

- ❑ Ami Organics Limited has reported a growth of 20.2% in its consolidated revenues at ₹1,470 million in Q2-FY23 as against ₹1,223 million in Q2-FY22. The performance was driven by growth in the Advance Pharma Intermediate business while specialty chemicals business remained flat in terms of growth.
- ❑ On the profitability front, the company's consolidated operating margins (Ex. Other Income) stood 19.1%% at ₹281 million in Q2-FY23 as against 22.4% at ₹274 million in Q2-FY22. The decline in operating performance was mainly attributable to increase in overall operating cost. However, on sequential basis the company has shown improvement in operating margins. The consolidated PAT margins for the company during the quarter stood 13.6% at ₹200 million as against 14.7% at ₹180 million in Q2-FY22.
- ❑ On segment basis, Pharma Intermediates segment registered a growth of 29.2% at ₹1,249 million in Q2-FY23 as against ₹967 million in Q2-FY22. The Specialty Chemicals segment remained flat to ₹220 million in Q2-FY23 as against ₹220 million in same quarter previous year.
- ❑ During the quarter, the company has completed development of Methyl salicylate and has successfully erected Flow reactor at Jhagadia plant which is expected to start production from Q3FY23. The company has also undertaken increase in volume capacity by 3x. In its electrolyte additive the company is expecting commercial trial order in November 2022 and commercial orders to start from the first half of the calendar year 2023. The products are in various stages of qualification with customers in China, Korea, India, and Europe. The company has also received trial order for agrochemical intermediate and agrochemical intermediate product which is to get commercialized in Q3-FY23.
- ❑ The company's planned capex of about ₹1,900 million in its intermediates business is progressing as per schedule and is in civil construction stage with equipment ordering completed. The new facility is expected to be ready by December 2023. For the current financial year the management has maintained the guidance.
- ❑ With the presence in high growing and niche markets Ami Organics Limited is set to continue to post better growth in mid to long 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 **₹1,282 per share**.

## Q2-FY23 Consolidated Results

(In ₹ mn)	Q2-FY23	Q2-FY22	Chg	6M-FY23	6M-FY22	Chg
Net Sales	1,470	1,223	20.2%	2,780	2,354	18.1%
Operating Expense	1,189	949	25.2%	2,269	1,860	22.0%
EBITDA	281	274	2.8%	510	495	3.2%
Other Income	9	2		15	12	
Depreciation	28	23		59	45	
EBIT	262	252	3.7%	467	461	1.2%
Interest	4	27		6	55	
PBT	257	225	14.2%	460	406	13.3%
Tax	67	51		121	94	
Exceptional Items	-	-		-	-	
<b>PAT</b>	<b>190</b>	<b>175</b>	<b>9.0%</b>	<b>339</b>	<b>312</b>	<b>8.7%</b>
Minority /Other Adj.	10	5		25	16	
Consolidated PAT	<b>200</b>	<b>180</b>	<b>11.6%</b>	<b>364</b>	<b>328</b>	<b>10.9%</b>

Margins	Q2-FY23	Q2-FY22	Chg BPS	6M-FY23	6M-FY22	Chg BPS
Operating Margin %	19.1%	22.4%	-324	18.4%	21.0%	-265
Net Margin %	13.6%	14.7%	-105	13.1%	13.9%	-84

## Consolidated Financials:

(In ₹ Mn.)	FY-21	FY-22	FY-23E	FY-24E
Net Sales	3,406	5,201	6,514	8,168
Operating Expense	2,605	4,150	5,294	6,536
EBITDA	802	1,052	1,220	1,632
Other Income	14	28	33	41
Depreciation	42	101	113	141
EBIT	773	979	1,140	1,532
Interest	56	64	1	1
Misc. items	-	-	-	-
PBT	717	915	1,139	1,531
Tax	177	195	285	383
Minority Interest	-	-	-	-
PAT	540	719	855	1,148

Margins	FY-21	FY-22	FY-23E	FY-24E
Sales Growth %	42.1%	52.7%	25.2%	25.4%
Operating Margin %	23.5%	20.2%	18.7%	20.0%
Net Margin %	15.9%	13.8%	13.1%	14.1%

Source: Company, Anand Rathi Research

(In ₹ Mn.)	FY-21	FY-22	FY-23E	FY-24E
<b><u>Liabilities</u></b>				
Equity Share Capital	315	364	364	364
Reserves & Surplus	1,354	4,858	5,713	6,861
Total Shareholder's Funds	1,669	5,223	6,077	7,226
Minority Interest	-	-	-	-
Long-Term Liabilities	726	6	6	6
Other Long-term Liabilities	44	4	4	4
Deferred Tax Liability	33	63	63	63
Short-term Liabilities	1,660	1,293	1,619	2,031
<b>Total</b>	<b>4,133</b>	<b>6,589</b>	<b>7,770</b>	<b>9,329</b>
<b><u>Assets</u></b>				
Net Fixed Assets	1,865	2,075	2,156	2,651
Long-Term L&A	17	108	108	108
Non Current Investments	14	17	17	17
Other Non-Current Assets	12	31	31	31
Current Asset	2,224	4,358	5,458	6,522
<b>Total</b>	<b>4,133</b>	<b>6,589</b>	<b>7,770</b>	<b>9,329</b>

(Key Ratios)	FY-21	FY-22	FY-23E	FY-24E
EPS (₹)	14.8	19.7	23.5	31.5
P/E (x)	61.1	45.8	38.6	28.7
P/B (x)	19.8	6.3	5.4	4.6
ROE	32.3%	13.8%	14.1%	15.9%
ROCE	31.3%	18.5%	18.5%	21.0%

## 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 16 November 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
30-May-22	BUY	1,282	871
16-Nov-22	BUY	1,282	905

Source: Bloomberg, Anand Rathi Research



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