February 1, 2025

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

Scrip Code: 543349

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

NSE Symbol: AMIORG

Dear Sir/Madam,

Subject: Transcript of Earnings Call for Q3 FY25 financial results held on January 29, 2025

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 January 29, 2025 post announcement of financial results for the third quarter and nine months ended on December 31, 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

EKTA KUMARI SRIVASTAVA
Digitally signed by EKTA KUMARI SRIVASTAVA
Date: 2025.02.01 12:18:16 +05'30'

AMI ORGANICS LTD. SACHIN

CS Ekta Kumari Srivastava
Company Secretary & Compliance Officer

Encl: As Above

"Ami Organics Limited Q3 2025 Earnings Conference Call"

January 29, 2025

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. KRISHAN CHANDRA PARWANI – JM FINANCIAL**

Moderator: Ladies and gentlemen, good day, and welcome to Ami Organics Limited Q3 FY '25 Earnings Conference Call, hosted by JM Financial Institutional Securities Limited.

As a reminder, all participant lines will be in listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your 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.

Krishanchandra Parwani: Good morning, everyone, and thank you for joining us on Ami Organics Q3 FY '25 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 morning, everyone. We are pleased to welcome you all to our earnings conference call to discuss Q3 and 9M FY '25 Financials.

Please note that a copy of our Disclosure is available on the Investor 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 risk 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 call to our CMD, Mr. Naresh Patel, for his opening statement. Over to you, sir.

Nareshkumar Patel: Thank you, Bhavin. Good morning, everyone. I hope you are all doing well.

On behalf of everyone at Ami Organics, I would like to extend warm New Year wishes to you and your families.

As always, I will begin by discussing our perspective on the industry landscape before moving on to our performance for the quarter.

Starting with the global economy:

We continue to face significant uncertainty, primarily driven by geopolitical tensions and the change in the leadership in the U.S. We will closely monitor how these factors evolve as we move further into 2025.

Focusing on the Chemical Industry:

Raw material prices have bottomed out, but demand has yet to firm up as anticipated. As a result, I believe the current scenario of low raw material prices and modest demand is likely to persist through the first half of Calendar Year 2025.

Now let's look at the industries we serve.

Starting with the pharmaceutical intermediates:

Demand remains modest with raw material pricing remaining steady throughout the quarter. On the CDMO-CMO front, we are witnessing a significant influx of opportunities in India. As one of the major players in the industry, we had already anticipated this trend. Accordingly, while building the new site at Ankleshwar, we developed all 3 blocks with the latest technology and machinery, keeping these opportunities in mind. To sum up: We are fully prepared to capitalize on these opportunities, and I believe this will be one of the key growth drivers for us in the coming years.

On battery chemical side:

While the long-term outlook remains strong, we are observing delays in the commissioning of new battery capacities in the near term. We are adopting a cautious approach in the segment and focusing on capital expenditure for additives where we already have long-term contract in place.

Semiconductor industry:

Although we are a new entrant, our discussions with both existing and potential clients have been very encouraging. We are doing some very interesting stuff with clients in Japan and Korea, and I hope that we will see the fruits of the same in coming years.

Commodity chemicals:

Situation remains unchanged from the previous quarter with pricing under pressure due to oversupply.

Overall, we remain cautiously optimistic about an improvement in the industry landscape in the coming quarters.

Moving on to the business performance:

I am pleased to share that we have already reached nearly the same revenue as the entire previous financial year within the first 9 months of FY '25, totalling INR 698 crores.

Looking at the quarterly numbers, we have continued to deliver robust growth with revenue from operations increasing by 65.2% year-on-year, and 11.5% sequentially to INR 275 crores. This growth was driven by a ramp-up in our CDMO business, along with steady growth in the Advanced Pharmaceutical Intermediate segment.

I would also like to highlight that we have around several additional projects in the CDMO pipeline, which has progressed to final stages. Discussions with innovators and partners are progressing well, and most of these projects are expected to begin commercialization by FY '26. Consequently, we anticipate our overall CDMO business to reach approximately INR 1,000 crores by FY '28, compared to INR 80 - 90 crores in the last financial year.

Looking ahead with a better visibility of Q4, I am confident that we will beat our previous growth estimate of 30% growth for FY '25. And therefore, I would like to revise growth guidance upward from 30% to 35% for FY '25.

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 Bhai. Good morning, everyone. Let me provide further insight into our business performance:

Starting with pharmaceutical intermediates:

This segment delivered strong growth with revenue increase by 85.7% year-on-year, and 16.1% sequentially to INR 239 crores in Q3 FY '25.

Growth was driven by continued ramp-up in our CDMO business, and steady performance in Advanced Pharmaceutical Intermediate segment. Our focus remains on chronic therapeutic area, including anticancer, antidepressant, seizure disorder, antipsychotic, Parkinson's disease, anticoagulants and cardiovascular treatments.

Moving to the key growth driver for Pharma Intermediate business, which is CDMO business: As Naresh Bhai mentioned, we have long-term growth plan for this segment, and we are confident in achieving our targets. However, please note that we are unable to disclose specific CDMO revenue numbers for the current and upcoming financial year due to confidentiality constraint as per agreement with the customers.

Now Specialty Chemical business:

The segment reported revenue of INR 36 crores; a slight decline compared to the same quarter last year. Sequentially, revenue dropped by around 11%, primarily due to lower volume in our commodity Chemical business.

Within Specialty Chemicals, the BFC business remained flat year-on-year, but showed steady sequential growth. We believe Q2 was the bottom for BFC revenue, and we expect consistent growth from here onwards.

Capital expenditure side:

CAPEX for the first 9 months FY '25 stood at INR 118 crores, primarily allocated to Ankleshwar site as well as solar and electrolyte additive projects.

Let me give some further updates on the CAPEX:

At Ankleshwar site 1, I am happy to share that Block 2 has commercialized successfully, and Block 1 should be commercialized by end of this quarter.

Coming to electrolyte additive CAPEX:

The CAPEX is well on track and is expected to be completed by H1 FY '26.

With that, I will now hand over our floor to CFO – Bhavin Shah, for the financial update. Over to you, Bhavin Bhai.

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 quarterly performance:

Revenue from operations for the quarter reached INR 275 crores, representing 65.2% growth Y-o-Y and 11.5% on Q-o-Q basis. Gross profit for the quarter was INR 127.2 crores, reflecting 78% increase compared to the same period last year. The gross margin expanded by 333 basis points Y-o-Y, and 281 basis points sequentially to 46.2%. Gross margin was driven by better product mix.

EBITDA for the quarter was INR 68.7 crores, which was more than 2.5x when compared to the same period last year. EBITDA margin were at 25%, up 904 basis points Y-o-Y and 198 basis points Q-o-Q basis. EBITDA margin was driven by expansion in gross margin as well as operating leverage.

PAT for the quarter was INR 45.4 crores, which grew more than 2.5x compared to the PAT of INR 17.8 crores in Q3 FY '24. PAT margin for the quarter was 16.5%, which shows expansion of 582 basis points Y-o-Y and 130 basis points on Q-o-Q basis.

Moving on to the performance for the 9 months:

Revenue from operations for the 9 months '25 reached INR 698 crores, representing a growth of 41.8% year-over-year. As Naresh Bhai mentioned, this is almost close to our full year revenue FY '24.

EBITDA for the 9 months FY '25 was INR 146.6 crores, up 41.8% Y-o-Y. PAT for 9 months FY '25 was at INR 97.7 crores, up 78.3% Y-o-Y when compared to the adjusted PAT for the same period last year.

Moving on to the balance sheet items:

Net cash and cash equivalents were at INR 306 crores. I am happy to share that even with strong growth, we were able to control our working capital, which was 95 days during 9 months FY '25 as against 108 days as on H1 FY '25. This was driven by improved debtor days and stable inventory. Better working capital management led to strong generation of cash flow from operations of INR 119 crores, which was 81% of the EBITDA for the 9 months FY '25.

Overall, as Naresh sir has mentioned, we are well on the track to deliver more than 35% of growth for the year with improved EBITDA margins.

With that, I request the moderator to open the floor for questions. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question, may press '*' and 1 on their touchtone telephone. If you wish to remove yourself from the question queue, you may press '*' and 2. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question is from the line of Bharat Shah from ASK Investment Managers. Please go ahead.

Bharat Shah: Yes. Hi, Naresh Bhai, good morning. After all the efforts, finally, things seem to be settling in a right direction. I just wanted to understand, we have good visibility as far as our Pharma Intermediate and CDMO business is concerned for the next 2 years. But what are the steps we are taking to build growth engine intake after 2027? Next 2 years, as I understand the business, I think business is reasonably secured and clear. But after 2027, what are the initiatives which we're building today in order to drive the growth engine ahead thereafter?

Nareshkumar Patel: Good morning, Bharat Bhai. Thank you very much for asking this question. As you know that our business model is divided into the originator business, our own generic business as well as first-to-file business. So, we have business security till 2040. We had already done developing molecules for generic application up to 2040, which will cater our steady growth up to 2040 with the customer also secure.

So, in that sense, we are not worried about the business. Regarding to the growth, which is exponential growth, which is expected by everyone, which is coming from our New Chemical Entities business as well as CDMO and CMO business. In Pharma, which is going very well, we have lot of CMO and CDMO in pipelines. One is very major. That's why it is highlighted very well, but there are some others which are also moderately good in quantity and quality in a revenue point of view.

And we already said that in FY '26, some of them are coming out. Similarly, there are several which is coming in FY '27, '28, '29. So, we have a good visibility in terms of CMO, CDMO, because there are some molecules which are in Phase-III, some are in later stage of clinical approval also. So, that will bring our future growth into the business as well. And that is the reason why we had built out this new facility, considering this modern requirement and latest policy requirement by the FDA as well.

Bharat Shah: So, apart from the generics where we have long-term visibility, are there further engines being built today for maintaining or accelerating growth beyond 2027?

Nareshkumar Patel: Yes, sir. Baba Fine Chem is one of the master investments, I can say because that has a huge potential to grow in semiconductor sector. We are already producing photoresist chemical, but we have several another backend packaging side, also some chemicals, which already developed and now these monomers and chemicals we are sending in Japan and Korea, which will be mature in the next couple of years.

So, adding a new additional growth driver for our future - the Electrolyte Additives, we have only 2 in the past, but now we have more than 12 Electrolyte Additives now. And these all will be used by all the battery cell manufacturers. And we have already started qualification staging with existing customer as well as the new customer.

And beauty is that we have right from beginning, we are in line with the Chinese price. So, whether IRA will be there or not there, it is not impacting us, because Chinese price is in line with us. It will be, in fact, beneficial for us if the IRA is not there, then we can have leverage of raw material sourcing from other cheaper nations, and that will also help us to have an addition in the margin as well. So, this is a good move for us in terms of positioning ourselves in electrolyte as well.

Bharat Shah: And on Specialty Chemicals, any insight you want to share?

Nareshkumar Patel: Specialty Chemicals segment is a highly commoditized segment, which is we acquired from Gujarat Organics. We've done a lot of development in that site. We sustain ourselves. With this highly price pressure, raw material drop-down, topline eroded by 30%, even though we are sustaining the market share so far. So, that is the reason till now in the last 3 years, we had not declined our revenue in Specialty Chemicals, with maintaining the EBITDA at a double-digit level. So, that is a good achievement for us.

Now we had also done some good qualification in regulated market for specialty chemical as well, which is under validation right now. So, once it will go, then '27, it will also give a very good fruit in terms of specialty chemicals as well.

Bharat Shah: Yes. Thank you, Naresh Bhai, and all the very best.

Nareshkumar Patel: Thank you Bharat Bhai.

Moderator: Thank you. The next question is from the line of Krishan Parwani from JM Financial. Please go ahead.

Krishanchandra Parwani: Yes, hi Naresh Bhai, Abhishek Bhai. Congratulations on very strong set of numbers. 3 questions from my side. Firstly, on the margin front, I believe on account of higher CDMO contribution, EBITDA margins have jumped to almost like 25%. Do you think that with further ramp-up of CDMO business and solar power benefit, your margins could reach 26%, 27%? Or you think 25% is a peak for us?

Abhishek Patel*:* So, on the margin side, as you know that we have improved GM by 281 basis points in this financial and EBITDA of 5%, and we expect quarter-on-quarter improvement going forward in next financial year also. It will be always a sequential improvement in next financial year on the revenue as well as on the margin side. But on a blended side, we can expect that we will cross the EBITDA margin for the full year of the highest peak EBITDA margin of more than 23.5%, which we recorded our highest margin. But obviously, these margins are sustainable and the way the business is going, these are definitely a sustainable margin.

Krishanchandra Parwani: Got it. Got it. And on the second CDMO contract, are we on track to start the supplies from 4Q FY '25 as indicated, I think Naresh Bhai had indicated during the last call?

Nareshkumar Patel: Yes. It is – the validation is under review, and it will be definitely start from FY '26, the commercial supply from second CDMO, from Block 2 of Unit-2.

Krishanchandra Parwani: Okay. Okay. And last bit, so how is the demand visibility from apixaban and rivaroxaban intermediates?

Nareshkumar Patel: As everybody knows that it is publicly available, the apixaban is expiring in '26. So, the demand already started for API and API manufacturing. And we already have a ramp-up in this Q3 as a small quantity, Q4, it will be a little bit higher. And by FY '26, we are expecting to go at a very moderate level against the very minimized in last couple of financial years.

Rivaroxaban has an expiry in FY '26, '27. So, it will be ramp up by end of this year. But still, we are selling some quantities to our partners in Europe as well as in India.

Krishanchandra Parwani: Understood. Understood sir. Thank you so much for patiently answering my question. Wish you all the best, sir.

Nareshkumar Patel: Thank you, sir.

Moderator: Thank you. The next question is from the line of Sundarshanadmanabhan from JM Financial PMS. Please go ahead.

Sudarshan Padmanabhan: Yes, thank you for taking my questions. Sir, quite happy to see the ramp-up in the Pharma Intermediates being much, much faster than expected, thanks to the CDMO. Sir, my question is today, what is the capacity utilization, and whatever the CAPEX that we have done in the past. Given that the existing product itself is doing well for us, and there are multiple products that are there, do we have capacities in place to cater the kind of growth that you talked about to the INR 1,000 crores? Or do you think that we will have to acquire more land? Can you give some colour?

Abhishek Patel: From a capacity front, let me update that at Unit-1 Sachin, capacity is more than 70% utilized. At Unit-2, 50% capacity utilization we have achieved in Block 3, which is already capitalized. And at Unit-3, the capacity utilization is 50%. So, we have room available for Pharma Intermediate business at Unit-2, and the next block is already inaugurated block #2 and block #1 is also expected to get commercialized by end of this March quarter. So, it will cater largely our capacity requirement for next 2 to 3 years requirement. And for Spec-Chem business, the capacity is already at 50% utilization at 50% level. So, that will also cater our capacity requirement for next 3-year time.

For the new business of Electrolyte Additive, you already know that CAPEX is going on, which is expected to get completed by H1 FY '26, and that will again secure our revenue requirement for next 3 years. So, this way, we are quite very well placed to support our growth for next year. And of course, it's an industry cycle. So, as and when it's required, maybe 1.5, 2 years in advance, citing the new next level of revenue growth, we will have additional land acquired as and when required. Even today also, we have one 8,000 square meter land available at Sachin GIDC, which can be used for some additional requirement. But for high CAPEX, we can have additional land in future.

Sudarshan Padmanabhan: Sure, sir. Sir, if I split the 2 businesses, you usually give the margins across the 2 businesses, I would assume that if I look at the overall margins of 25%, the Pharma Intermediates in this quarter should be north of 30%. Is that right? If you can give some colour on that?

Nareshkumar Patel: Come again?

Sudarshan Padmanabhan: The margins between the Specialty and the Pharma...

Bhavin Shah: So, Advanced Pharma Intermediate margin for the quarter is 26.4% and Specialty is 15.16% blended.

Sudarshan Padmanabhan: So, both has increased. Sir, just taking forward the previous participants, the margins today is at 25% with around 50% to 60% utilization across both the plants. Intuitively, as the CDMO proportion increases, from the current products and the new products, I am not talking about next year, say 3 years down the line. Should we be looking at, say, a margin closer to, say, 30%, which is also something a lot of CDMO players are doing, and it's not very different. So, just wanted to understand a bit about how much of operating leverage as you scale up your business environment.

Abhishek Patel: So, as you know that CDMO business has just ramped up in this Q3 FY '25. And with commercialization of other 2 block also, our operational efficiency will again kick in. And it will definitely go beyond the 25% mark, no doubt on this. It can reach to, let's say, 27% to 30% also. But you have to understand that this is a CDMO business, not the API, it's an intermediate business. So, that industry, other player, we maintain ourselves a little conservative as against others for guiding EBITDA margins.

Moderator: Sorry to interrupt, sir. Sorry to interrupt. I would request you to rejoin the queue for your follow-up question. Thank you. Ladies and gentlemen, in order to ensure that the Management is able to address questions from all the participants, please limit your question to 2 per participant. If you have a follow up question, I would request you to rejoin the queue. The next question is from the line of Nikhil Mathur from HDFC Mutual Fund. Please go ahead.

Nikhil Mathur: Good morning, all. Many congratulations to Naresh Bhai and team for such great execution. My first question, Naresh Bhai, is on your management commentary that the pipeline of CDMO projects is progressing well. So, just wanted to understand, are you talking here about the current couple of patented products which are kind of scaling up? Or you're also talking about projects which are beyond, let's say, FY '27, '28, which will kind of progress to Phase-II, Phase-III in the next 12 months, and you will get visibility over the next 12, 15 months or so.

So, I just wanted to understand if you can split between the next 12, 15 months, and beyond that as well, what is the visibility you're getting on some of the patented projects that you would be working on?

Nareshkumar Patel: Thank you, Nikhil Bhai. Due to confidential nature of the agreements, and because it's clinical trials, I can't disclose more on that, but you are rightly saying that I am talking about the existing as well as the new CDMO, CMO, which will be matured in '27, '28, '29. So, these all are moving very good, and it's a strong robust pipeline we have, with multiple application in terms of pharmaceutical final dosage form. So, several are moving from Phase-II to now Phase-III, some are Phase-III to the approval stage. So, that will be coming in '27, '28 like that.

Nikhil Mathur: So, can we extrapolate, sir, that the current success that you are seeing on the patented side, that is leading to better and more inquiries ever since this success has been visible to other customers as well? Can it be assumed?

Nareshkumar Patel: You can say like that. But for me, I can say that I started my career in this Company on clinical trial only, and then I move on to the Generic. So, we have a lot of molecules which we supply sometimes in a very early-stage development or some are in the later stage development. But whoever the customers who are big names in Europe or U.S. or in Japan originators, they now also realize that we are fully capable enough to execute at a very large-scale production for any kind of requirement in terms of regulatory as well as in terms of supply chain, without any deviation or without any hurdle. So, that is one of the things which gives us the confidence. Definitely, you say is one of the right thing that, yes, with the success of this current project gives a lot of confidence to our buyer, and that also encouraging them to give us more project to us as well.

Nikhil Mathur: Got it. Sir, another question I had was a slightly longer-term horizon. The peptide-based development is kind of gaining, it always has been in prominence, but it is only going up and will go up in the coming 10, 15 years as well. We talk about GLP-1, but at a very broad level, peptides are finding or they are getting tested and tried for multiple other indications as well. And hence, an assumption that next 10, 15 years, a company which is on the chemistry side will have to be in the larger molecules and essentially on the peptide side as well.

So, any broad thoughts you can share on how Ami Organics is placed to latch on to this tailwind, maybe not in the next 2, 3 years, but beyond that. Is that something which we can look forward to from Ami Organics standpoint as well?

Nareshkumar Patel: Ami Organics is chemistry-driven company, and we are very strong in chemistry. This is our core strength. And based on that, we had nurtured our business in a horizontal manner. Peptide is the future, definitely, but it is not solution for all the disease. That is definitely peptide is used for some disease, but it is not future for all the disease.

Synthetic chemistry or synthetic drug will never phase out in the system, right? And there is a huge potential available for us. In fact, in peptide also, synthetic chemistries are required, and there are also opportunity available for us, and we are already catering this kind of small opportunity what we have, we are getting it.

But it's not our core area of bio. People are rushing towards the gold. I don't want to put myself into the same rush, because by this way I am risking my existing infrastructure as well as my future of my company. So, we are a highly focused company, we know our strength and weaknesses, and we are focusing on that area only. So, peptides may be good for someone, but it is not that great for me for today or for the future.

Nikhil Mathur: Understood, sir. And just one final question, if I may please squeeze in. On the base intermediate portfolio, which is on the generic side, can you give some sense, sir, how EBITDA per tonne or if you can talk about margins, how margins have played out in last 12 months or so? And if there is a recovery at some point in time, maybe not this year, but let's say, in FY '27 or sometime, can there be a big reversal in EBITDA per tonne or margins, whichever you want to talk about?

Nareshkumar Patel: To be very honest, due to the nature and sensitivity of some agreements as well as commitment, we have stopped doing this bifurcation and all because it is impacting on our future contracts as well. So, yes, we are committing to improve ourselves, and that you can see in last 10 quarters, 12 quarters.

Nikhil Mathur: Sir, I am talking about the portfolio where there is pricing pressure last couple of years, due to demand or Chinese dumping.

Nareshkumar Patel: As I told you every time that Chinese pressure is not directly impacting us. It is impacting to my manufacturer. You can see my all last 4 quarters where I did the commentary, you can get your answer from that as well, and then we find out the way to how to maintain our margin there as well.

Nikhil Mathur: Understood sir. Thank you so much and all the best.

Nareshkumar Patel: Thank you, sir.

Moderator: Thank you. The next question is from the line of Rohit Nagraj from B&K Securities. Please go ahead.

Rohit Nagraj: Thanks for the opportunity, and congrats on a very good set of numbers. So, first question is on the Pharma Intermediates front, excluding the CDMO part. So, this is just the beginning of 2025. So, how are we expecting the pricing environment from our customers, given that the last couple of years have been relatively benign, although it is stable. But given that hopefully, the inventory situation, et cetera, has been managed, whether there is an improvement as far as the 2025 contracts are concerned? So, your views from the customer interactions. Thank you.

Nareshkumar Patel: Apart from the CDMO patented product agreements, raw material prices is stabilized. Our topline is also now stabilized. In the past, when the problem arise for our end user, we changed our contracts to the spot basis and now we return back to the contract. And this contract is now very well executed and that contract also and rolling forecast also giving us a good visibility for us for the next 1 year, 1.5 years.

So, that's why we are very much confident about our margin claim, whatever we are announcing, even our incremental forecast, the revenue forecast for this quarter also based on these contracts as well as the visibility, which is provided by the generic uptake in manufacturers from us only.

Rohit Nagraj: That's helpful. Second question on the Battery Chemicals and Semiconductor. So, here, still, we are at initial stage in terms of commercialization of the plant as well as qualifications. Maybe in FY '27, '28, when we will start the supplies, what is the kind of revenue potential that we are looking at, and whether the margins also will be in a similar range of CDMO or there will be change in terms of the margin profile for these 2 particular products? Thank you.

Nareshkumar Patel: In terms of the capacity point of view, we already announced that we are putting a plant for 4,000 metric ton inclusive of all additives, which will give you the guidance about the revenue as well as the margin right from beginning. When we develop, we always said that the margin will be better than Specialty, but lower than Pharma. So, this is the same thing which is right now is applicable for us in terms of Electrolyte Additives as well.

Rohit Nagraj: And the same goes for Semicon as well?

Nareshkumar Patel: No. Semicon is a very different ball of game, where we are the only company in India, who are right now have a good situation and position ourselves in this basic chemical supply, where the margins are much higher than the Pharma as well as CDMO, which it may vary from 40% to 65%, depends on which product at what scale and this all depends on customer to customer as well. So, it is not a low-margin product at all, because it's a very high purity molecules, which we are making, which is a very unique strength of Baba Fine Chem, which is they know the know-how how to produce this kind of molecule.

Moderator: Ladies and gentlemen, we have lost the connection for the current participant. We will move on to the next participant. The next question is from the line of Prashant Nair from Ambit Capital. Please go ahead.

Prashant Nair: Yes, good morning, everyone. Naresh Bhai, just one clarification. When you say CDMO, are you referring to all sales that you make to innovator pharma companies? Or is there any other way you're splitting the business?

Nareshkumar Patel: See, mostly, Ami Organics is doing the CDMO only for the innovator pharma company or the innovator pharma company's toll manufacturer based in Europe or in India. So, we don't do the generic CDMO or CMO, because we are way beyond of these kind of things. So, it's a small company, very initial company, they can do this kind of big CMO, but we are doing only CDMO, CMO for originators, either directly or supplying to the toll manufacturer of the originators based in Europe, China or in India.

Prashant Nair: Right. And that is the business which you expect to get to INR 1,000 crores by fiscal '28, right?

Nareshkumar Patel: Yes.

Prashant Nair: Yes. And just a follow-up on this. Would you be able to give a split of the supplies you make to innovators or their toll manufacturers, currently, what proportion would be for products that are off-patent versus, say, those that are under patent or those are still in development? Can you give that split?

Nareshkumar Patel: Prashant Bhai, if I will be 2 years back, I would love to do this, but this has brought a lot of problem to my marketing team. So, we have now stopped this kind of sharing, because we are generating our own competition. So, we don't want to discuss these kind of things on a call or on one-on-one anywhere.

Prashant Nair: No worries. But would the share of products that are under development or under patent go up over the next few years? I know there's one big contract, which obviously will lead in that direction. But beyond that, in your pipeline, would you have enough molecules, which are either under development or still on patent that are yet to scale up?

Nareshkumar Patel: So, I can narrate it like this. You maybe figure out from there. We have more than 570 molecules till last year invoice. Maybe this year, it will be added another 40, 50. Out of that, in a clinical trial, somewhere around 60 to 80 molecules are right now either in Phase-II or Phase-I kind of things, which we are supplying to them. So, from there, you can narrate about whatever you want to get an answer from that.

Prashant Nair: Great. That's useful. Thank you. All the best.

Moderator: Thank you. The next question is from the line of Yash from Stallion Assets. Please go ahead.

Yash Gandhi: Hi, sir. Thank you for the opportunity. Just with respect to your CDMO business, could you tell me what is the expected asset turns on the CAPEX that you are estimating by FY '28?

Nareshkumar Patel: Normally, we target any asset turns which we invest would be 3x. So, similar kind of use. You should make your assumption or calculation like that.

Yash Gandhi: Okay. Okay. And just from a longer-term perspective, because we're seeing some headwinds in the Specialty Chemical business. So, like what was the reason for having that segment? Why don't we just concentrate on the Pharma Intermediate side of the business? I am sorry, I am just new to the company. So, I just wanted to understand the...

Nareshkumar Patel: No worries. See, let me tell you one thing. If I will be only pharma last 2 years, I will be in a trouble. If I will be in a specialty also, I will be in a trouble. Ami Organics is always focusing on sustainability and long-term growth. And what happened that our policy, right from beginning is that not depend on one customer, not depend on one product, not depend on one area. And this is how we develop Pharma, Agro, Specialty, Polymer, Petrochemicals. So, if one segment will not perform well, other segment will help support to us.

And that is one of the reasons that every year, every quarter-on-quarter, we have an improvement in our revenue. And also, it has been also giving us an improvement in our operating leverage as well. So, these are multiple things which help us to remain in the position. And not only that Specialty Chemicals is also very lucrative. It required a lot of efforts to make viable for that, and that's what we are doing right now. We're also new in Specialty, last 4 years only, we enter in this. So, we are also learning, and we learn a lot of things in that, and that will give us a foot in the upcoming years as well.

Yash Gandhi: Okay. Okay. Got it. Thank you.

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

Rikin Shah: Congratulation, Naresh Bhai, a very stellar quarter. I remember not too long back, there were questions on margins being ever recovering. My question is, I know you have expanded on the Battery Chemicals segment, but perhaps with the geopolitical changes that have happened, has our stance as a company changed or altered for this?

Nareshkumar Patel: No, because we have an agreement in place, and our position is great in terms of the competition against the competitor base in China as well. Thing is that our buyers, so they have some limitations to start. So, once that limitation is over and they got the green light from the final OEM EV manufacturer, it will be ramped up very quickly for us. If that not happen, then market is open for everyone. And then in that case, we are very happy in that to cater that worldwide as well.

Rikin Shah: All right. Sir, in terms of a very molecule-specific question, there is a lot of activity by Johnson & Johnson and CAPLYTA, and they have done an IMPD filing. So, they estimate this asset to be more than $5 billion, and we sort of have a process patent for the intermediates of lumateperone. So, is there any sort of possibility of having an early entry into this molecule?

Nareshkumar Patel: We've already done that with our partners. There are 3 partners who had already filed, first to file, and now we are waiting for their upcoming. So, we are already there.

Rikin Shah: All right. Okay. That’s all from my side. Thanks, sir.

Nareshkumar Patel: Thank you.

Moderator: Thank you. The next question is from the line of Manav Kapasi from Antique Stock Broking. Please go ahead.

Manav Kapasi: Yes. Sir, firstly, congratulations on a stellar set. My only question was on the Spec-Chem business. The degrowth that we've seen, the small degrowth, is it largely on account of BFC or has the base business also seen some problems? And also, if you can give the growth for this quarter ex of BFC, which you had given last quarter?

Nareshkumar Patel: Spec-Chem business, we have an order in place, but it is a deferred supply. So, that's why it is little bit degrowth in a commodity spectrum of cosmetic as well as parabens. And BFC, as we already said right from beginning of this year will be muted for us, and that will be happening in BFC. So, BFC has a stable every quarter, INR 2 crore to INR 3 crore demand right now, because of several compliances and all, which is now finished.

So, from next year, it will be uptake in BFC. But whereas here in Specialty Chemical segments where we have some orders, which is deferred to this quarter as well as we also leave some orders based on the pricing as well. So, these are the combination of both.

Manav Kapasi: Okay. And ex of BFC, if you could give us the growth for this quarter?

Nareshkumar Patel: We already announced that this quarter growth, the overall year will be 35%.

Manav Kapasi: No, no, I am asking for the Spec-Chem business. ex of BFC, what would be the growth?

Abhishek Patel: Ex of BFC, the growth anticipated for full year is more than 15%.

Manav Kapasi: Okay. Understood. And you just said that there are some orders that are deferred to this quarter, that is 4Q and maybe 1Q. So, this quarter, maybe we should see some recovery in the spec-chem business, right?

Abhishek Patel: It's definitely going to be recovered, but you see it like this. For Q1 and Q2, the ex of BFC Spec-Chem business has done very good. And this is only a cyclical nature for temporary for Q3. And again, Q4 will be a normal thing. So, overall, for the full year, the expected growth is more than 15%. That's for sure.

Manav Kapasi: Great, great. Thank you so much. All the best, Naresh Bhai and team. Thank you.

Nareshkumar Patel: Thank you, sir.

Moderator: The next question is from the line of Jason from IDBI Capital. Please go ahead.

Jason Soans: Yes, hello. Thanks, sir, for taking my question. Am I audible?

Moderator: Yes.

Jason Soans: Yes. So, sir, just some quarters back, you used to give a breakup of your Pharma Intermediates business in terms of being 50%, 55% being for the generic API, then 40%, 45% for innovator pharma, 5% for CDMO, and 1% to 3% for import substitutes for domestic pharma. So, sir, currently standing, how does that mix stand as of now?

Nareshkumar Patel: So, we learned this mistake. And now that's why we are saying we are not breaking it up. We are also learning this how to handle disclosures, because disclosure is only not for the investors, but also for our partners who are buying from us. So, that's why we are now restricted ourselves to breaking out everything and giving disclosure to the people.

Jason Soans: Sure, sir. So, one thing is for sure, sir, that your CDMO business will definitely, in that mix, the revenue contribution must have increased quite a bit for that. Yes. So, sir, just in terms of that, you did mention that your tailwinds are strong for CDMO and you target to reach INR 1,000 crores. That's your target aim by FY '28. So, currently, sir, what is the revenue size for CDMO?

Abhishek Patel: The CDMO business last year was INR 90 crores. This year, we have already crossed more than double of that last year's business. But as I mentioned, we are not giving the segment-wise revenue splits from this year onwards.

Jason Soans: Okay. Okay. And sir, I understand that you are not giving specific numbers. Just wanted to understand also that, of course, one is that the darolutamide or the Nubeqa sales definitely must have helped you in your intermediate sales. So, sir, I am not asking about specific details, but just from a directional standpoint, how are you seeing such other long-term contracts filling up the Ankleshwar capacity?

How is the pipeline looking, going ahead for more and more contracts, vis-a-vis our competition globally as well? How are you seeing India traction playing out? Just wanted from a directional standpoint, how is that looking as you again look to basically increase capacity utilization for Ankleshwar facility as well?

Nareshkumar Patel: We look very promising in that area. We are already moving in Block 2 with some CDMO has already started, and there are other under negotiation and discussion and development. So, it's going very well. We don't see any issues in terms of demand. It is only in terms of when they are ready to transfer. That is because right now, CDMO, CMO innovators, either they make themselves or buying from someone. So, it's a procedure in pharma where we have to follow it, and it will become soon several new projects which are in the pipeline and development will be start in Block 1 as well.

Jason Soans: Okay. Sure, sir. And sir, just one final thing. For BFC, you said the year is muted, but by FY '26, are we looking at a significant ramp-up in BFC, contributing well to topline and bottom line by FY '26? Do you see whatever initiatives and whatever strength building up we are doing in BFC, with the Japanese and the Korean customers, do we see significant revenue buildup in FY '26?

Abhishek Patel: No, not in FY '26, but it can go on from FY '27. It has already started. As we mentioned, we see Q2 as a bottom out quarter for BFC. It has already started moving up. But slowly, slowly, it will ramp up, not in very big way in FY '26, but '27 onwards, because we have done a lot of seeding in market like Korea and Japan. We have already shipped samples and validation batches has started going. So, I think that will take some time, and it will from '27 onwards, it will definitely ramp up.

Moderator: Sorry to interrupt, sir. I would request you to rejoin the queue for your follow-up question. Thank you. The next question is from the line of Ajay Surya from Niveshaay.

Ajay Surya: Congratulations, Naresh Bhai, on a good set of number. Hello, am I audible?

Moderator: Yes, sir.

Nareshkumar Patel: Yes.

Ajay Surya: Yes. So, my question was like I was checking the investor presentation of the Fermion, right? So, Fermion has not grown Y-o-Y, so my question was that the molecule we supply to Fermion in that there existing supplier we have replaced them So, my question was growth, like is it from replacing the supplier or the molecule itself is growing?

Nareshkumar Patel: Molecule is growing on its own. The data is available publicly, you can get it from there. Whenever we have done agreements, we have announced that Fermion for utilization of its final product whatever molecule he used to make for that they have chosen us so they are giving us the order to make it.

Ajay Surya: So, earlier someone other was supplying, how was the quant earlier?

Nareshkumar Patel: Earlier, who was supplying, will you please tell me the name of it.

Ajay Surya: I am not aware of, so, I am asking you.

Nareshkumar Patel: No, I am also not aware of that, sir.

Ajay Surya: Okay, okay. Got it.

Nareshkumar Patel: Thank you.

Moderator: Thank you. The next question is from the line of Mohammad Abbas from InCred Financial Services. Please go ahead.

Mohammad Abbas: Hi, sir. Thank you for taking the call. Sir, I just wanted to know the revenue split between the exports and domestic business. I believe it's around INR 209 crores for Q3...

Bhavin Shah: It's around 76%.

Mohammad Abbas: 76%, right? So, we have seen a significant growth in exports compared to last 2 quarters. So, sir, also wanted to know how is demand visibility in European market as well as are we on still track for 30% growth guidance earlier...

Nareshkumar Patel: Sir, we lost your voice. Can you repeat your question, please?

Abhishek Patel: It's too low to hear us.

Moderator: Mr. Mohammad, I would request you to please use your handset.

Mohammad Abbas: Okay. Is it better now?

Moderator: Yes.

Mohammad Abbas: So, how is the demand visibility in European market as well as are we still on track for 30% growth guidance?

Abhishek Patel: Yes, Naresh Bhai has already guided during his opening remarks.

Nareshkumar Patel: And the guidance are based on the contracts and commitment from our European as well as other client.

Mohammad Abbas: Okay, sir. Thank you. Thanks.

Moderator: Thank you. The next question is from the line of Maitri Shah from Sapphire Capital. Please go ahead.

Maitri Shah: Yes, hello. Good morning. Am I audible?

Moderator: Yes, ma'am.

Maitri Shah: So, I just wanted to know, firstly, congratulations for the great results. I just wanted to know the next 2 years kind of guidance and the growth that we are expecting in the topline and the margin?

Abhishek Patel: So, we always say that we want to double ourself in 3 years' time. And so that's a 25% to more than 25% growth guidance we are committing.

Maitri Shah: And in the top line, do we expect to achieve like 27%, 30% in the next 3 years in the margins?

Abhishek Patel: Margins are definitely going to improve from here onwards in next financial year, and next to next financial year also.

Maitri Shah: Okay. Thank you.

Moderator: Thank you. The next follow-up question is from the line of Jason from IDBI Capital. Please go ahead.

Jason Soans: Yes, hello sir. Thanks for taking my question again. Sir, this was just in response to a previous participant where you mentioned that your CDMO, what you do is basically with innovator company or you did mention that's with the CDMO or with CMOs of the innovator company. So, just one clarification. So, if the innovator could be Bayer, and let's say, Bayer has given Fermion to make the API, so probably you just deal with either Bayer directly or through Fermion. That's what you meant, right? Is my understanding correct?

Nareshkumar Patel: Here, both are originators. So, say, for example, we say one hypothetical innovator based in Europe. And then they have an API manufacturer like BVC has been of a CMO for API manufacturing for them. Similarly, so they give to the API manufacturer. so this innovator asks us to supply to this API manufacturer in India.

Similarly, Innovator has another manufacturer in China. So, they also ask us to supply to China as well. So, we have to supply to India as well as China. So, both the Fermion, they are selling right to the Bayer. So, Bayer is not an innovator there. Bayer and Fermion, joint innovator of that molecule, of darolutamide, whereas our CMO with us, there is a toll manufacturer of other innovators, to them, we supply them, but it's controlled by the innovator.

Jason Soans: Okay. But it's controlled by the innovator directly or indirectly, that's what you're saying.

Nareshkumar Patel: Yes.

Jason Soans: Okay. Okay, okay. Sure, sir. Sure. Thanks. Thanks a lot sir.

Moderator: Thank you. The next follow-up question is from the line of Prashant Nair from Ambit Capital. Please go ahead.

Prashant Nair: Yes. Thank you. Abhishek, you gave some outlook on margins for next year in your initial comments. Can you please repeat that, I don't think I was able to get that clearly at the time?

Abhishek Patel: So, as on date for 9 months, our blended margin is 21% in 9 months FY '24. Obviously, we are expecting it to improve in Q4 also. And for FY '26 for full year, we are expecting this margin on a blended basis to reach at a peak or highest margin ever reported by Ami Organics. It will be on a blended basis. Sequentially, it will improve from Q1 to Q4 for next financial year.

Prashant Nair: Yes. And when you say highest ever, you are talking at an annual level, right, not the highest ever.

Abhishek Patel: Annual level, of course.

Prashant Nair: All right. Thank you. That's all for me.

Moderator: Thank you. The next question is from the line of Krisha Kumar Yoga, who is an individual investor.

Participant: Hi, sir. Thank you for the opportunity. Sir, I have 2 questions. One is the recent regime change in the U.S., a large South Korean EV company is taking a little pause in the developments. So, are we seeing any sluggishness in the electrolyte CDMO with the Korean company?

Nareshkumar Patel: Can you repeat your question? I couldn't get it.

Participant: Yes. Sir, due to regime change in the U.S., there are large South Korean EV manufacturer taking a little pause in the development. So, are we also seeing any sluggishness in our domestic electrolyte, the one which we recently announced the CAPEX of INR 170 crores?

Abhishek Patel: For CAPEX of INR 170 crores, that is for the purpose of Electrolyte Additive business, which is going on. We have already signed some supply contracts, and we have long-term visibility available for Electrolyte Additive business, and we are going ahead with this business.

But for Solution business, which is the Korean JV, which we announced earlier, that status quo, we are maintaining, because we don't want to rush into the market, which is yet to get fully developed and we don't want to allocate capital or struck our capital. We are very cautious in this business, and we'll take a call at a relevant level.

Participant: Okay. Thank you, sir. Sir, one small question. In percentage terms, what is the revenue share of ARV Intermediate?

Nareshkumar Patel: We don't have any ARV. Only Dolutegravir is there, but that is almost contributing 1% of the total revenue.

Participant: Okay. Okay, sir. That's all, sir. Perfect, sir. Thanks a lot, sir.

Moderator: Thank you. The next question is from the line of Prathamesh from Tiger AMC. Please go ahead.

Prathamesh Bhiwar: Yes, sir, just one question. Sir, do we have potential and capacity to clock around $100 million in CRAMS segment in coming time?

Nareshkumar Patel: CRAMS segment, $100 million, we are not CRAMS company dedicated only for CRAMS. We do CMO, CDMO for API early-stage, N-1 or intermediates. CRAM is clinical research related. So, we don't do these kind of things. So, it's not relatable to us.

Prathamesh Bhiwar: Okay, okay. Thank you so much, sir, for the clarification. That's it from my side.

Moderator: Thank you. The next question is from the line of Pratik from Systematix Group. Please go ahead.

Pratik Oza: Yes. Hi, sir. Thank you for the opportunity. Sir, just one question on industry per se. Is the role of artificial intelligence can be used in chemicals also? I mean you are a CDMO company. So, can we use artificial intelligence. So, if you can throw some light on it?

Nareshkumar Patel: It's confidential, but yes, we do some AI in our products and the new plant has some AI implemented in operation.

Pratik Oza: So, the use of AI is there in CDMO and Chemical industry and Pharma industry?

Nareshkumar Patel: AI, we use in operations, some equipment controls and operations, we use some AI. But this is really an insider, we don't want to disclose these kind of things, our new things.

Pratik Oza: Thank you.

Moderator: Ladies and gentlemen, that was the last question for today's conference. I now hand the conference over to the Management for closing comments.

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

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