

- ❑ Ami Organics Limited has reported a growth of 53.5% in its consolidated revenues at ₹1,412 million in Q3-FY22 as against ₹920 million in Q3-FY21. The performance was driven by robust growth in core Pharma Intermediary business as well as stronger growth in Specialty Chemicals business.
- ❑ On the profitability front, the company's consolidated operating margins (Ex. Other Income) stood 21.2%% at ₹299 million in Q3-FY22 as against 17.1% at ₹217 million in Q3-FY21. The marginal decline in operating performance was mainly attributable to lower margins in Gujarat Organics business on cost front, the company witnessed cost pressure but was able to pass on costs increase. The consolidated PAT margins for the company during the quarter stood 13.9% at ₹196 million as against 15.8% at ₹145 million in Q3-FY21.
- ❑ On segment basis, Pharma Intermediates segment registered a growth of 25.5% at ₹1,048 million in Q3-FY22 as against ₹835 million in Q3-FY21. The Specialty Chemicals segment grew to ₹290 million in Q3-FY22 as against ₹36 million in same quarter previous year.
- ❑ During the quarter, the company has commercialized two new import substitute products in Pharma segment, as per the management these newly launched products are seeing good tractions in the market with very encouraging response from the customers and are expected to contribute significantly to company's top line. The company has also strong pipeline of new products which are expected to be launched in further quarters.
- ❑ Also, during the quarter the company has successfully transferred current production operations of specialty chemical business at Ankleshwar facility to Jhagadia Facility. The company does not expect any revenue loss because of transfer of production operation from Ankleshwar to Jhagadia unit of Company.
- ❑ The Ankleshwar facility would be repurposed for the expansion of Pharma Intermediates business to support the future growth. The proposed expansion is currently in the design and engineering phase.
- ❑ Going ahead the company plans to increase its utilisation levels at its newly acquired facility and further plans to incrementally add capacities to aid growth.
- ❑ With the presence in high growing and niche markets Ami Organics Limited is set to continue to post better growth in mid term. We have incorporated current financials and updated our numbers for the company. We continue to remain positive on the stock and maintain our **BUY** rating on the stock with a target price of **₹1,354 per share**.

Q3-FY22 Consolidated Results

(In ₹ mn)	Q3-FY22	Q3-FY21	Chg	9M-FY22	9M-FY21	Chg
Net Sales	1,412	920	53.5%	3,766	2,477	52.0%
Operating Expense	1,112	703	58.3%	2,972	1,908	55.8%
EBITDA	299	217	37.9%	794	569	39.5%
Other Income	14	2		26	14	
Depreciation	24	10		70	30	
EBIT	289	209	38.4%	750	553	35.7%
Interest	3	16		58	42	
PBT	286	192	48.4%	692	511	35.4%
Tax	91	48		185	125	
Exceptional Items	-	-		-	-	
PAT	195	145	34.7%	507	386	31.3%
Minority /Other Adj.	1	1		17	(10)	
Consolidated PAT	196	145	34.9%	524	376	39.1%

Margins	Q3-FY22	Q3-FY21	Chg BPS	9M-FY22	9M-FY21	Chg BPS
Operating Margin %	21.2%	23.6%	-240	21.1%	23.0%	-189
Net Margin %	13.9%	15.8%	-191	13.9%	15.2%	-129

Consolidated Financials:

(In ₹ Mn.)	FY-20	FY-21	FY-22E	FY-23E
Net Sales	2,396	3,406	5,306	6,657
Operating Expense	1,986	2,605	4,128	5,109
EBITDA	410	802	1,177	1,548
Other Income	28	14	27	33
Depreciation	35	42	102	111
EBIT	403	773	1,102	1,470
Interest	56	56	65	71
Misc. items	-	-	-	-
PBT	348	717	1,038	1,399
Tax	73	177	259	350
Minority Interest	-	-	-	-
PAT	275	540	778	1,049

Margins	FY-20	FY-21	FY-22E	FY-23E
Sales Growth %	0.5%	42.1%	55.8%	25.5%
Operating Margin %	17.1%	23.5%	22.2%	23.3%
Net Margin %	11.5%	15.9%	14.7%	15.8%

Source: Company, Anand Rathi Research

(In ₹ Mn.)	FY-20	FY-21	FY-22E	FY-23E
<u>Liabilities</u>				
Equity Share Capital	105	315	315	315
Reserves & Surplus	1,013	1,354	2,133	3,182
Total Shareholder's Funds	1,118	1,669	2,448	3,497
Minority Interest	-	-	-	-
Long-Term Liabilities	199	726	26	76
Other Long-term Liabilities	24	44	44	44
Deferred Tax Liability	31	33	33	33
Short-term Liabilities	946	1,660	2,586	3,245
Total	2,319	4,133	5,137	6,895
<u>Assets</u>				
Net Fixed Assets	969	1,865	1,998	2,095
Long-Term L&A	27	24	24	24
Non Current Investments	17	14	14	14
Other Non-Current Assets	96	67	67	67
Current Asset	1,210	2,162	3,033	4,694
Total	2,319	4,133	5,137	6,895

(Key Ratios)	FY-20	FY-21	FY-22E	FY-23E
EPS (₹)	7.5	14.8	21.4	28.8
P/E (x)	127.7	65.0	45.1	33.4
P/B (x)	31.4	21.0	14.3	10.0
ROE	24.6%	32.3%	31.8%	30.0%
ROCE	29.4%	31.3%	43.2%	40.3%

Key Risks:

- ❑ The company's business is exposed to product concentration risk.

Rating and Target Price history:

AMIORG rating history & price chart



Source: Bloomberg, Anand Rathi Research

NOTE: Prices are as on 11 February 2022 close.

AMIORG rating details

Date	Rating	Target Price (₹)	Share Price (₹)
28-Dec-21	BUY	1,354	992
11-Feb-22	BUY	1,354	943

Source: Bloomberg, Anand Rathi Research



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Large Caps (>₹300Bn.)	15%	5%-10%	Below 5%
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