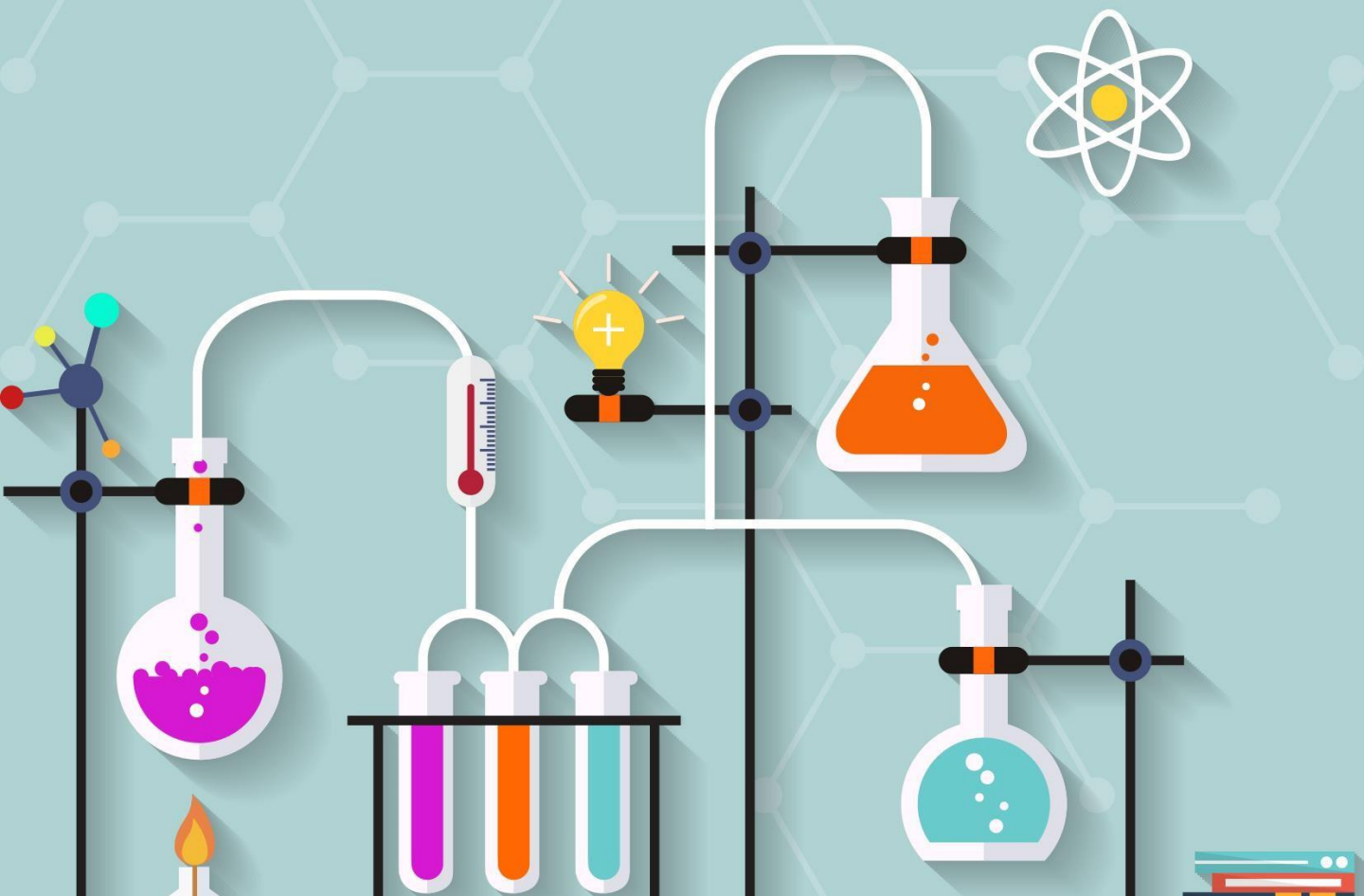


Ami Organics Ltd Q3FY25



Ami Organics Ltd.

Late stage CDMO projects to be key growth catalyst

CMP INR 2,258	Target INR 2,613	Potential Upside 15.7%	Market Cap (INR Mn) INR 92,438	Recommendation BUY	Sector Specialty Chemicals
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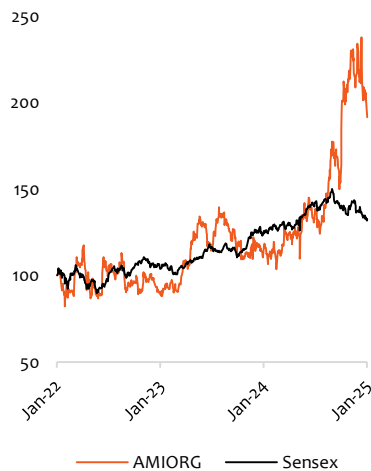
Result Highlights of Q3FY25:

- Ami Organics' revenue beat our estimates significantly due to strong growth in Advanced Intermediates segment. EBITDA and Adj. PAT was well above our estimates due to better-than-expected gross profit and operating leverage.
- We increase our FY26E and FY27E estimates by 9.8% and 12.9% to INR 50.9 and INR 67.0 respectively driven by a strong CDMO pipeline with multiple molecules advancing through clinical trials, steady progress in the electrolyte additive business with supply contracts secured, and upward revision in the revenue growth guidance, ensuring long-term growth visibility.
- We roll over our valuation multiple to FY27E and assign a PE multiple of 39.0x to arrive at a target price of INR 2,613 (previously: INR 1,994) reflecting sustained high demand in the chronic therapeutic portfolio and improving profitability margins as the CDMO segment expands. Therefore, we upgrade the rating on the stock to "BUY" from "ACCUMULATE".

MARKET DATA

Shares outs (Mn)	41
Mkt Cap (INR Mn)	92,438
52 Wk H/L (INR)	2,395/1,004
Volume Avg (3m K)	321
Face Value (INR)	10
Bloomberg Code	AMIORG IN

SHARE PRICE PERFORMANCE



MARKET INFO

SENSEX	76,533
NIFTY	23,163

KEY FINANCIALS

INR Millions	FY23	FY24	FY25E	FY26E	FY27E
Revenues	6,167	7,175	9,796	12,245	15,306
EBITDA	1,226	1,285	2,246	2,990	3,860
Adj. PAT	833	749	1,500	2,084	2,742
Adj. EPS	22.9	20.3	36.6	50.9	67.0
EBITDA Margin	19.9%	17.9%	22.9%	24.4%	25.2%
Adj PAT margin	13.5%	10.4%	15.3%	17.0%	17.9%

Source: Company, DevenChoksey Research

Advanced Intermediates surge leads to upward revised revenue growth guidance

- For Q3FY25, the revenue increased 65.2% YoY (+11.5% QoQ) to INR 2,750 Mn, led by robust growth in the Advanced Intermediates segment.
- Advanced Intermediates (86.9% of revenue) grew by 85.8% YoY (+15.9% QoQ) to INR 2,389 Mn, supported by a significant ramp-up in CDMO contracts. Increased market penetration and strong client relationships helped maintain growth momentum.
- Several CDMO projects moved to advanced stages, with commercialization expected to begin in FY26E. Demand for Apixaban and Rivaroxaban intermediates increased in the anticipation of patent expirations in FY26E-FY27E.
- Specialty Chemical (13.1% of revenue) declined by 4.5% YoY (-11.3% QoQ) due to reduced demand for commodity chemicals, muted performance in the battery and fluorochemical business and some specialty chemical orders were pushed to Q4FY25E.
- Exports (76.0% of revenue) grew by 105.8% YoY (+11.5% QoQ), and domestic (24.0% of revenue) rise by 1.7% YoY (11.5% QoQ).
- The company revised its revenue growth guidance to 35.0% from 30.0% for FY25E.

Better product mix and operational efficiencies boost profitability

- Gross margins improved 333 bps YoY (+281 bps QoQ) to 46.2% driven by shift toward higher-value pharma intermediates and CDMO products and stable raw material prices.
- EBITDA increased 159.0% YoY (+40.3% QoQ) to INR 687 Mn. EBITDA margin expanded 904 bps YoY (+514 bps QoQ) to 25.0%, primarily driven by an increase in gross margin, increased production efficiency at the Ankleshwar facility which led to cost efficiencies and cost savings from solar power.
- Adj. Net profit increased 168.3% YoY (+20.4% QoQ) to INR 450 Mn. Adj. PAT margin improved by 628 bps YoY (+122 bps QoQ) to 16.3%.

SHARE HOLDING PATTERN (%)

Particulars	Dec-24 (%)	Sept-24 (%)	Jun-24 (%)
Promoters	36.0	36.0	36.0
FIIIs	15.5	13.9	12.9
DIIIs	20.2	19.9	14.8
Others	28.3	30.2	36.3
Total	100	100	100

Note: All the market data is as of today's closing

28.7%

Revenue CAGR between FY24 and FY27E

54.2%

Adj. PAT CAGR between FY24 and FY27E

Ami Organics Ltd.

Key Concall Highlights:

- The company has been ramping up utilization at its **Ankleshwar site**, with **Block 2 commercialized** and **Block 1 expected to be operational by Q4FY25E**.
- The **chronic therapeutic portfolio** (anti-cancer, anti-depressant, seizure disorder, anti-psychotic, Parkinson's disease, anti-coagulants, and cardiovascular treatments) saw **sustained demand**.
- Management expects CDMO revenue to **grow from INR 800-900 Mn in FY24 to INR 10,000 Mn by FY28E**.
- The guidance and revenue forecast for the quarter is based on **contracts and commitments from European and other countries**, as well as the **visibility provided by generic manual upticking manufacturers**.
- The **current EBITDA margin** is considered **sustainable**. The **advanced pharma intermediate margin** for the quarter was **26.4%**, and **specialty chemical was at 15.0%**.
- There is **potential for operating leverage** to contribute to a **higher margin, potentially closer to 30.0%**, as the **CDMO proportion increases**.
- The company is **supplying 60-80 molecules in Phase I or II clinical trials**.
- Some drugs are moving from **Phase two to Phase three**, and some are moving from **Phase three to the approval stage**, with **expected approvals in 2027E and 2028E**. The company has visibility into **future growth due to molecules in Phase III and later stages** of clinical approval.
- AMIORG is well-positioned to **compete against its competitors in China**.
- Capex for the **9MFY25** stood at **INR 1,180 Mn**, primarily allocated to the **Ankleshwar site** as well as **solar and electrolyte additive projects**.
- The Capex for **electrolyte additive** is well on track and is **expected to be completed by H1FY26E**. The company has a **Capex of INR 1,700 Mn**, which is for the **purpose of its electrolyte additive business**.
- The company is planning to develop a **4,000 metric ton capacity for electronic additives**, which will provide guidance on revenue and margin.
- AMIORG has already signed some **supply contracts for their electrolyte additive business**, **providing long-term visibility**. The **margin for electronic additives** is expected to be **better than specialty** but lower than pharma.

Valuation and view:

AMIORG delivered strong growth in Q3FY25, driven by the expansion of its Advanced Intermediates segment, particularly in CDMO contracts. Increased market penetration and strong client relationships contributed to maintaining growth momentum. Profitability improved significantly, supported by a favorable product mix shift toward high-value pharma intermediates, stable raw material costs, and operational efficiencies. The Ankleshwar facility played a key role in cost optimization, with improved production efficiency and solar power savings boosting margins.

We increase our FY26E and FY27E estimates by 9.8% and 12.9% to INR 50.9 and INR 67.0, respectively driven by a strong CDMO pipeline with multiple molecules advancing through clinical trials, steady progress in the electrolyte additive business with supply contracts secured, and upward revision in the revenue growth guidance, ensuring long-term growth visibility. We expect the revenue to grow at 28.7% CAGR and Adj. PAT to grow at 54.2% CAGR over FY24-FY27E. Currently, the stock is trading at PE multiple of 44.3/33.7 based on FY26E/FY27E EPS, respectively. We roll over our valuation multiple to FY27E and assign a PE multiple of 39.0x to arrive at a target price of INR 2,613 (previously: INR 1,994). This reflects sustained high demand in the chronic therapeutic portfolio and improving profitability margins as the CDMO segment expands. Therefore, we upgrade the rating on the stock to “BUY” from “ACCUMULATE” with an upside potential of 15.7%.

Revenue Mix

Segments Result (INR Mn)	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Advanced Intermediates	1,286	1,896	1,345	2,061	2,389
Specialty chemical	378	353	421	407	361

Segments Result (as % to revenue)	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Advanced Intermediates	77.3%	84.3%	76.1%	83.5%	86.9%
Specialty chemical	22.7%	15.7%	23.8%	16.5%	13.1%

Segments Result (INR Mn)	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Export	1,015	1,260	1,113	1,875	2,090
Domestic	61.0%	56.0%	63.0%	76.0%	76.0%

Segments Result (as % to revenue)	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Export	649	990	654	592	660
Domestic	39.0%	44.0%	37.0%	24.0%	24.0%

Source: Company, DevenChoksey Research

Ami Organics Ltd.

Result Snapshot

Particulars (Mn)	Q3FY25	Q2FY25	Q3FY24	QoQ	YoY	9MFY25	9MFY24	YoY
Revenue from Operations	2,750	2,467	1,664	11.5%	65.2%	6,984	4,925	41.8%
Total Expenditure	2,063	1,978	1,399	4.3%	47.4%	5,513	4,072	35.4%
Cost of Raw Materials	1,572	1,430	861	9.9%	82.5%	4,053	3,057	32.6%
Purchase of Stock	0	0	0	NA	NA	0	0	NA
Changes in Inventories	-94	-34	89	173.1%	-206.0%	-156	-291	-46.4%
Employee Cost	217	196	161	10.4%	34.3%	604	461	31.0%
Other Expenses	368	386	288	-4.6%	28.0%	1,012	844	19.9%
EBITDA	687	489	265	40.3%	159.0%	1,471	853	72.4%
EBITDA Margins (%)	25.0%	19.8%	15.9%	514 bps	904 bps	21.1%	17.3%	374 bps
Depreciation	63	68	38	-7.4%	68.2%	193	112	73.2%
EBIT	623	421	228	48.1%	174.0%	1,278	742	72.3%
Other Income	17	84	35	-80.2%	-52.2%	112	61	81.4%
Interest Expense	7	5	25	36.5%	-73.0%	56	39	45.1%
PBT before Exceptional	633	500	237	26.6%	167.2%	1,333	765	74.4%
Exceptional Items	0	0	0	NA	NA	0	-318	NA
PBT	633	500	237	26.6%	NA	1,333	447	198.3%
Tax	179	125	59	43.4%	203.7%	356	217	64.4%
Share of Associates	0	0	0	NA	NA	0	0	NA
Minority Interest	5	2	11	109.2%	-53.6%	15	54	NA
PAT	450	373	168	20.4%	168.4%	962	176	446.0%
PAT Margin (%)	16.3%	15.1%	10.1%	122 bps	628 bps	13.8%	3.6%	1020 bps
EPS	11.35	9.38	4.26	21.0%	166.4%	24.2	3.1	NA
Adj. PAT	450	373	168	20.4%	168.4%	962	494	94.9%
Adj. PAT Margin (%)	16.3%	15.1%	10.1%	122 bps	628 bps	13.8%	10.0%	375 bps
Adj. EPS	10.98	9.12	4.54	20.4%	141.8%	23.5	13.5	74.8%

Source: Company, DevenChoksey Research

Ami Organics Ltd.

Exhibit 1: Profit & Loss Statement

INR Mn	FY23	FY24	FY25E	FY26E	FY27E
Revenues	6,167	7,175	9,796	12,245	15,306
COGS	3,459	4,402	5,599	6,796	8,418
Gross profit	2,858	3,058	4,448	5,867	7,411
Employee cost	488	631	825	1,102	1,378
Other expenses	1,144	1,142	1,378	1,776	2,173
EBITDA	1,226	1,285	2,246	2,990	3,860
Depreciation	123	161	267	352	437
EBIT	1,103	1,124	1,979	2,638	3,423
Finance Costs	24	59	17	17	17
Other Income	43	75	127	191	287
PBT	1,122	1,140	2,089	2,812	3,692
Tax	289	332	570	709	931
PAT	833	428	1,500	2,084	2,742
EPS (INR)	22.9	11.6	36.6	50.9	67.0
Adj. PAT	833	749	1,500	2,084	2,742
Adj. EPS	22.9	20.3	36.6	50.9	67.0

Exhibit 3: Cash Flow Statement

INR Mn	FY23	FY24	FY25E	FY26E	FY27E
CFFO	655	1,252	1,976	1,960	1,737
CFFI	(330)	(3,654)	(1,200)	(1,200)	(1,200)
CFFF	(123)	2,394	2,057	(16)	(17)
Net Inc/Dec in cash	202	(9)	2,833	744	521
Opening Cash	103	305	297	3,130	3,874
Closing Cash	305	297	3,130	3,874	4,395

Exhibit 4: Key Ratio

INR Mn	FY23	FY24	FY25E	FY26E	FY27E
EBITDA Margins (%)	19.9%	17.9%	22.9%	24.4%	25.2%
Net Profit Margin (%)	13.5%	6.8%	15.5%	17.2%	18.0%
RoE (%)	14.0%	7.1%	12.4%	14.6%	16.1%
RoCE (%)	13.8%	6.0%	12.2%	14.5%	16.0%
RoA (%)	10.9%	4.4%	9.6%	11.3%	12.5%
Debt/Equity	0.0	0.2	0.0	0.0	0.0
P/E(x)	98.8	111.2	61.6	44.3	33.7

Exhibit 2: Balance Sheet

INR Mn	FY23	FY24	FY25E	FY26E	FY27E
Equity					
Equity Capital	364	369	401	401	401
Other Equity	5,575	6,371	11,858	13,962	16,724
Total Equity	5,940	6,828	12,260	14,363	17,125
Non-Current Liabilities					
Borrowings	6	1,136	6	6	6
Deferred tax liabilities (Net)	88	130	130	130	130
Other Non-Current Liabilities	7	13	14	15	15
Total Non-Current Liabilities	101	1,280	150	151	152
Current Liabilities					
Borrowings	30	1,030	230	230	230
Trade Paybles	1,420	1,346	2,684	3,355	4,193
Other current liabilities	178	476	476	476	476
Total Current Liabilities	1,628	2,852	3,389	4,060	4,899
Total Liabilities	1,730	4,131	3,540	4,211	5,051
Non-Current Assets					
Property Plants and Equipments	1,844	3,229	4,162	5,010	5,773
Capital work-in-progress	255	1,254	1,254	1,254	1,254
Other Non-current assets	870	1,518	1,518	1,518	1,518
Total Non-Current Assets	2,969	6,001	6,934	7,782	8,545
Current Assets					
Inventories	1,192	1,567	1,744	2,181	2,726
Trade Receivables	2,303	2,064	2,952	3,690	5,451
Cash and Bank	305	297	3,130	3,874	4,395
Other current assets	901	1,030	1,039	1,048	1,059
Total Current Assets	4,701	4,958	8,865	10,793	13,631
Total Assets	7,669	10,959	15,799	18,575	22,176

Source: Company, DevenChoksey Research

Ami Organics Ltd.

Ami Organics Ltd.			
Date	CMP (INR)	TP (INR)	Recommendation
29-Jan-25	2,258	2,613	BUY
30-Oct-24	1,820	1,994	ACCUMULATE
21-Aug-24	1,296	1,374	ACCUMULATE
16-May-24	1,219	1,294	ACCUMULATE
19-Feb-24	1,095	1,200	ACCUMULATE
23-Nov-23	1,096	1,225	ACCUMULATE
12-Aug-23	1,247	1,305	ACCUMULATE

Rating Legend (Expected over a 12-month period)	
Our Rating	Upside
Buy	More than 15%
Accumulate	5% – 15%
Hold	0 – 5%
Reduce	-5% – 0
Sell	Less than – 5%

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I, **Dipak Saha** (MBA, Finance), Research Analyst, author and the name subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect my views about the subject issuer(s) or securities. I also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

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