

Fundamental Pick



AMI ORGANICS LTD

Sector : Pharma and Specialty Chemicals

Recommendation

BUY

Buy Price

₹ 930

Target Price

₹ 2150

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Holding Period

2-3 Years

Expected Return

100% +

Market Capitalization

₹ 3237 Cr. (Small Cap)

PRODUCTS



Pharma Intermediates
(450+ products catering to chronic segments)



Specialty Chemicals
(KSM, Parabens, Salicylic acid and other specialty chemicals like electrolytes)

WHY TO INVEST?



India is expected to become the next Pharmaceutical and chemical hub which augurs well for the company



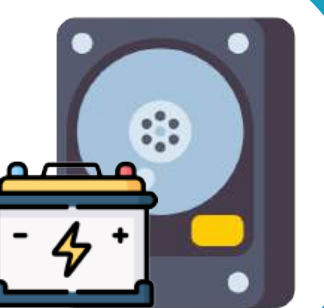
Factors such as reduction in reliance on imports, shifting of manufacturing from regulated regions to India, China+1 strategy



The company has a huge pipeline of more than 450 products



Company has recently announced a capex of Rs.190 crore that will double its gross block

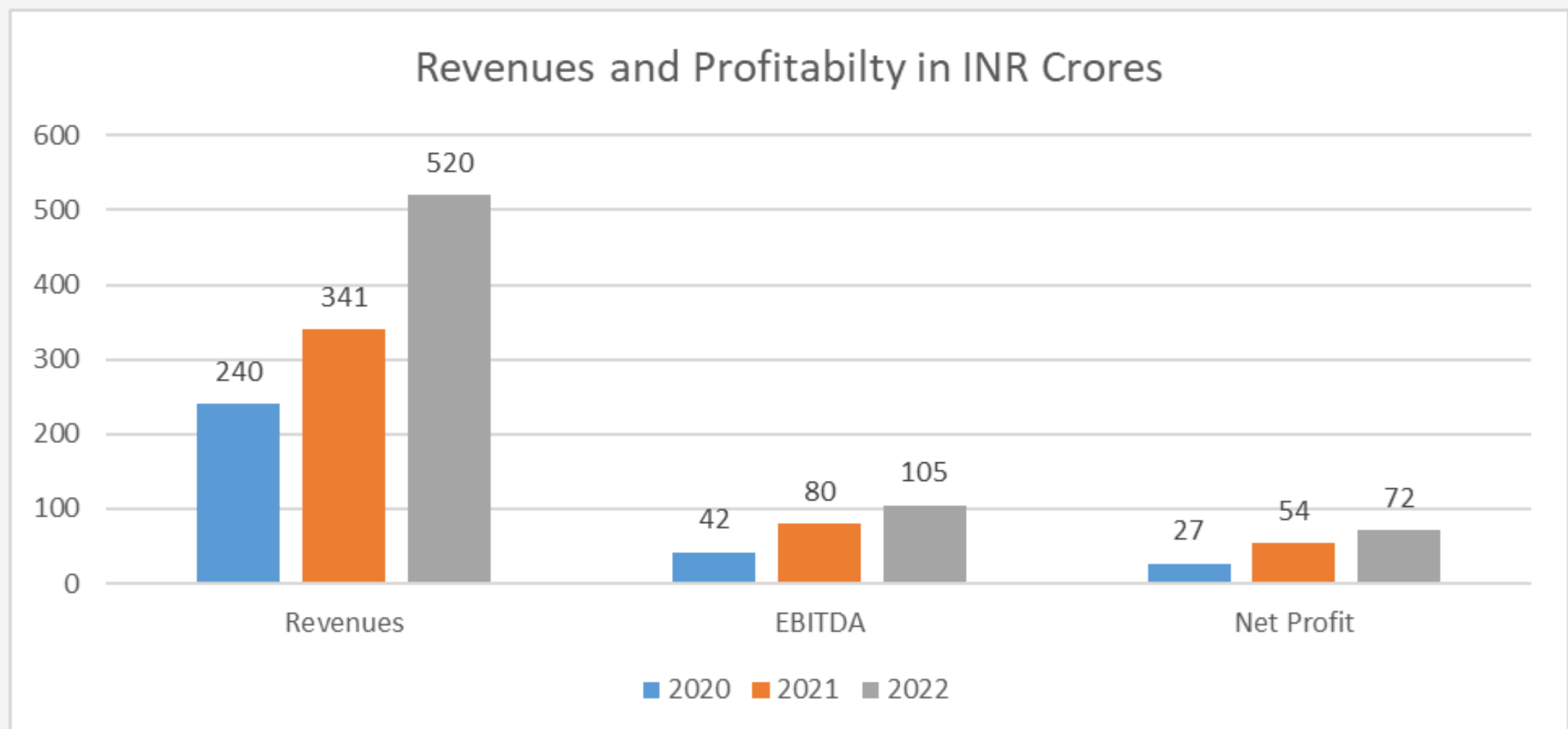


The company has recently forayed into the manufacturing of electrolytes, which are used in lithium-ion batteries and other storage devices



Experienced management team, high focus on R&D, competitive advantages like high entry barriers & switching costs & long term relationships with its customers

FINANCIAL HIGHLIGHTS



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FY22 KEY FINANCIALS

- ▶ High ROCE **24%**
- ▶ EBITDA Margin **20%**
- ▶ PAT Margin **13.85%**
- ▶ Cash Conversion Cycle **107 days**
- ▶ Debt-Equity **0 (Company is debt free)**
- ▶ 5-Years PAT CAGR **27%**
- ▶ 5-Year PAT CAGR **43%**

KEY RISKS



Regulatory changes might increase the compliance costs thus affecting its margins



The high growth of the company is highly dependent on the success of its R&D and its ability to introduce new products



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Product concentration risk –
Almost 35 products contribute
to 80% of its revenues



Client Concentration risk



Working capital
intensive operations

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