

# AMI ORGANICS LIMITED

## Issue highlights

- ❑ **Ami Organics Limited ("Ami Organics")** was incorporated on January 3, 2004. The company is one of the leading research and development ("R&D") driven manufacturers of specialty chemicals with varied end usage, focussed towards the development and manufacturing of advanced pharmaceutical intermediates ("Pharma Intermediates") for regulated and generic active pharmaceutical ingredients ("APIs") and New Chemical Entities ("NCE") and **key starting material for agrochemical and fine chemicals**, especially from their recent acquisition of the business of Gujarat Organics Ltd ("GOL") ("Acquisition").
- ❑ Ami Organics is one of the major manufacturers of Pharma Intermediates for certain key APIs, including **Dolutegravir, Trazodone, Entacapone, Nintedanib and Rivaroxaban**. The Pharma Intermediates which they manufacture, find application in certain high-growth therapeutic areas including anti-retroviral, anti-inflammatory, anti-psychotic, anti-cancer, anti-Parkinson, anti-depressant and anti-coagulant, commanding significant market share both in India and globally.
- ❑ They have developed and commercialised over **450 Pharma Intermediates for APIs across 17 key therapeutic areas** since inception.
- ❑ Currently Ami Organics has 8 process patent applications and 3 additional pending process patent applications for which applications were made recently, in March 2021.
- ❑ The company supply their products to more than 150 customers (including international customers) directly in India and in 25 countries overseas, using a distributorship network in certain cases.
- ❑ Ami Organics has 3 manufacturing units located at Sachin, Ankleshwar and Jhagadia in Gujarat with overall installed capacity of 6,060 MTPA. Further, the Jhagadia Facility has 15,830 square metre free land available for future expansion.
- ❑ In line with their focus on R&D activities, they have also made an investment in their Joint Venture, Ami Onco-Theranostics, LLC, a Delaware, USA entity ("AOL").

## Brief Financial Details\*

(₹ In Cr)

	As at Mar' 31,		
	2021	2020	2019
Equity Share Capital	31.50	10.50	10.50
Reserves	135.43	101.31	71.72
Net worth as stated	166.93	111.81	82.22
Revenue from Operations	340.61	239.64	238.51
Revenue Growth (%)	42.13%	0.47%	-
EBITDA as stated	80.15	41.02	42.08
EBITDA (%) as stated	23.53%	17.12%	17.64%
Profit Before Tax	71.73	34.75	35.11
Net Profit for the period	54.00	27.47	23.30
Net Profit (%) as stated	15.85%	11.46%	9.77%
EPS (₹)	17.14	8.72	7.40
RoNW (%)	32.35%	24.57%	28.33%
Net Asset Value (₹)	52.99	35.50	26.10
Return on Capital Employed (%)	25.25%	22.40%	29.11%

Source: RHP \*Restated Consolidated, EPS and NAV calculated on increased equity Capital as on 31.03.2021

## Issue Details

Fresh Issue of Equity shares aggregating upto ₹ 200 Cr and Offer for sale of 6,059,600 Equity shares

### Issue summary

**Issue size: ₹ 565 - 570 Cr**

**No. of shares: 9,376,349 – 9,338,288 Shares**

**Face value: ₹ 10**

### Issue summary

**Price band : ₹ 603 - 610**

**Bid Lot: 24 Shares and in multiple thereof**

### Post Issue Implied Market Cap =

**₹ 2,199 – 2,223 Cr**

**BRLMs: Axis Capital, Intensive Fiscal, Ambit Pvt Ltd**

**Registrar: Link Intime India Pvt. Ltd.**

**Issue opens on: Wednesday, 1<sup>st</sup> Sep'2021**

**Issue closes on: Friday, 3<sup>rd</sup> Sep'2021**

## Indicative Timetable

Activity	On or about
Finalisation of Basis of Allotment	08-09-2021
Refunds/Unblocking ASBA Fund	09-09-2021
Credit of equity shares to DP A/c	13-09-2021
Trading commences	14-09-2021

## Issue break-up

	No. of Shares	₹ In Cr	% of Issue
QIB	4,688,173 – 4,669,143	282.70 - 284.82	<b>50%</b>
NIB	1,406,453 – 1,400,744	84.81 - 85.45	<b>15%</b>
Retail	3,281,723 – 3,268,401	197.89 - 199.37	<b>35%</b>
<b>Total</b>	<b>9,376,349 – 9,338,288</b>	<b>565.39 - 569.64</b>	<b>100%</b>

## Listing : BSE & NSE

### Shareholding (No. of Shares)

Pre issue	Post issue~	Post issue^
33,158,374	36,475,123	36,437,062

~@Lower price Band ^@ Upper Price Band

### Shareholding (%)

	Pre-Issue	Post-Issue
Promoters	45.17%	39.18%
Promoter Group	2.06%	1.87%
Public	52.78%	58.95%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

## BACKGROUND

### Company and Directors

The company was initially formed as a partnership firm “Ami Organics” on January 3, 2004 at Surat and converted into a private limited company on June 12, 2007. The Promoters of the company are Nareshkumar Ramjibhai Patel, Chetankumar Chhaganlal Vaghasia, Shital Nareshbhai Patel, and Parul Chetankumar Vaghasia. Currently, Promoters collectively hold 14,976,210 Equity Shares, representing 45.17% of the pre-Offer issued, subscribed, and paid-up capital of the company, on a fully diluted basis.

### Brief Biographies of Directors

**Nareshkumar Ramjibhai Patel** is the Promoter, Executive Chairman and Managing Director of the company and has been associated with the company since its incorporation. He has 18 years of experience in the specialty chemicals manufacturing sector. He set up a partnership firm in Surat, CNR Intermediates, for manufacturing, purchasing and selling all kinds of chemicals, before founding the partnership firm Ami Organics with Girishkumar Limbabbhai Chovatia and Chetankumar Chhaganlal Vaghasia in 2004. He is currently also a designated partner at Globe Bio Care.

**Chetankumar Chhaganlal Vaghasia** is the Promoter, Whole-time Director of the company and has been associated with the company since its incorporation. He has 19 years of experience in the specialty chemicals manufacturing sector. He set up a partnership firm in Surat, CNR Intermediates, for manufacturing, purchasing and selling all kinds of chemicals, before founding the partnership firm Ami Organics in 2004. He is currently also a designated partner at Globe Bio Care.

**Virendra Nath Mishra** is the Whole-time Director of the company. He has been associated with the company since 2005. He has over 25 years of experience in the research and operations management specialty chemicals manufacturing sector. Prior to joining the company, he was associated with K.A. Malle Pharmaceuticals Ltd as an Officer (Research and Development) and Surya Organics and Chemicals.

**Girikrishna Suryakant Maniar** is the Non-executive, Independent Director of the company. He was appointed as an Independent Director of the company on April 23, 2018.

**Richa Manoj Goyal** is the non-executive, Independent Director of the company. She is certified trademarks agent and she is currently the managing partner of the law firm ‘Richa Goyal and Associates’.

**Hetal Madhukant Gandhi** is the Non-executive, Independent Director of the company. He has over 34 years of experience in the financial services industry that encompasses private equity investments, credit markets and investment banking. He is the co-founder and managing director of Tano India Advisors Private Limited.

### Key Managerial Personnel

**Abhishek Haribhai Patel** is the Chief Financial Officer of the company and was appointed by the company on June 1, 2018.

**Ekta Kumari Srivastava** is the Company Secretary and Compliance Officer of the company and was appointed by the company on February 22, 2021.

**Ajit Kumar Choubey** is the President- Technical and joined the company on November 20, 2009.

**Gaurav Pravin Bhandari** is the Senior Manager- Marketing of the company joined the company on April 14, 2015.

**Hemantkumar Mahendrabhai Patel** is the General Manager- Human Resource Department of the company and was appointed by the company on June 10, 2019.

**Mithilesh Kumar** is the Vice President- Operations of the company and joined the company on July 16, 2018.

**Ram Mohan Lokhande** is the President – Operations of the company and joined the company on July 6, 2021.

## OBJECTS OF THE ISSUE

The net proceeds of the Fresh Issue and the proceeds from the Pre-IPO Placement are proposed to be utilised as:

Objects	Amount ( ₹ Cr)
• Repayment/prepayment of certain financial facilities availed by the company	140.00
• Funding working capital requirements of the company	90.00
• General Corporate Purposes	[ • ]
<b>Total</b>	<b>[ • ]</b>

**Proposed schedule of Implementation and Utilization of Net Proceeds and Proceeds from the Pre-IPO Placement**

(₹ In Cr)

Particulars	Amount to be financed from the Net Proceeds and the proceeds from the Pre-IPO Placement	Estimated Utilisation of Net Proceeds and the proceeds from the Pre-IPO Placement	
		Fiscal 2022	Fiscal 2023
• Repayment/prepayment of certain financial facilities availed by the company	140.00	140.00	-
• Funding working capital requirements of the company	90.00	50.00	40.00
• General Corporate Purposes	[●]	[●]	[●]
<b>Total</b>	<b>[●]</b>	<b>[●]</b>	<b>[●]</b>

**PRE IPO PLACEMENT**

The company has undertaken a Pre-IPO Placement of **1,658,374 Equity Shares** at a price of ₹ 603/- per share, aggregating to ₹ 100 Crore as under:

Name of the Entity	No. of Equity Shares	Amount (₹ Cr)
Plutus Wealth Management LLP	497,512	30.00
Malabar India Fund Limited	729,685	44.00
IIFL Special Opportunities Fund – Series 7	331,675	20.00
Malabar Value Fund	99,502	6.00
<b>Total</b>	<b>1,658,374</b>	<b>100.00</b>

**OFFER DETAILS**

The Offer	No. of Shares
Fresh Issue (₹ 200 Cr)	Upto 3,316,749~ - 3,278,688^ Equity Shares
<b>Offer for Sale</b>	<b>Upto 6,059,600 Equity Shares</b>
<i>Parul Chetankumar Vaghasia – Promoter Selling Shareholder</i>	<i>Upto 700,000 Equity Shares</i>
<i>The Investor Selling Shareholders</i>	<i>Upto 5,359,600 Equity Shares</i>

(~ at lower price band and ^ upper price band)

**SHAREHOLDING PATTERN**

Shareholders	Pre-offer		No. of Shares offered	Post-offer	
	Number of Equity Shares	% of Total Equity Share Capital		Number of Equity Shares	% of Total Equity Share Capital
<b>Promoter and Promoters Group</b>					
<i>Promoter</i>	14,976,210	45.17%	700,000	14,276,210	39.18%
<i>Promoters Group</i>	682,500	2.06%		682,500	1.87%
<b>Total for Promoter and Promoter Group</b>	<b>15,658,710</b>	<b>47.22%</b>	<b>700,000</b>	<b>14,958,710</b>	<b>41.05%</b>
<i>Public – Investor Selling Shareholders</i>	12,603,900	38.01%	5,359,600	7,244,390	19.88%
<i>Public - Other</i>	4,589,674	14.76%		14,233,962	39.06%
<b>Total for Public Shareholder</b>	<b>17,499,664</b>	<b>52.78%</b>	<b>5,359,600</b>	<b>21,478,352</b>	<b>58.95%</b>
<b>Total Equity Share Capital</b>	<b>33,158,374</b>	<b>100.00%</b>	<b>6,059,600</b>	<b>36,437,062</b>	<b>100.00%</b>

**BUSINESS OVERVIEW**

Ami Organics Limited (“Ami Organics”) is one of the leading research and development (“R&D”) driven manufacturers of specialty chemicals with varied end usage, focussed towards the development and manufacturing of advanced pharmaceutical intermediates (“Pharma Intermediates”) for regulated and generic active pharmaceutical ingredients (“APIs”) and New Chemical Entities (“NCE”) and key starting material for agrochemical and fine chemicals, especially from their recent acquisition of the business of Gujarat Organics Ltd (“GOL”) (“Acquisition”).

**Ami Organics is one of the major manufacturers of Pharma Intermediates for certain key APIs, including Dolutegravir, Trazodone, Entacapone, Nintedanib and Rivaroxaban.** The Pharma Intermediates which they manufacture, find application in certain high-growth therapeutic areas including anti-retroviral, anti-inflammatory, anti-psychotic, anti-cancer, anti-Parkinson, anti-depressant and anti-coagulant, commanding significant market share both in India and globally.

They have developed and commercialised over 450 Pharma Intermediates for APIs across 17 key therapeutic areas since inception and NCE, with a strong focus on R&D across select high-growth high margin therapeutic areas such as anti-retroviral, anti-inflammatory, anti-psychotic, anti-cancer, anti-Parkinson, anti-depressant and anticoagulant, for use across the global pharmaceutical market. Their Pharma Intermediates used for manufacturing of APIs and NCEs portfolio has expanded from over 425 products as of March 31, 2019, to over 450 products as of March 31, 2021.

Their focus on R&D and continuous process improvement has positioned them as a preferred supplier to their customers. The revenue from operations from their Pharma Intermediates business was ₹ 301.14 crore, ₹ 217.88 crore and ₹ 203.39 crore respectively, for Fiscals 2021, 2020 and 2019, accounting for 88.41%, 90.92% and 85.28% of their total revenue from operations respectively, for the same periods. The sales turnover for Fiscal 2021 (which is based on verification of form GSTR-1) of the 2 plants acquired as part of the recent Acquisition, was ₹ 106.04 crore.

In addition, **Ami Organics has recently completed the acquisition of 2 additional manufacturing facilities operated by GOL** which has added preservatives (parabens and parabens formulations which have end usage in cosmetics, animal food and personal care industries) and other specialty chemicals (with end usage in *inter alia* the cosmetics, dyes polymers and agrochemicals industries) in their existing product portfolio, which command significant market share globally in the supply of certain paraben derivatives). The Acquisition is in line with their inorganic growth strategy of foraying further into the specialty chemicals sector and it will enable them to significantly diversify their existing product portfolio, with an objective of attaining inorganic expansion of their business.

Currently Ami Organics has **8 process patent applications** (in respect of intermediates used in the manufacture of Apixaban, Rivaroxaban, Nintedanib, Vortioxetine, Selexipag, Pimavanserin, Efinaconazole and Eliglustat) which have been published in the Official Journal of the Patent Office in India and 3 additional pending process patent applications for which applications were made recently, in March 2021.

Along with the domestic market, Ami Organics supply Pharma Intermediates used for manufacturing of APIs and NCEs to various multi-national pharmaceutical companies which cater to the large and fast-growing markets of Europe, China, Japan, Israel, UK, Latin America and the USA. In the Fiscals 2021, 2020, and 2019, their revenue from exports contributed 51.57%, 45.89% and 49.61%, respectively of their total revenue from operations. Their revenues from exports have grown at a CAGR of 21.84% between Fiscals 2019 and 2021.

The company supply their products to more than 150 customers (including international customers) directly in India and in 25 countries overseas, using a distributorship network in certain cases.

Domestic Customers	Key Export Customers
<ul style="list-style-type: none"> <li>Laurus Labs Ltd.,</li> <li>Cadila Healthcare Ltd., and</li> <li>Cipla Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>Organike s.r.l.a Socio Unico,</li> <li>Fermion Oy,</li> <li>Fabbrica Italiana Sintetici S.p.A,</li> <li>Chori Co. Ltd.,</li> <li>Medichem S.A. and</li> <li>Midas Pharma GmbH.</li> </ul>

Ami Organics has established long standing relationships with some of their key customers. 13 of their customers have been customers since the past 10 years and 50 of their customers have been customers since the past 5 years.

The speciality chemicals that they manufacture, find use in the agrochemicals and fine chemicals industry. Their speciality chemicals portfolio will further be enhanced with the Acquisition. The speciality chemicals manufactured by the facilities which they acquired as part of the Acquisition, find use in cosmetics, preservatives and agrochemicals.

Their revenue from operations from their speciality chemicals business was ₹16.59 crore, ₹7.43 crore and ₹2.22 crore respectively, for Fiscals 2021, 2020 and 2019, accounting for 4.87%, 3.10% and 0.93% of their total revenue from operations respectively, for the same periods. **The revenue from operations for Fiscals 2021, 2020 and 2019 does not include revenue of the business of GOL** which was recently acquired as the Acquisition was completed on **March 31, 2021.**

Company's revenue from operations, on a consolidated basis, grew at a CAGR of 19.50% and restated profit after tax, grew at a CAGR of 52.25% between the Fiscals 2019 and 2021.

As of June 30, 2021, they had 515 full time employees. They also hire contract labour for their facilities, from time to time and as of June 30, 2021, they have engaged 291 contract labourers.

## INTELLECTUAL PROPERTY

	Registered	Application Accepted	Application Pending	Proprietor Name
Patent	-	8	3	-
Trademarks	4	-	-	Ami Organics Pvt Ltd

## BUSINESS IMPACT – COVID 19

Based on Drug Class the Idiopathic Pulmonary Fibrosis Market is segmented by Nintedanib, Pirfenidone, and other drug. **Nintedanib is been used to treat Covid in many countries. It has the potential to block the development of lung fibrosis** when initiated early enough to inhibit the activation of mesenchymal cells and the progression of virus-induced pulmonary fibrosis.

With the outbreak of Covid in 2020 and second wave hitting in 2021, **experts estimate that covid is expected to last for couple of more years and the medication for the same is expected to witness substantial growth in near future. With Nintedanib gaining prominence in treating lung fibrosis, it will have good market traction. Ami Organics is the only supplier to the originator – Borhringer Ingelheim, for key intermediates for producing Nintedanib.**

## COMPANY PRODUCT PORTFOLIO

### Pharma Intermediates Business

Ami Organics has an experience of over 15 years of developing, manufacturing and commercialising advanced pharma intermediates used for manufacturing API and NCE in India and overseas. They have developed and commercialised over 450 Pharma Intermediates across 17 key therapeutic areas since inception and NCE, which are being supplied to over 150 customers in India and 25 countries overseas. Some of the key therapeutic areas catered by them include anti-retroviral, anti-inflammatory, anti-psychotic, anti-cancer, anti-Parkinson, anti-depressant and anti-coagulant.

### Specialty chemicals

The company manufactures specialty chemicals, which are primarily chemical components that find use in agrochemicals and fine chemicals and have, over the years, expanded their commercialised product portfolio. Their products are sold to various domestic and multinational customers for diverse end-user segments including preservatives, cosmetics and agrochemicals.

By way of their recently completed acquisition of GOL, their existing product portfolio viz. specialty chemicals has expanded to also include additional capabilities to manufacture preservatives (parabens and parabens formulations) and other specialty chemicals which are used in the manufacture of cosmetics, dyes, polymers and agrochemicals.

### Custom manufacturing

The company also has the capacity to manufacture advanced pharmaceutical intermediates and other specialty chemicals on a make to order basis. Their R&D team works closely with customers or prospective customers and provide innovative and cost-efficient solutions tailored to meet specific customer requirements.

Some of the leading APIs and their market share for which the company supply Pharma Intermediates:

API	Intermediates	Market Share as per F&S Report	Therapeutic Segment
Trazodone	1-(3-Chloro Phenyl) 4-(3-Chloro Propyl) Piperazine H, 2H-[1,2,4] Triazolo [4,3-A] Pyridin-3-One, 1-(3-Chloro Phenyl) Piperazine	Ami Organics is the key supplier of these intermediates with a <b>market share of 80-90%</b> in FY21. Further Ami Organics is the major manufacturer of key intermediates for the APIs belonging to Atypical antidepressants drug class.	Antidepressant
Dolutegravir	Amino Acetaldehyde Dimethyl	For Amino Acetaldehyde Dimethyl Acetal	Antiretroviral

API	Intermediates	Market Share as per F&S Report	Therapeutic Segment
	Acetal, N-N Dimethyl Formamide Dimethyl Acetal, Methyl-4-Methoxy Acetoacetate, 1-(2,2-Dimethoxy Ethyl)- 5-Methoxy-6-(Methoxy Carbonyl)-4-Oxo-1, Diacetal-3-Carboxylic Acid	intermediate, Ami organics is the leader and accounts for a <b>global market share of 70-75%</b> in FY21.	
Entacapone	3,4-Di Hydroxy 5-Nitro Benzyl Dehyde	Ami Organics is the key supplier of 3,4-Di Hydroxy 5-Nitro Benzyl Dehyde with a <b>market share of ~80%</b> in FY21.	Parkinson's Disease
Apixaban	5,6-Dihydro-3-(4-Morpholinyl)-1-4 (2-Oxo-1- Piperidin), Ethyl Chloro [(4-Methoxyphenyl) Hydrazone] Acetate, 3-Morpholino-1-(4-Nitrophenyl)5, 6-Dihydropyridin-2, 1-(4-Amino Phenyl)-5, 6-Dihydro-3-(4-Monopholinyl)-2, 2-iperidone, 1-(4-Aminophenyl) Piperidin-2-One, 1-(4-Iodophenyl) Piperidine-2-One, 3-Morpholine-4 Iodo-phenyl-5,6-Dihydro-2-Piperi-done, 1-4 Iodophenyl-3-orpholino 5-6 Dihydro Pyrdine, 1-(4-Aminopenyl) -3-(Morpholin-4-Yl)-5-6-Dihydropyr, 5,6-Dihydro-3-(4-Morpholinyl)-1-(4-Nitrophenyl)-2	Ami Organics is one of the larger players in the market contributing to <b>~50% of the total market</b> in FY21 of 1-(4-Amino Phenyl)-5,6-Dihydro-3- (4-Monopholinyl)-2 ~40% of Ethyl Chloro [(4-Methoxyphenyl) Hydrazone] Acetate.	Anticoagulant
Rivaroxaban	S)-(+)-Glycidyl Phthalimide, 4-(4-Aminophenyl) Morpholin-3-One	Ami Organics is one of India's largest producers of its key intermediates Glycidyl Phthalimide and 4-(4-Aminophenyl) Morpholin-3-One.	Anticoagulant
Nintedanib	Triethyl Ortho Benzoate, 6-Methoxy Carbonyl-2- Oxindole, 4-Chloro-3-Nitro Benzoic Acid, NMethyl- 4-Nitroaniline, N-(Methyl-2-(4-Methyl Piperazine-1-Yl)-N-(4-Aminoph), N-Methyl Piperazine	Ami Organics is a supplier to the originator for key intermediates for producing Nintedanib.	Anticancer
Pazopanib	2,4-Dichloropyrimidine, 5-Amino-2-Methyl Benzene Sulphonamide	Ami Organics is the major manufacturer of one of the key intermediates for Pazopanib API and hold a market share of 86–88% in the global market of its intermediate 2,4-Dichloropyrimidine.	Anticancer
Quetiapine	1-(2-(2-Hydroxy Ethoxy)Ethyl Piperazine, Dibenzo-(1,4)-Thazepine-11-(10H)-One	Ami Organics is the major manufacturer of the key intermediates for this API.	Antipsychotic
Aripiprazole	1-(2,3-Dichloro Phenyl) Piperzine	Ami Organics is the major manufacturer of the key intermediates for Aripiprazole API and has customers across the world.	Antipsychotic
Darulutamide	Methyl-5-Acetal-1H-Pyrazole-3-Carboxylate	Ami Organics is the major manufacturer of one of the key intermediates for this API.	Antiandrogen
Ziprasidone/ Lurasidone	3-(1-Piperazinyl)1,2-Benzisothiazole Hcl	Ami Organics is the major manufacturer of the key intermediates for these API.	Antipsychotic
Mirtazapine/ Vortioxetine/ Vilazodone	1-Boc Piperazine,2,4 Dimethyl Thiophenol, 1(3-Carboxypyridyl-2)-Phenyl 4-Methyl Piperazine, 1-Methyl-3-Phenyl Piperazine, 1-(3-Hydroxymethyl-Pyridin-2-Yl)-4-Methyl-2-Pp,1-(3-Corboxypyrldyl -2)2-Phenyl 4-MethylPiperazine, Ethyl-5-Amino-1-Benzofuran-2-Carboxylate, 1-(2-Aminocarbonyl Benzofuran-5- Yl) Piperzi	These are an atypical antidepressant medicine and Ami Organics is the major manufacturer of key intermediates for the APIs belonging to atypical antidepressants drug class.	Antidepressant



**Revenue Break-up: Overall**

Product Category	Revenue from operations(in ₹ Cr)						Export %		
	Fiscal 2021	% of Total	Fiscal 2020	% of Total	Fiscal 2019	% of Total	Fiscal 2021	Fiscal 2020	Fiscal 2019
<b>Business of Ami Organics Limited:</b>									
- Pharma Intermediates	301.14	88.41%	217.88	90.92%	203.39	85.27%	53.47%	46.52%	56.09%
- Speciality Chemicals	16.59	4.87%	7.43	3.10%	2.22	0.93%	86.30%	100.00%	100.00%
- Others	22.88	6.72%	14.33	5.98%	32.91	13.80%	0.00%	0.00%	0.00%
<b>Total Revenue from Operations</b>	<b>340.61</b>	<b>100.00%</b>	<b>239.64</b>	<b>100.00%</b>	<b>238.51</b>	<b>100.00%</b>	<b>51.57%</b>	<b>45.89%</b>	<b>49.61%</b>

**Break-up of Revenue from Pharma Intermediates – basis end-use API**

Revenue from sale of Intermediates used for API	Revenue from operations(in ₹ Cr)		
	Fiscal 2021	Fiscal 2020	Fiscal 2019
<b>Intermediates for:</b>			
Trazodone	76.80	36.78	50.94
Dolutegravir	72.74	60.03	46.04
Oxcarbamazepine	20.15	28.57	7.99
Vortioxetine	14.68	4.84	10.52
Nintedanib	13.59	3.07	6.89
Zonisamide / Warfarin	12.92	13.79	9.43
Entacapone	10.61	14.52	14.86
Darolutamide	8.68	2.85	1.12
Celecoxib	8.46	7.56	2.36
Diclofenac Sodium	8.31	4.54	6.97
Quetiapine	7.93	11.34	15.09
Rivaroxaban	3.52	0.96	0.87
Dabigatran	3.09	0.23	0.37
Pazopanib	2.94	0.41	1.51
Apixaban	2.66	2.22	0.87

Source:RHP

**MANUFACTURING FACILITIES**

Ami Organics has 3 manufacturing units located at:

- GIDC, Sachin, Gujarat, spread over an aggregate land area of 8,250 sq. mtrs. with an installed capacity of 2,460 MTPA ("**Sachin Facility**"),
- GIDC, Ankleshwar Industrial Estate, Gujarat, spread over an aggregate land area of 10,644 sq. mtrs. with an installed capacity of 1,200 MTPA ("**Ankleshwar Facility**"), and
- GIDC Industrial Estate, Jhagadia, Gujarat, spread over an aggregate land area of 56,998.35 sq. mtrs. with an installed capacity of 2,400 MTPA ("**Jhagadia Facility**")

Of the above, the Ankleshwar Facility and Jhagadia Facility have been recently acquired by the company from GOL.

**Sachin Facility**

The Sachin Facility consists of 2 production blocks which includes 13 separate product lines, 29 reactors, 17 dryers, a zero liquid discharge based effluent plant; a soil biological treatment system ("**SBT System**") based on bioconversion process. The existing infrastructure at the Sachin Facility enables them to carry out a range of chemical reactions required for production of advance pharma intermediates. The **Sachin Facility is approved by US FDA** for manufacture and supply of advanced pharmaceutical intermediates for APIs since 2016. The management systems of the Sachin Facility has been certified by the Bureau Veritas Certification Holding SAS – UK Branch to be compliant with ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 and SA 8000:2014 for designing, manufacturing and dispatching of pharmaceutical intermediates for bulk drugs.

**Ankleshwar Facility**

The company has acquired the Ankleshwar Facility from GOL pursuant to the business transfer Agreement dated March 8, 2021 ("**Ankleshwar BTA**"). The Ankleshwar Facility is spread over 10,644 sq. mts., with an installed capacity of 1,200 MTPA. Equipped with **49 stainless steel and glass lined reactors** with a dedicated line for carboxylation, esterification and etherification, this unit is equipped to provide custom synthesis and manufacturing services. The

products manufactured at the Ankleshwar Facility include 5-Chloro Salicylic acid, electron donors, Anisic acid, Paracynophenol and other specialty chemicals. The Ankleshwar Facility is compliant with ISO 9001:2015, ISO 14001:2015.

### **Jhagadia Facility**

The company has acquired the Jhagadia Facility from GOL pursuant to the business transfer Agreement dated March 13, 2021 ("Jhagadia BTA"). It is spread over 56,998.35 sq. mts., with an annual installed capacity of 2,400 MTPA. The Jhagadia Facility is a multipurpose facility, consisting of **26 stainless steel and glass lined reactors** and equipped with fully automated and dedicated lines for production of paraben, PHBA and other specialty chemicals. It is equipped with state of art effluent treatment plant equipped with zero liquid discharge solutions including multiple effect evaporator, reverse osmosis for purification of waste and bioreactors for treatment of effluents and removal of organic load. Further, the **Jhagadia Facility has 15, 830 square metre free land available for future expansion**. The Jhagadia Facility is compliant with ISO 9001:2015, ISO 14001:2015.

### **Capacity and Capacity Utilization**

Particulars	Fiscal 2021	Fiscal 2020	Fiscal 2019
Installed capacity (MTPA)	2,460	2,109*	2,706
Available Capacity (MTPA)	2,255	2,557*	2,706
Production (MT)	1,425	1,164	962
<b>Capacity Utilisation (%)</b>	<b>63%</b>	<b>46%</b>	<b>36%</b>

\* In Fiscal 2020 one unit with capacity of 597 MTPA were demolished on December 31, 2019.

The Ankleshwar Facility and Jhagadia Facility have an annual installed capacity to manufacture 1,200 MTPA and 2,400 MTPA, respectively. As they acquired the Ankleshwar Facility and Jhagadia Facility in March 2021, the company has not utilised the facility for manufacturing any of their products in the Fiscal 2021.

Considering that the storage of chemicals is significantly critical wherein materials with incompatible chemical properties should not be stored next to each other to avoid any reactive accident, the said risk is covered with allocation of dedicated storage space for water reactive chemicals and alkaline and acidic chemicals in the warehouse. For the purposes of supporting the production facility subsequent to the capacity expansion, the company has built a 1,050 MT warehouse facility for storage of raw materials and packing materials which is spread over 2,812 sq. mtrs in the vicinity of the Sachin facility.

## **RESEARCH AND DEVELOPMENT**

Ami Organics has continually invest in R&D activities to stay ahead and create a differentiating factor and sustainability vis-à-vis their competitors. In addition to the Manufacturing Facilities, they have a dedicated in-house R&D facility located in GIDC, Sachin ("**R&D Facility**") spread over an aggregate built-up area of 2,200 sq. mtrs and is also supported by their analytical development laboratory ("**ADL**") in relation to developmental activities, freezing specifications and developing the method of analysis for finished products, in process intermediates, key starting materials (KSMs) and raw materials. The R&D facility has been approved and certified by the Department of Scientific and Industrial Research, Ministry of Science and Technology of India ("**DSIR**").

This R&D facility employs equipment and systems such as modern fume hood systems, autoclave, vacuum tray dryers, high vacuum distillation assembly, large flasks & glass reactor assembly, and Analytical Development Laboratory (ADL) is supported with analytical instruments like NMR, LCMASS, GCMASS, HPLCs, GCs, UV spectrophotometer, ultrasonic bath, FTIR, auto-titrator, photo stability & stability chambers, digital polarimeter etc. As part of their recognition towards R&D, they were felicitated at the 16th FGI Awards for Excellence (Research in Science & Technology) in 2021.

## **COMPETITIVE STRENGTHS**

- **Strong and diversified product portfolio ably supported by strong R&D and process chemistry skills**

Ami Organics has a strong market research-based model wherein it focuses on development of Pharma Intermediates either for molecules which are under clinical trials; or for molecules which have been launched in the patented as well as generic space. They have focused on undertaking dedicated R&D in their existing product lines and in areas where there is significant growth potential. As a result of their R&D capabilities, they have been able to file 8 process innovation patent applications in India applications (in respect of intermediates used in the manufacture of Apixaban, Rivaroxaban, Nintedanib, Vortioxetine, Selexipag, Pimavanserin, Efinaconazole and



Eliglustat) which are presently published in the Official Journal of the Patent Office in India and 3 additional pending patent applications for which applications were made recently, in March 2021.

Their R&D centre at Sachin has been approved by DSIR and has a specialised team of 66 people across various sections including R&D, regulatory affairs, quality control, quality assurance and analytical development laboratory. Of their current (as of June 30, 2021) team of 66 R&D professionals, 6 team members hold Ph.Ds. and 41 team members hold a master's degree. With a view to further strengthen their R&D capabilities, they continuously recruit and appoint scientists of varied experience and expertise at their R&D laboratory with an objective to successfully implement their strategy of early identification of development and manufacturing opportunities.

Strategic investments in R&D has been critical to their success and a differentiating factor vis-à-vis their competitors in becoming one of the key suppliers of pharmaceutical intermediates for API in both domestic and global markets. In line with their focus on R&D activities, they have also made an investment in their Joint Venture, Ami Onco-Theranostics, LLC, a Delaware, USA entity ("AOL"), which, by way of a transfer of patent usage rights by their JV Partner Photolitec LLC, is entitled to the worldwide usage (except China) of certain patents used in the development of new photosensitizing compounds used to identify and treat cancer through patent and patent applications and additional know-how regarding the same.

- ***Extensive geographical presence and diversified customer base with long standing relationships***

Ami Organics caters to domestic and certain multi-national pharmaceutical companies which cater to the large and fast-growing markets of Europe, China, Japan, Israel, UK, Latin America and the USA. They supply their products to 25 countries and have long standing relationships with numerous domestic and global pharmaceutical companies. They cater extensively to the large geographies of Italy, Finland, France and China, which contributed to 35.47%, 17.67%, 10.55% and 9.45% respectively, of the total revenue from exports for Fiscal 2021.

Diversification of their customer base across the domestic and global markets has limited their exposure to a risk of concentration, enabling them to further diversify and expand their business relationships. Their ability to diversify into new markets, with limited exposure to the risk of dependence on any specific market is a key strength in their business operations.

They have established long standing relationships with their key customers. Their top ten customers for Fiscal 2021 have been their customers for over 3 years and have contributed to 60.99% of their total revenue from operations. Further 13 of their customers have been customers since the past 10 years and 50 of their customers have been customers since the past 5 years. Ability to address the varied and stringent client requirements over long periods enables the Company to obtain additional business from existing clients as well as new clients in an industry marked by high entry barriers.

- ***High entry barriers in the chemicals manufacturing industry***

The company manufactures and market advanced pharmaceutical intermediates used for manufacturing of APIs and NCEs in select therapeutic areas such as anti-retroviral, anti-inflammatory, anti-psychotic, anti-cancer, anti-Parkinson, anti-depressant and anti-coagulant. This pharmaceutical intermediates business has high entry barriers *inter alia* due to: (a) a long gestation period to be enlisted as a supplier with the customers, particularly with the customers in US and European countries, which requires suppliers to adhere to strict compliance requirements, leading to a high regulatory gestation period; and (b) the involvement of complex chemistries in the manufacturing process, which is difficult to commercialize on a large scale. Their Sachin facility is USFDA inspected and in respect of which they have received the EIR twice, in 2018 and 2020.

Further, APIs and NCEs manufactured by their customers, any change in the vendor of the product may require significant time and cost for the customer resulting in a propensity amongst customers to continue with the same set of suppliers. Hence, customer acquisition involves a long gestation period, resulting in a very few players being involved in manufacturing of the products.

Further, post 2018, in order to import into, market and sell chemical drugs in the European Union, the drugs need to be registered under the Registration, Evaluation, Authorization and Restriction of Chemicals ("REACH") Regulations. A registration under REACH is primarily a comfort registration for the purposes of ensuring local support point on behalf of the non-EU manufacturer that does not have a local presence in the said country within the European Union.

As a consequence of this measure, no new entrants can supply products into the European Union market unless such entrant holds a valid registration under the REACH Regulations. Ami Organics secured REACH registration for

some of its products for the purposes of selling and marketing these products in the European Union with an added advantage of being a 'preferred supplier' to its customers in the said territory. This is a significant entry barrier that works in favour of the company and places it in a major advantageous position vis-à-vis its competitors in the critical European market wherein the company intends to cater to the regulated players (i.e., the originators and not generic makers).

Further, given the nature of the application of their products, company's processes and products are subject to, and measured against, high quality standards and stringent impurity specifications. The company has, over the years, built strong relationships with their customers, who recognise their technical capabilities and timely deliveries and associate the company with good and consistent quality products.

Moreover, handling of some of the raw materials that the company uses such as Thionyl Chloride, Phosphorus Oxychloride and Sodium Methoxide requires a high degree of technical skill and expertise, and operations involving such hazardous chemicals ought to be undertaken only by personnel who are well trained to handle such chemicals. The level of technical skill and expertise that is essential for handling such chemicals can only be achieved over a period of time, creating a further barrier for new entrants.

- ***Strong sales and marketing capabilities***

Since Company's incorporation in 2007, they have created a sales division, aligned with their key therapeutic areas and have focused on developing and growing their engagement with specialists and super specialists. Their marketing team utilizes a variety of sales and marketing techniques and programs to promote their products, including promotional materials, speaker programs, key pharmaceutical trade exhibitions such as CPHI and CHEMSPEC, industry publications, advertising and other media besides reliance on a strong market research-based model wherein they focus on development of advanced pharmaceutical intermediates either for molecules which are under clinical trials; or for molecules which have been launched and approved by pharmaceutical regulators worldwide, including the US-FDA.

- ***Experienced and Dedicated Management Team***

Ami Organics is led by qualified and experienced Board of Directors and key managerial personnel, who have extensive knowledge and understanding of the global generic pharmaceutical business environment and have the expertise and vision to organically scale up their business. Their executive directors have a collective pharmaceutical industry experience of more than 5 decades and almost all of them have been associated with the company since their formative years.

Their Executive Chairman and Managing Director, Nareshkumar Ramjibhai Patel (who is also their Promoter since inception of the company), a qualified chemical engineer has been responsible for chemical engineering & project implementation and their Whole-time Director, Chetankumar Chhaganlal Vagharia (who is also their Promoter) has been associated with the company since its inception and has over 17 years of experience in the chemical industry. They are ably supported by Virendranath Mishra who was earlier a KMP and now also a Whole-time Director and have been instrumental in formulating and executing the core strategy of the company.

Their stable, senior management team has helped them in successfully implementing their development and operating strategies over the years. Owing to the understanding of the industry trends, demands and market changes of their senior management team, they have been able to adapt and diversify their operating capabilities and take advantage of market opportunities since the incorporation of the Company.

- ***Consistent financial performance***

Ami Organics has a track record of operations of over a decade and have a strong balance sheet with stable cash flows. They have experienced sustained growth in various financial indicators including their revenue and PAT, as well as a consistent improvement in their balance sheet position in the last three Fiscals.

They strive to maintain a robust financial position with emphasis on having a strong balance sheet and increased profitability. Their strong balance sheet and positive operating cash flows coupled with low levels of debt enable them to fund their strategic initiatives, pursue opportunities for growth and better manage unanticipated cash flow variations. Their financial strength provides them a valuable competitive advantage over their competitors with access to financing, which are factors critical to their business.

## KEY BUSINESS STRATEGIES

- ***Diversification of product portfolio by strengthening R&D capabilities***

With the objective of early identification and attaining early development, the company constantly seeks to introduce new product verticals and develop their R&D capabilities to distinguish themselves from their competitors. With a view to strengthen their R&D capabilities, they continuously recruit and appoint scientists. Strategic investments in R&D has been critical to their success and a differentiating factor vis-à-vis their competitors in becoming one of the key suppliers of pharmaceutical intermediates for API in both domestic and global markets.

They have also developed and manufacture specialty chemicals for pharmaceutical, cosmetics, food processing, flavour and fragrance, dyes, polymer, agrochemicals and animal feed industries.

Company's focus has been to develop cost effective processes for manufacturing their products. In addition to production of pharmaceutical intermediates for several API's, Company's also has a presence in heterogeneous nitrogen compounds. Additionally, they have recently diversified their product portfolio as a result of the acquisition of GOL.

They intends to develop, test and manufacture new products meeting regulatory standards subsequent to receipt of requisite regulatory approvals from the relevant authorities in India and overseas and make investments on an on-going basis in new product launches and research and development for future products. They also intend to invest in development of products which are used in manufacture of APIs being used in formulations whose patents are expiring.

- ***Augmenting scale through organic and inorganic routes in the current geographic markets and expanding into new geographic markets***

Ami Organics supplies advanced pharmaceutical intermediates used for manufacturing of APIs and NCEs to over 150 customers in India and 25 countries overseas and has established itself as a trusted and reliable supplier of advanced pharmaceutical intermediates used for manufacturing of APIs and NCEs, globally.

The company is well positioned to consolidate its existing capacity to capitalise upon future growth that is envisaged. They aim to strengthen their manufacturing capability and achieve better economies of scale by organic and inorganic growth. They have, and continue to, expand their business through organic growth to increase their production capacities and product portfolio.

In Fiscal 2018, they established a new state-of-the-art fully GMP-compliant manufacturing unit at the Sachin Facility, and this new and excess capacity will help them capitalize on the growth opportunities. In addition, the acquisition of the Ankleshwar Facility and the Jhagadia Facility, both multipurpose backward integrated facilities in Fiscal 2021, has enabled them to expand their product portfolio to include the manufacture of speciality chemicals. Going forward, they may consider acquisition/ investment opportunities to selectively expand in other verticals.

- ***Continue to focus on cost efficiency and improving productivity while employing environmentally friendly processes***

The company strongly believes in conducting its business operations in an environmentally responsible manner. They have set up a Zero Liquid Discharge based in-house effluent plant at their Sachin Unit. As they operates in a fiercely competitive industry wherein technology plays a critical role, the company continuously strive to keep their technology, facilities and machinery current and updated with the latest international standards.

Further, they intend to position themselves as a leading market player in their product verticals, both domestically and internationally by adopting the latest technological changes and be responsive to the constant technological upgradations and emerging standards to ensure cost efficiency and environmentally friendly processes in their business operations.

The company has developed backward integration capabilities for key raw materials which have helped them in minimising reliance on third party vendors. They also enter into contract manufacturing agreements with vendors to supply raw materials.

- ***Diversification of the business by focussing on organic and inorganic growth opportunities***

Ami Organics intends to pursue strategic acquisitions and partnerships to complement their organic growth and internal expertise. They also intend to develop their internal capacities and production abilities to achieve intended

levels of organic growth. By pursuing strategic acquisitions including the recently concluded acquisition of the business of GOL, they will add to their capabilities and technical expertise or enter into partnerships to strengthen their product infrastructure and overall manufacturing capabilities in the specialty chemicals sector.

The company is in the process of building their synergies and such inorganic expansion will help them building synergies going forward. They may in the future, use some of the land area available to them which currently stands at 15,830.00 sq mtr, in their Jhagadia facility to explore brownfield expansion opportunities.

## COMPARISON WITH LISTED INDUSTRY PEERS (AS ON 31<sup>ST</sup> MARCH 2021)

Name of the Bank	Consolidated/ Standalone	Face Value	Revenue for FY 2021 (₹ Cr)	EPS (Basic)	NAV <sup>^</sup>	P/E <sup>~</sup>	RoNW (%)
<b>Ami Organics Ltd</b>	<b>Consolidated</b>	<b>10</b>	<b>340.61</b>	<b>17.14</b>	<b>52.99</b>	<b>[ • ]</b>	<b>32.35%</b>
<b>Peer Group</b>							
Aarti Industries Limited	Consolidated	5	4,506.10	30.04	201.05	62.22	14.94%
Hikal Limited	Consolidated	2	1,720.44	10.80	75.70	49.52	14.27%
Valiant Organics Ltd	Consolidated	10	754.81	44.68	184.97	33.78	22.81%
Vinati Organics Ltd	Consolidated	1	954.26	26.20	150.16	75.51	17.45%
Neuland Laboratories Ltd	Consolidated	10	936.91	62.85	612.99	31.60	10.25%
Atul Ltd	Consolidated	10	3,731.47	221.17	1,293.31	40.86	17.14%

Source: RHP; P/E Ratio has been computed based on the closing market price of equity shares on BSE on July 30, 2021

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Ami Organics Limited is proposing, subject to receipt of requisite approvals, market conditions and other considerations, to make an initial public offer of its equity shares and has filed the RHP with the RoC and thereafter with SEBI and the Stock Exchanges. The RHP is available on the website of Securities and Exchange Board of India at [www.sebi.gov.in](http://www.sebi.gov.in), on the websites of the Stock Exchanges at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) as well as on the websites of the BRLMs, Axis Capital Limited at [www.axiscapital.co.in](http://www.axiscapital.co.in). Investors should note that investment in equity shares involves a high degree of risk and for details relating to such risk, see "Risk Factors" of the RHP. Potential investors should not rely on the DRHP filed with SEBI for making any investment decision.

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