

Active Fine Chemicals Limited (ACTIVEFINE)

Company Snapshots

Last Update 30/11/2012

Market Price	: Tk. 71.20
Sector	: Pharmaceuticals & Chemical
Paid Up	: Tk. 552.00 Million
Reserve	: Tk. 183.26 Million
Free Float Mkt Cap	: Tk. 325.40 Million
Turnover	: Tk. 453.1 Million (9 Month)
NAV	: Tk. 15.98
EPS	: Tk. 3.37
Sectorial P/E	: 18.47 Times
Forward P/E (Sector)	: 30.05 Times
Forward P/E (Company)	: 21.08 Times
Shareholding Composition	: 17.98% Directors, 23.07% Inst, 58.95% Public

Company Summary:

Active Fine Chemicals Limited (AFCL) was established on December 01, 2004 as a Private Limited Company with a vision to produce the bulk drugs and lab reagents. Subsequently it was converted to Public Limited Company on December 09, 2009. AFCL has set up a multi-purpose bulk drugs and fine chemicals manufacturing facility at Munshiganj, 20 km away from the capital city Dhaka. The plant is established on the 3.60 acre land.

ACTIVEFINE operates in the Basic Chemicals industry, serving broadly the pharmaceuticals and chemicals industry. It is one of the top local manufacturers of pharmaceuticals ingredients and presently serves both local and international market.

With the ultimate goal to pursue original innovation, AFCL started its journey as a manufacturer of key pharmaceutical ingredients call API (active pharmaceutical ingredients). Bangladesh imports 90% of its required API from foreign sources. Total import value of API is over Tk 2500 crore with annual growth of over 15%. AFCL plans to cover at least 10% of the market by 2013-15. To do so AFCL plans to offer at least 35-50 APIs by 2013. AFCL plans to build three more plants by next year to increase capacity, to manufacture anti-cancer drugs and cephalosporin drugs. These activities will build the foundation of long term goal to do original innovation. By 2015 AFCL wish to have a strong RnD capabilities to start work on new original API molecule of its own. By 2020 AFCL wish to come up with its own so called NCE or "block buster" molecule.

Financials (BDT mn)	2010	2011	2012 (9 Month)
Net Revenue	166	443	453
Gross Profit	83	207	225
Operating Profit	52	165	192
Net Profit After Tax	83	134	194
Total Asset	741	901	1181
Total Equity	602	735	893
Per share (BDT)	2010	2011	2012 (9 Month)
Diluted EPS	1.50	2.42	2.52
BVPS	10.90	13.32	16.19
Others	2010	2011	2012 (9 Month)
Operating profit margin	31%	37%	42.38%
Net profit margin	50%	30%	35%
Return on Assets (ROA)	14%	16%	17%
Return on Equity (ROE)	18%	20%	23%
Stock Dividend	15%	20%	-
Cash Dividend	0%	0%	-

Broadly a chemical manufacturer, ACTIVEFINE manufactures Bulk Drugs (APIs), Reagents and other Fine Chemicals. Core revenue originated mostly from fine chemicals business (81% of 2011 total revenue). In 2011, fine chemicals had a YoY growth of 259%, whereas API and reagents had a growth of 27% YoY. At present, the company manufactures 4 APIs. It has already secured permission from DGDA (Directorate General of Drug Administration) regarding production of 11 more APIs. In addition to API, ACTIVEFINE produces 170 reagents under 3 categories. The company also has three subsidiaries - AFC Agro Biotech Ltd. (Backward Linkage), AFC Solvents Ltd. (Backward linkage) and AFC Capital Ltd. (Capital Market).

Revenue boosted in 2011 (166%), but scale effects seemed to materialize in comparison to 2010 (639%). Despite a decline, operating margin improved (5.9% increase), primarily from scale dampening in gross margin (3.4% impact). As performance boosted, NPAT rose by 60.8%.

The Company has reported net profit after tax (including gain on disposal of land of Tk. 19.47 million) of Tk. 98.90 million with EPS of Tk. 1.79 for the period of six months (Jan'12 to June'12) as against net profit after tax of Tk. 63.95 million and EPS of Tk. 1.16 for the same period of the previous declared quarter