

Ami Organics | BUY

Nubeqa party to continue

We highlight that Nubeqa drug usage is set to expand in China (in addition to the US and Europe) with a new treatment option for mHSPC likely to become available soon. This could open up an additional market opportunity for Bayer. Further, Bayer has reported positive Phase III trial results for the efficacy of additional treatment option which could enhance its usage. Bayer expects combined sales of EUR 2.5+bn for Nubeqa and Kerendia drugs in CY25E. Based on past Kerendia sales performance, this implies ~EUR 2.0bn in Nubeqa sales in CY25E which is in line with our expectation. For CY26E/27E, we estimate ~EUR 2.5bn/3bn in Nubeqa sales driven by expanded Nubeqa usage in China, the US and Europe and positive trial results, as indicated above. Further, based on our calculations, the market opportunity size for Nubeqa intermediates is ~4% of Bayer's Nubeqa sales. This translates to an incremental ~ EUR 20mn in market opportunity per year over CY25E-27E for its intermediates. This indicates a robust demand for Nubeqa intermediates supplied by Ami in CY25E-27E, translating to robust CDMO performance over FY26E-28E. Additionally, a new CDMO contract, and gradual electrolyte additives sales would start contributing from FY26E. We keep our estimates unchanged and expect Ami to register a robust 43% EPS CAGR over FY25E-27E. We maintain BUY with an unchanged Mar'26 TP of INR 2,605/share (based on 35x Mar'27E EPS).

- Nubeqa usage to expand in China; positive trial results for additional treatment:** In China, Nubeqa was initially registered for treatment of mHSPC, a type of prostate cancer, in combination with both ADT and docetaxel (refer **Exhibit 1**). Now, the company has informed that it has filed an application with China's Center of Drug Evaluation (CDE) for an additional mHSPC treatment using Nubeqa in combination with ADT (refer **Exhibit 1**). This opens up a new treatment option for the drug, which could expand its usage among prostate cancer patients (refer **Exhibit 2**) and increase market penetration in China. Further, the continuing Phase III trials by Bayer have provided positive results for the efficacy of Nubeqa + ADT combination (refer **Exhibit 3**). Given the combination is already approved in 85+ markets (including China) around the world (refer **Exhibit 1**) for nmCRPC type of prostate cancer along with positive trial results for mHSPC, China market approval for mHSPC should come soon, in our view. This is likely to contribute additional Nubeqa sales for Bayer.
- Nubeqa sales expected to remain robust:** In its latest presentation, Bayer has estimated a combined sales target of EUR 2.5+bn in CY25 for Nubeqa and Kerendia drugs which is a ~25% YoY growth from ~EUR 2bn in CY24 (refer **Exhibit 5**). Assuming a modest growth for Kerendia in CY25E, based on its past sales performance, Nubeqa sales would come to EUR ~2bn in CY25E (>30% YoY growth over CY24) which is in line with our expectation. Further, we believe Nubeqa is likely to achieve ~EUR 2.5bn/3bn in sales in CY26E/CY27E (refer **Exhibit 9**) on account of **i**) potential expansion of Nubeqa drug usage in China, in addition to the US and Europe as we highlighted in our previous report (click [here](#)), leading to an increased market opportunity, and **ii**) positive Phase III trial results showing

Financial Summary					(INR mn)
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
Net Sales	6,167	7,175	9,950	13,166	16,656
Sales Growth (%)	18.6	16.3	38.7	32.3	26.5
EBITDA	1,226	1,285	2,225	3,306	4,277
EBITDA Margin (%)	19.9	17.9	22.4	25.1	25.7
Adjusted Net Profit	833	808	1,464	2,285	3,012
Diluted EPS (INR)	20.4	19.7	35.8	55.8	73.6
Diluted EPS Growth (%)	15.8	-3.0	81.1	56.1	31.9
ROIC (%)	17.0	9.7	13.7	16.5	19.2
ROE (%)	14.9	12.7	14.9	16.3	18.3
P/E (x)	111.2	114.6	63.3	40.5	30.7
P/B (x)	15.6	13.7	7.1	6.1	5.2
EV/EBITDA (x)	75.2	73.5	41.4	27.7	21.2
Dividend Yield (%)	0.0	0.1	0.2	0.2	0.2

Source: Company data, JM Financial. Note: Valuations as of 11/Mar/2025



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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	2,605
Upside/(Downside)	19.4%
Previous Price Target	2,605
Change	0.0%

Key Data – AMIORG IN

Current Market Price	INR2,183
Market cap (bn)	INR92.7/US\$1.1
Free Float	53%
Shares in issue (mn)	40.9
Diluted share (mn)	40.8
3-mon avg daily val (mn)	INR777.6/US\$8.9
52-week range	2,644/1,004
Sensex/Nifty	74,030/22,471
INR/US\$	87.2

Price Performance

%	1M	6M	12M
Absolute	-2.3	55.4	108.5
Relative*	0.5	74.0	107.3

* To the BSE Sensex

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

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

Nubeqa + ADT combination's efficacy, as indicated above. This builds in a quarterly growth rate of ~5% (against the current growth run-rate of at least ~6% per quarter), incorporating higher base. Given the drug has already reached sales of EUR 443mn in 3QFY25, Bayer remains on track to achieve its EUR 3bn peak Nubeqa sales target in CY27E itself, much ahead of its earlier estimated guidance of CY30 (provided by Bayer in CY22) (refer **Exhibits 6 to 8**).

- **Incremental Nubeqa intermediates opportunity of EUR ~20mn per year:** Based on our detailed calculations in our initiating coverage report on Ami Organics (click [here](#)), the market size for Nubeqa intermediates comes to ~3.6-4.3% of Bayer's Nubeqa sales. Taking an average of 4% of Bayer's incremental ~ EUR 0.5bn in Nubeqa sales per year over CY25E-27E, the total incremental market opportunity for Nubeqa's intermediates comes to EUR ~20mn per year over CY25E-27E. Going forward, this indicates a robust demand for Nubeqa intermediates supplied by Ami in CY25E-27E, translating to FY26E-28E being good for Ami's CDMO sales. Further, we highlight that the Nubeqa active ingredient patent expiry is on or after CY33 in US and Europe indicating long run way for growth for Nubeqa intermediates (refer **Exhibit 10**).
- **Estimate 43% EPS CAGR over FY25E-27E:** On account of i) ramp-up of existing products (Apixaban, Trazadone, etc.), ii) continued strong ramp-up of Nubeqa intermediates contract, iii) gradual contribution from electrolyte additives, and iv) potential commercialisation of another CDMO contract in FY26E, Ami has strong revenue visibility over next 2-3 years. Importantly, rising contribution from the high-margin CDMO business could expand Ami's EBITDA margin to ~25% by FY27E. Hence, we estimate Ami to register a robust 29%/39%/43% sales/EBITDA/EPS CAGR over FY25E-27E. We maintain BUY with an unchanged Mar'26 TP of INR 2,605/share (based on 35x Mar'27E EPS).

Exhibit 1. Bayer has sought approval for usage of Nubeqa + ADT in China

Bayer submits application in China for third indication of darolutamide

Berlin, January 7, 2025 – Bayer has filed an application to the Center of Drug Evaluation (CDE) of China's National Medical Products Administration (NMPA) for marketing authorization of the oral androgen receptor inhibitor (ARI) darolutamide for its use in combination with androgen deprivation therapy (ADT) in patients with metastatic hormone-sensitive prostate cancer (mHSPC). The compound is already approved in mHSPC, under the brand name Nubeqa™, in combination with ADT and docetaxel in over 80 markets around the world, including China. The compound is also approved in combination with ADT for the treatment of patients with non-metastatic castration-resistant prostate cancer (nmCRPC) who are at high risk of developing metastatic disease in more than 85 countries around the world, including China.

Source: Bayer, JM Financial

Exhibit 2. Nubeqa + ADT combination is an additional treatment option

"With the rising incidence and mortality rates of prostate cancer in China, the prevalence of which is projected to exceed 161,000 cases by 2026, it is critical to recognize that each man's journey with this disease is unique. In the face of this growing challenge, it is essential to offer diverse treatment options tailored to individual needs," said Christine Roth, Executive Vice President, Global Product Strategy and Commercialization and Member of the Pharmaceuticals Leadership Team at Bayer. "Through this potential approval, we hope to be able to equip physicians in China with additional options to tailor treatment plans with or without chemotherapy."

Source: Bayer, JM Financial

Exhibit 3. Positive results for Nubeqa + ADT combination in ongoing Phase III trials

Berlin, February 13, 2025 – New subgroup data from the Phase III ARANOTE trial show darolutamide plus androgen deprivation therapy (ADT) improved radiological progression-free survival (rPFS) in patients with high and low-volume metastatic hormone-sensitive prostate cancer (mHSPC) by 40% and 70% respectively, compared to placebo plus ADT. The full results were presented during the ASCO GU Congress 2025.

Results from the Phase III ARANOTE trial presented at ESMO 2024 showed that darolutamide plus ADT significantly reduced the risk of radiological progression or death by 46% compared to placebo plus ADT (HR 0.54; 95% CI 0.41–0.71; P<0.0001), in patients with mHSPC. The overall incidence of adverse events was low and similar across treatment groups in both the high and low-volume subgroups, consistent with the overall population.

“These latest findings from the ARANOTE trial, in addition to data seen in the ARASENS trial, provide further evidence of the strong efficacy and consistent safety profile of darolutamide plus ADT in mHSPC across both high- and low-volume disease, whether used with or without docetaxel,” said Fred Saad, Professor and Chairman of Surgery and Director of Genitourinary Oncology at the University of Montreal Hospital Center (CHUM), and Principal Investigator of ARANOTE trial. “This robust data reinforces darolutamide’s potential as a foundational treatment option for physicians, providing, once approved, flexibility to tailor care with or without chemotherapy while addressing the diverse needs of prostate cancer patients.”

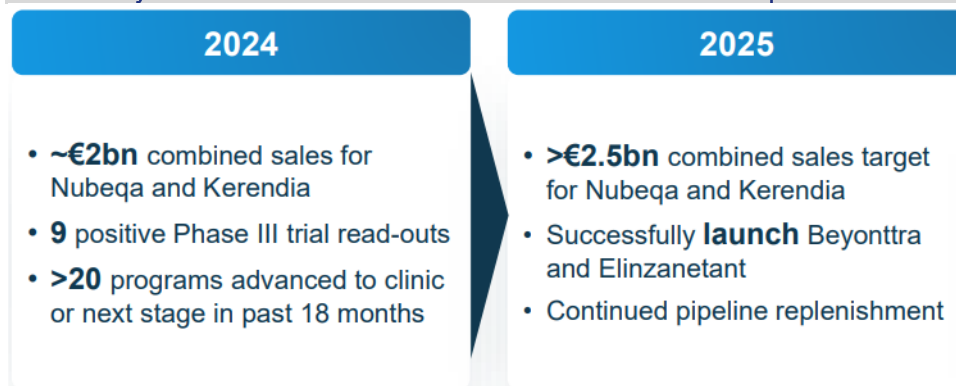
Source: Bayer, JM Financial

Exhibit 4. Bayer to strengthen its market position with third treatment option using Nubeqa

Bayer continues to strengthen its leadership position in Prostate Cancer with the anticipated launch of a third indication for darolutamide (marketed under the brand name Nubeqa™) in 2025, which is supported by strong data from the ARANOTE trial. Darolutamide plus ADT now has positive data both with and without chemotherapy (docetaxel) based on two pivotal Phase III studies (ARASENS and ARANOTE) in metastatic hormone-sensitive prostate cancer. Bayer recently submitted an application to the Center of Drug Evaluation (CDE) of China’s National Medical Products Administration (NMPA) for this third indication for darolutamide, in addition to filings in the EU and the U.S. earlier in 2024. Nubeqa achieved blockbuster status in September 2024 after crossing the threshold of one billion euros in annual sales. Additionally, Nubeqa is now the fastest growing androgen receptor inhibitor in the U.S., with 100,000 patients treated around the world as of the end of 2024.

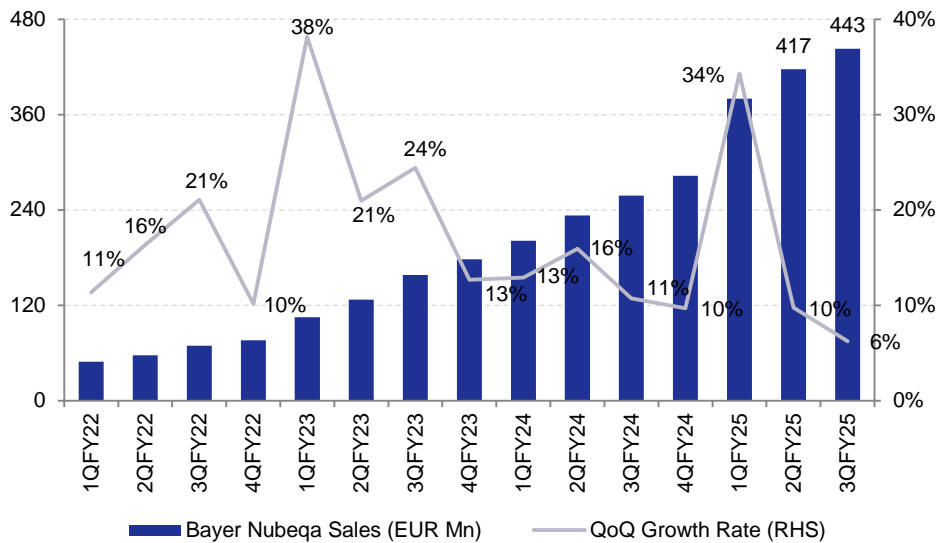
Source: Bayer, JM Financial

Exhibit 5. Bayer estimates EUR 2.5bn+ combined sales in CY25E for Nubeqa and Kerendia



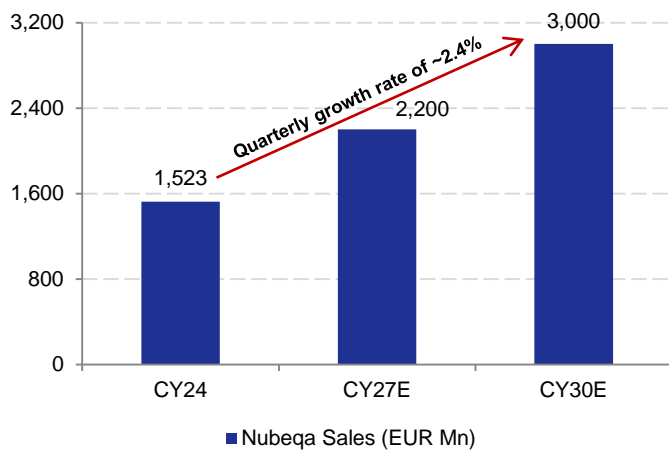
Source: Bayer, JM Financial

Exhibit 6. Steady increase in Bayer's Nubeqa sales which reached EUR 443mn in 3QFY25



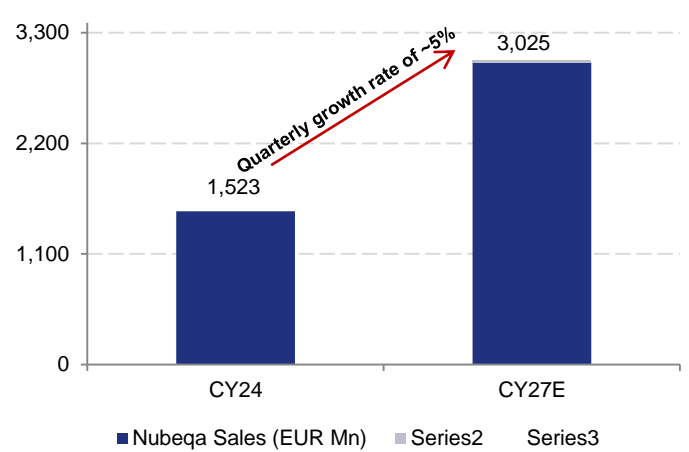
Source: Bayer, JM Financial

Exhibit 7. Bayer's previous estimate of EUR 3bn by CY30 indicates ~2.4% quarterly growth rate



Source: Bayer, JM Financial

Exhibit 8. Bayer likely to reach ~EUR 3bn by CY27E at ~5% quarterly growth rate



Source: Bayer, JM Financial estimates

Exhibit 9. Incremental EUR ~20mn opportunity size per year for Nubeqa intermediates

EUR Mn	CY21	CY22	CY23	CY24	CY25E	CY26E	CY27E	CY28E
Nubeqa Sales	219	466	870	1,523	2,037	2,532	3,025	3,453
YoY Growth %		113%	87%	75%	34%	24%	20%	14%
Incremental Sales		247	404	653	514	495	494	428
Incremental opportunity size for Nubeqa intermediates (assuming ~4% of Bayer's sales)		10	16	26	21	20	20	17

Source: Bayer, JM Financial

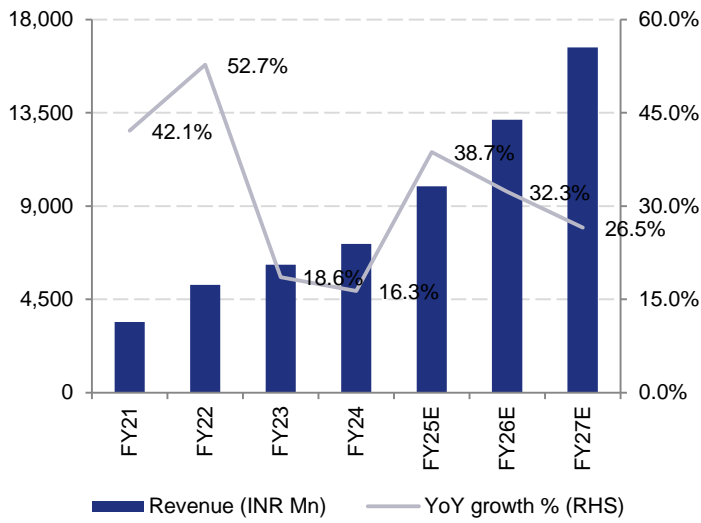
Exhibit 10. Nubeqa AI patent expiration in US and Europe is on or after CY33

Products	Pharmaceuticals Patent Expiration Dates										
	Germany	France	Italy	Switzerland	Spain	UK	China	Japan	Brazil	Canada	USA
Nubeqa™											
Active ingredient	2035	2035	2035	2035	2035	2035	2030	2035	2030	2032	2033

Source: Bayer, JM Financial

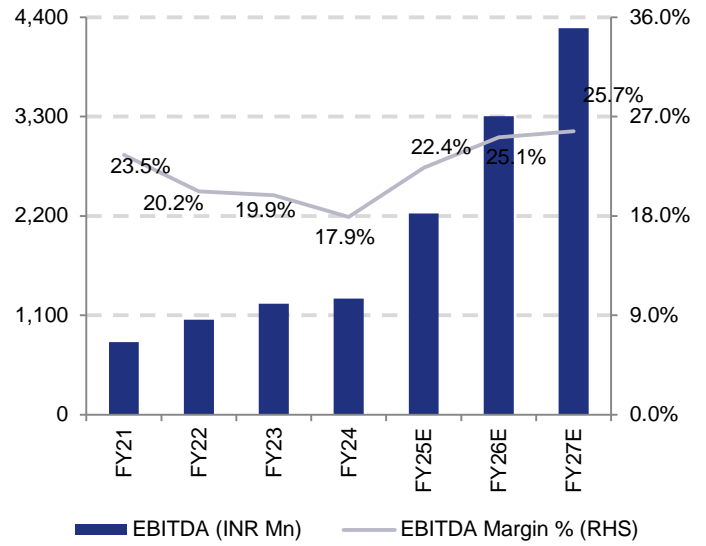
Assumptions and Estimates

Exhibit 11. Ami's revenue likely to register 29% CAGR over FY25E-27E



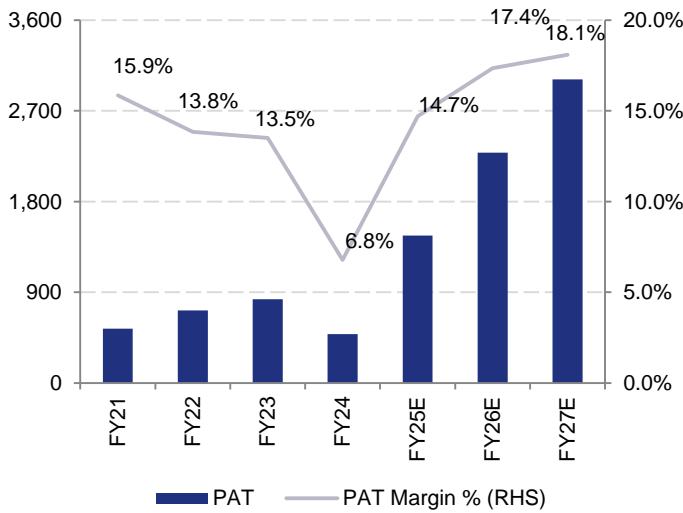
Source: Company, JM Financial

Exhibit 12. Ami's EBITDA likely to post 39% CAGR over FY25E-27E



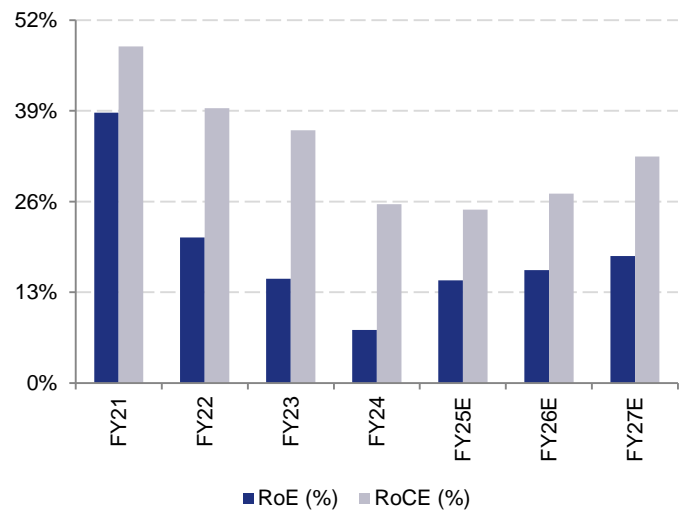
Source: Company, JM Financial

Exhibit 13. Ami's PAT likely to register 43% CAGR over FY25E-27E



Source: Company, JM Financial

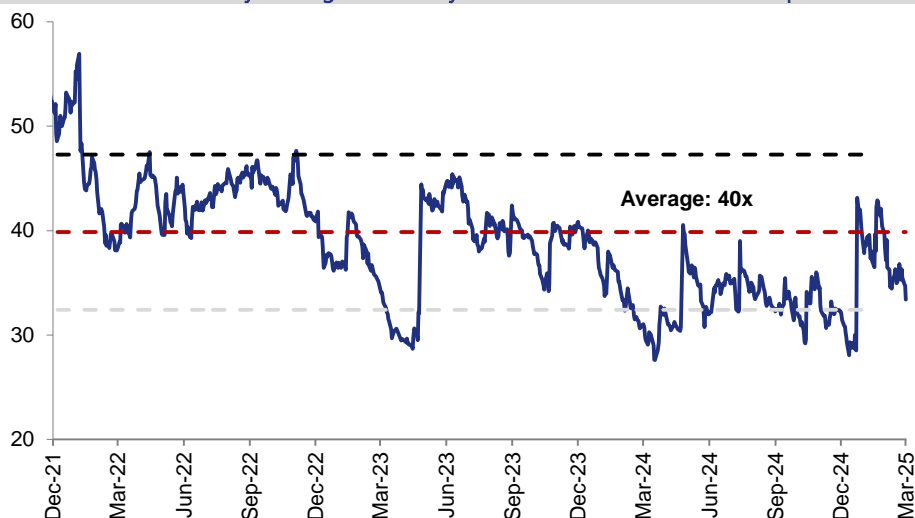
Exhibit 14. RoE and RoCE (pre-tax) likely to improve from FY25E



Source: Company, JM Financial

Valuation

Exhibit 15. Ami is currently trading at ~33x 1-year forward consensus P/E multiple



Source: Bloomberg, JM Financial

Exhibit 16. Chemical companies peer valuation

Company	Rating	CMP (INR)	TP (INR)	P/E (x)				P/B (x)				EV/EBITDA (x)				ROE (%)			
				FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E
SRF	BUY	2,957	3,115	65.6	72.8	45.3	32.8	7.6	7.0	6.2	5.4	35.5	34.1	25.7	19.8	12.3	10.0	14.6	17.6
PI Industries	HOLD	3,315	3,860	30.1	30.1	28.9	25.3	5.8	4.8	4.1	3.6	23.1	20.7	18.5	16.0	21.0	17.5	15.5	15.1
Deepak Nitrite	BUY	1,962	2,305	33.0	41.9	32.1	25.6	5.5	5.0	4.4	3.8	23.8	27.4	21.5	17.1	18.2	12.5	14.5	15.9
Clean Science	BUY	1,198	1,670	52.1	48.1	36.7	28.6	10.6	8.7	7.1	5.7	37.4	31.7	25.7	19.7	22.1	19.8	21.3	22.0
Fine Organic	SELL	3,770	3,670	31.4	30.2	30.4	30.3	6.2	5.3	4.6	4.1	22.0	21.3	20.7	19.4	21.8	19.0	16.3	14.4
Galaxy Surfactants	HOLD	2,101	2,605	24.7	24.5	21.9	20.2	3.4	3.0	2.7	2.4	15.5	14.6	13.0	11.7	14.8	13.1	12.9	12.4
PCBL Chemical	BUY	382	500	30.0	33.0	24.1	18.2	4.5	4.2	3.8	3.3	18.5	14.0	12.2	10.4	16.2	13.3	16.6	19.3
Ami Organics	BUY	2,183	2,605	110.6	61.0	39.1	29.7	13.3	6.9	5.9	5.0	70.9	39.8	26.7	20.4	12.7	14.9	16.3	18.3
Anupam Rasayan	HOLD	786	685	67.1	97.0	55.1	34.5	3.1	3.0	2.8	2.5	25.0	24.6	19.0	15.0	5.0	3.1	5.2	7.7
Archean Chemicals	BUY	547	620	21.1	28.5	20.1	13.0	4.0	3.6	3.1	2.6	13.8	18.4	12.3	7.8	20.4	13.3	16.7	21.6
Tatva Chintan Pharma Chem	SELL	676	585	52.1	201.3	61.5	34.6	2.1	2.1	2.1	2.0	22.8	44.1	24.8	17.3	4.8	1.1	3.4	5.8
Paradeep Phosphates	BUY	91	145	74.4	17.1	13.0	9.3	2.1	1.9	1.6	1.4	17.4	10.0	8.3	6.5	2.8	11.5	13.3	16.1

Source: Companies, JM Financial

Financial Tables (Consolidated)

Income Statement		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Net Sales	6,167	7,175	9,950	13,166	16,656	
Sales Growth	18.6%	16.3%	38.7%	32.3%	26.5%	
Other Operating Income	0	0	0	0	0	
Total Revenue	6,167	7,175	9,950	13,166	16,656	
Cost of Goods Sold/Op. Exp	3,309	4,117	5,492	7,044	8,911	
Personnel Cost	488	631	826	974	1,166	
Other Expenses	1,144	1,142	1,406	1,842	2,303	
EBITDA	1,226	1,285	2,225	3,306	4,277	
EBITDA Margin	19.9%	17.9%	22.4%	25.1%	25.7%	
EBITDA Growth	16.6%	4.8%	73.2%	48.5%	29.4%	
Depn. & Amort.	123	161	291	403	445	
EBIT	1,103	1,124	1,934	2,903	3,832	
Other Income	43	75	123	184	239	
Finance Cost	24	59	61	0	0	
PBT before Excep. & Forex	1,122	1,140	1,997	3,087	4,071	
Excep. & Forex Inc./Loss(-)	0	-321	0	0	0	
PBT	1,122	819	1,997	3,087	4,071	
Taxes	289	332	533	803	1,058	
Extraordinary Inc./Loss(-)	0	0	0	0	0	
Assoc. Profit/Min. Int.(-)	0	0	0	0	0	
Reported Net Profit	833	487	1,464	2,285	3,012	
Adjusted Net Profit	833	808	1,464	2,285	3,012	
Net Margin	13.5%	11.3%	14.7%	17.4%	18.1%	
Diluted Share Cap. (mn)	40.9	40.9	40.9	40.9	40.9	
Diluted EPS (INR)	20.4	19.7	35.8	55.8	73.6	
Diluted EPS Growth	15.8%	-3.0%	81.1%	56.1%	31.9%	
Total Dividend + Tax	0	109	190	184	184	
Dividend Per Share (INR)	0.0	2.7	4.6	4.5	4.5	

Source: Company, JM Financial

Balance Sheet		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Shareholders' Fund	5,940	6,740	12,963	15,064	17,892	
Share Capital	364	369	412	412	412	
Reserves & Surplus	5,575	6,371	12,551	14,652	17,480	
Preference Share Capital	0	0	0	0	0	
Minority Interest	0	88	88	88	88	
Total Loans	36	2,166	0	0	0	
Def. Tax Liab. / Assets (-)	0	0	0	0	0	
Total - Equity & Liab.	5,976	8,994	13,051	15,152	17,980	
Net Fixed Assets	2,887	5,526	8,250	8,847	9,403	
Gross Fixed Assets	3,016	4,444	9,085	10,085	11,085	
Intangible Assets	0	0	0	0	0	
Less: Depn. & Amort.	384	544	835	1,238	1,683	
Capital WIP	255	1,254	0	0	0	
Investments	281	236	236	236	236	
Current Assets	4,501	5,197	7,051	9,157	12,085	
Inventories	1,192	1,567	2,181	2,886	3,651	
Sundry Debtors	2,303	2,064	2,999	3,968	5,020	
Cash & Bank Balances	306	298	602	1,035	2,146	
Loans & Advances	13	16	16	16	16	
Other Current Assets	687	1,254	1,254	1,254	1,254	
Current Liab. & Prov.	1,694	1,965	2,486	3,089	3,744	
Current Liabilities	1,420	1,346	1,867	2,470	3,125	
Provisions & Others	273	619	619	619	619	
Net Current Assets	2,807	3,232	4,565	6,068	8,341	
Total - Assets	5,976	8,994	13,051	15,152	17,980	

Source: Company, JM Financial

Cash Flow Statement		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Profit before Tax	1,122	819	1,997	3,087	4,071	
Depn. & Amort.	123	161	291	403	445	
Net Interest Exp. / Inc. (-)	2	37	-62	-184	-239	
Inc (-) / Dec in WCap.	-363	178	-1,028	-1,071	-1,162	
Others	15	300	0	0	0	
Taxes Paid	-245	-243	-533	-803	-1,058	
Operating Cash Flow	655	1,252	664	1,432	2,056	
Capex	-783	-2,809	-3,015	-1,000	-1,000	
Free Cash Flow	-128	-1,557	-2,351	432	1,056	
Inc (-) / Dec in Investments	-180	-660	0	0	0	
Others	633	-185	123	184	239	
Investing Cash Flow	-330	-3,654	-2,892	-816	-761	
Inc / Dec (-) in Capital	-17	4	4,950	0	0	
Dividend + Tax thereon	-133	208	-251	-184	-184	
Inc / Dec (-) in Loans	28	2,181	-2,166	0	0	
Others	0	0	0	0	0	
Financing Cash Flow	-123	2,394	2,533	-184	-184	
Inc / Dec (-) in Cash	202	-9	305	433	1,111	
Opening Cash Balance	104	306	298	602	1,035	
Closing Cash Balance	306	298	602	1,035	2,146	

Source: Company, JM Financial

Dupont Analysis		FY23A	FY24A	FY25E	FY26E	FY27E
Net Margin	13.5%	11.3%	14.7%	17.4%	18.1%	
Asset Turnover (x)	1.1	0.9	0.9	0.9	1.0	
Leverage Factor (x)	1.0	1.2	1.1	1.0	1.0	
RoE	14.9%	12.7%	14.9%	16.3%	18.3%	

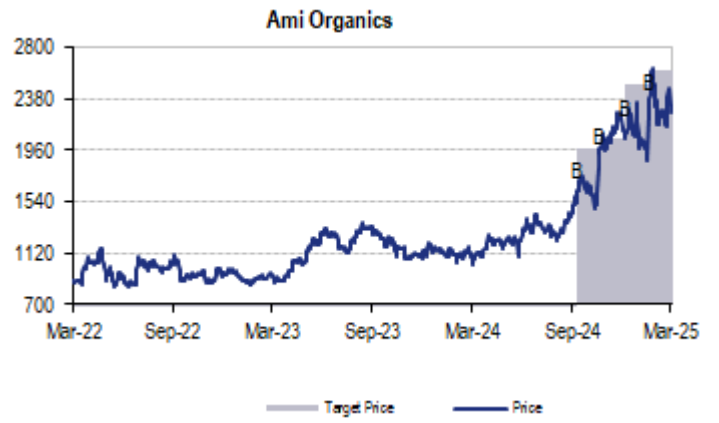
Key Ratios		FY23A	FY24A	FY25E	FY26E	FY27E
BV/Share (INR)	145.1	164.7	316.7	368.1	437.2	
ROIC	17.0%	9.7%	13.7%	16.5%	19.2%	
ROE	14.9%	12.7%	14.9%	16.3%	18.3%	
Net Debt/Equity (x)	-0.1	0.2	-0.1	-0.1	-0.1	
P/E (x)	111.2	114.6	63.3	40.5	30.7	
P/B (x)	15.6	13.7	7.1	6.1	5.2	
EV/EBITDA (x)	75.2	73.5	41.4	27.7	21.2	
EV/Sales (x)	15.0	13.2	9.2	7.0	5.4	
Debtor days	136	105	110	110	110	
Inventory days	71	80	80	80	80	
Creditor days	105	83	88	91	92	

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
19-Sep-24	Buy	1,965	
29-Oct-24	Buy	2,055	4.6
17-Dec-24	Buy	2,500	21.7
29-Jan-25	Buy	2,605	4.2

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

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

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

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Grievance officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1073 | Email: instcompliance@jmfl.com

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

* REITs refers to Real Estate Investment Trusts.

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