



Ami Organics Limited

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November 5, 2024

To,
The Corporate Relations Department,
BSE LIMITED,
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort
Mumbai- 400 001

To,
The Listing Department
National Stock Exchange of India Limited,
Exchange Plaza, 5th Floor, Plot no. C-1,
G-Block, Bandra Kurla Complex,
Mumbai -400051

Scrip Code: 543349

NSE Symbol: AMIORG

Dear Sir/Madam,

Subject: Transcript of Earnings Call for Q2 FY25 financial results held on October 29, 2024

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 we hereby enclose the transcript of the Earnings conference call held on October 29, 2024 post announcement of financial results for the second quarter & half year ended on September 30, 2024.

The same will also be available at the website of Company at www.amiorganics.com

This is for your information and records.

Yours faithfully,

For, AMI ORGANICS LIMITED

CS Ekta Kumari Srivastava
Company Secretary & Compliance Officer



Encl: As Above



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**“AMI Organics Limited Q2 & H1 FY25 Earnings
Conference Call”**

October 29, 2024

**MANAGEMENT: MR. NARESH PATEL – CHAIRMAN AND MANAGING
DIRECTOR, AMI ORGANICS LIMITED**

**MR. ABHISHEK PATEL – VICE PRESIDENT, STRATEGY,
AMI ORGANICS LIMITED**

**MR. BHAVIN SHAH – CHIEF FINANCIAL OFFICER, AMI
ORGANICS LIMITED**

MODERATOR: MR. KRISHANCHANDRA PARWANI – JM FINANCIAL



*AMI Organics Limited
October 29, 2024*

Moderator: Ladies and gentlemen, good day, and welcome to the AMI Organics Limited Q2 FY25 Earnings Conference Call hosted by JM Financial Institutional Equities.

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 this conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Krishan Parwani from JM Financial. Thank you, and over to you, sir.

Krishan Parwani: Good afternoon everyone and thank you for joining us on AMI Organics Q2 & H1 FY25 Earnings Conference Call.

Today, we have with us AMI Organics Management, represented by Mr. Naresh Patel – Chairman and Managing Director; Mr. Abhishek Patel – Vice President (Strategy); and Mr. Bhavin Shah – Chief Financial Officer.

I would now like to invite Mr. Bhavin Shah to initiate the proceedings. Over to you, sir. Thank you.

Bhavin Shah: Thank you, Krishan. Good afternoon everyone. Warm Diwali wishes to all of you. We are pleased to welcome you all to our Earnings Conference Call to discuss Q2 & H1 FY25 Financials.

Please note that a copy of our disclosure is available on the Investors Section of our Website as well as on the Stock Exchanges. Please do note that anything said on this call which reflects our outlook towards the future, or which could be construed as forward-looking statement must be reviewed in conjunction with the risks that the company faces. The conference call is being recorded, and the transcript along with the audio of the same will be made available on the website of the company and exchanges.

Please also note that the audio of the conference call is the copyright material of AMI Organics and cannot be copied, rebroadcasted or attributed in press or media without specific and written consent of the company.

Now, I would like to hand over the floor to our CMD, Mr. Naresh Patel for his opening statement. Over to you, sir.

Naresh Patel: Thank you, Bhavin. Good afternoon everyone. I hope you are all doing well, from all of us at AMI Organics, I would like to extend warm Dhanteras and Diwali wishes to you and your families, may Lord Dhanvantari bless you with health, wealth and success.

Now, let me provide some perspectives on the current state of the chemical sector:

From the demand side, the demand continues to improve albeit at a slower pace than what everyone had anticipated. Speaking of various sub segments of chemical sector, some of the pockets are witnessing growth in the demand, but majority sub segments are seeing stagnant demand. This is driven by overall slowdown in consumer spending that we all have been witnessing across the sector. Coming to pricing, even though pricing has been stabilized, the upward movement that everyone has been anticipating is taking longer than what we expected.

Now let me give some more highlights on the different industries that we serve:

Starting with pharmaceutical intermediates:

The demand have been slowly improving but what is more painful is the pricing, the pricing for the generic intermediates have been at their lowest. I strongly believe that demand will see an uptick in H1 of Calendar Year 2025 with the price slowly moving upwards.

Moving on to the battery chemicals:

We are witnessing that major car makers and industry players are deferring their additional investment in EV battery capacities and related space. I believe the big investment outlined by these companies at the start of the decade got ahead of consumers appetite for full switch to EVs. Even though I fully believe in the future of EV and switch to EV, only point where I differ is the timeline. I believe EVs will take center stage, but it will be later than sooner. That is why we are also taking each step cautiously. As you all know, we announced CAPEX for electrolyte additives only after we receive the firm contracts from the client.

Moving on, the semiconductor industry:

The part of industry we are serving is seeing stagnant demand, while we are hoping that tide will turn in our favor soon, I believe the pain will be there for a couple of more quarters.

In commodity chemicals pricing remain under pressure driven by oversupply.

Overall, I believe the industry has started witnessing revival, but the pace of revival is slower and therefore I believe even in this financial year, the pricing pain and demand weakness will continue.

Coming to the performance of AMI Organics:

Even in this difficult industry backdrop, I am delighted to share that we have been able to deliver a stellar revenue growth of 43.2% year-on-year in Q2 FY25. Our strategy of building industry

leading infrastructure complemented by cutting edge process technology developed by our team which focus on CDMO contracts and chronic products has helped us deliver stronger results. The growth during the quarter was driven strong performance in pharmaceutical intermediates as well as Specialty Chemical business. I will let Abhishek to discuss this in detail.

Moving on the business update:

During the last Earning Call, we had highlighted that we successfully concluded the GMP good manufacturing practice inspection by the Pharmaceutical and Medical Device Agency (PMDA) of Japan, with no critical or major observation. I am very happy to share that during the last quarter, PMDA Japan has issued inspection result declaring the Sachin facility as GMP compliant. I believe we are one of the few, if not the only company in the intermediate segment who has successfully concluded inspection and subsequently received compliant report from PMDA Japan.

Overall, we are seeing a revival in demand for our core molecules, supported by a strong ramp up in CDMO contract and robust volume growth in our Specialty Chemical's business. Looking at the orders in our hand and the forecast what we have, we are revising our revenue growth guidance upwards from 25% to 30% for FY25.

Now, I will hand over the floor to our Vice President of Strategy – Abhishek Patel for further business updates. Over to you, Abhishek.

Abhishek Patel:

Thank you, Naresh Ji. Good afternoon everyone. Happy Diwali to you and your families.

Let me elaborate more on the business performance:

Starting with the Pharmaceutical Intermediate business:

The Pharmaceutical Intermediate business grew strongly by 53% Y-o-Y in Q2 FY25. The growth was driven by strong performance in key molecule, as well as earlier than anticipated ramp up in CDMO business. Anti-cancer, anti-depressant, seizure disorder, anti-psychotic, Parkinson's disease, anticoagulants and cardiovascular continues to be top therapeutic segment for us. Coming to CDMO contract, We witness a strong ramp up in Q2 which was earlier than we have anticipated.

In Specialty Chemicals we deliver growth of 7.6% Y-o-Y, I would like to highlight here that, this was mainly driven by subpar performance in our subsidiary, Baba Fine Chem, if we look at the business ex-Baba Fine Chem, then there was a more than 25% growth in the Specialty Chemical business, which was offset by de-growth in BFC.

As Naresh mentioned, the demand scenario for the part of semiconductor industry that we are serving remains subdued, which is impacting sales of BFC, but we are very much optimistic that this is a temporary situation and we will soon see growth coming back in FY26. As explained in last conference call as well, we have already started promoting our products of BFC to new geographies, and have already sent samples to the customers in Korea and Japan. This will also add to the growth trajectory in coming years.

Now, coming back to Specialty Chemical business of ex-BFC, We have seen growth across our entire product portfolio, driven by significant uptick in volumes.

Coming to CAPEX for the year, CAPEX for H1 FY25 was 80 crore, majority of this was for remaining CAPEX of Ankleshwar site and some towards solar and electrolyte, additive CAPEX. Let me give you further updates on the CAPEX projects, starting with the Ankleshwar project, one production block has already been completed as informed earlier. Remaining work of other two blocks is progressing, and this is expected to be completed in current quarter. This was slightly delayed due to extended and heavy rains during Q2.

Extended heavy rains in Gujarat also impacted our solar project work. The work progress was impacted during the monsoon and therefore there is a delay. We now expect this project to be completed by end of Q3 FY25, with energy saving expected to start from Q4 FY25 which will contribute positively to our EBITDA.

Moving on to the electrode additive CAPEX, The project work has been started with civil structure plan in place, and construction is expected to start soon. We have started ordering machinery as well. Overall, we hope that we will complete the project in H1 of Calendar Year 25.

With that I will hand over the floor to CFO – Mr. Bhavin Shah to provide the financial update. Over to you Bhavin.

Bhavin Shah:

Thank you, Abhishek. I would like to briefly highlight the key “Performance Metrics” for the quarter before we open the floor for questions.

I will start with the Quarterly Performance:

Revenue from operation for the quarter reached 246.7 crore representing 43.2% increase year-on-year basis. Gross profit for the quarter was Rs.107.2 crore, reflecting 51.5% increase compared to the same period last year. The gross margin was 43.4% up to 239 basis point on year-on-year basis, and 136 basis point on Q-on-Q basis. Gross margin was driven by the better product mix. EBITDA for the quarter was Rs.48.9 crore, almost doubled compared to the same period last year. EBITDA margins were at 19.8% up 543 basis point year-on-year basis and 312 basis point Q-on-Q basis. EBITDA margin was driven by gross margin as well as operating

leverage. PAT for the quarter was Rs.37.6 crore, which grew 1.5 times compared to the adjusted PAT of 14.7 crore in Q2 FY24. PAT margins for the quarter was 15.2% so the expansion of 668 basis point Y-o-Y basis, and 682 basis Q-on-Q basis.

Moving on the half yearly performance:

Revenue from the operation for the first half of the year reach for 423.4 crore representing 29.8% increase on year-on-year basis. EBITDA for the H1 FY25 was Rs.78.4 crore, up 33.4% Y-o-Y basis. PAT for H1 FY25 was at 52.3 crore, up 41.3% Y-o-Y basis.

Moving on to the balance sheet item:

Net cash and cash equivalent were at 279.5 crore. I am happy to share that even with strong growth we were able to control our working capital, which was 108 days during H1 FY25, this was driven by improved debtor and inventory days. Better working capital management lead to strong generation of cash flow from operation of 46 crore, which was 60% of the EBITDA for H1 FY25. Overall, as Naresh sir has mentioned, we are well on the track to deliver 30% growth for the year with healthy EBITDA margins. With that, I request the moderator to open the floor for question. Thank you.

Moderator: Thank you very much. We will now begin with the question-and-answer session. The first question is from the line of Sudarshan Padmanabhan from JM Financial. Please go ahead.

Sudarshan Padmanabhan: Sir, this quarter if you can give some color on how the margins for intermediate, pharma intermediate and Specialty Chemicals plan, and also some color on how do we see the margins in the next few quarters?

Management: So, as you ask the margin for pharma intermediate for the quarter is at 21.44% and for specialty 11.36%. And as we have already said, that we will see a better performance from here. So, on quarter-on-quarter basis, we will see improved EBITDA margin from here onwards.

Sudarshan Padmanabhan: Sir, I would just like to look at, this quarter has been quite a transformational quarter for us, specifically on this pharma intermediate side, and we do have a strong pipeline including, the contract with Fermion that is there. So, what I am trying to understand here is, you had given a 30% guidance going forward. But if you look at it slightly a little longer, we have built capacities, we have built capabilities both on the R&D as well as the product synthesis side, and having relationship built over the years. One is, primarily mining existing customers, like Darolutamide, the opportunity size is big and growing. So, how do we see the wallet share from the existing clients. And also, if you can give some color with respect to how many products we have which is in the late stage, which can give more molecules something like what we are seeing with Fermion and contract. So, what I am trying to understand is this, this year we are looking at 30%

but if I am taking three years, what is it that we should be comfortable with as far as growth is concerned?

Management: Thank you, sir. It's a really elaborative question. First of all, considering our past performance of last 10, 12 years, on an average we have a CAGR of 25% we are growing, that growing is not only because of the one contract, but because we have a strong pipeline, which we build since 2008-09, which is now giving a fruit, which are coming to launching and all so that is how we are growing annually 20%, 25% CAGR in terms of the top line. And that is ongoing till 2035 we have, up to 2045 we have a product, but we have a good visibility of these intermediates which is apart from the Fermion, and also not only Fermion, we have other originators also with whom we are working with CDMO, as well as the regulated intermediates, and also some big generic player also is our customer. So, that is also giving us in confidence that we will grow continuously like 25% annual CAGR. Related to Fermion, whatever the mistake we had done in the past by saying product names, customers, product and everything that created a lot of problem for us in terms of competition arise, which is now we learn this mistake and hence onwards, we will be not disclosing CDMO name, products names and all, but we will give you the cumulative guidelines. So, in the CDMO, in next three years it will be 30% what we say, similar kind of growth we can consider with this kind of inclusion of the CDMO project.

Sudarshan Padmanabhan: Sure, sir. And sir, with respect to the margins, and in this quarter we are at 20%, but given that we have built so much of capacities in place, and I understand that with this capabilities, our margin should be significantly higher than where we are. So, in three years, what should be an aspirational margin that you would be targeting sir?

Management: So, the first target of our is to reach to FY21 where we were at 23% margin and from then onwards, our main target is to go beyond 25% and between 25% to 30% is our target to be reached in next three years.

Sudarshan Padmanabhan: Sure, sir. Sir one final question before I join back the queue. If you can give some color when we see the off take on, the vinylene carbonate supplies and the battery chemicals, which we were expecting to the US large client?

Management: We had never say we have US large client, but we have a contract sign with the big manufacturer of EVs and battery manufacturers. We already done validation batches and submitted to them at a commercial scale as well, and now we are waiting for them to start revamping their system to use our chemical for the commercial at their end. In commentary also, I try to highlight that all EVs are deferring the timeline, and that also impacting us as we are on the bottom of the supply chain. So, that also impacting us as well.

Moderator: Thank you. Next question is from line of Rikin Shah from The Boring AMC. Please go ahead.

Rikin Shah: My question was pertaining to the weakness highlighted in Baba Fine Chem. So, at our clients end, is that an issue on a client specific level, or an industry level issue that is persisting right now, and with respect to finding new clients in your geographies, how big of a gestation period do we think before we can sign more clients?

Management: So, when we had the Baba Fine Chem in our basket, when we acquired a controlling stake of Baba Fine Chem, it was running at 40 crore odd of the revenue. Then there is a procedure of changing the ownership and documentation and all that has created little bit of a sluggishness at both the side and that's how our buyer has used their buffer stock to support their production. And we can be able to have a time period which can be utilized for making these changes and all, but during that period also there is some sluggishness at the end of the consumption, also little bit on a sluggish side. But this year will be the last year where we got some muted revenue. But from next year, we are looking good demand, we have already received the forecast from them that is showing that we are going back to normalization from FY26. Considering the new clientele, they are with the new product which we are getting a project from them, and a few are already we had developed in the past. See, all is a cumulative combo that help us to enter, so if there is existing product, it is a longer gestation time, but it is a new product, which is developed by cheap manufacturer or a chemical purifier, then it will be faster. So, it's a combo of that, and we have very good traction in Korea and Japan for the several molecules in this segment.

Rikin Shah: Alright, thank you so much. With respect to what we discussed in the last call for the NCE tie up for the second block, the second CDMO project. So, where are we with, in terms of the timeline with that?

Management: We are in-line with whatever the expectation of the originator that is the only disclosure I can able to provide you for that.

Rikin Shah: All right. And since you mentioned for EVs that there is a deferral at the OEM end, and projects are getting deferred. So, what does this mean in terms of our Enchem project that we were anticipating to do this year?

Management: So, Enchem is one of our client including other contract manufacturer, and we got the firm contract in our hand, that is the reason why we are putting CAPEX, which is incremental capacity for VC, FEC, around 2000 metric tonne each in Jhagadia facility, and that will be ready by middle of next year. So, that we had started putting capacity, considering all this demand and projections and forecasts what we received from the customer. Enchem is also in the same pipeline, where maybe it will go faster than the others, but it is going well. If you are talking about the JV between Ami and Enchem, that is on the status quo position. We are still discussing several terms and conditions, if that will be fulfilled, then we will go ahead with that as well.

Moderator: Thank you. Next question is from the line of Saransh Gupta from SVAN Investments. Please go ahead.

- Saransh Gupta:** I have two questions. Sir, one is that in your QIP that you did for 500 crore, in that utilization you mentioned that the 250 crore would be for debt utilization, but from your cash flow, I guess we can see only a 200 crore of utilization for debt repayment. If you can throw some light on the mismatch of this. And I have another question, if you want, I can ask that?
- Management:** Fine. So, when you see a cash flow debt repayment. So, there is a debt which we have taken during the period and which has repaid back. So, it is a net debt.
- Management:** So, what you are talking about is the debt figure during March '24 financials. So, you are right, it was around 200 crore at that time but during the Q1 FY25 we had raised, took the disbursement of additional fund to complete our rest of the CAPEX work at unit two, and that was the reason the total debt repaid out of QIP proceeds is again 250 crores only. So, which is in line with the QIP object, and that has been already spent and closed in September quarter FY25.
- Saransh Gupta:** And I have another question in the same utilization, there is a mentioned that 88 crore will be used for general corporate purposes. So, if you can throw some light on it for which we will be using it?
- Management:** So, yes, there was a 88 crore of general corporate purpose that is for the purpose of some of the working capital requirement and any other future opportunity which we see during our journey, so that portion is largely unutilized as on date.
- Saransh Gupta:** Okay. And that lies in our cash and cash equivalence, right?
- Management:** Yes, we have 279 crore of cash available on our financial as on 30th, September 2024.
- Moderator:** Thank you. Next question is from the line of Reena Shah from Subhkam Ventures. Please go ahead.
- Reena Shah:** Sir, I wanted to understand your export numbers and revenue numbers, some general set of discount. Just wanted to understand what kind of adjustment is being done with the export numbers?
- Management:** Generally, those exports number are not completely gives the fair and true picture of the actual export done.
- Management:** And we are bound with that.
- Management:** And we are obviously not following those numbers, there may be different, different source of those numbers, and we cannot verify that numbers.

- Reena Shah:** There is some dual effect, if I am understanding it correct, there is some dual effect which we generally talk that is there, and hence we got a discounted number and reported numbers. Is that something of that sort?
- Management:** Reena madam export number is not a legal disclosure. So, we cannot comment on that.
- Reena Shah:** Okay. And sir one more thing, on Japan you said that there is an approval of Surat facility. Is there going to be any benefit in terms of numbers because of this?
- Management:** Yes, definitely. That is one of our CDMO, which is we are doing for originator. So, now originator can sell their product in Japan with our intermediate, which we manufacture in Surat.
- Reena Shah:** Okay. I believe that your Surat facility is any which ways fully utilized and maybe the new orders will come from Ankleshwar itself, so that's why I have this doubt?
- Management:** Yes, so that is a planning with the originator, that how we can utilize both the facility with different regulatory agencies, so that we can maximize output on that.
- Reena Shah:** Okay. And sir you talked about your core products have started. So, can I assume that APIXABAN have started in good numbers and we can see more numbers going forward?
- Management:** Yes, APIXABAN has already started, and it is going slowly ramp up. But there are some other products which are also now started in launching and then slowly it will go up.
- Moderator:** Thank you. Next question is from the line of Jason Soans from IDBI Capital. Please go ahead.
- Jason Soans:** Sir my first question was just related to the various CAPEXs which are online. I just sort of missed that, so just wanted to know the various CAPEXs which are online and when is the expected completed timeline. Now, one thing I know is that Ankleshwar 33% is been blocked for the Fermion so basically we have two third remaining. So, just some more color, and any other CAPEX which is on the board as of now and the expected timeline?
- Management:** So, as of now, the CAPEX project going on at one of the CAPEX project ongoing is unit two Ankleshwar site, which is about to get completed in this quarter only, it took some more time which was expected to get completed by Q2 FY25 because of rain. So, this will get completed. The total project size was 310 crore, out of which 70 crore was pending at the end of 31st, March 2024 and balance is getting completed in this financial year. Second CAPEX project is electrolyte additive project, which we have planned for 100 crore CAPEX and that is after we signed some of the long term contract with some of our customers. And then we have started building up a 2000 metric tonne capacity for VC and 2000 metric tonne capacity for FEC. And that is expected to get completed maybe around quarter one of FY26 and the third project, which is ongoing right now is captive solar power plant project, and this is going to get completed by

end of Q3 FY25 maybe by December '24 and fruits we will get from the last quarter of this financial year.

Jason Soans: Okay, sir thank you so much for that. Sir, 2000 electrolyte additives, 2000 tonnes for VC and another 2000 tonnes for?

Management: FEC.

Jason Soans: Okay, sure. Sir, just one clarification, I just wanted to know in the presentation you have mentioned that your revenue bolstered by ramp up in CDMO contract of course, here you mean the Fermion contract?

Management: Yes, that is one of the CDMO contracts.

Jason Soans: Sure, sir. And sir, just wanted to know from our overall perspective, last FY24 was pretty challenging for a business as well. Now we did talk about, pricing of APIs also being under pressure, Chinese competition, pricing getting driven down. So, in this quarter of course we have seen a very, very good growth in numbers. Anything materially changed on the ground, in terms of prices or in terms of competition. Now, a lot of talk about China stimulus also. So, just wanted to understand in terms of this dumping and everything has it, the picture materially is changing on the ground in terms of pricing, is there a chance on an uptick, just wanted your view on the same.

Management: So, if you follow my last concall in Q1, we announced that we are changing back to our normal contract situation where now spot to that all helping us to go back to the improvement in our margin. Apart from that, because of the lowest price of the raw material is helping us also on the cost side, and we had improved our process and operational efficiency, that also giving us an operating margin improvement, though there is a pressure on the top line, but still we are managing to improve in our margin which is we have proved several time in last few years.

Management: And that is visible in our margins from Q4 FY24 to Q1 FY25 and Q2 FY25.

Jason Soans: Sure sir. And just lastly from my side of course our products are driven from the end product. So, just wanted to know, I don't want specific product names as such, because I understand confidentiality will issue. But just wanted to know in terms of therapies, any particular therapy helping us in terms of growth, in terms of our demand for our APIs?

Management: We are very strong in anti-cancer, anti-psychotic, anti-depression, anticoagulants and some antiretrovirals, very small amount of antiretroviral. But these are the where we are very, very strong, and our pipe line is also very strong that helping us to move very fast in this area. One is anti-diabetic as well.

- Moderator:** Thank you. Next question is from line of Krishan Parwani from JM Financial. Please go ahead.
- Krishan Parwani:** Couple of questions from my side. Firstly, your revised guidance of 30% top line growth in FY25 translate to roughly current quarterly sales ended of 250 crores for the coming quarters as well. So, are you being conservative at providing this guidance?
- Management:** Yes, this is the guidance which we are giving which is based on the forecast and orders are on hand.
- Krishan Parwani:** Okay, noted sir. And on the CDMO side, keeping confidentiality in mind. But would it be possible to kind of highlight how many intermediates you would have in your pipeline for phase two and phase three drugs?
- Management:** That numbers are very large in phase two, it's in a double digit and there are some are in phase three, and the larger number is in phase one, then lower in phase two, and very few are in phase three right now, in single digit in phase three. But the numbers are not disclosing because we cannot prove that number, because customer has not disclosed us the status and all. So, it's like coding number going, it's not advisable for us to say the status.
- Krishan Parwani:** Understood, but we don't want the names obviously, because you also mentioned in your opening remarks, or probably to one of the earlier participant, that it is attracting the competition. But the number of molecules, probably if, but that's fine we understand it's double digit is also fine for phase two. And on JV, I know it's and you also mentioned that there has been a slight delay in the overall EV value chain. But any update you would like to give on the same because that might take care of the growth beyond let's say FY27 or so, so any update there?
- Management:** See growth as Naresh ji mentioned that we have a strong pipeline for our products till 45, so it's not growth is only depend on this Enchem JV or electrolyte solution business. We have other area of growth as well, but as we earlier mentioned also that we want to invest only in the business when we see the good visibility in place, and then only we will have some investment done. Considering current scenario in EV market in particular in India, because this business is focused on India market only. So, we have been little cautious and assessing the situation, and then we will move forward.
- Management:** And particularly this is an OEM for them. It's like a tall manufacturing from themselves. We are not going to do any marketing or something like that. It is just in job work, CMO kind of work for them. So, it is not directly or indirectly impacting on our planning. It's just an additional arm for us, giving us and leverage of selling our VC, FEC also to them that will be additional benefit to us. So, you can understand that.
- Krishan Parwani:** Yes, in fact I meant like additional growth beyond FY27, I understand that you have obviously a lot of other projects that you will be working on, but I was just wondering if there is anything

but okay, fair fund got it. And lastly, I missed your earlier commentary on the electrolyte additives. I am not sure whether you mentioned, when would they start, when would the revenue start flowing in from the electoral additives?

Management: If everything goes well, it can be start immediately as well. So, we are ready with everything for initial supplies. So, now we already supplied them the validation quantity at a large commercial scale. Now we are waiting for them to move ahead for placing an order which is a part of the contract, but that is all depends on how fast they will move ahead for their approval and final manufacturing. So, it will be very soon, as soon as possible, maybe in Q4, maybe in Q3 as well. But you know very well that we are always, our guidelines and guidance are always excluded from the electrolyte additive. So, that will be remaining like that, a very few minimal portion of 30 crores to 40 crore revenue we were expecting in this year. So, that may defer but it is not clear as of now.

Moderator: Thank you very much. Next question is from the line of Anubhav Sahu from MC Pro. Please go ahead.

Anubhav Sahu: Just couple of questions, it's on the Ankleshwar plant could you tell what is the utilization level for the first block which we have, and when can this reach a steady state of peak utilization level?

Management: So, in last quarter Q2 the utilization level was around 20% for the first block which has been capitalized. And of course the full when it comes that CAPEX gets completed fully by end of this quarter, we expect around three years times to fully occupy the whole capacity.

Anubhav Sahu: So, my question was just for the first block, so 20% we have reached, so particularly for this first block.

Management: Only for the first block which is.

Management: So, 20% is the total capacity of including block one, block two and block three. Total of 20% is in block three we had utilized. And for block three itself we are utilizing around 35%.

Anubhav Sahu: Okay. And secondly, I have seen that the timeline for the CDMO, you have second large CDMO contracts which you referred to and related question would be like, for the other two blocks which you are to be commissioned in this quarter. When do we expect commercial supplies from Ankleshwar?

Management: From block two, we should be good to start supply from the Q4 FY25.

Anubhav Sahu: Okay. And the status from the second CDMO, have we already signed?

- Management:** The supply of the validation batch is already given to them. So, now we will start as soon as it is, when the qualification finish we will start by Q4.
- Moderator:** Thank you. Next question is from line of Gautam Rajesh from North Bridge Capital Partners. Please go ahead.
- Gautam Rajesh:** So, I had a question regarding the electrolyte project. Is there any update on the electrolyte project, by when do we expect to sign the agreement and start the CAPEX on it?
- Management:** Agreement is already signed with several customers, which is we already announced in last two, three quarters. CAPEX already started and that will be finished by Q1 FY26.
- Moderator:** Thank you. Next follow up question is from the line of Jason Soans from IDBI Capital. Please go ahead.
- Jason Soans:** Sir, I did ask you about the CAPEX, just wanted to know, in light of the QIP, you have done this recently. So, I just wanted to know, in light of that in terms of CAPEX, could you mention giving a guidance for CAPEX for 25 and 26 both probably for standalone and subsidiaries both of course, standalone and then the electrolytes say separate and BFC also separate, if that's possible for 25 and 26 both?
- Management:** Yes, for 25 around 70 crore is the CAPEX for unit two Ankleshwar. 100 crore is the CAPEX for electrolyte additive and 60 is the CAPEX for so captive solar power plant project, and then around 30 crore is the regular maintenance CAPEX. These are all around 250 crore CAPEX is for FY25 for AMI Organics, and for Baba Fine Chem, it will be all normal maintenance CAPEX only which is required for regulatory purpose. And the same is for FY25 for both Baba Fine Chem as well as AMI Organics Limited, around 30 to 40 crore is the maintenance CAPEX at AMI Organics.
- Jason Soans:** Okay. So, sir, roughly you are saying probably around 250 to 260 crore?
- Management:** 250 is the CAPEX for FY25 at AMI and around 40 crore is the maintenance CAPEX for FY26.
- Jason Soans:** Okay, sure. And sir in terms of what I meant is, when you look at our console cash flow, the CAPEX last year for 24 was around 281 crores. So, when you look ahead 25, 26 you see roughly on the console basis we will do around 250, 260 crore of CAPEX in both the years?
- Management:** No. For this year we are making CAPEX of 250 crore, and next year we will be making CAPEX of around 40 crore.
- Jason Soans:** Okay. So, this year 250 crore and next year 40 crores?



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Management: Yes.

Jason Soans: On a console basis, right?

Management: Yes.

Jason Soans: Okay. And sir, just to clarify this capacity utilization, an earlier participant asked of that also 20% so that capacity is also whole Ankleshwar block, just a little confusing. Could you just elaborate on that?

Management: Yes, it is for whole Ankleshwar block.

Jason Soans: Whole Ankleshwar block is 20% capacity utilization, and in three years you expect that it will get fully utilized, is that right?

Management: Yes.

Jason Soans: And you are also saying that this whole block should be ready to give supplies from around Q4 FY25, the whole block?

Management: Yes.

Moderator: Thank you. Next question is from the line of Prince Chaudhary from Pink Wealth. Please go ahead.

Prince Chaudhary: I have couple of questions. First, in last concall you have mentioned that we are in negotiation with some of our originator clients in Europe, and we expect to sign deal by the end of this Q2 or Q3. So, can you please share some traction where we are right now?

Management: Yes, so that is what we said, that it is almost done, and validation badges are sent to them. Once it will be approved, then we will go for the contract and start supplying by Q4 or maybe Q1, depends how fast they will do the vendor qualification for us from block two.

Prince Chaudhary: Okay. So, this is all related to CDMO, right?

Management: Yes, 100% CDMO.

Prince Chaudhary: Okay. Another question was, for the 30% growth guidelines which you have mentioned. So, this includes a CDMO for Fermion or it is still excluded?

Management: So, everything. it's the overall growth guidance for AMI Organics, specialty, Baba, everything included.

- Prince Chaudhary:** Okay, so this includes Fermion as well right?
- Management:** Everything.
- Moderator:** Thank you. Next question is from the line of Ankur Kumar from Alpha Capital Group. Please go ahead.
- Ankur Kumar:** Sir my first question is on the increase in other income, which is like 8 crore and decrease in finance cost, there is a big reduction in finance cost, so is that all because of QIP money, or is there something else also?
- Management:** So, see, you need to understand we have repaid the debt during the quarter so there is impact of decreased finance cost. With regard to other income, we have 4 crore of interest income and around 4.5 crore of exchange fluctuation income.
- Ankur Kumar:** Got it sir. And sir on guidance side you are giving 30% growth guidance for this year. So, what kind of margins can we expect and also, can you comment for FY26 can we expect this 25%, 30% growth to continue?
- Management:** Yes.
- Management:** On a on a margin side as we mentioned earlier also, the margin is improving because of stabilizing pricing and market situation and that is going to continue for Q3 and the Q4 as well, along with the operational leverage with increased sales level, and that is expected in FY26 as well.
- Moderator:** Thank you. Next question is from the line of Prashant Nair from Ambit Capital. Please go ahead.
- Prashant Nair:** On the Fermion contract is validation for all markets done. So, are your supplies now representative of what, the overall market demand for the product is, or are some markets still, are we supplying only for a few markets now and the rest is still being supplied by where we saw some earlier?
- Management:** Thank you Prashant for bringing this question, because some people will might be thinking that 30% with Fermion contract why it's so low. So, it's slowly, slowly ramping up into FY25, so we already get in a few markets of these and slowly, slowly FY26 will be the fully utilize of all the regulated market with them. So, currently we are approved in Japan, in Europe and some portion of other country, and then slowly we will go with all the countries worldwide in FY26 with the fully approval for all the embedded market.
- Prashant Nair:** Thanks. And this product has patent protection till 2032-33 is that's the time frame roughly in most of the key market?

Management: Yes, it will be and it may be extended also because they are already got new approval, two new applications already approved, other application approved in clinical trial phase three. So, it will be much, much longer than what we are expecting, and the demand will might be increased because of this new application as well.

Moderator: Thank you. Next question is from the line of Piyush Jain, Individual Investor. Please go ahead.

Piyush Jain: Just want to know how much business we did in this quarter in CDMO and can you share the margin of the CDMO business?

Management: So, as Naresh ji mentioned actually, we have stopped giving any product specific guidance for revenue or margin from this quarter onward because of confidentiality concerns.

Piyush Jain: Okay. So, just as we have spoken also that, excluding CDMO what type of margins we will do, will we expand the margin because our gross margin is expanded for 200 bps only in this quarter, whereas our EBITDA expanded around 500 bps.

Management: So, we will not be able to give you the even Ex-CDMO business. Otherwise people can make out those things, but let me give you that see, revenue has increased by 42% and that you can see in our operational margin improvement also, you can see the improvement at other cost level as well as the employee cost level. In fact, despite of increasing employee cost level, the percentage overall decrease, coupled with the improvement of 1.36% improvement at gross level.

Piyush Jain: Yes, that I understood, what I am trying to ask is the gross margin has increased by 2.5% only so, which I understand, largely supported by CDMO and all. So, let me ask in a way, have we able to maintain our margin in intermediates?

Management: We are improving margin in all sectors, in intermediates, in specialty as well as CDMO is not that large in this quarter, but definitely it will be larger from next quarter onwards.

Piyush Jain: Okay. And we have given growth guidance revised from 25% to 30% for FY25 and was this beyond FY25, 26 onwards?

Management: We are always conservative in guidance so it will remain 25% is our standard.

Piyush Jain: Okay. And can you share some details how many maybe programs which is going on CDMO which is in pipeline or which is in NCE, can we share some color on this?

Management: As we already mentioned that one of the CDMO contact is already there in advanced stage of finalization, and we are expecting this to get signed by end of this financial year and next year onwards that CDMO contact should give us a sizable revenue. In fact, apart from that CDMO

we are working with several other originators in Europe, USA, Japan, and those CDMO projects already going on in some of them are in sampling stage, some of them are going ahead in next few quarters. So, slowly, slowly, all those projects will mature and give it as revenue, maybe from next year onwards or thereafter.

Moderator: Thank you. Next follow up question is from the line of Gautam Rajesh from North Bridge Capital Partners. Please go ahead.

Gautam Rajesh: Is the full ramp up of our CDMO project already visible in Q2 numbers or further scale ups is expected in coming quarter?

Management: It has just started in Q2, in a later part of Q2 full ramp up, for effect as well as the ramp up is still to get materialized.

Moderator: Thank you. Next question is from the line of Varun, Individual Investor. Please go ahead.

Varun: Just one question, what is the expected revenue from Ankleshwar unit at full utilization?

Management: We expect that our project, all CAPEX projects should give us more than 3x kind of revenue. And that is what we are expecting from Ankleshwar facility also.

Varun: Okay. And then what is the full CAPEX for Ankleshwar?

Management: It is 310 crore.

Varun: Okay, so approximately 900 crores is the full expected revenue from Ankleshwar at full utilization?

Management: Yes, you can work it out that way.

Moderator: Thank you. Next question is from the line of Hemant, Individual Investor. Please go ahead.

Hemant: Sir my first question is regarding the capacity. The current capacity is 1100 KL and as per my understanding, block three of Ankleshwar unit has been commissioned. So, once that other two blocks, it's commissioned which is in Q3 FY25 it is a current quarter. So, what will it take our total capacity to?

Management: So, for the Ankleshwar unit the total capacity will be 442 KL. And that 1100 KL capacity which you mentioned, that includes this capacity.

Hemant: Okay. So, you mean to say, all the three blocks if we put together the total capacity comes out to be 442 KL and the 1100 KL capacity includes 442 KL capacity of Ankleshwar unit, correct?



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Management: Yes, sir.

Hemant: And sir, block three of Ankleshwar unit is operational now, right?

Management: Yes, sir.

Hemant: And what is the capacity of block three alone?

Management: It is somewhere around 144 KL exact number, I don't have but it is somewhere around 144 KL.

Hemant: And both the blocks, block two and block one will be operation by Q3 FY25 and the commercial production will begin from Q4 FY 25 right?

Management: Yes, sir.

Hemant: And sir, if I hear it correctly, that the Ankleshwar unit will be fully utilized over the next three years?

Management: Yes, sir.

Hemant: And we are expecting a 20% to 25% CAGR over the next three years, right?

Management: Yes, sir.

Moderator: Thank you very much. As there are no further questions, I will now hand the conference over to the management for closing comments.

Management: Thank you to the JM Financial team for hosting our conference call. We appreciate everyone's questions, and hope we have addressed most of your queries. If we miss any of the your questions, please reach out to our Investor Relations team and we will get back to you promptly. Once again thank you very much, Happy Diwali, Happy New Year, and have a good day to you. Thank you.

Moderator: Thank you very much. On behalf of JM Financial Institutional Equities, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.

Transcript has been edited for reading purpose.