



**DALAL & BROACHA**  
STOCK BROKING PVT. LTD.

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## Result update@ Dalal & Broacha

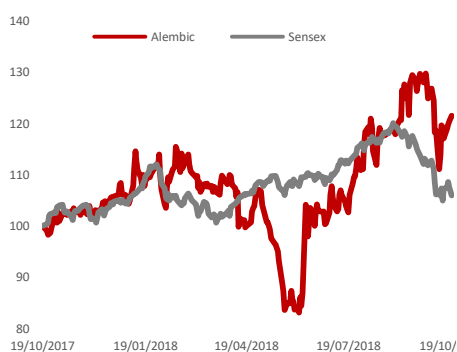
### ACCUMULATE

Current Price	580
52 Week Range	664/412

### Key Share Data

Market Cap (Rs.bn)	109.34
Market Cap (US\$ mn)	1487.21
No of o/s shares (mn)	188.51
Face Value	2
Monthly Avg. vol (BSE+NSE) Nos'000	93.95
BSE Code	533573
NSE Code	APLLTD
Bloomberg	ALPM:IN

### Price performance



**Alembic Pharma Ltd. Q2FY19 results were better than expectations.** However, revenues included one-time sales arising from its shortage of Valsartan in the US, resulting in higher profits. **Excluding the one off, the PBT was flat.**

### Strong revenue growth, profitability dips excluding one off

Revenues grew 43% yoy to Rs 11270.6 mn, with 124% growth in exports and flat domestic sales. EBITDA increased 69% to Rs 2761 mn. EBITDA margins were at 26.8%, +410 bps yoy. PBT increased 68% to Rs 2703 mn. PAT increased 61% to Rs. 2000 mn.

Excluding the one off, revenues increased 24% to Rs 9770 mn (approx.). However, EBITDA was flat in view of overall increase in expenses. PBT de-grew 11% due to higher interest burden in view of the increased debt.

### Key takeaways from the concall

- The company plans 10-15 new launches in US in FY19, with 1 launch in Q2FY19.
- The other expenses increased 56% yoy, due to R&D expense and MTM losses.
- The US international business jumped by 124% on account of one-off. However, the base business grew 20% growth was from the base business. The company also clarified that this one-off will not continue in the coming quarters.
- APL is facing single digit price erosion in the US.
- The domestic business remained flat during the year.
- Aleor Dermaceuticals Ltd. (Aleor), a 60:40 Joint Venture between Alembic Pharmaceuticals Ltd. (Alembic) and Orbicular Pharmaceutical Technologies Pvt. Ltd. (Orbicular), today successfully cleared its first United States Food and Drugs Administration (USFDA) inspection of its new formulation manufacturing facility located at Karkhadi, Gujarat, India; without any observations. The said plant will start operation in FY19, and will commercialize its ANDA in FY20.

### Outlook & Valuation

Excluding the one-off, APL's PBT growth has been flat. At Rs 580, APL trades at 22x FY20E EPS of Rs 27.6. The stock will see some more correction in view of the one off. **We recommend investors to ACCUMULATE at current levels.**

### % Shareholding

	Sep-18	Jun-18
Promoters	72.96	72.96
FII	3.41	5.25
DII	8.73	8.73
Others	14.9	13.96
Total	100	100

### Key Financials

Year	Net sales	% Growth	EBIDTA	OPM (%)	PAT	% Growth	EPS	PE (x)	RoE (%)	RoCE (%)
FY16	31,659.8	116.0	10,066.8	31.8	7,201.9	453.4	38.2	15.8	45.1	52.9
FY17	31,346.0	(1.0)	6,152.6	19.6	4,068.9	(43.5)	21.6	27.9	21.4	26.2
FY18	31,308.0	(0.1)	6,430.9	20.5	4,209.1	3.4	22.3	27.0	19.0	18.1
FY19E	34,664.7	10.7	7,748.0	22.4	4,717.5	12.1	25.0	24.1	17.0	19.2
FY20E	38,309.3	10.5	8,664.9	22.6	5,193.9	10.1	27.6	21.9	15.3	17.4



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FINANCIALS	Q2FY19	Q1FY19	Q2FY18	% YoY	% QoQ	FY 18	FY 17	% Change
<b>Net Sales</b>	<b>11,271</b>	<b>8,626</b>	<b>7,893</b>	<b>43%</b>	<b>31%</b>	<b>31308</b>	<b>31346</b>	<b>0%</b>
Raw materials	-2,721	-2,554	-2,133	28%	7%	-8855.6	-8581	3%
Employee costs	-1,826	-1,649	-1,595	14%	11%	-6228.1	-5588.3	11%
Other Expenses	-3,701	-7,115	-2,373	56%	-48%	-9793.4	-11024.1	-11%
<b>EBIDTA</b>	<b>3,024</b>	<b>1,511</b>	<b>1,792</b>	<b>69%</b>	<b>100%</b>	<b>6430.9</b>	<b>6152.6</b>	<b>5%</b>
EBIDTA Margins (%)	27%	18%	23%			21%	20%	
Depreciation	-286	-276	-257	12%	4%	-1054.6	-829.7	27%
Finance Cost	-58	-16	-4	1560%	270%	-34	-52.3	-35%
Other income	24	1	77	-69%	2270%	70.3	20.2	248%
<b>Profit before tax</b>	<b>2,703</b>	<b>1,220</b>	<b>1,608</b>	<b>68%</b>	<b>122%</b>	<b>5412.6</b>	<b>5290.8</b>	<b>2%</b>
PBT Margins (%)	24%	14%	20%			17%	17%	
Provision for tax	-703	-315	-366			1203.5	-1221.9	
<b>PAT</b>	<b>2,000</b>	<b>905</b>	<b>1,243</b>	<b>61%</b>	<b>121%</b>	<b>4,209</b>	<b>4,069</b>	<b>3%</b>
PAT Margins (%)	18%	10%	16%			13%	13%	
EPS (Rs)	10.6	4.81	6.5			21.9	21.4	



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