

## Rationale:

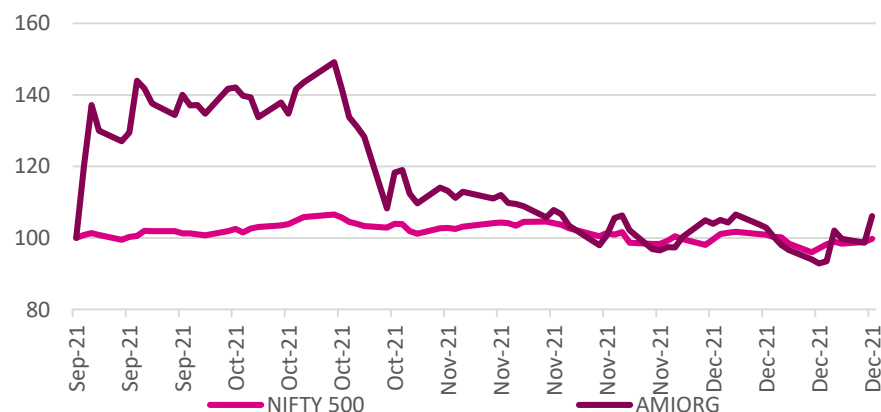
- ❑ Ami Organics Limited (AMIORG) is an R&D driven manufacturer of speciality chemicals focused on two business segments, mainly pharmaceuticals advance intermediates also known as pharma intermediates and specialty chemicals.
- ❑ Under pharma intermediates, it manufactures Active Pharmaceuticals Ingredients (APIs) and New Chemical Entity (NCEs). It has developed and commercialized over 450 pharma intermediates for APIs across all 17 therapeutic areas and for New Chemical Entities.
- ❑ Under its Speciality Chemical segment, the company manufactures key starting raw materials for Agrochemicals and Fine Chemicals companies. It has recently acquired two facilities from Gujarat Organics Ltd. (GOL), which help to foray into preservatives and other specialty chemicals used in manufacturing of cosmetics, dye, polymers and agrochemicals.
- ❑ Ami Organics is one of the major manufacturers of Pharma Intermediates for certain key APIs, including Dolutegravir, Trazodone, Entacapone, Nintedanib and Rivaroxaban which find application in certain high-growth therapeutic areas, commanding significant market share both in India and globally
- ❑ The company is the largest manufacturer and supplier of some of the Intermediates such as Trazodone, Dolutegravir, Entacapone, Nintedanib, Pazopanib, Apixaban with market share as high as 90% in some products.
- ❑ During the half year results the company has posted a growth of 51.1% in its consolidated revenues at ₹2,354 million (Including ₹400 million from GOL in H1FY22, H1FY21 numbers doesn't include GOL numbers,). The operating margins for the company stood at 21% at ₹495 million while its PAT margins stood at 13.2% at ₹312 million.
- ❑ The company's business is backed by strong and diversified product portfolio ably supported by strong R&D and process chemistry skills which enables it to create entry barriers in the chemicals manufacturing industry.
- ❑ Going ahead the company plans to increase its utilisation levels at its newly acquired facility and further plans to incrementally add capacities to aide growth through launch of new products and increase in volumes in existing products.
- ❑ With the presence in high growing and niche markets Ami Organics Limited is set to continue to post better growth in mid term. We initiate our coverage on the stock with a **BUY** rating and a target price of **₹1,354 per share**

|   |                      |
|---|----------------------|
| 52 Week Low / High                            | 841 / 1434.45        |
| Avg. Daily Volume (3M) ('000)                 | 301                  |
| No. of Shares O/S (Mn.) / Mkt. Cap (₹Mn.)     | 36.4 / 36,145        |
| Shareholding (Promoters/Institutional/Others) | 41.1% / 8.8% / 67.8% |

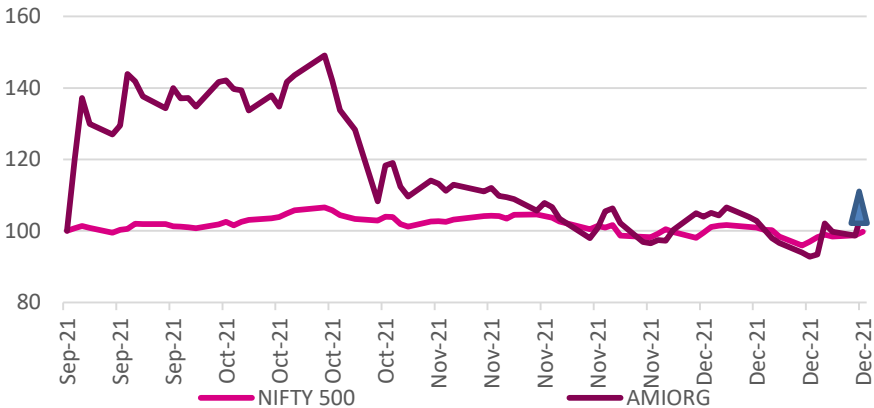
| (In ₹ mn)     | FY-20 | FY-21 | FY-22E | FY-23E |
|---------------|-------|-------|--------|--------|
| Net Sales     | 2,425 | 3,420 | 5,229  | 6,562  |
| EBITDA        | 439   | 815   | 1,181  | 1,551  |
| EBITDA Margin | 18.1% | 23.8% | 22.6%  | 23.6%  |
| PAT           | 275   | 540   | 763    | 1,029  |
| PAT Margin    | 11.3% | 15.8% | 14.6%  | 15.7%  |
| EPS (₹)       | 7.5   | 14.8  | 20.9   | 28.2   |
| P/E (x)       | 131.6 | 66.9  | 47.4   | 35.1   |

Source: Company, Estimates,. Note: Prices are as on 28-Dec-21

## Price Performance (Sep'21=100)



AMIORG rating history & price chart



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| Ratings Guide (12 months)  | Buy | Hold    | Sell      |
|----------------------------|-----|---------|-----------|
| Large Caps (>₹300Bn.)      | 15% | 5%-10%  | Below 5%  |
| Mid/Small Caps (<₹300 Bn.) | 20% | 10%-15% | Below 10% |

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