Investorstack Research Report

Acutaas Chemicals Limited

What Acutaas Chemicals Limited does

Acutaas Chemicals Limited is an R&D-driven manufacturer of specialty chemicals, focused on three distinct verticals: advanced pharmaceutical intermediates, electrolyte additives for lithium-ion batteries, and semiconductor photoresist chemicals. The company also produces commodity specialty chemicals like parabens and methyl salicylate. Formerly Ami Organics Limited, Acutaas rebranded in May 2025 to reflect its expansion beyond pharma into battery and semiconductor chemistries.

The company was founded in 2004 as a partnership and became a private limited company in 2007. It operates 4 manufacturing facilities across Gujarat (Sachin, Ankleshwar, Jhagadia) and Uttar Pradesh (Greater Noida). It employs 879 people as of FY2025, serves approximately 600 customers across ~55 countries, and exports about 74% of its revenue.

Acutaas's core capability is complex multi-step organic synthesis. Over two decades, the company has developed more than 610 commercialized products and 43+ reaction capabilities. Its R&D team of 130+ scientists, including over 30 PhDs, works from a state-of-the-art facility in Sachin. The company holds 10 granted process patents and has filed for 7 more. This chemistry expertise is the reason the company exists as an independent entity — it occupies a niche that large commodity chemical producers cannot easily replicate and that pure-play CDMOs may find too narrow.

The company is in the midst of a strategic transformation, positioning three business verticals (pharma intermediates, battery chemicals, semiconductor chemicals) as independent growth engines by FY2028. As Chairman Naresh Patel stated:

> *"FY2028, these three business verticals will operate as independent self-sustaining growth engines, each contributing meaningfully to our overall top line." — Q3 FY26 concall (Feb 2026)*

Business segments

Advanced Pharmaceutical Intermediates (84.8% of total revenue)

This segment generated ₹8,540 Mn in FY2025. It covers the manufacture of advanced intermediates for active pharmaceutical ingredients (APIs) and new chemical entities (NCEs) across 17 therapeutic segments, including anticancer, anticoagulant, antipsychotic, anti-Parkinson, and anti-inflammatory drugs. The segment also includes the CDMO business, where Acutaas develops and manufactures intermediates for innovator pharmaceutical companies under long-term contracts.

The CDMO business within this segment has been the primary growth driver. Acutaas has a long-term supply contract with Fermion, a subsidiary of Orion Corporation, for an oncology product. The company has publicly stated a target of ₹1,000 crore in CDMO revenue by FY2028. As of Q3 FY26, four new CDMO products had been validated, with revenue contribution expected from FY27 onwards.

The non-CDMO portion of this segment (core advanced intermediates) is also growing, albeit at a lower rate. Management has been deliberately pruning low-margin products from this portfolio to improve overall quality of

growth. As Abhishek Patel explained:

> *"We have carefully taken strategic decision to review our product portfolio and let go low-margin products. That's why you see now quality growth is coming." — Q3 FY26 concall (Feb 2026)*

This segment is the bedrock of Acutaas. It holds a 50–90% market share in several critical intermediates, per the annual report. Over 90% of these pharmaceutical intermediates are backward-integrated with basic chemicals, giving the company control over supply, quality, and costs.

Specialty Chemicals (15.2% of total revenue)

This segment generated ₹1,529 Mn in FY2025. It comprises three sub-segments:

Battery Chemicals: Acutaas manufactures electrolyte additives for lithium-ion batteries — primarily Vinylene Carbonate (VC) and Fluoroethylene Carbonate (FEC). The company is the first non-Chinese player globally to scale these products. A new block at the Jhagadia facility, dedicated exclusively to battery chemicals, was inaugurated on January 19, 2026. Phase 1 capacity is 2,000 metric tons each for VC and FEC. Commercial production is expected from Q1 FY27. The company has orders in hand for FY27 and has added two more electrolyte additive products (Phase 2 capex of ₹40-50 crore) expected to contribute from mid-FY27.

Semiconductor Chemicals: Through its subsidiary Baba Fine Chemicals (Greater Noida), Acutaas produces ultra-high-purity photoresist chemicals used in semiconductor photolithography. This is a high-entry-barrier business requiring parts-per-billion purity levels. Acutaas is the only Indian manufacturer of these chemicals. The business has been soft due to demand weakness from its key customer Heraeus, but management is seeing encouraging traction with new customers in Japan, Korea, and Taiwan. Additionally, Acutaas has formed a joint venture in South Korea called Indichem (75% owned) with a Korean partner providing technology and market access. Indichem will manufacture advanced semiconductor chemicals, with capex completion expected by end of calendar 2026 and commercial production from H2 FY27. Total investment in Indichem is around ₹200 crore, with ~₹130 crore already deployed as of Q3 FY26.

Commodity Chemicals: Acutaas produces parabens (preservatives for cosmetics, personal care, pharmaceuticals, and food) and methyl salicylate (used in pain-relieving topical creams and as a flavoring agent). This sub-segment also includes other niche specialty chemicals for agrochemicals and industrial applications. It has been growing at 10-15% with stable pricing and high volumes.

Products and business detail

Advanced pharmaceutical intermediates

Acutaas manufactures intermediates for drugs such as Apixaban (anticoagulant), Rivaroxaban (anticoagulant), and Darolutamide (anticancer). These are complex multi-step synthetic molecules. The company has developed capabilities to manufacture up to N-1 stages of intermediates across multiple routes of synthesis. Most of these products are backward-integrated — over 90% of pharma intermediates start from basic chemicals sourced domestically.

The manufacturing facilities in Sachin and Ankleshwar are GMP-certified. Sachin has been inspected twice by the USFDA (2016 and 2019) and received an Establishment Inspection Report (EIR) on both occasions. Both Sachin and Ankleshwar units hold PMDA GMP certification from Japan's Pharmaceutical and Medical Devices Agency. The Ankleshwar facility, commissioned in phases through FY24-FY25, is a state-of-the-art plant with a Distributed

Control System (DCS) for full automation, 80+ reactors, and 35 dryers. Capacity utilization at Ankleshwar was 40% as of Q3 FY26, with ramp-up expected over 1-2 years.

The CDMO products are different. These are developed in close collaboration with innovator companies, often with long-term supply contracts. The oncology product for Fermion is the most significant. Management has indicated that the contract runs beyond patent expiry (2033-2035 in most geographies). The CDMO pipeline includes four newly validated products (range ₹50-100 crore revenue potential each) and several more in validation.

Electrolyte additives (VC and FEC)

VC and FEC are additives used in lithium-ion battery electrolytes to improve battery life, safety, and performance. Acutaas's process for these products was developed in-house starting in 2022. The company has secured long-term supply contracts with customers in Japan and South Korea. The Jhagadia facility's Phase 1 capacity is 2,000 MT each for VC and FEC. Phase 2 adds two more electrolyte additive products. The total capex for the electrolyte block is expected to be around ₹220 crore (including Phase 1 and 2), with an asset turn expected of around 1.5x and payback of 3-3.5 years.

The margin profile for electrolyte additives is expected to be below the pharma intermediates segment but above the commodity chemicals segment. Abhishek Patel stated on the Q3 FY26 call that the business has good revenue visibility from FY27.

Semiconductor photoresist chemicals

Baba Fine Chemicals manufactures electronic-grade photoresist chemicals used in semiconductor manufacturing. This requires ultra-high purity — down to parts-per-billion levels. The Greater Noida facility has 7 dedicated lab rooms with 500-litre glass-lined capacity and 14 glass assemblies. The products are sold to semiconductor foundries and IDMs, primarily through Heraeus. The business has been sluggish due to demand softness from this key customer. However, management is pursuing direct sales to new customers in Japan, Korea, and Taiwan. As of Q3 FY26, Baba Fine Chemicals was showing signs of turnaround. In Japan, the company is in final-stage discussions with a large multinational customer (per Aug 2025 concall).

Parabens and methyl salicylate

The Jhagadia facility produces parabens (preservatives) and methyl salicylate (analgesic/flavoring). These are more commodity-like products with stable demand. The facility has 31 stainless steel and 14 glass-lined reactors, with automated production lines. The Jhagadia unit holds Kosher and Halal certifications for select products, enabling access to niche regulated markets. This sub-segment grows at 10-15% annually and provides consistent cash flow.

Customers

Acutaas has a diversified customer base of approximately 600 invoiced customers over the last 5 years, with exports to about 55 countries. Over 30 customers have been associated for more than a decade. The geographic revenue mix in FY2025 was 74% exports (63% Europe, 6.2% India, 2.1% US, 2.5% China, 26.2% rest of world).

Key named customers:

- **Fermion** (subsidiary of Orion Corporation): This is the most significant CDMO customer, under a long-term supply contract for an oncology product. The contract extends beyond patent expiry (2033-2035). This product has been a major driver of growth in FY25 and FY26.

- **Heraeus**: Key customer for Baba Fine Chemicals semiconductor products. Demand has been soft but the relationship is longstanding.
- **Large multinational customer in Japan**: Final-stage discussions for semiconductor chemicals (per Aug 2025 concall). If concluded, this would diversify Baba's customer base significantly.
- **Multiple export customers in Japan and South Korea** for electrolyte additives: Long-term supply contracts for VC and FEC, with fixed pricing and raw material pass-through mechanisms. Customer names are confidential.
- **Other pharma intermediates customers**: A broad base across Europe, Asia, and North America. Many customers take multiple products from Acutaas. The company states that most top revenue-generating products have more than 70-80% market share, indicating strong customer loyalty and switching costs.

Customer concentration risk exists primarily in the CDMO business, where one oncology product currently dominates. Management is addressing this by validating four new CDMO products and by adding new verticals (battery, semiconductor). The non-CDMO pharma intermediates business has multiple products and customers, reducing concentration.

Switching costs for customers are meaningful. The company holds regulatory approvals (USFDA EIR, PMDA GMP) that take years to obtain. Many products require long validation cycles (6-18 months). For CDMO products, the relationship is built over years of trust, quality consistency, and compliance.

Direct US exposure is minimal — less than 1% of revenue per management (Q3 FY26 concall). This limits tariff risk from US trade policy.

Competitive landscape

The competitive dynamics vary significantly by segment.

Pharmaceutical intermediates

Acutaas faces competition from Chinese manufacturers and other Indian intermediates producers. For most of its top products, the company has a dominant market share of 70-80% or higher. Management attributes this to its deep chemistry expertise, ability to execute multiple synthesis routes at scale, and strong regulatory compliance. The annual report states 50-90% market share in several critical intermediates.

In the CDMO space, Acutaas competes with global players like Lonza and WuXi, but the company's positioning is niche — it focuses on complex chemistries where its R&D strength and regulatory approvals provide an edge. The India advantage (lower cost, USFDA compliance) also helps.

Electrolyte additives (VC and FEC)

Chinese manufacturers dominate the global electrolyte additives market with large-scale, low-cost production. Acutaas is the first non-Chinese company globally to scale these products. Its competitive advantage lies in technology differentiation (in-house process development), long-term contracts with fixed pricing, and the China+1 tailwind as battery manufacturers diversify away from Chinese suppliers. On the Q3 FY26 call, management acknowledged Chinese competition but expressed confidence in the company's chemistry capabilities and market position.

> *"For Chinese competition... we are very good at a chemistry. That is our strength... for majority of our top products, we are the leader, covering more than 70%, 80% of the market share." — Q3 FY26 concall (Feb 2026)*

The margin profile for electrolyte additives is expected to be below pharma but above commodity chemicals. Initial margins will be lower due to scale but should improve as capacity utilization ramps up.

Semiconductor chemicals

The semiconductor photoresist chemicals market is dominated by Japanese and Korean suppliers. Acutaas is a small player globally but has a unique position as the only Indian manufacturer. Competition is intense from established players, but the China+1 shift and India's semiconductor ambitions create tailwinds. The company's strategy is to leverage Baba Fine Chemicals' existing technology and customer relationships, while the Indichem JV targets more advanced products using partner technology.

Commodity chemicals (parabens, methyl salicylate)

This is a fragmented market with many Chinese and Indian players. Acutaas competes on quality, regulatory certifications (Kosher, Halal), and cost. Growth is steady at 10-15% annually.

Industry

Global chemicals market

The global chemicals market was valued at $5,614 billion in 2024 and is expected to reach $8,580 billion by 2029, a CAGR of 8.6% (per annual report MD&A). The Indian chemicals industry is about $220 billion (2024) and projected to grow at ~8.1% CAGR to $300 billion by 2028.

Demand drivers

Several structural trends are driving demand for Acutaas's products:

- **Pharmaceutical outsourcing**: Global pharma companies are increasing their reliance on CDMO partners to reduce costs and speed up development. The global pharmaceutical CDMO market was valued at $156.6 billion in 2024 and is projected to reach $315 billion by 2034. India is a preferred destination due to cost advantages and regulatory compliance.
- **China+1 supply chain diversification**: Following COVID-19 disruptions and geopolitical tensions, companies across industries are reducing dependence on Chinese suppliers. Acutaas has been a direct beneficiary. The company reduced its own Chinese raw material imports from 70% a decade ago to 21% by 2025 (per annual report). This strategy positions Acutaas as a reliable alternative supplier for global customers.
- **Electric vehicle adoption and battery manufacturing**: Global EV sales surged 25% in 2024 to 17 million units, pushing battery demand past 1 TWh for the first time. The global battery chemicals market is estimated at over $70 billion in 2025, projected to exceed $107 billion by 2029. While Indian battery manufacturing has seen delays, Acutaas's electrolyte additive capacity is fully contracted for export markets, insulating it from domestic delays.
- **Semiconductor manufacturing growth**: Global semiconductor sales reached a record $627.6 billion in 2024. The semiconductor chemicals market is projected to grow at 12.3% CAGR to $30.9 billion by 2030. India's semiconductor market is expected to reach $103.4 billion by 2030. Government initiatives like the India Semiconductor Mission and PLI schemes support domestic manufacturing.

Regulation

Acutaas's facilities must comply with stringent global regulatory standards: USFDA (Sachin has EIR), PMDA Japan (Sachin and Ankleshwar both GMP certified), and ISO certifications (9001, 14001, 45001, 27001, SA 8000). The company also holds EcoVadis Platinum certification (top 1% globally). Any regulatory non-compliance could result in loss of approvals and customer trust.

India's place in the global supply chain

India is the world's sixth-largest chemical producer, second-largest manufacturer and exporter of dyes, and third-largest consumer of polymers. It has the largest number of USFDA-compliant pharma plants outside the US. The Indian pharma industry is valued at ~$65 billion (2024) and expected to reach $130 billion by 2030. Nearly half of its value comes from exports, with India supplying ~20% of global generic demand.

India's CRAMS market was valued at ~$21 billion in 2023, contributing 20% to the Asia-Pacific market. The CDMO segment alone was $12.5 billion in 2023 and is projected to reach $21.7 billion by 2030. Government initiatives like PLI for ACC batteries, Bulk Drug Parks, and the India Semiconductor Mission create supportive policy tailwinds.

Cyclicality

The specialty chemicals industry has historically experienced cyclicality due to raw material price volatility and geopolitical uncertainties. Acutaas experienced margin compression in FY2022-23 due to raw material inflation and Chinese competition. The company responded by restructuring product mix, improving operational efficiency, and reducing low-margin products. Margins have recovered significantly — from around 20% EBITDA margins a few years ago to 32-35% guided for FY26. Management attributes this improvement to permanent cost improvements and favorable product mix. However, the company acknowledges that raw material price volatility and supply chain concentration remain risks, albeit mitigated by reduced Chinese import dependence.

The battery chemicals and semiconductor segments face their own cyclicality tied to EV adoption rates and semiconductor demand cycles. Tariff policies (e.g., US trade actions) could indirectly impact supply chains, though Acutaas's direct US exposure is minimal.

Growth triggers

- Validation of four new CDMO products that are expected to begin contributing to top line from FY27 onwards. (Q3 FY26 concall, Feb 2026)
- Commercialization of electrolyte additives VC and FEC at Jhagadia facility, inaugurated on 19 January 2026. Commercial operations expected from Q1 FY27 with orders already in hand for FY27. (Q3 FY26 concall, Feb 2026)
- Second phase of electrolyte additives capex, covering two new battery chemical products, expected to contribute from mid-FY27. (Q3 FY26 concall, Feb 2026)
- Indichem joint venture in South Korea for advanced semiconductor chemicals – capex completion by end of calendar 2026, commercial production expected in H2 FY27. (Q2 FY26 concall, Oct 2025)
- Additional new products in battery chemicals beyond VC and FEC, with customer development underway and additional capex of INR40-50 crore. (Q1 FY26 concall, Aug 2025)
- Baba Fine Chemicals recovery – new customer traction in Japan, Korea, and Taiwan; business turning around from Q3 FY26 with meaningful contribution expected medium term. (Q3 FY26 concall, Feb 2026)

- Revenue growth guidance upgraded from 25% to ~30% for FY26, driven by strong CDMO pipeline and order book. (Q3 FY26 concall, Feb 2026)
- EBITDA margin guidance upgraded from 28-30% to 32-35% for FY26, reflecting product mix shift toward higher-margin CDMO and operational efficiency. (Q3 FY26 concall, Feb 2026)
- CDMO revenue target of INR1,000 crore by FY28, underpinned by validated products and expanding pipeline. (Q2 FY26 concall, Oct 2025)
- Successful commissioning of 15.8 MW solar plant, reducing energy costs and improving EBITDA margins. (Q2 FY26 concall, Oct 2025)
- PMDA GMP certification for both Sachin and Ankleshwar units, enabling deeper access to Japanese pharmaceutical market. (Q1 FY26 concall, Aug 2025; Annual Report FY2025)
- Strategic portfolio churn – shedding low-margin products to focus on quality growth, contributing to margin expansion. (Q3 FY26 concall, Feb 2026)

Key risks

- **Geopolitical and trade policy risk**: Ongoing U.S. tariff investigations on pharmaceuticals and semiconductors could impact global supply chains. The company has minimal direct U.S. exposure (<1% per Q3 FY26 concall), but indirect impact through customer supply chain shifts is possible. Any escalation could affect demand or pricing.
- **Raw material price volatility and supply chain concentration**: The company reduced Chinese import dependence from 70% to 21% over a decade (Annual Report FY2025), but still sources key raw materials from China. Disruptions or price spikes in those inputs could compress margins.
- **Product and customer concentration in CDMO**: The CDMO business is currently dominated by one oncology product from Fermion (Orion subsidiary). Management acknowledges this and is diversifying with four validated new products, but loss of that contract or demand downturn would materially impact revenue. (Q3 FY26 concall, Feb 2026)
- **Chinese competition in electrolyte additives**: Chinese manufacturers have large-scale, low-cost production for VC and FEC. The company relies on technology differentiation, long-term contracts, and China+1 tailwinds to maintain margins. If Chinese players undercut pricing aggressively, margins could be squeezed. (Q3 FY26 concall, Feb 2026 – management stated "we are very good at a chemistry. That is our strength")
- **Forex risk**: 74% of revenue is from exports. Unhedged exposure could impact profitability. The company uses forward contracts to mitigate, but volatility in INR versus JPY, KRW, EUR could still create noise. (Q3 FY26 concall, Feb 2026; Annual Report FY2025)
- **Regulatory and compliance risk**: Manufacturing facilities require USFDA, PMDA, GMP certifications. Any non-compliance or negative inspection outcome could lead to loss of approvals and customer trust. The company holds these certifications currently, but risk remains.
- **Execution risk in new verticals**: Battery chemicals and semiconductor JV involve significant capex (INR220 crore for electrolyte additives + INR130 crore for Indichem JV). Delays in commissioning, technology scale-up issues, or slower customer adoption could push revenue contribution beyond current timelines. Already seen: electrolyte additive commissioning slipped from Q3 FY26 to Q4 FY26 (Q1FY26 vs Q2FY26 concalls), and total capex guidance reduced from INR250 crore to INR220 crore (Q3 FY26 concall, Feb 2026).
- **Working capital pressure**: Debtor days stood at 100 days as of Q3 FY26 (111 days overall working capital). Rapid growth can stretch receivables, and any customer payment delays could strain cash flow. (Q3 FY26 concall, Feb

2026)

Walk the talk

Revenue growth guidance

In Q1 FY26 (Aug 2025), management guided for 25% revenue growth for the full year:

> *"I'm confident we shall deliver 25% growth with stronger margin this year"*
>
> NARESH PATEL, Q1 FY26 CONCALL (AUG 2025)

By Q3 FY26 (Feb 2026), the guidance was revised upward:

> *"we are revising our revenue guidance upwards from 25% to around 30% growth for FY '26"*
>
> NARESH PATEL, Q3 FY26 CONCALL (FEB 2026)

Outcome: Guidance upgraded on the back of strong CDMO performance and order book visibility. The company delivered 29.8% revenue growth in the first 9 months of FY26.

EBITDA margin guidance

In Q2 FY26 (Oct 2025), management guided for EBITDA margin of 28% to 30%:

> *"We are on track to achieve around 25% revenue growth with EBITDA margin expectation to be in the range of 28% to 30% in FY '26"*
>
> ABHISHEK PATEL, Q2 FY26 CONCALL (OCT 2025)

By Q3 FY26 (Feb 2026), the guidance was raised:

> *"We also upgraded our EBITDA margin guidance from 28% to 30%, to 32% to 35% range for our full year"*
>
> ABHISHEK PATEL, Q3 FY26 CONCALL (FEB 2026)

Outcome: Actual Q3 FY26 EBITDA margin hit 38.3%, well above the upgraded range. The improvement was attributed to product mix shift toward higher-margin CDMO and operational efficiency including solar power savings.

Capex guidance

In Q2 FY26 (Oct 2025), management guided total capex of INR250 crore:

> *"the total capex for FY '26 is expected to be around INR250 crores, and we have sufficient cash reserves to comfortably fund these investments"*
>
> ABHISHEK PATEL, Q2 FY26 CONCALL (OCT 2025)

By Q3 FY26 (Feb 2026), the figure was revised down:

> *"total capex for the FY '26 is expected to be around INR220 crores versus INR250 crores, which we guided in our previous call"*
>
> ABHISHEK PATEL, Q3 FY26 CONCALL (FEB 2026)

Outcome: Capex came in lower due to spillover of second phase of battery chemical capex and pilot plant delays. The management attributed it to extended rainy season and equipment arrival delays for pilot plant.

Electrolyte additive plant commissioning

In Q1 FY26 (Aug 2025), management expected completion by Q3 FY26:

> *"Electrolyte additive capex at our site in Jhagadia is on track and expected to be completed by Q3 FY '26"*
>
> ABHISHEK PATEL, Q1 FY26 CONCALL (AUG 2025)

By Q2 FY26 (Oct 2025), the timeline shifted to Q4 FY26:

> *"the electrolyte additive capex at Jaghadia is progressing well and is expected to be completed by Q4 FY '26"*
>
> ABHISHEK PATEL, Q2 FY26 CONCALL (OCT 2025)

In Q3 FY26 (Feb 2026), management reported the inauguration:

> *"we inaugurated a new block at our Jhagadia facility dedicated exclusively to battery chemicals on 19 January 2026"*
>
> NARESH PATEL, Q3 FY26 CONCALL (FEB 2026)

Outcome: Commissioning slipped from Q3 to Q4, but the block was inaugurated on 19 January 2026, and commercial operations are expected from Q1 FY27 with orders in hand.

CDMO INR1,000 crore target by FY28

In Q2 FY26 (Oct 2025):

> *"the growth is coming from the CDMO segment and we will be able to cross INR1,000 crore mark for the CDMO business by FY '28"*
>
> ABHISHEK PATEL, Q2 FY26 CONCALL (OCT 2025)

By Q3 FY26 (Feb 2026), management confirmed progress:

> *"We have developed a strong pipeline with four products already validated, and we expect some of these opportunities to begin contributing to our top line from FY '27 onwards"*
>
> ABHISHEK PATEL, Q3 FY26 CONCALL (FEB 2026)

Outcome: On track. Four products validated, pipeline growing. No deviation reported.

Scenarios

Bull case

The CDMO pipeline delivers faster than expected. The four validated products ramp quickly in FY27, and two more products enter validation. The oncology product continues to see demand expansion from label extensions. Battery chemicals start commercial supplies in Q1 FY27 and reach 50% capacity utilization by year-end, with pricing holding due to long-term contracts. The second phase products contribute from H2 FY27, and the company announces

further capacity expansion. Indichem JV completes on schedule and wins contracts with multiple Korean and Japanese semiconductor foundries. Baba Fine Chemicals recovery accelerates as new customers in Japan and Taiwan place repeat orders. Margins sustain in the 32-35% range as CDMO and battery mix improve. The company achieves the INR1,000 crore CDMO target ahead of FY28, and the two new verticals become meaningful growth engines, reducing dependence on any single segment. Management delivers on the upgraded guidance consistently.

Base case

The CDMO business grows steadily, driven by the existing oncology product and gradual ramp of the four new products through FY27. Revenue growth remains in the 25-30% range. Battery chemicals commercialize as planned, but utilization ramps slowly in FY27, reaching 30-40% by year-end. Margins settle in the 28-30% range as battery chemicals (lower margin than pharma intermediates) dilute the mix slightly. Indichem JV capex completes on schedule, but revenue contribution is modest in H2 FY27 as customer qualifications take time. Baba Fine Chemicals shows gradual recovery, contributing single-digit growth. Capex remains disciplined, and working capital stays around 100-110 days. The company remains on track for the CDMO INR1,000 crore target by FY28. Overall execution is solid, but the pace of new verticals is measured rather than explosive.

Bear case

CDMO growth slows unexpectedly. The oncology product faces competition or demand moderation, and the four new products take longer to ramp (regulatory delays or customer push-outs). Revenue growth slips below 20% in FY27. Battery chemicals encounter pricing pressure from Chinese producers who slash prices to defend market share. The long-term contracts provide some buffer, but margins in this segment turn out lower than expected, dragging overall EBITDA margins below 28%. The Indichem JV faces cost overruns or technology scale-up issues, delaying commercial production to FY28. Baba Fine Chemicals recovery fails to materialize as the Heraeus relationship weakens and new customer wins remain small. The company's heavy capex of INR350 crore in FY26 strains cash flows if revenue growth disappoints. Regulatory issues arise, such as a USFDA observation at Sachin or Ankleshwar, leading to compliance costs and customer caution. Stock multiple compresses as the market questions the earnings trajectory.

Source coverage note: Only 3 of 4 concalls were readable. This report is built from 3 concall transcript(s) (Feb 2026, Oct 2025, Aug 2025) and the FY 2025 annual report.