



IPO INSIGHTS



AMI ORGANICS LIMITED

Issue Dates

Opens: 01-09-2021 | Closes: 03-09-2021

IPO Note	One of the leading R&D manufacturers of speciality chemicals, High Growth, Better Margins, Priced-In Valuation
Rating	★★★ - GOOD

IPO SNAPSHOT

Issue Size	₹ 569.64 Crores
Issue Type	Fresh Issue & Offer For Sale
Fresh Issue	₹ 200 Crores
Offer for Sale	₹ 370 Crores
Face Value Per Share	₹ 10
Price Band Per Share	₹ 603 - ₹ 610
Minimum Lot Size	24 shares
Listing On	BSE & NSE
Pre-Issue Paid-Up Capital	₹ 33.16 Crores
Post-Issue Paid-Up Capital	₹ 36.44 Crores

IPO SNAPSHOT – AMI ORGANICS LTD (AOL)

COMPANY INTRODUCTION

- Incorporated in 2004, Ami Organics Limited is one of the leading research and development driven manufacturers of specialty chemicals. The company manufactures different types of Advanced Pharmaceutical Intermediates and Active Pharmaceutical ingredients (API) for New Chemical Entities, and material for agrochemicals and fine chemicals.
- The company has developed over 450 pharma intermediates across 17 key therapeutic areas i.e. anti-retroviral, anti-inflammatory, anti-psychotic, anti-cancer, anti-Parkinson, anti-depressant, and anti-coagulant. It supplies its products to more than 150 customers (including international customers) directly in India and in 25 countries overseas i.e. Europe, USA, China, Israel, Japan, Latin America, etc. Laurus Labs, Cadila Healthcare, Cipla Ltd are some of the domestic customers whereas Organike s.r.l.a. Socio Unico, Fermion Oly, Medichem S.A. and Midas Pharma GmbH are some of the international customers.
- The company has three manufacturing facilities in Gujarat situated at Sachin, Ankleshwar & Jhagadia, with an aggregate installed capacity of 6,060 MTPA.

OBJECTS OF THE ISSUE

- Repayment/prepayment of certain financial facilities availed by our Company.
- Funding working capital requirements of our Company.
- General corporate purposes.

FINANCIAL SUMMARY (₹ in Crores, unless otherwise stated)

Particulars	FY 2019	FY 2020	FY 2021	YoY	2-Yr CAGR (%)
Total Income	238.89	242.48	341.98	41%	20%
Net Profit	23.29	27.47	53.99	97%	52%
Diluted EPS (₹)	7.40	8.72	17.14	97%	52%

Sources: Red Herring Prospectus & ACE Equity

PROMOTERS

- Nareshkumar Ramjibhai Patel
- Chetankumar Chhaganlal Vaghasia
- Shital Nareshbhai Patel
- Parul Chetankumar Vaghasia



IPO SNAPSHOT – AMI ORGANICS LTD (AOL)

HIGHLIGHTS

- One of the leading manufacturers of certain Pharma Intermediates i.e. Dolutegravir, Trazodone, Entacapone, Nintedanib and Rivaroxaban.
- It has developed and commercialized over 450 Pharma Intermediates for APIs across 17 key therapeutic areas since inception and NCE, with a strong focus on R&D across select high-growth high margin therapeutic areas such as anti-retroviral, anti-inflammatory, anti-psychotic, anti-cancer, anti-Parkinson, anti-depressant and anticoagulant, for use across the global pharmaceutical market.

RECOMMENDATION

- For the last three years, on a consolidated basis, AOL has reported an average EPS of Rs. 12.71 and an average RoNW of 29.09%.
- The issue is priced at a P/BV of 11.51 based on its NAV of Rs. 52.99 as of March 31, 2021, and at a P/BV of 4.76 based on its post-issue NAV of Rs. 128.15 per share
- A sudden jump in the top and bottom lines in a pre-IPO year with a pandemic is a bit surprising.
- AOL has shown Aarti Ind., Hikal Ltd., Valiant Organics, Vinati Organics, Neuland Labs and Atul Ltd., as its listed peers. They are currently trading at a P/E of 56.49, 47.32, 29.98, 66.14, 28.97 and 39.67
- If we attribute FY21 earnings on post IPO fully diluted equity, then the asking price is at a **P/E of around 41.16, making it a fully priced offer.**

DISCLAIMER

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