/44%/76% over FY24-27E: We expect Ami's revenue to register a CAGR of 31% over FY24-27E and reach INR ~16bn by FY27E on the back of increasing Nubeqa intermediate demand, new CDMO contracts and electrolyte additive sales. Higher gross margin on CDMO supplies (including Nubeqa intermediates) along with savings from the captive solar power plant will help increase EBITDA margin from ~18% in FY24 to ~24% in FY27E. Hence, EBITDA is likely to register a CAGR of 44% over FY24-27E and reach INR 3.8bn. Further, PAT is likely to rise to INR 2.6bn with 76% CAGR over FY24-27E on account of the low base in FY24.

Initiate with a BUY and TP of INR 1,965 per share: We believe Ami is on the cusp of getting higher share of CDMO sales post the successful execution of Nubeqa contract. Moreover, manufacturing of electrolytes would take care of growth beyond FY27E. We initiate coverage on Ami Organics with a **BUY** rating and a Mar'26 TP of INR 1,965/share (based on 30x Mar'27E EPS).

Recommendation and Price Target

Current Reco	BUY
Current Price Target (12M)	1,965
Upside (%)	29%

Key Data – AMIORG IN

Current Market Price	INR1,528
Market cap (bn)	INR62.4/US\$0.8
Free Float	56%
Shares in issue (mn)	40.8
Diluted share (mn)	40.8
3-mon avg daily val (mn)	INR402.2/US\$4.8
52-week range	1,595/1,004
Sensex/Nifty	83,184/25,415
INR/US\$	83.7

Price Performance

%	1M	6M	12M
Absolute	26.0	43.2	21.7
Relative*	22.1	24.3	-0.8

*To the BSE Sensex

Financial Summary

	(INR mn)					
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Net Sales	6,167	7,175	9,842	12,800	16,069	
Sales Growth (%)	18.6	16.3	37.2	30.1	25.5	
EBITDA	1,226	1,285	1,808	2,885	3,826	
EBITDA Margin (%)	19.9	17.9	18.4	22.5	23.8	
Adjusted Net Profit	833	808	1,159	1,947	2,647	
Diluted EPS (INR)	20.4	19.8	28.4	47.7	64.8	
Diluted EPS Growth (%)	15.8	-3.0	43.4	68.1	35.9	
ROIC (%)	17.0	9.7	11.0	14.3	17.3	
ROE (%)	14.9	12.7	11.9	14.3	16.9	
P/E (x)	74.9	77.2	53.8	32.0	23.6	
P/B (x)	10.5	9.3	4.9	4.3	3.7	
EV/EBITDA (x)	50.4	49.9	34.2	21.4	15.9	
Dividend Yield (%)	0.0	0.2	0.2	0.3	0.3	

Source: Company data, JM Financial. Note: Valuations as of 19/Sep/2024

JM Financial Research is also available on: Bloomberg - JMFR <GO>, Thomson Publisher & Reuters, S&P Capital IQ, FactSet & Visible Alpha

You can also access our portal: www.jmflresearch.com

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

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We acknowledge the support of **Nikhil Porwal** in preparation of this report

Focus Charts

Exhibit 1. Peak Nubeqa sales of USD 3.3bn estimated by Bayer by 2030

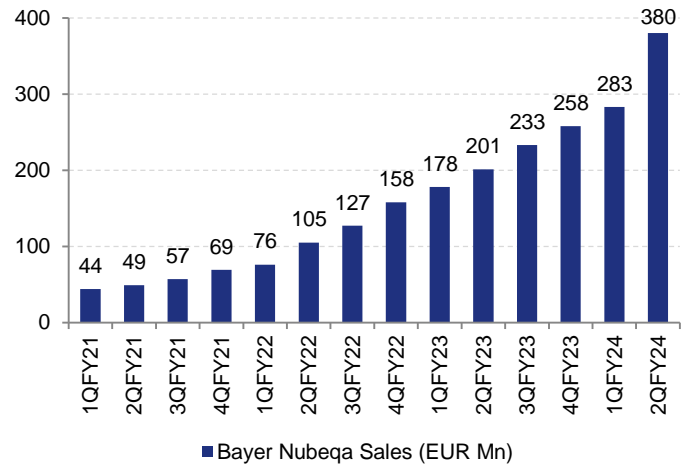
Bayer lifts peak sales estimate for prostate cancer drug

The company said it now expected more than 3 billion euros (\$3.4 billion) in sales from the product in its best year

Nubeqa is steadily if slowly advancing toward Bayer’s peak-year sales forecast of \$3 billion in 2030. Bayer tripled that forecast last year from \$1 billion after the company released positive results from the Phase III ARASENS trial (NCT02799602) showing that the combination of Nubeqa, androgen deprivation therapy (ADT), and docetaxel significantly increased overall survival (OS) in patients with metastatic hormone-sensitive prostate cancer (mHSPC) compared to ADT and docetaxel alone.

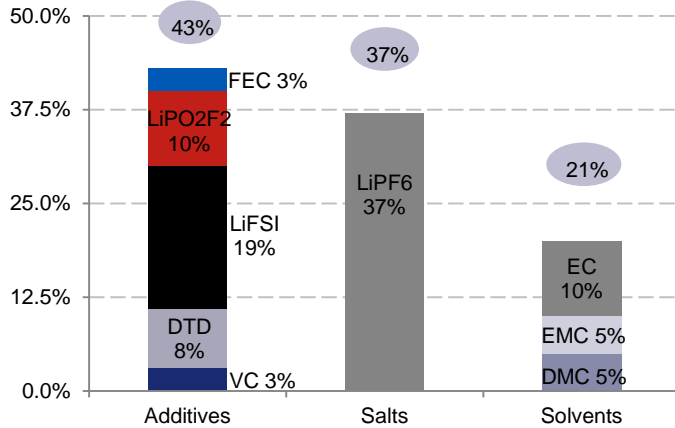
Source: Industry, JM Financial

Exhibit 2. Bayer quarterly Nubeqa sales (FY Jan-Dec)



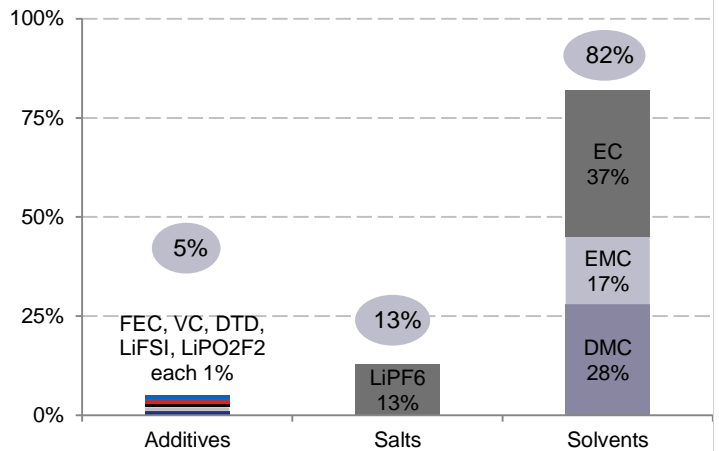
Source: Industry, JM Financial

Exhibit 3. Solvents make only 21% of the total cost while additives contribute more than 40%



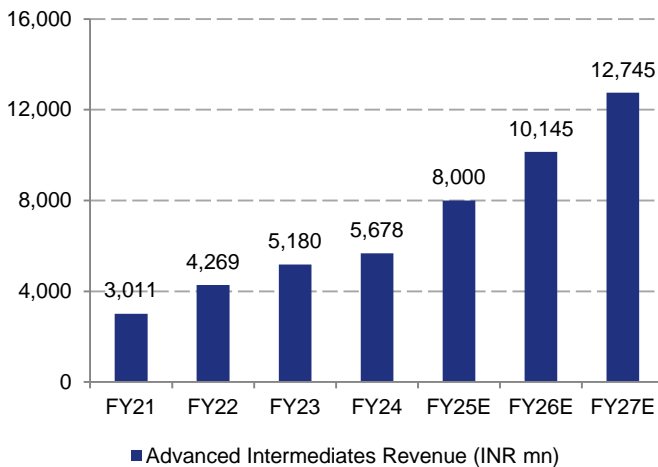
Source: Industry, JM Financial

Exhibit 4. ~82% of electrolyte weight consists of solvents



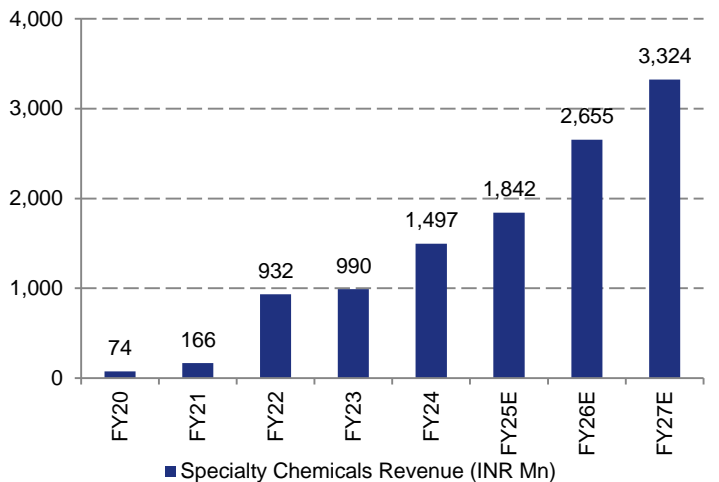
Source: Industry, JM Financial

Exhibit 5. Nubeqa contract sales to drive pharma advanced intermediate revenue



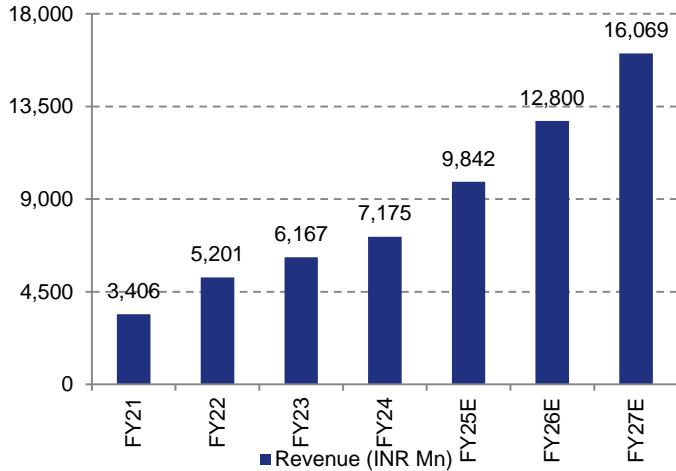
Source: Company, JM Financial

Exhibit 6. Specialty chemicals segment revenue to be driven by electrolyte additive sales



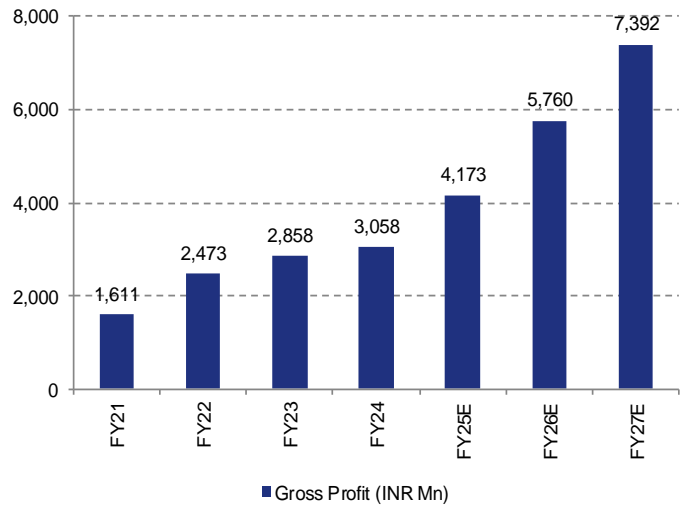
Source: Company, JM Financial

Exhibit 7. Ami's revenues likely to register a 31% CAGR over FY24-27E



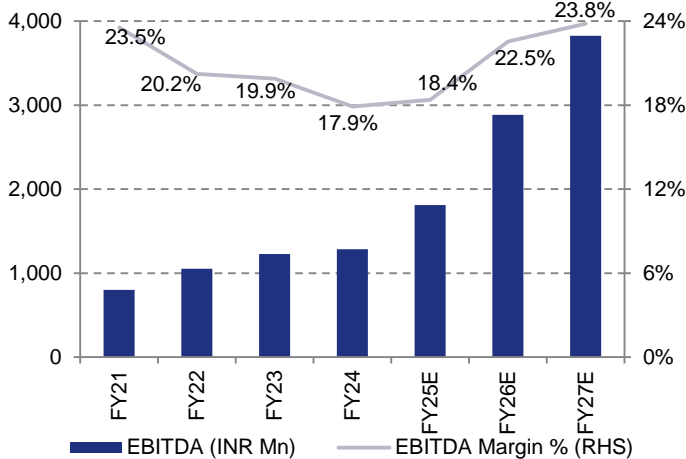
Source: Company, JM Financial

Exhibit 8. ...and gross profit to show ~34% CAGR over FY24-27E



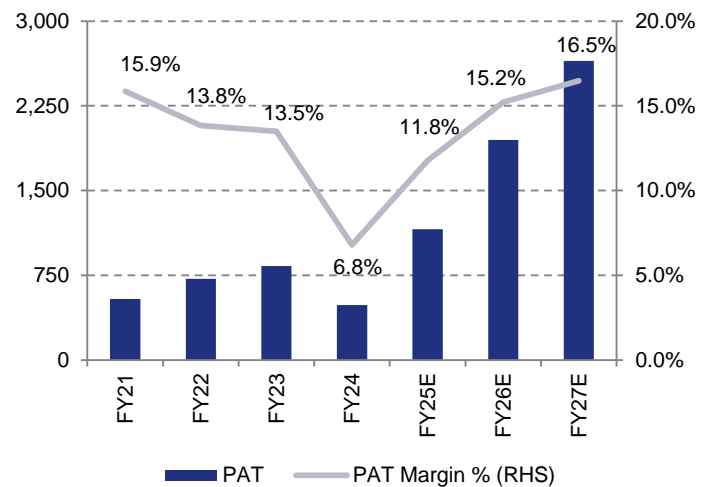
Source: Company, JM Financial

Exhibit 9. With EBITDA expected to show ~44% CAGR over FY24-27E



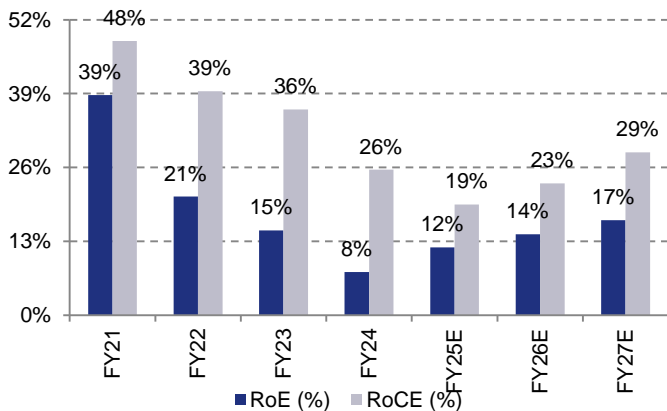
Source: Company, JM Financial

Exhibit 10. ...and PAT to witness ~76% CAGR over FY24-27E



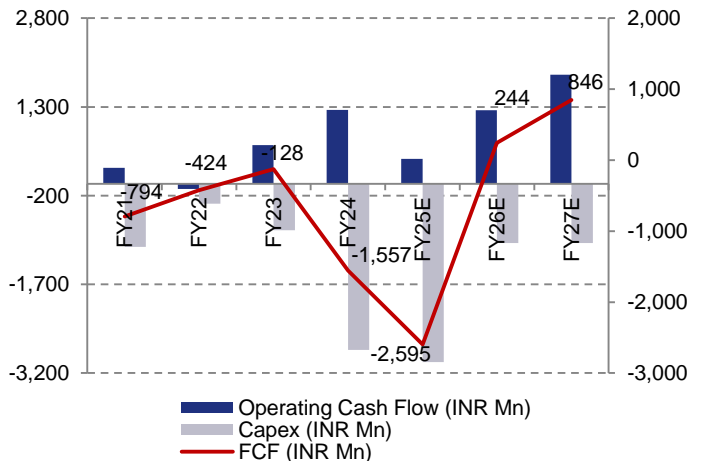
Source: Company, JM Financial

Exhibit 11. RoE to improve to ~17% by FY27E and RoCE likely to pick up post FY25E



Source: Company, JM Financial

Exhibit 12. FCF to improve post-FY25E with improvement in OCF



Source: Company, JM Financial

Investment Thesis

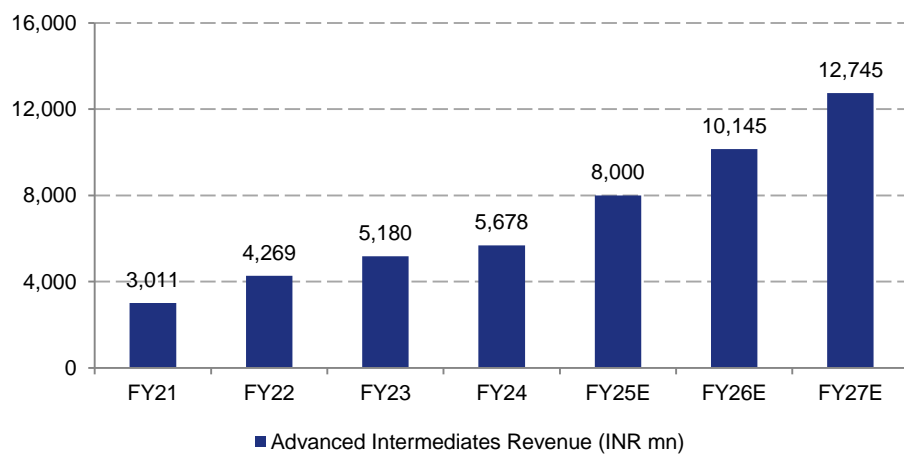
We believe Ami Organics' growth is set to be catalysed by the ramp-up in Fermion contract supplies and electrolyte additive sales for Li-ion batteries. The Fermion contract for supplying five intermediates for the prostate cancer drug Nubeqa alone could potentially account for ~60% of incremental revenue growth for the company. Also, Ami is working on several new CDMO contracts with other pharma innovators. The company's expertise in R&D and in manufacturing intermediates on a large scale enables it to acquire CDMO contracts that will provide long-term sales visibility. This will be supported by the solid base business of existing pharma intermediates for APIs in fast-growing chronic therapies where Ami has a market share of 50-90%. Multiple process patents with validity for 10+ years from now for existing pharma intermediates (ex-CDMO) have allowed the company to maintain market share across its product portfolio. Further, the electrolyte additive supplies for Li-ion batteries are set to commence from 2HFY25 with long-term contracts already signed followed by a full production ramp-up from FY26. Also, the acquisition of a controlling stake in Baba Fine Chemicals will enable Ami's entry into the high-entry-barrier semiconductor chemical segment. We expect Revenue/EBITDA/PAT CAGR at 31%/44%/76% over FY24-27E driven by increasing high-margin CDMO supplies and electrolyte additive sales. We initiate coverage on Ami Organics with a BUY rating and Mar'26 TP of INR 1,965/share (based on 30x Mar'27E EPS).

- **Nubeqa intermediates market opportunity for Ami could be INR 5.0bn-7.2bn:** Ami has entered into a multi-million euro contract with Fermion for Nubeqa (Darolutamide), a drug used for treatment of prostate cancer. The Nubeqa contract is for the supply of five intermediates to Fermion. Bayer, which is jointly developing the drug with Fermion, has estimated a peak sales potential for Nubeqa at EUR 3bn+ (USD 3.3bn+) by CY30. Basis our calculations, the peak market size for Nubeqa intermediates could be INR 10bn-12bn. We believe Ami could achieve ~50-60% market share, which would mean a peak opportunity size of ~ INR 5.0bn-7.2bn for Ami.
- **Electrolyte additives and electrolytes to propel growth:** Ami is expanding its capacity to upto 2,000MT for each of the two electrolytes additives: Vinylene Corborate (VC) and Fluoroethylene Corborate (FEC). Ami is the first manufacturer of these additives outside China. These additives are used in the preparation of electrolyte formulation of Li-ion batteries. With a gradual increase in utilisation of these capacities, we estimate revenue contribution from these two electrolytes to be ~INR 400mn in FY25, ~INR 1bn in FY26 and INR 1.5bn in FY27. Moreover, Ami has entered into a MoU with a global electrolyte manufacturer for manufacturing electrolyte solutions for battery cells. This project is expected to start contributing to Ami's revenue from FY28. For this, it has signed an INR 3.0bn MoU with the Gujarat government to set up a dedicated facility for the electrolytes.
- **Strong advanced intermediates business:** Ami produces pharma intermediates for many APIs belonging to fast-growing chronic therapies. Ami has 50-90% market share in these intermediates. It has already been granted 10 process patents related to those intermediates; these patents are valid for the next 10-15 years and will enable it to retain its market share. A few of the APIs produced using these intermediates have started to see their product patent expire in various markets, thus opening them up for generics for which Ami supplies the intermediates. Recent legal wins for pharma players like Teva and Sandoz for the launch of generic Apixaban, Rivaroxaban and other drugs would allow those players to sell these drugs in multiple markets. This would help Ami increase its sales for these intermediates. Hence, these advanced intermediates would keep forming a major chunk of Ami's revenue.
- **Expect 44%/76% EBITDA/EPS CAGR over FY24-27E:** We expect Ami's revenue to register a CAGR of 31% with additional contribution from the Nubeqa intermediates sales and expected electrolyte additive sales from FY25. A captive solar power plant is set to generate ~INR 35mn of savings in FY25 and ~INR 150mn of savings each year in FY26-27E. This along with higher gross margins in CDMO business could help EBITDA margin increase from 18% in FY24 to ~24% in FY27. Hence, Ami could register EBITDA CAGR of 44% over FY24-27E. Moreover, on account of the low base in FY24, Ami could post an EPS CAGR of 76% over FY24-27E.

Nubeqa intermediate sales to give significant boost

The company entered into a 10-year multi-million euro intermediate supply contract with Fermion, a fully owned subsidiary of the Finnish pharma major Orion Corporation. The contract was for the supply of intermediates for the Fermion's drug Darolutamide (branded as Nubeqa). Nubeqa is an anti-cancer drug, currently used to treat non-metastatic castration-resistant prostate cancer (nmCRPC) and metastatic castration-sensitive prostate cancer (mCSPC). The initial contract and subsequent agreements bring the total advanced intermediates for Nubeqa supplied by Ami to five. Bayer, the German pharma major jointly developing Nubeqa with Fermion, has forecasted the peak Nubeqa sales to be potentially EUR 3bn+ (USD 3.3bn+) by CY30 (refer **Exhibit 14**) with the forecasted CY24 sales at EUR 917mn indicating strong revenue growth runway for Ami in the advanced intermediates segment. Moreover, patent validity for the drug is till CY35 in key markets like Germany, US, etc. (refer **Exhibit 15**).

Exhibit 13. Nubeqa contract sales to drive pharma advanced intermediate revenue



Source: Company, JM Financial

Exhibit 14. Peak Nubeqa sales of USD 3.3bn estimated by Bayer by 2030

Bayer lifts peak sales estimate for prostate cancer drug

The company said it now expected more than 3 billion euros (\$3.4 billion) in sales from the product in its best year

By Reuters — On Feb 21, 2022

MARKET LATEST UPDATES

Nubeqa is steadily if slowly advancing toward Bayer's peak-year sales forecast of \$3 billion in 2030. Bayer tripled that forecast last year from \$1 billion after the company released positive results from the Phase III ARASENS trial (NCT02799602) showing that the combination of Nubeqa, androgen deprivation therapy (ADT), and docetaxel significantly increased overall survival (OS) in patients with metastatic hormone-sensitive prostate cancer (mHSPC) compared to ADT and docetaxel alone.

Source: Industry, JM Financial

Exhibit 15. Nubeqa patent validity in various markets till CY35

Country	Expiration Year
Brazil	2030
China	2030
Canada	2032
France	2035
Germany	2035
Italy	2035
Japan	2035
Spain	2035
Switzerland	2035
UK	2035
USA	2035

Source: Industry, JM Financial

- **Prostate cancer cases rising rapidly:** The number of prostate cancer cases worldwide is continuously increasing and set to more than double from 1.4mn in 2020 to 2.9mn by 2040 (refer **Exhibit 16**). With continuous developments in cancer research, the number of drugs available in the market for various types of cancers is also increasing. There are multiple drugs already in the market which vary based on the stage and type of prostate cancer (refer **Exhibit 18**) they are used for. Darolutamide (Nubeqa) is used for two such types of prostate cancers currently with direct alternatives to Nubeqa already available in the market (refer **Exhibit 18**).

Exhibit 16. Prostate cancer cases expected to double by 2040

We project that the number of new cases of prostate cancer annually will rise from 1.4 million in 2020 to 2.9 million by 2040. Changing age structures and improving life expectancy are predicted to drive big increases in the disease.

Source: The Lancet, JM Financial

Exhibit 17. Types of prostate cancers

Advanced prostate cancer can be **non-metastatic** (has not spread outside of the prostate) or **metastatic** (has spread outside of the prostate). Both non-metastatic and metastatic prostate cancer can also be either **castration-sensitive** (responds to surgery or hormone therapy to lower testosterone) or **castration-resistant** (does not respond to surgery or hormone therapy to lower testosterone).

Source: Industry, JM Financial

Exhibit 18. Multiple drugs available for different types of prostate cancer

Drug Name	Brand	Stage	Patient type	Company
Abiraterone Acetate	Zytiga	Metastasized	Metastasized and castration-resistant Metastasized and castration-sensitive	Janssen Biotech
Apalutamide	Erleada	Metastasized and Non-Metastasized	Metastasized and castration-sensitive Non-Metastasized and castration-resistant	Janssen Biotech
Darolutamide	Nubeqa	Metastasized and Non-Metastasized	Metastasized and castration-sensitive Non-Metastasized and castration-resistant	Bayer
Enzalutamide	Xtandi	Metastasized and Non-Metastasized	Metastasized and castration-sensitive Non-Metastasized and castration-sensitive Metastasized and castration-resistant Non-Metastasized and castration-resistant	Astellas

Source: Industry, JM Financial

- **Nubeqa better than the alternatives for nmCRPC:** Nubeqa (Darolutamide) was introduced in the prostate cancer drug market in 2021 for usage in the case of non-metastatised castration-resistant prostate cancer (nmCRPC). Other than Nubeqa, there were two other drugs being used for nmCRPC - Apalutamide (Janssen Biotech) and Enzalutamide (Astellas). But a research study has shown that patients taking Darolutamide were less likely to discontinue the drug because of adverse events as compared to other two drugs. Also, the proportion of people progressing to metastatic castration-resistant prostate cancer (mCRPC) was lower for Darolutamide treatment. Moreover, the cost per quality-adjusted life years (QALYs) was lower for Darolutamide in comparison to other drugs (refer **Exhibit 19**). This shows Nubeqa is the better alternative compared to Enzalutamide and Apalutamide, which could drive its sales.

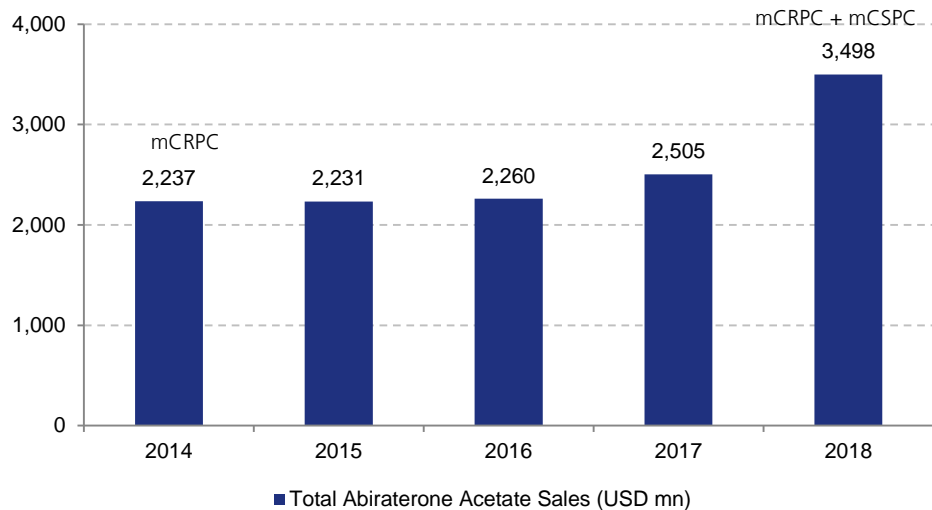
Exhibit 19. Darolutamide's cost per quality-adjusted life years better than alternative drugs

Results: For a 20-year time horizon, darolutamide + ADT was associated with lower cost per quality-adjusted life years (QALYs) than apalutamide + ADT and enzalutamide + ADT (202,897 Chinese yuan (CNY)/QALY vs. 228,998 CNY/QALY and 221,409 CNY/QALY, respectively) (exchange rate, 1 USD = 6.7871 CNY). Darolutamide + ADT had better health outcomes and lower total costs compared to both apalutamide + ADT (+ 0.22 QALYs and - 72,818 CNY) and enzalutamide + ADT (+ 0.09 QALYs and - 67,451 CNY). Across the modelled sensitivity analyses (including hazard ratios and drug costs), darolutamide + ADT remained dominant or cost-effective.

Source: Industry, JM Financial

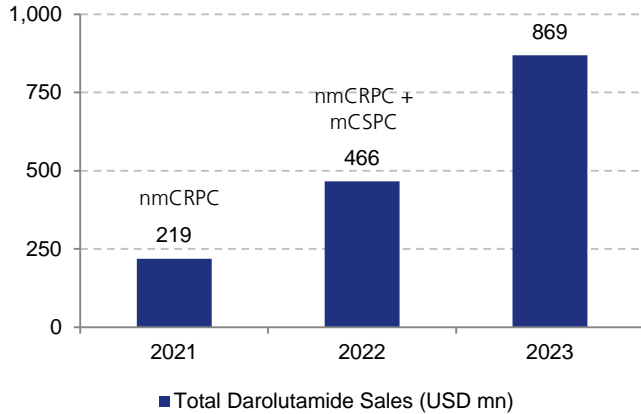
- Nubeqa's entry into mCSPC set to increase its sales:** Bayer got approval for use of Darolutamide in Metastasised Castration-sensitive prostate cancer (mCSPC) in 2022. Here, Darolutamide is used in combination with docetaxel and ADT to control cancer growth. There were already drugs in the market being used for such types of cases: Abiraterone Acetate (Janssen Biotech) in combination with prednisone, Enzalutamide and Apalutamide. The sales for Abiraterone Acetate increased with inclusion of therapy for mCSPC (refer **Exhibit 20**). Hence, we believe that with the rise in prostate cancer cases the market for this type of cancer will also increase. Considering that Darolutamide is the better alternative compared to the other drugs, its market share in this space could increase. Bayer has recently completed successful phase-III trial for use of Darolutamide in combination with ADT. FDA approval, once received, will also help drive sales of Darolutamide because of lower cost as compared to existing treatments.

Exhibit 20. Janssen's Abiraterone Acetate sales jumped with mCSPC inclusion in CY18

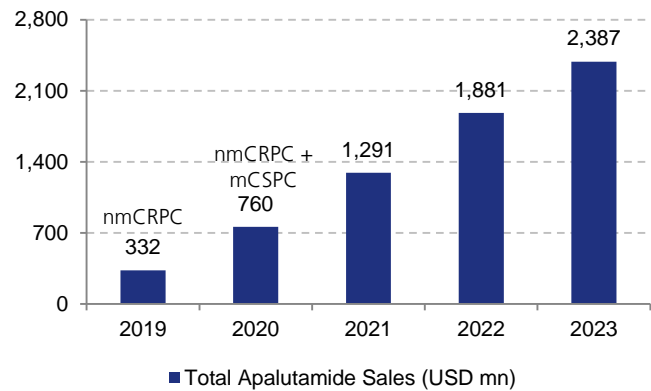


Source: Industry, JM Financial

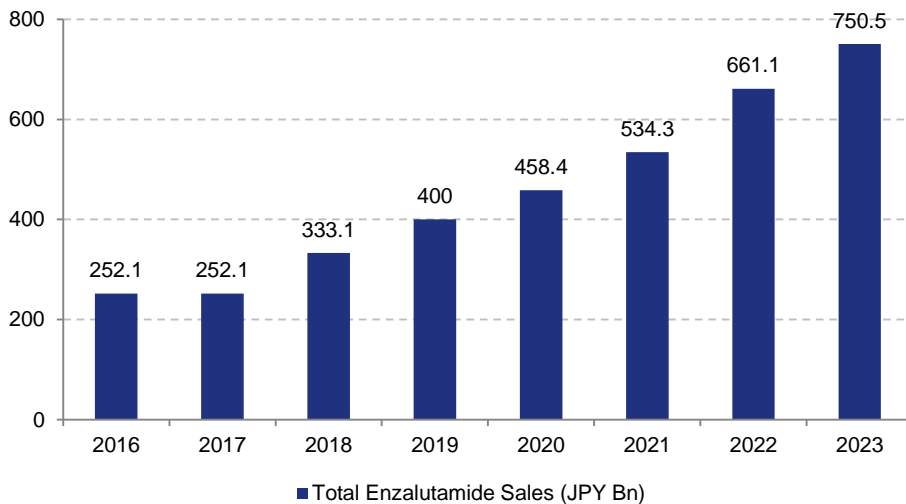
- Existing drug sales continue to increase despite the entry of new drugs:** Abiraterone Acetate, launched in 2014, was the first drug used for mCRPC treatment. Post that, Enzalutamide entered in 2016 and then drugs for other prostate cancers (nmCRPC, mCSPC) were also introduced. Though new drugs kept entering the market, the sales of the existing ones were not impacted (refer **Exhibit 21-23**), which indicates that the prostate cancer drug market was expanding. Also, as we already highlighted above, the number of prostate cancer cases are expected to double to 2.9 mn per year by 2040 and prostate cancer industry is expected to see 6.4% CAGR from 2024 to 2030. Combining these factors, we believe Bayer would be able to achieve its target of USD 3.3bn Nubeqa sales by 2030.

Exhibit 21. Darolutamide sales for Bayer has seen growth

Source: Industry, JM Financial

Exhibit 22. Janssen's Apalutamide sales continued increasing even with entry of Darolutamide

Source: Industry, JM Financial

Exhibit 23. Enzalutamide sales continued to increase despite entry of Darolutamide and Apalutamide

Source: Industry, JM Financial

- Global Nubeqa API peak tonnage comes out to ~35MT based on USD 3.3bn sales:** Currently, daily cost per person for Nubeqa is USD 113 and yearly cost is USD ~41,400 (refer **Exhibit 25**) for the recommended daily dosage. Based on FY24 Nubeqa sales of USD 1bn (refer **Exhibit 27**), the number of patients currently taking Nubeqa treatment come out to ~24,000. The prescribed dose of Nubeqa is 1.2gm per day (or 438gm per annum) per patient (refer **Exhibit 24**). With ~24,000 active patients, global tonnage of Nubeqa (Darolutamide intermediates) comes out to be ~11MT. Given the peak sales potential of USD 3.3bn, peak tonnage of Nubeqa comes out to ~35MT.

Exhibit 24. Nubeqa recommended daily dosage is 1,200mg FULL PRESCRIBING INFORMATION

1 INDICATIONS AND USAGE

NUBEQA is indicated for the treatment of patients with non-metastatic castration resistant prostate cancer (nmCRPC).

2 DOSAGE AND ADMINISTRATION

2.1 Recommended Dosage

The recommended dose of NUBEQA is 600 mg (two 300 mg film-coated tablets) taken orally, twice daily, equivalent to a total daily dose of 1200 mg. Swallow tablets whole with food [see Clinical Pharmacology (12.3)].

Patients receiving NUBEQA should also receive a gonadotropin-releasing hormone (GnRH) analog concurrently or should have had a bilateral orchiectomy.

Advise patients to take any missed dose as soon as they remember prior to the next scheduled dose, and not to take two doses together to make up for a missed dose.

Source: Industry, JM Financial

Exhibit 25. Nubeqa costs USD 3,175 per month for 1,200mg daily dosage

Table 8 CADTH Cost Comparison Table for Darolutamide Plus Docetaxel and ADT for the Treatment of Metastatic Castration-Sensitive Prostate Cancer (mCSPC)

Treatment	Strength / concentration	Form	Price (\$)	Recommended dosage	Daily cost (\$)	28-day cost (\$)
Darolutamide (Nubeqa)	300mg	Tab	28.3440	600 mg twice daily	113.38	3,175

Source: Industry, JM Financial

- Market size for Nubeqa intermediates could be as high as INR 10bn-12bn:** Multiple intermediates are used in the preparation of Darolutamide. One of the key intermediates is 4-(1-(2(S)-Aminopropyl)-1H-Pyrazol-3-yl)-2-Chlorobenzonitrile (refer **Exhibit 26**). Basis our understanding of several patent documents, ~1.5-2kg of this intermediate is used to manufacture 1kg of Nubeqa. Hence, the global tonnage of this intermediate comes out to 50-70MTPA. Basis our understanding, the price of this product is >USD 1,100/kg. Hence, the total market size of this intermediate alone comes out to INR 5bn-6.5bn. As per our understanding, the market size for the rest of the intermediates could be INR 5bn-5.5bn considering similar usage and lower price. Hence, the total market size for Nubeqa intermediates could be as high as INR 10bn-12bn. In our view, Ami could capture ~50-60% of this opportunity. So, the total available market size for Ami could be INR 5bn-7.2bn at peak (assuming USD 3.3bn peak Nubeqa sales).

Exhibit 26. One of the key intermediates of Darolutamide

Darolutamide Intermediates

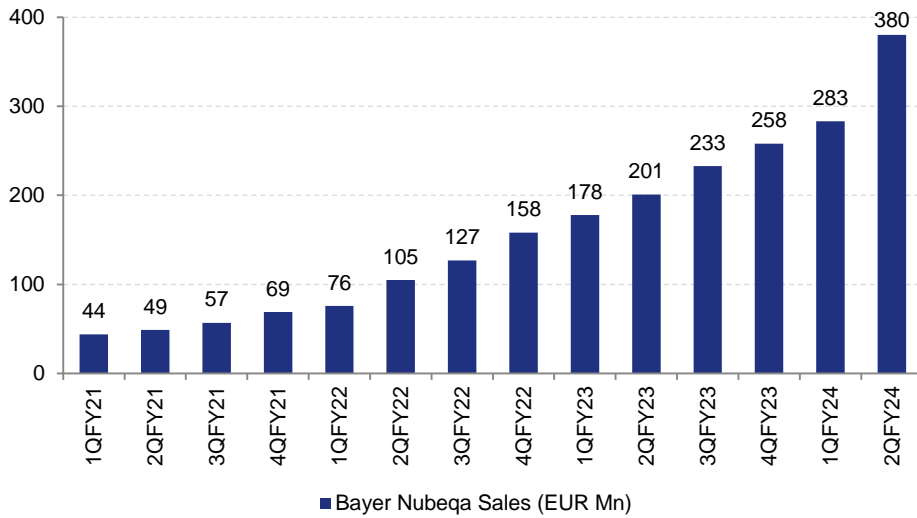
Name	4-[1-[(2S)-2-Aminopropyl]-1H-pyrazol-3-yl]-2-chlorobenzonitrile
CAS No.	1297537-41-7
Structure	

Source: Industry, JM Financial

- Available market opportunity for Ami could be INR 5bn-7.2bn:** Darolutamide, which is branded as Nubeqa, was co-developed by the pharma majors Bayer and Orion. Orion handles manufacturing and Bayer holds the global marketing rights with Ami being one of the major suppliers of the intermediates that are used in Darolutamide. Orion derives revenue for Nubeqa (refer **Exhibit 28**) through actual product sales to Bayer and royalties on Bayer's Nubeqa sales across the globe. Orion's Nubeqa product revenue has been ~8-9% of Bayer's Nubeqa sales (refer **Exhibit 27** and **Exhibit 28**) in the last 8 quarters. Considering peak revenue sales of USD 3.3bn (EUR 3bn) by CY30 as projected by Bayer, according to our understanding, Orion's Nubeqa product revenue could be USD ~260mn-310mn. Combining that with the average historical gross margin of Orion of ~60% the total cost of Nubeqa intermediates works out to USD ~110mn-130mn. This translates to a peak opportunity size of USD ~110mn-130mn by CY30 for Nubeqa intermediates, which could be roughly equivalent to INR 10bn-12bn. Considering Ami could capture

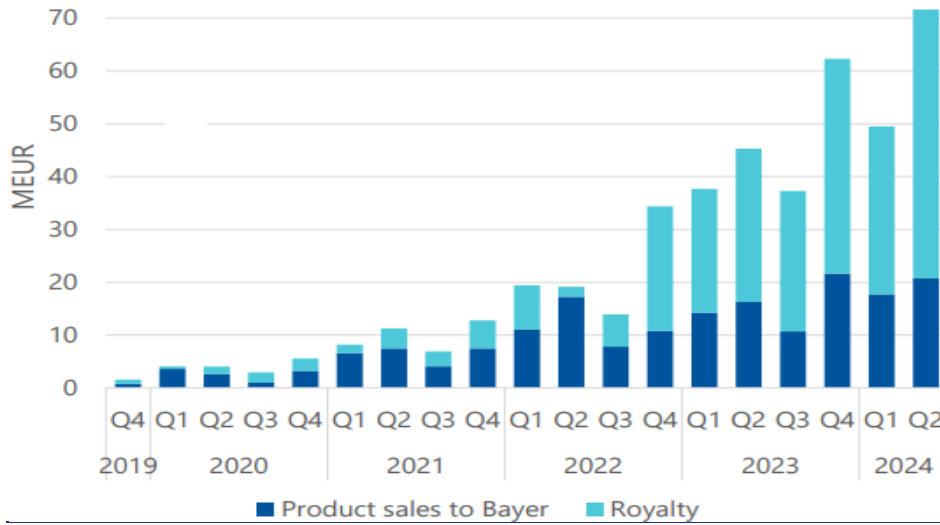
~50-60% of this market, the total available market size for Ami could be INR 5bn-7.2bn at peak Nubeqa sales.

Exhibit 27. Bayer quarterly Nubeqa sales (FY Jan-Dec)



Source: Industry, JM Financial

Exhibit 28. Nubeqa revenues for Orion (through its subsidiary Fermion)



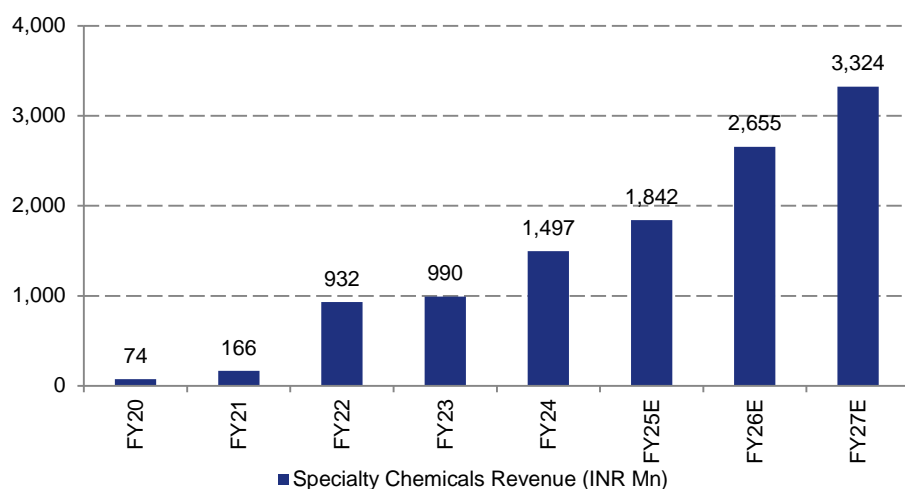
Source: Industry, JM Financial

Electrolyte additives for battery cells - another key growth driver

Ami had developed two electrolyte additives for battery cells – Vinylene Carbonate (VC) and Fluoroethylene Carbonate (FEC). The company is currently expanding its electrolyte additive capacity to 2,000 MT each for VC and FEC, and it is the first global manufacturer outside China to develop electrolyte additives. The management indicated during the recent earnings call that the commercial production of the two electrolyte additives has already started with long-term contracts signed and sales are expected to start from 2HFY25. Additionally, the company has developed eight new additives recently taking the total to 10 in the segment. These are at the qualification stage with different customers currently.

- **Peak electrolyte additive revenues of INR ~1.5bn** – The price of VC and FEC additives, according to our analysis is expected to be USD ~8/kg and USD ~9/kg respectively. We expect capacity utilisation for the additives to rise from ~15% in FY25 to 50% in FY27. Consequently, potential revenue contribution from these two electrolyte additives is likely to be INR ~400mn in FY25, INR ~1bn in FY26 and INR ~1.5bn in FY27, which will add to the specialty chemicals segment revenue.

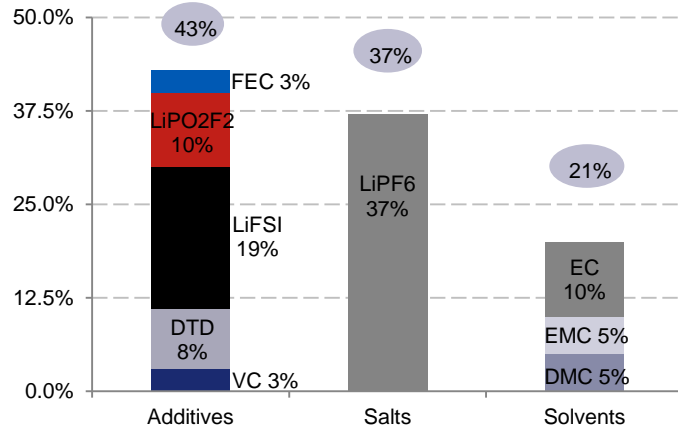
Exhibit 29. Specialty chemicals segment revenue to be driven by electrolyte additive sales



Source: Company, JM Financial

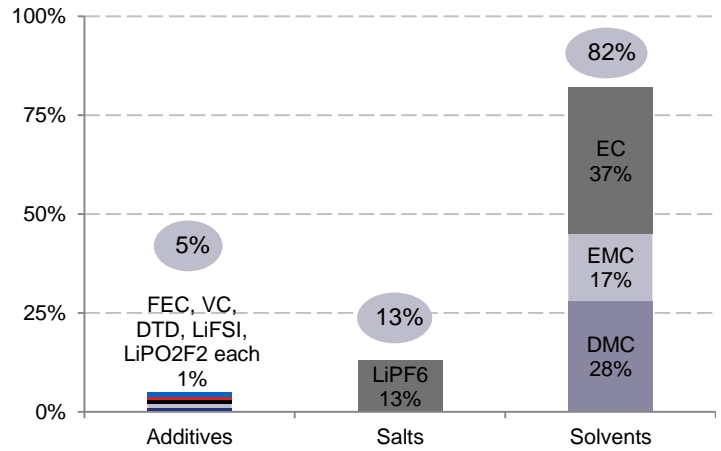
- **Additives form ~43% of electrolyte formulation cost** – Solvents in electrolytes contribute to more than 80% of the total weight but only ~21% of the total cost (refer **Exhibit 30**) and, hence, can be procured externally. On the other hand, cost contribution from electrolyte additives is highest in electrolyte formulation for Li-ion batteries. Electrolyte additives contribute to ~43% (of the total cost of electrolyte formulation while making up just 5% (refer **Exhibit 31**) of the total weight. Thus Ami's focus on niche electrolyte additives gives it an edge.

Exhibit 30. Solvents make only 21% of the total cost while additives contribute more than 40%



Source: Industry, JM Financial

Exhibit 31. ~82% of electrolyte weight consists of solvents



Source: Industry, JM Financial

- Forward integration into electrolyte solution manufacturing through MoU with global electrolyte manufacturer** – The Company has entered into a MoU with a global electrolyte manufacturer for making electrolyte solutions for battery cells in Gujarat. The Company has established Enchem Ami Organics, which is a subsidiary of Ami Organics Electrolytes, which, in turn, is a subsidiary of Ami Organics. Enchem Ami Organics will focus on the manufacturing of electrolyte solutions. The electrolyte additives currently developed by Ami are used in the preparation of electrolyte solutions for batteries, which will provide forward integration benefits for the company. The capex for this is likely to be INR 3.0bn which has been built into our numbers but the revenue contribution has not been considered. Revenue contribution from electrolytes could begin from FY28E.

Advanced pharma intermediates sales to grow steadily

Ami is a leading manufacturer of advanced pharma intermediates for multiple APIs where it has 50-90% global market share. Additionally, it already has been granted 10 process patents for manufacturing of drug intermediates (refer **Exhibit 32**); two are under publication while three more are in the application stage. ~90% of Ami's intermediates belong to the fast-growing chronic therapy area with 150+ customers across the globe. Pharma product portfolio has increased to 550+ products across 17+ therapeutic areas.

Ami's pharma intermediate business consists of 10% from CDMO, 40% from innovator and 50% from generic pharma intermediates. As per our understanding, ~65-70% of the CDMO business is expected to be driven by Nubeqa intermediates sales. The management in the recent earnings call indicated that the company is in discussions to sign more contracts with pharma CDMO customers and is expected to finalise one such contract with a big innovator based in Europe. The company has already completed the sampling stage for the contract successfully with the validation batches planned in 2QFY24. Also, Ami has successfully completed the FDA (USA) and PMDA (Japan) inspections to move up in the advanced pharma intermediate value chain. This will help the company improve revenue and margins in future.

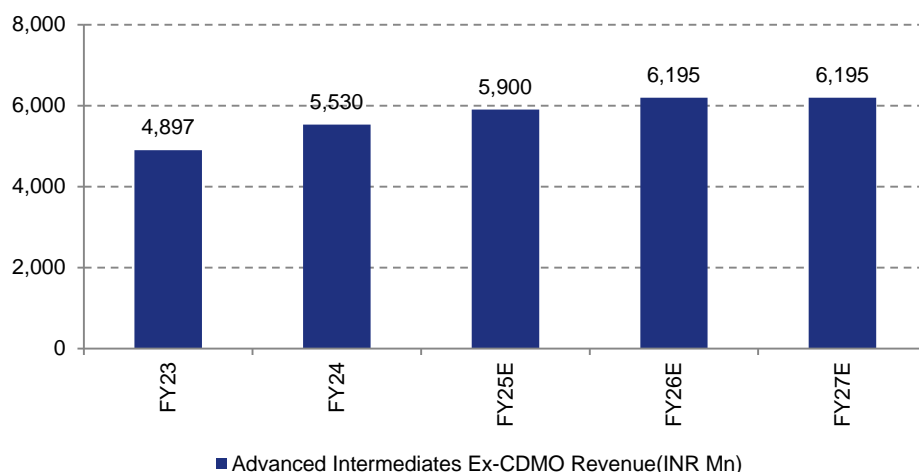
Exhibit 32. Ami's patents for intermediates have expiry post-2035

API Segment	Intermediates	Patent Expiry
Nintedanib	6-Methoxycarbonyl-2-Oxindole	[2024 - 2037]
Efinaconazole	4-Methylenepiperidine Hydrochloride	[2023 - 2038]
Pimavanserin	4-Isobutoxybenzylamine Acetate	[2024 - 2038]
Apixaban	3-Morpholino-1-(4-(2-Oxopiperidine-1YL)-Phenyl)-5,6-Dihydro Pyridine-2-One	[2022 - 2037]
Selexipag	5-Halo-2,3-Diphenylpyrazine	[2022 - 2037]
Rivaroxaban	4 (4-Aminophenyl) Morpholin-3-One	[2021 - 2037]
Eliglusat	2,3-Dihydro-1,4-Benzodioxine-6-Carbaldehyde	[2023 - 2038]
Lumateperone Tosylate	(benzyl, 3-methyl-2-oxo-2,3,9,10-tetrahydro-1H-pyrido[3',4':,4,5]pyrrolo[1,2,3-de]quinoxaline-8(7H) carboxylate)	[2024 - 2041]
Bilastine	2-(Pipedidin-4-YL)-1H-Benzo[D]Imidazole	[2024-2041]
Fedratinib		[2024-2041]

Source: Company, JM Financial

Ami's revenue from pharma intermediates ex-CDMO is expected to reach INR ~6.2bn by FY26E from INR ~5.5bn in FY24 (refer **Exhibit 33**). This slight jump is expected because of production ramp-up to reach maximum utilisation and new product launches.

Exhibit 33. Slight jump in ex-CDMO pharma revenue with expected increase in utilisation



Source: Company, JM Financial

- **Apixaban patent challenges would boost Ami's sales:** Bristol-Myers Squibb (BMS) had a patent for Apixaban product and use of Apixaban along with a pharmaceutically acceptable carrier for treating thromboembolic disorders. Since Apixaban's success in the disorder depends on the use of Xa inhibitor, which was not mentioned in the patent and the patent was not for the use of Apixaban in other activities, Teva and Sandoz together filed a case on Bristol requesting the court to invalidate it, which would clear the way for generic products to be used across different therapies. The court ruled in Teva's favour by applying plausibility criteria stating BMS hadn't made sufficient disclosures in its patent (refer **Exhibit 34** and **Exhibit 35**).

Exhibit 34. Apixaban patent expired in most of the Europe

Teva win in Ireland evens playing field with Bristol-Myers Squibb

Following a weeks-long trial in Dublin, the Irish High Court has found a patent owned by Bristol-Myers Squibb invalid in a case brought by Teva over apixaban. This is just one of several parallel proceedings occurring across Europe regarding the drug.

Source: Industry, JM Financial

Exhibit 35. BMS's Apixaban patent expired in UK

Bristol-Myers Squibb successful on the continent

Thus, the Irish decision follows decisions in the UK and Spain, which found in favour of Teva. However, in the Netherlands, France, Norway and Sweden, the innovator drug company has been more successful.

Source: Industry, JM Financial

Ami already holds ~50% share in the global Apixaban market. Currently, there are 45 US DMFs registered for Apixaban by more than 70 API manufacturers. Ami's management has already mentioned the company is going to supply Apixaban intermediates to more than 26 generic players across the world. With patent expiry and more generic players entering the market we believe there is a huge market opportunity for Ami to increase its Apixaban intermediate sales to those players. According to a UK government report, the total Apixaban market in the UK in FY24 was USD ~260mn. This could lead to an increase in market size for Ami because its process patent for Apixaban intermediate is valid till 2037, which will restrict competition for intermediate production. Ami has already started gradual supply of the intermediate, which will ramp up from 4QFY25 with peak sales expected to be achieved in FY26.

- **Rivaroxaban generics to help Ami:** Ami has a process patent for Rivaroxaban intermediate. Rivaroxaban sales are currently at a low level but could pick up soon as a court has revoked Bayer's patent for Rivaroxaban (branded as Xarelto) in most parts of Europe (refer **Exhibit 36**) though it is valid in Belgium and Germany. Janssen's US patent for Rivaroxaban is expiring in Aug'24. Combining these factors, we believe that the market opportunity for Rivaroxaban for Ami will increase.

Exhibit 36. Rivaroxaban patent expiry to open market for generics

UK courts revoke Bayer rivaroxaban patent in new win for generics

Multiple pharmaceutical companies have succeeded in revoking a blockbuster Bayer patent in the latest round of proceedings, which have this time taken place in London. The ruling paves the way for generics to bring their anti-coagulant drugs to European market and counter the monopoly of Bayer's Xarelto medication.

Source: Industry, JM Financial

- **Edoxaban Launch in Japan:** Edoxaban is a new generation anti-coagulant and has shown strong growth in Japan (refer Exhibit). Ami has already partnered with three generic players (except for Daiichi) in Japan for Edoxaban intermediates with the patent in Japan having expired in 2022. Daiichi had JPY ~115bn sales of Edoxaban in FY23 (refer **Exhibit**

37) in Japan and, hence, we believe this is a sizeable market for Ami. The drug product patent is expiring in Apr'27 in the US (refer **Exhibit 38**) and in Jun'27 in Europe (refer **Exhibit 39**), thus opening up new markets for Ami in the generics segment.

Exhibit 37. Edoxaban sales stood at JPY ~115bn for Daiichi in FY23

3. Revenue of Global Products (2)		FY2022		FY2023		
		Results	Results	(vs. Forecast (%))	YoY	YoY (%)
JPY Bn						
Edoxaban	anticoagulant	244.0	287.7	(102.1%)	43.8	+17.9%
Lixiana (JPN)		105.1	115.6	(101.0%)	10.4	+9.9%
Savaysa (US)		3.0	2.4	(81.1%)	-0.6	-19.5%
Lixiana (EU)		117.1	146.2	(102.8%)	29.1	+24.8%
Edoxaban (ASCA* etc.)		18.7	23.5	(105.8%)	4.8	+25.7%
	<small>*Asia, South and Central America</small>					

Source: Industry, JM Financial

Exhibit 38. Edoxaban patent expires in Apr'27 in the US

SAVAYSA (edoxaban tosylate - tablet;oral)

- Manufacturer: DAIICHI SANKYO INC
Approval date: January 8, 2015
Strength(s): EQ 15MG BASE ^[RLD], EQ 30MG BASE ^[RLD], EQ 60MG BASE ^[RLD]

Patents are granted by the U.S. Patent and Trademark Office at any time during a drug's development and may include a wide range of claims.

- Patent 7,365,205
Patent expiration dates:
 - April 18, 2027
 - ✓ Drug substance

Source: Industry, JM Financial

Exhibit 39. Edoxaban patent expires in Jun'27 in Europe

Supplementary Protection Certificate Search [New Search](#)

— Details —	
SPC number	SPC/GB15/054
Filing date	9 September 2015
— Applicant(s) details —	
Name	Daiichi Sankyo Company, Limited
Address	3-5-1, Nihonbashi Honcho Chuo-ku Tokyo 103-8426 Japan
— Patent details —	
Patent number	EP1405852
Title	Diamine Derivatives
— UK authorisation details —	
Authority date	23 June 2015
UK authorisations	EU/1/15/993/001-028
— Product details —	
Product description	Edoxaban or a salt, solvate or N- oxide thereof
Status	Granted - 14 May 2020
Product type	Medicinal
— Life details —	
In force date	20 June 2022
Actual expiry date	19 June 2027
Maximum expiry date	19 June 2027

Source: Industry, JM Financial

Baba Fine Chem to enable foray into semiconductor chemicals

Ami's acquisition of 55% stake in Baba Fine Chemicals for INR 68.2mn marks its entry into the high-entry-barrier, low-competition semiconductor industry. Baba Fine Chem has a portfolio of more than 50 products that are mainly used in photo resistance chemicals in semi-conductor industry. Baba Fine Chem's expertise in complex chemistries includes Grignard reaction, Bromination, Hydrolysis, Amination, etc., will help Ami improve its R&D capabilities.

The management indicated that Baba Fine Chem operated at INR 50mn per quarter revenue in the last few quarters due to issues in business integration and reduced customer demand. But the management expects improvements from 2HFY25 with the company marketing new products in its product portfolio to customers in Korea, Japan and Taiwan.

According to the management, Ami has started to export a few products from the Baba Fine Chem business. It said these products had been part of Baba Fine Chem's portfolio earlier also but now the company is branding these products for new applications. Current production of such products is 1-10 kg and is expected to ramp up in coming quarters. We believe some of these products could be 9-Anthracenemethanol, 9-Anthracene-methyl methacrylate, (4-(tert-Butyl)phenyl)diphenylsulfonium bromide, triphenylsulfonium bromide. This, we believe, could be part of the company's new customer collaborations for CDMO contracts at large scale in Korea and Japan. Since Ami's plan is to enter the semiconductor industry through Baba Fine Chem, we believe end-application usage for a few of these products might be in the semi-conductor industry (refer **Exhibit 40**). We believe Baba Fine Chem business can contribute revenue of INR 350mn in FY25, INR ~500mn in FY26 and INR ~600 mn in FY27 (refer **Exhibit 41**).

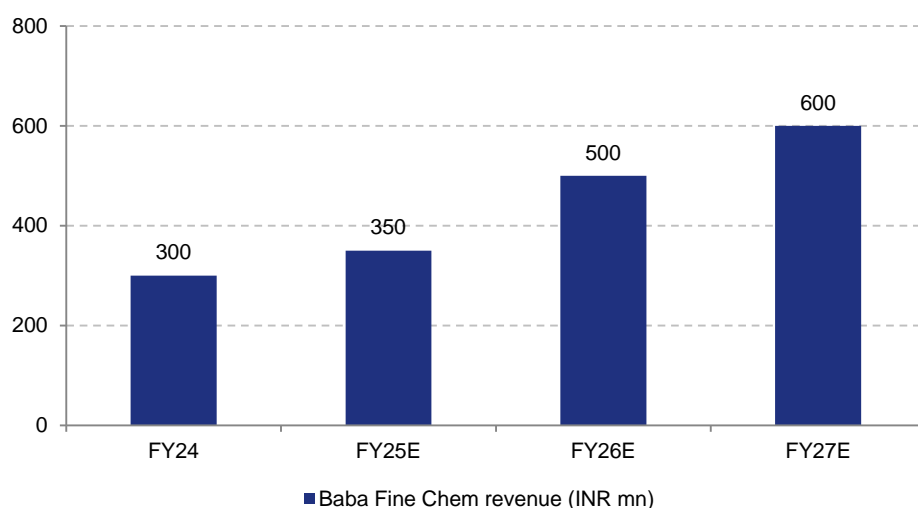
Exhibit 40. Triphenylsulfonium bromide application in semiconductor manufacturing

Photoacid Generator Synthesis

Triphenylsulfonium bromide has been utilized in the synthesis of photoacid generators (PAGs), such as triphenylsulfonium tosylate. These compounds have applications in photolithography, a process crucial in semiconductor manufacturing. The process involves the synthesis of this compound from biphenyl sulfoxide and its transformation into PAGs through silver salt replacement. These PAGs exhibit specific spectral properties, enhancing their utility in the photolithographic process (L. Jianguo, 2006).

Source: Industry, JM Financial

Exhibit 41. Baba Fine Chem revenues to double over FY24-27E



Source: Company, JM Financial

Advanced pharma intermediates and specialty chemicals player

Ami's business segments are largely categorised in to two categories: Advanced Pharmaceutical Intermediates and Specialty Chemicals. Ami provides development and manufacturing services for patented and generic APIs to pharma companies and key starting materials to agro and fine chemical companies. The company has 500+ customers across 45 countries including India and earns more than 50% of its revenue from exports. Some of the key customers in India include Laurus Labs, Cadila Healthcare and Cipla while the export customers include Organike, Socio Unico, Fermion, etc.

- **50-90% market share for multiple intermediates** - Ami focusses on development of pharma intermediates for molecules that are under clinical trial and also on molecules that are launched either in generic or patented segments. Ami has 50-90% of global market share for multiple intermediates across different APIs (refer **Exhibit 42**). Ami's 550+ pharma intermediates find their uses in more than 17 therapeutic areas like anti-psychotic, anti-retroviral, anti-cancer, etc., which are growing rapidly (refer **Exhibit 43**).

Exhibit 42. Ami's pharma intermediates command 50-90% market share

API	Intermediates	Usage	Market Share (as of FY21)
Trazodone	1-(3-Chloro Phenyl) 4-(3-Chloro Propyl) Piperazine H, 2H-[1,2,4] Triazolo [4,3-A] Pyridin-3-One	Used to manage and treat major depressive disorders and anxiety	85-90% 80-82%
Dolutegravir	Amino Acetaldehyde Dimethyl Acetal	Anti-retroviral medication used to treat infections	70-75%
Entacapone	3,4-Di Hydroxy 5-Nitro Benzaldehyde	Medication used with other drugs to treat Parkinson's	45-50%
Apixaban	Ethyl Chloro [(4-Methoxyphenyl) Hydrazono] Acetate, 1-(4-Amino Phenyl)-5, 6-Dihydro-3-(4-Monopholinyl)-2	Anticoagulant medication used to treat blood clots and to prevent strokes	~40% ~50%
Darulutamide	Methyl-5-Acetal-1H-Pyrazole-3-Carboxylate	Used in treatment of prostate cancer	60-70%
Rivaroxaban	(S)-(+)-Glycidyl Phthalimide, 4-(4-Aminophenyl) Morpholin-3-One	Anti-coagulant used to treat deep vein thrombosis and prevent blood clots	50-60% 35-45%

Source: Company, JM Financial

Exhibit 43. Global growth by medication category

Medication Category	CAGR
Antidepressants (2023-24)	4.3%
Antipsychotic Drugs (2023-24)	7.3%
Anticoagulants (2024-29)	9.41%
Parkinson's Disease Treatment (2023-30)	7%
Antiretroviral (2024-32)	4.2%
Prostate Cancer Treatment (2024-30)	6.4%

Source: Company, JM Financial

- **Pharma intermediates business contributes to 80% of total revenue** - Majority of pharma intermediate revenue comes from Emerging Markets and Regulatory Markets where Ami provides intermediates to pharma innovators or generic API producers (refer **Exhibit 44**). The number of drugs going off-patent creates a big opportunity for Ami's emerging market segment. CDMO segment has started to pick up with the company entering into new, long-term contracts for various intermediates.

Exhibit 44. CDMO and Emerging markets revenue to grow with more contracts in generic and CDMO business

Product Profile	Description	Pharma Revenue Share	Key Customers
CDMO	Contract manufacturing for big pharma manufacturers Exclusive long-term supply contracts	~10%	Innovators/Originators
Regulatory Market	NCE molecules for pharma innovators Intermediates to pharma innovators for products under patent and off-patent	~40%	Innovators/Originators
Emerging Market	Intermediates to generic API producers First mover advantage Sustaining the market through cost-effectiveness	~50%	Generic pharma companies

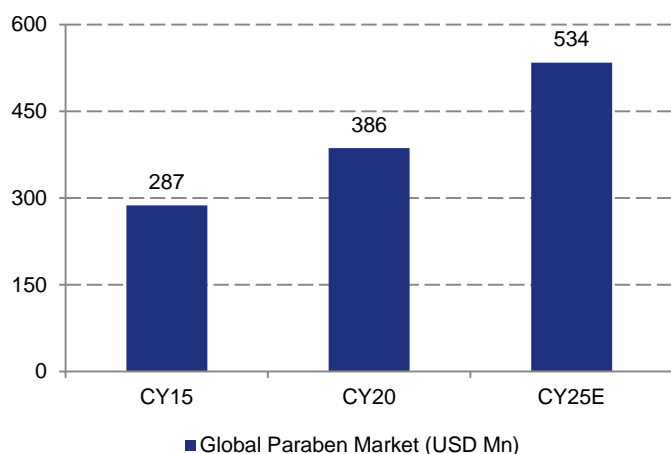
Source: Company, JM Financial

- **Specialty chemicals forms 20% of total business:** Ami's specialty chemicals have applications in agro and fine chemicals and form 20% of its total revenue. Ami acquired two manufacturing facilities operated by Gujarat Organics Limited. One of these units is for added preservatives (parabens which find their uses in cosmetics, personal care and animal food) while the other one is for specialty chemicals (end usage in cosmetics, agrochemicals and dye polymers). The markets for paraben and methyl salicylate are expected to see strong growth in upcoming years (refer **Exhibit 46** and **Exhibit 47**).

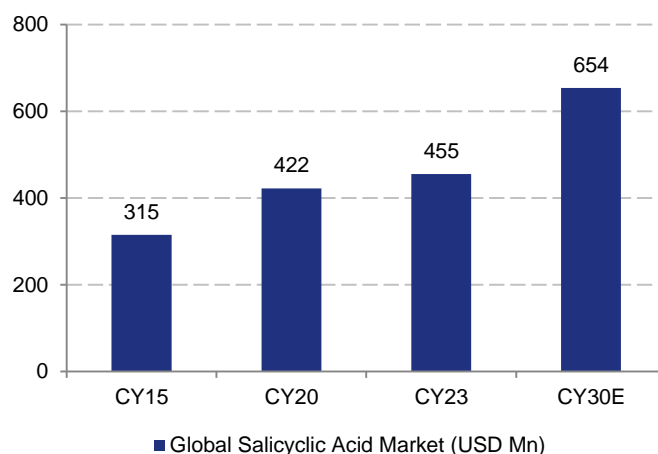
Exhibit 45. Ami's key products in Specialty Chemical segment

Segment	Key Product	Usage
Preservative	Methyl Paraben Methyl Paraben Sodium Propyl Paraben	Used as preservative in cosmetics, pharmaceuticals, food and beverages
Pharma Intermediates and Fine Chemicals	Para Anisic Acid	Used as pharmaceutical intermediate and fine chemical raw material in aromatics, cosmetics, etc.
Pharma Intermediates	Methyl Salicylate	Used in pain relieving topical medications for arthritis, muscle strain, cramps, sprain, etc.
Electrolyte Additives	Vinylene Carbonate (VC) Fluoroethylene Carbonate (FEC)	Used in manufacturing of cells for energy storage devices

Source: Company, JM Financial

Exhibit 46. Paraben market to grow at 6.7% CAGR between CY20 - CY25

Source: Company, JM Financial

Exhibit 47. 5.3% CAGR expected for global salicylic acid market between CY23 - CY30

Source: Company, JM Financial

Manufacturing facilities and R&D

Ami's facility at Sachin with 144KL capacity spread is for advanced pharma intermediate production with 13 production lines, 40 reactors, 17 dryers and zero-liquid discharge based ETP and SBT system. The facility at Jhagadia is mainly for the production of parabens, PHBA and other specialty chemical products. This facility consists of 26 stainless steel and glass reactors with state-of-the-art zero liquid discharge ETP system. A new plant inaugurated in Dec'23 at Ankleshwar with three production blocks is largely for pharma intermediates with 1 block dedicated to Nubeqa intermediates. According to management, one production block in this new unit has been commercialised with the other two blocks to be operationalised soon. Ami has a planned capex of INR 2.5bn for FY25, out of which INR 700mn is to be used for Ankleshwar unit, INR 1bn will be capex for electrolyte additives, INR 500mn for a captive solar power plant and remaining INR 300mn is for maintenance.

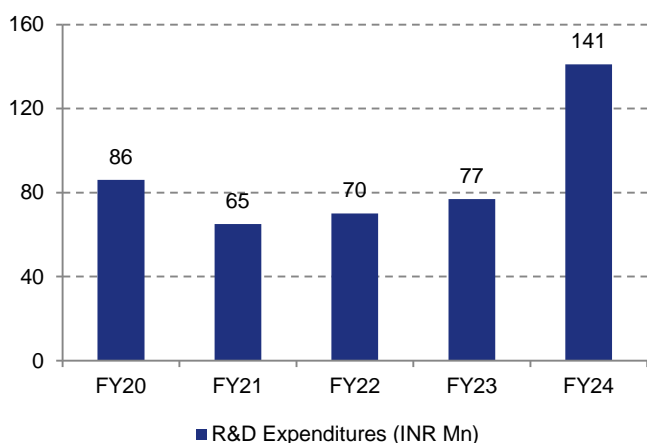
Exhibit 48. Ami's manufacturing and R&D facilities including recent acquisitions

Facility	Installed Capacity	Description
Sachin	144KL	Facility for pharma intermediate production 13 product lines, 40 reactors, 17 dryers, zero-liquid discharge ETP and SBT system
Jhagadia	512KL	Facility for production of parabens, PHBA and other specialty chemical products 26 stainless steel and glass reactors with state-of-the-art ETP with zero liquid discharge Space available for brownfield expansion
Ankleshwar	442KL	State-of-the-art production plant inaugurated in December 2023 for advanced pharma intermediate production 3 blocks with 80+ reactors, ~35 dryers and ETP system Automated plant with Fully operational DCS (Distributed Control System) and PTS (Powder Transfer System)
Electrolyte	4000MTPA	Capacity expansion up to 2000MT each for VC and FEC electrolyte additives
Sachin (R&D Facility)	NA	23,681 sq. ft. DSIR approved facility with an Analytical Development Laboratory

Source: Company, JM Financial

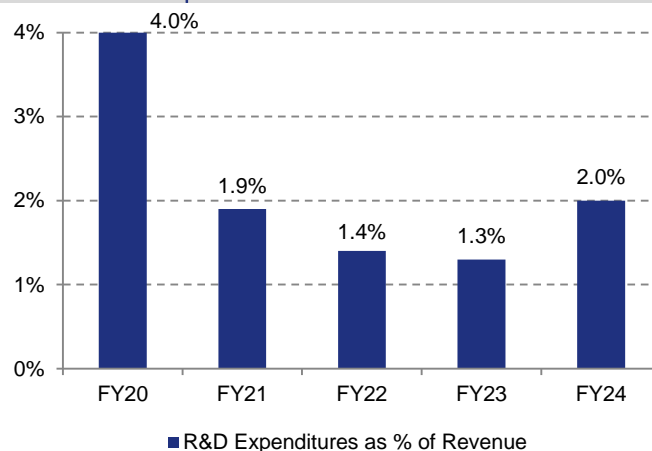
Ami has a DSIR-approved, 2,200 square metre R&D facility at Sachin supported by an Analytical Development Laboratory. Its R&D arm is driven by a huge team of 120+ members including engineers, PHDs and scientists. The R&D focus is on the following areas: New product development, New Chemical Entity (NCE) products and CDMO process improvement. Its key chemistry capabilities are Etherification, Esterification, Fluorination, Bromination, Nitration, Chlorination, Hydrogenation, Alkylation, and Amination. As of FY24, R&D spends stand at INR 141mn (2% of sales).

Exhibit 49. R&D expenses have increased over FY21-24



Source: Company, JM Financial

Exhibit 50. R&D expenses as a % of revenue



Source: Company, JM Financial

More importantly, the company has a robust focus on process patents with 15 patents filed: 10 granted, two published and three under examination. This includes the recently received process patents for 2-(Piperidin-4-YL)-1H-Benzo[D]Imidazole preparation, Fedratinib intermediate, and Lumateperone Tosylate intermediate.

Financials

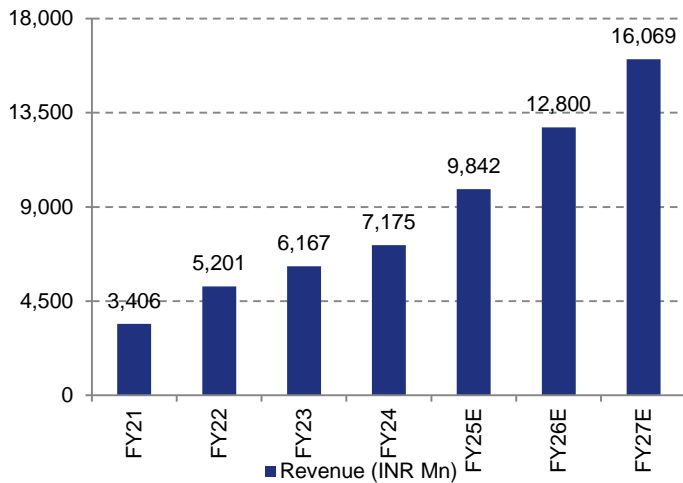
- Expect revenue CAGR of 31% over FY24-FY27E:** We expect Ami's revenue to register a CAGR of 31% over FY24-27E and reach ~ INR 16.1bn in FY27E. This growth will be driven by contribution from CDMO products including the Nubeqa intermediates sales and expected electrolyte additive sales from 2HFY25. Besides this, advanced pharma intermediates sales and other specialty chemicals revenues are likely to grow steadily over the same period.
- Expect margin trajectory to improve owing to higher contribution of CDMO sales:** We expect Ami's gross margin to improve from 42.6% in FY24 to 46% in FY27E owing to higher contribution from Nubeqa intermediate sales. Moreover, a captive 16MW solar power plant is expected to generate savings of INR 36mn in FY25E and INR 146mn each year in FY26E and FY27E (refer **Exhibit 51**). Additionally, on account of positive operating leverage, EBITDA margin is expected to jump from 17.9% in FY24 to 24.7% in FY27E. As a result, we expect Ami's EBITDA to witness a CAGR of 44% over FY24-27E and reach ~INR 3.8bn in FY27E.
- Free cash flow to improve with improvement in OCF:** We expect an improvement in free cash flow post-FY25E as bulk of the CDMO and electrolyte capex will be implemented by FY25E. Operating cash flow is expected to improve from FY26E with ramp-up in the production and sales of Nubeqa intermediates and electrolyte additives. Consequently, the company would see an improvement in free cash flow post-FY25E with a cumulative free cash flow generation of INR 1bn over FY26-27E. This will lead to a net cash position of ~INR 1.6bn by FY27E.
- EPS CAGR of 75% over FY24-27E:** Ami could post an EPS CAGR of 75% over FY24-27E. The high CAGR is on account of low base in FY24 due to the impact of one-off provision of Ami US entity. RoE and RoCE are likely to increase to 17% and 29% respectively by FY27.

Exhibit 51. Solar power plant savings

	FY25E	FY26E	FY27E	FY28E
Installed capacity (MWh)	16	16	16	16
Average savings (INR mn/MWh)	9.1	9.1	9.1	9.1
Number of months	3	12	12	12
Saving (INR mn)	36	146	146	146

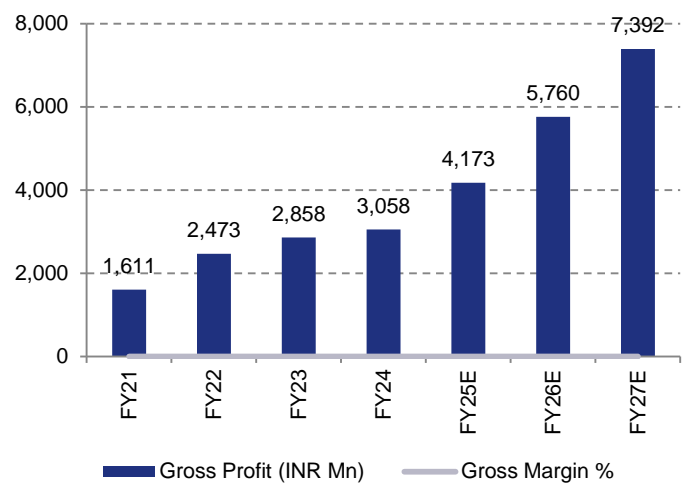
Source: Company, JM Financial

Exhibit 52. Ami's revenues likely to register a ~31% over FY24-27E



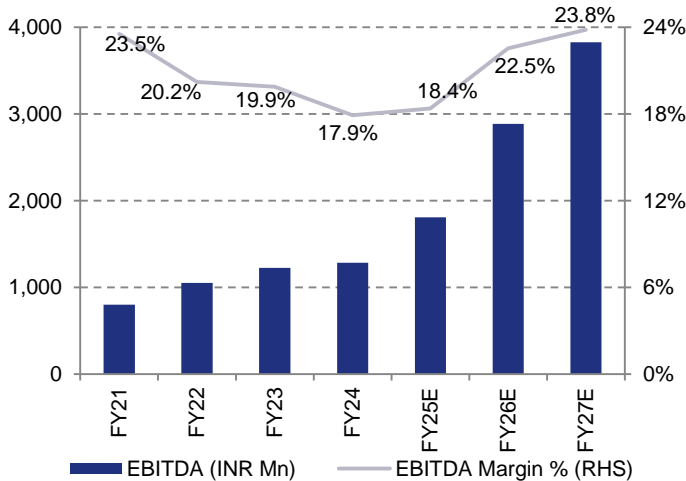
Source: Company, JM Financial

Exhibit 53. ...and gross profit to show ~34% CAGR over FY24-27E



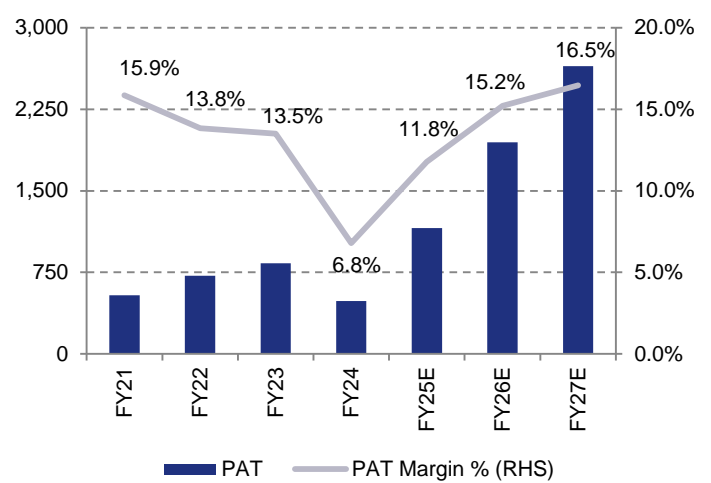
Source: Company, JM Financial

Exhibit 54. With EBITDA expected to show ~44% CAGR over FY24-27E



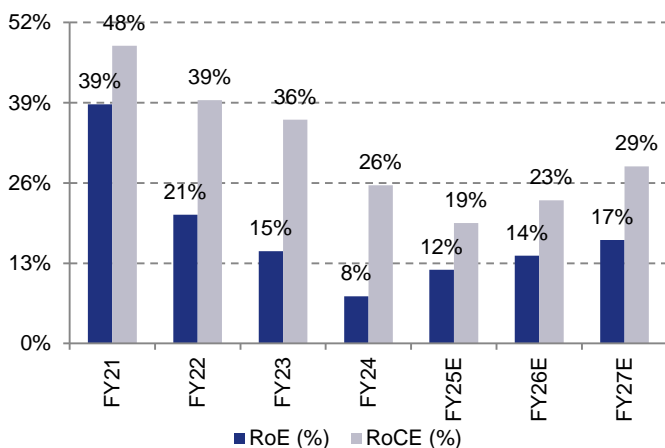
Source: Company, JM Financial

Exhibit 55. ...and PAT to witness ~76% CAGR over FY24-27E



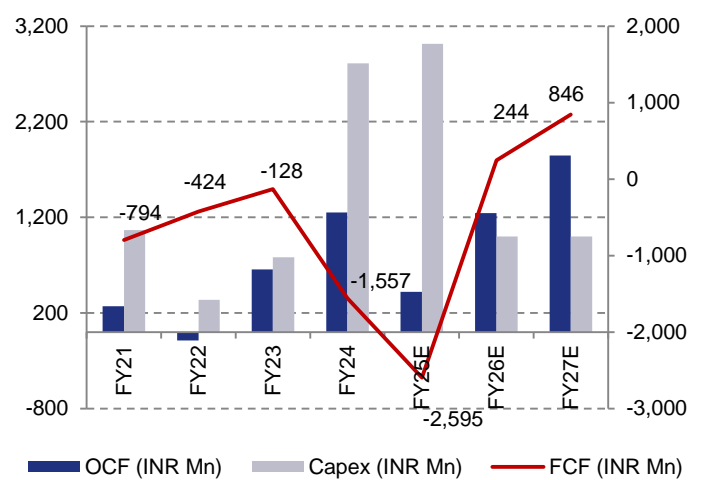
Source: Company, JM Financial

Exhibit 56. RoE to improve to ~17% by FY27E and RoCE likely to pick up post FY25E



Source: Company, JM Financial

Exhibit 57. FCF to improve post-FY25E with improvement in OCF



Source: Company, JM Financial

Valuation

We initiate coverage on Ami Organics with a **BUY rating and a Mar'26 TP of INR 1,965 (based on 30x Mar'27E EPS)**. Ami is currently trading at ~32x/24x Mar'26E/Mar'27E EPS. At current valuations and considering the long growth runway for the business, we believe the stock can offer ~19% return CAGR over the next 2-3 years even if one-year forward PE multiple compresses to ~30x vs. ~40x currently. Moreover, in our FY28 numbers, electrolyte sales are not considered. Considering this, potential return CAGR could be higher than ~19%, in our view.

Exhibit 58. We believe the stock can offer ~19% return CAGR over the next 2-3 years

	FY23	FY24	FY25E	FY26E	FY27E	FY28E
EPS - INR	20	12	28	48	65	78
EPS growth		-42%	138%	68%	36%	21%
PER at CMP (x)		128	54	32	24	19
Target PER					30	30
Share Px date	09/18/2024				Mar-26	Mar-27
CMP	1,528				1,965	2,355
No. of years vs base date					1.4	2.4
CAGR vs CMP					19%	19%

Source: Company, JM Financial

Exhibit 59. Chemical companies peer valuation

Company	Rating	CMP (INR)	TP (INR)	P/E (x)				P/B (x)				EV/EBITDA (x)				ROE (%)			
				FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E
SRF	BUY	2,400	2,780	53.2	42.7	32.7	25.8	6.2	5.5	4.8	4.1	29.1	24.0	19.3	15.7	12.3	13.6	15.6	17.1
UPL	BUY	593	650	NM	48.8	24.2	NM	1.6	1.6	1.5	NM	15.6	9.7	8.5	NM	-3.4	3.3	6.4	NM
PI Industries	HOLD	4,669	4,035	42.3	43.0	36.9	32.0	8.1	6.8	5.8	4.9	33.2	28.3	24.2	20.8	21.0	17.2	16.9	16.5
Deepak Nitrite	BUY	2,822	3,180	48.5	40.2	32.5	27.2	8.2	6.9	5.8	4.8	35.0	26.2	21.6	17.8	18.2	18.6	19.3	19.3
Clean Science	BUY	1,552	1,760	67.5	55.2	40.5	31.5	13.7	11.0	8.7	6.9	48.7	38.7	29.1	22.2	22.1	22.1	24.0	24.4
Navin Fluorine	BUY	3,246	4,105	70.4	50.2	35.5	27.9	6.7	6.1	5.4	4.7	42.3	31.2	23.2	18.8	10.0	12.8	16.1	17.9
Fine Organics	SELL	5,387	3,890	44.8	41.8	41.2	40.6	8.9	7.6	6.6	5.8	32.4	29.3	28.7	27.9	21.8	19.5	17.1	15.2
Galaxy Surfactants	HOLD	3,147	2,700	37.0	33.8	31.2	28.9	5.1	4.5	3.9	3.5	23.5	21.1	19.4	17.8	14.8	14.1	13.4	12.8
PCBL Ltd.	BUY	513	635	39.4	34.9	24.9	18.8	6.0	5.1	4.2	3.4	22.9	15.7	13.1	11.1	16.2	15.7	18.6	20.2
Aether Industries	BUY	975	1,030	134.7	74.8	50.0	38.0	6.3	5.8	5.2	4.6	95.1	50.2	34.7	25.5	5.8	8.1	11.0	12.8
Ami Organics	BUY	1,528	1,965	77.2	53.8	32.0	23.6	9.3	4.9	4.3	3.7	49.9	34.2	21.4	15.9	12.7	11.9	14.3	16.9
Anupam Rasayan	HOLD	750	725	130.4	148.9	81.5	52.0	6.1	5.8	5.4	4.8	46.4	49.9	36.2	27.3	5.0	4.0	6.8	9.8
Archean Chemicals	BUY	700	830	29.0	23.5	16.3	13.0	5.4	4.5	3.6	2.8	19.3	15.3	10.2	7.7	20.4	20.9	24.4	24.3
Tatva Chintan Pharma Chem	HOLD	965	1,020	53.9	38.9	25.9	18.0	2.2	2.1	2.0	1.8	23.7	19.1	13.5	10.1	4.8	5.6	7.9	10.5

Source: Companies, JM Financial

Exhibit 60. Chemical companies estimates

Company	Sales (INR bn)				Sales CAGR (%)	EBITDA (INR bn)				EBITDA CAGR (%)	PAT (INR bn)				PAT CAGR (%)
	FY24	FY25E	FY26E	FY27E	FY24 - FY27E	FY24	FY25E	FY26E	FY27E	FY24 - FY27E	FY24	FY25E	FY26E	FY27E	FY24 - FY27E
Anupam Rasayan	14.8	15.5	19.5	24.4	18.3	3.8	3.5	4.8	6.4	18.8	1.7	1.5	2.5	3.7	30.3
Clean Science Tech	7.9	10.1	14.2	18.4	32.5	3.3	4.2	5.5	7.0	28.4	2.4	3.0	4.1	5.2	28.9
Tatva Chintan	3.9	4.9	5.6	6.7	19.1	0.7	0.9	1.2	1.6	33.6	0.3	0.4	0.6	0.9	44.1
Galaxy Surfactants	37.9	39.3	42.1	45.0	5.8	4.6	5.0	5.3	5.7	7.0	3.0	3.3	3.6	3.9	8.6
PI Industries	76.7	87.7	100.0	114.0	14.2	20.1	23.6	27.2	30.9	15.3	16.7	16.4	19.2	22.1	9.8
SRF Ltd	129.1	153.7	178.8	206.5	17.0	25.8	31.3	38.8	47.0	22.1	13.4	16.7	21.8	27.5	27.3
Deepak Nitrite	76.8	87.4	96.9	105.5	11.2	11.2	14.9	18.0	21.4	24.0	8.1	9.8	12.1	12.1	14.3
Fine Organics	19.5	21.3	21.9	22.6	5.0	4.8	5.2	5.2	5.2	2.8	3.7	3.9	4.0	4.1	3.3
PCBL	64.2	91.2	106.2	120.7	23.4	10.4	15.2	18.0	20.8	26.2	4.9	5.5	7.8	10.3	28.0
Aether Industries	6.0	9.2	12.7	16.7	40.8	1.3	2.5	3.7	4.9	55.2	0.8	1.7	2.6	3.4	60.5
Archean Chemical	13.3	16.5	23.4	28.1	28.3	4.6	5.6	8.1	9.9	29.0	3.2	3.9	5.7	7.1	30.6
Ami Organics	7.2	9.8	12.8	16.1	30.8	1.3	1.8	2.9	3.8	43.9	0.5	1.2	1.9	2.6	75.8

Source: Companies, JM Financial

Key risks

- **Potential pharma intermediate issues:** Delay in commercialisation of new products and inability to achieve optimal pricing for existing products could affect pharma segment revenue.
- **Underwhelming Nubeqa intermediate sales:** The potential revenue from the 10-year Fermion intermediate supply contract depends on the downstream Nubeqa sales performance. Less-than-expected Nubeqa intermediate sales could affect Nubeqa intermediates demand, leading to muted pharma segment revenues for Ami.
- **Electrolyte production delays:** Any delay in electrolyte additive production ramp-up or unplanned plant shutdowns could significantly lower capacity utilisation, which will lead to low offtake and muted electrolyte revenue. Further, this could lead to reduced operating leverage and subdued margins.

Board of Directors and Key Managerial Personnel

Naresh Kumar Patel is the Executive Chairman and Founder of the company. He is currently the Managing Director at the company. He graduated from the Gujarat University with a Bachelor of Engineering Degree in Chemical Engineering. He has 20+ years of experience in specialty chemicals manufacturing. Before Ami Organics, he had set up a chemical sales company in partnership with Girishkumar Chotiwala and Chetankumar Vaghasia in 2004.

Chetankumar Chhaganlal Vaghasia is Co-Founder and Whole-time director of the company. He holds a Diploma in Man-Made Textile Processing from Mantra Education Institute, Surat. He is a chemical industry veteran with experience in production, operations, strategy & planning, purchase, logistics and people development.

Virendra Nath Mishra holds the Whole-time Director position at the company. He pursued his Bachelors as well as Masters in Science (Chemistry) from Poorvanchal University, Jaunpur. He joined Ami as a production manager and now with more than 29 years of experience in chemical industry, currently he is the Director – Operations.

Ram Mohan Lokhande is also the Whole-time Director of the company. With a Bachelor degree in chemical engineering and more than 20 years of experience in leading pharma and chemical manufacturing companies in India, he brings his expertise in API manufacturing, new facilities commissioning, project management and technology absorption.

Hetal Gandhi is an Independent Director of the company. He is a Chartered Accountant by and has 34+ years of experience in financial services industry including private equity, credit markets and investment banking. He is the co-founder and managing director of Tano India Advisors Private Limited.

Girikrishna Maniar is another Independent Director of the company from last 6 years. He holds a Bachelor of Science Degree in Chemistry from University of Bombay. He is also a fellow member of the Institute of Cost and Works Accountants of India and has been in this profession since last 36 years.

Richa Manoj Goyal, a female Independent Director of the company, completed her Bachelors of Commerce from H.A. Commerce College. She also pursued LLB from Gujarat University and is a fellow member of Institute of Company Secretaries of India. By profession, Richa is currently the managing partner of the law company 'Richa Goyal and Associates'.

Anita Bandopadhyay is an Independent Director of the Company since 2022. Anita completed her Doctorate in Applied Psychology from Kolkata University. She also holds an Executive MBA Degree from SP Jain Institute of Management and Research, Mumbai. Anita has expertise in Leadership Development, Talent Management, HR Processes and Corporate Succession Planning across industries including Pharmaceuticals, Adhesives, Textiles, etc.

Bhavin Shah is the Chief Financial Officer of the company. Bhavin, after completing his B.Com from Mumbai University and Chartered Accountancy, worked across various field including accounting, auditing, taxation, banking relation, fund raising, etc.

Ajit Choubey is the President, Technical of the company. Holding a Ph.D. Degree in Chemistry, he is associated with the company from more than 25 years.

Hemantkumar Mahendrabhai Patel holds the General Manager – Human Resources position at the company. He has a Master of Labour Management Degree from The Madurai Kamraj University and a Post Graduate Diploma in Personnel Management and Industrial Relations from The Management Studies Promotion.

Gaurav Bhandari is associated with company for more than 9 years and currently designated as Senior Manager – Marketing. He completed his Bachelors of Technology in Bioinformatics from the Padmashree Dr. D.Y. Patil University and Post Graduate Diploma in Management from Institute of Technology and Management Business School.

Ekta Kumari Srivastava is the Company Secretary and Compliance Officer of the Company and has been with the company since 2021. She has a Bachelor Degree from Patna University and is also a member of the Institute of Company Secretaries of India.

Financial Tables (Consolidated)

Income Statement					(INR mn)
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
Net Sales	6,167	7,175	9,842	12,800	16,069
Sales Growth	18.6%	16.3%	37.2%	30.1%	25.5%
Other Operating Income	0	0	0	0	0
Total Revenue	6,167	7,175	9,842	12,800	16,069
Cost of Goods Sold/Op. Exp	3,309	4,117	5,669	7,040	8,677
Personnel Cost	488	631	866	1,024	1,205
Other Expenses	1,144	1,142	1,499	1,851	2,361
EBITDA	1,226	1,285	1,808	2,885	3,826
EBITDA Margin	19.9%	17.9%	18.4%	22.5%	23.8%
EBITDA Growth	16.6%	4.8%	40.7%	59.6%	32.6%
Depn. & Amort.	123	161	291	403	445
EBIT	1,103	1,124	1,517	2,483	3,381
Other Income	43	75	91	121	158
Finance Cost	24	59	38	0	0
PBT before Excep. & Forex	1,122	1,140	1,570	2,603	3,539
Excep. & Forex Inc./Loss(-)	0	-321	0	0	0
PBT	1,122	819	1,570	2,603	3,539
Taxes	289	332	411	656	892
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	0	0	0	0	0
Reported Net Profit	833	487	1,159	1,947	2,647
Adjusted Net Profit	833	808	1,159	1,947	2,647
Net Margin	13.5%	11.3%	11.8%	15.2%	16.5%
Diluted Share Cap. (mn)	40.8	40.8	40.8	40.8	40.8
Diluted EPS (INR)	20.4	19.8	28.4	47.7	64.8
Diluted EPS Growth	15.8%	-3.0%	43.4%	68.1%	35.9%
Total Dividend + Tax	0	109	151	184	184
Dividend Per Share (INR)	0.0	2.7	3.7	4.5	4.5

Source: Company, JM Financial

Cash Flow Statement					(INR mn)
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
Profit before Tax	1,122	819	1,570	2,603	3,539
Depn. & Amort.	123	161	291	403	445
Net Interest Exp. / Inc. (-)	2	37	-53	-121	-158
Inc (-) / Dec in WCap.	-363	178	-992	-985	-1,088
Others	15	300	0	0	0
Taxes Paid	-245	-243	-411	-656	-892
Operating Cash Flow	655	1,252	405	1,244	1,846
Capex	-783	-2,809	-3,015	-1,000	-1,000
Free Cash Flow	-128	-1,557	-2,595	244	846
Inc (-) / Dec in Investments	-180	-660	0	0	0
Others	633	-185	91	121	158
Investing Cash Flow	-330	-3,654	-2,924	-879	-842
Inc / Dec (-) in Capital	-17	4	4,950	0	0
Dividend + Tax thereon	-133	208	-189	-184	-184
Inc / Dec (-) in Loans	28	2,181	-2,166	0	0
Others	0	0	0	0	0
Financing Cash Flow	-123	2,394	2,595	-184	-184
Inc / Dec (-) in Cash	202	-9	75	181	819
Opening Cash Balance	104	306	298	373	554
Closing Cash Balance	306	298	373	554	1,373

Source: Company, JM Financial

Balance Sheet					(INR mn)
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
Shareholders' Fund	5,940	6,740	12,712	14,475	16,938
Share Capital	364	369	412	412	412
Reserves & Surplus	5,575	6,371	12,286	14,049	16,512
Preference Share Capital	0	0	0	0	0
Minority Interest	0	88	88	88	88
Total Loans	36	2,166	0	0	0
Def. Tax Liab. / Assets (-)	0	0	0	0	0
Total - Equity & Liab.	5,976	8,994	12,786	14,549	17,012
Net Fixed Assets	2,887	5,526	8,250	8,847	9,403
Gross Fixed Assets	3,016	4,444	9,085	10,085	11,085
Intangible Assets	0	0	0	0	0
Less: Depn. & Amort.	384	544	835	1,238	1,683
Capital WIP	255	1,254	0	0	0
Investments	281	236	236	236	236
Current Assets	4,501	5,197	6,779	8,500	11,020
Inventories	1,192	1,567	2,157	2,805	3,522
Sundry Debtors	2,303	2,064	2,966	3,858	4,843
Cash & Bank Balances	306	298	373	554	1,373
Loans & Advances	13	16	16	16	16
Other Current Assets	687	1,254	1,254	1,254	1,254
Current Liab. & Prov.	1,694	1,965	2,465	3,020	3,634
Current Liabilities	1,420	1,346	1,846	2,401	3,015
Provisions & Others	273	619	619	619	619
Net Current Assets	2,807	3,232	4,314	5,479	7,387
Total - Assets	5,976	8,994	12,786	14,549	17,012

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
Net Margin	13.5%	11.3%	11.8%	15.2%	16.5%
Asset Turnover (x)	1.1	0.9	0.9	0.9	1.0
Leverage Factor (x)	1.0	1.2	1.1	1.0	1.0
RoE	14.9%	12.7%	11.9%	14.3%	16.9%

Key Ratios					
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
BV/Share (INR)	145.5	165.1	311.1	354.3	414.6
ROIC	17.0%	9.7%	10.8%	14.3%	17.3%
ROE	14.9%	12.7%	11.9%	14.3%	16.9%
Net Debt/Equity (x)	-0.1	0.2	0.0	-0.1	-0.1
P/E (x)	74.9	77.2	53.8	32.0	23.6
P/B (x)	10.5	9.3	4.9	4.3	3.7
EV/EBITDA (x)	50.4	49.9	34.2	21.4	15.9
EV/Sales (x)	10.0	8.9	6.3	4.8	3.8
Debtor days	136	105	110	110	110
Inventory days	71	80	80	80	80
Creditor days	105	83	84	88	90

Source: Company, JM Financial

APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

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Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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