

Fulford India Limited	CMP Rs. 1,094.85 HOLD	Result Update Q2CY10
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Fulford India Ltd (FIL) reported a mediocre set of numbers for Q2CY10. Sales grew marginally while Expenses increased much more thus denting the bottomline.

On a standalone yoy basis, Net Revenues were up 3% from Rs. 536.3 Mn to Rs. 552.3 Mn. Total Expenditure was comparatively higher by 7.8% at Rs. 463.8 Mn. This was on account of an all round increase in the expenditure accounts. Cost of Materials increased by 5% to Rs. 246.6 Mn while Other Expenses were up by 12% to Rs. 130.6 Mn. Other Income too was down by 24% from Rs. 16.1 Mn to Rs. 12.3 Mn. As a result, EBITDA margins were down by 450 bps. Reported PAT stood 20% lower at Rs. 63.8 Mn while EPS was Rs. 16.4.

While the quarterly nos are definitely not inspiring, one need not read overwhelmingly into the short term results. On a half year basis for CY10, Net Revenues are still up by 11.3% while PAT has increased by 8.3%. Thus, it would be worthwhile to see how the Company performs in the coming few quarters.

On a PE(ttm) basis, FIL continues to trade expensively at 30.4 times. EV / Sales though seems reasonable at 1.56. FIL continues to sit on high levels of Cash (Rs. 1102.3 Mn) with no debt. We recommend a 'Hold' for FIL.

Financials >>

Fulford India Ltd. : Q2CY10 Quarterly Analysis

Earnings Statement								
YE March (Rs. Mn.)	Q2CY10	Q1CY10	Q-Q(%)	Q2CY09	Y-Y(%)	6MCY10	6MCY09	Y-Y(%)
Net Revenues	552.3	402.3	37.3%	536.3	3.0%	954.6	858.0	11.3%
Cost of Materials	246.6	196.6	25.4%	235.3	4.8%	443.2	397.9	11.4%
Gross Profit	305.7	205.7	48.6%	301.0	1.6%	511.4	460.1	11.1%
Staff Costs	86.6	77.0	12.5%	78.4	10.5%	163.6	148.9	9.9%
Other Expenses	130.6	135.1	-3.3%	116.7	11.9%	265.7	230.9	15.1%
Total Expenditure	463.8	408.7	13.5%	430.4	7.8%	872.5	777.7	12.2%
Operating Profit	88.5	(6.4)	-	105.9	-16.4%	82.1	80.3	2.2%
OPM (%)	16.0%	-1.6%	1,761.5	19.7%	(372.3)	8.6%	9.4%	(75.9)
Other Income	12.3	17.0	-27.6%	16.1	-23.6%	29.3	35.4	-17.2%
EBITDA	100.8	10.6	850.9%	122.0	-17.4%	111.4	115.7	-3.7%
Depreciation	3.9	3.3	18.2%	2.7	44.4%	7.2	5.6	28.6%
EBIT	96.9	7.3	1227.4%	119.3	-18.8%	104.2	110.1	-5.4%
Interest		0.2				0.2	0.0	
PBT	96.9	7.1	1264.8%	119.3	-18.8%	104.0	110.1	-5.5%
Tax	33.1	(3.8)		39.1	-15.3%	29.3	41.1	-28.7%
PAT	63.8	10.9	485.3%	80.2	-20.4%	74.7	69.0	8.3%
Extra-ordinary Items	0.0	0.0		0.0				
Reported PAT	63.8	10.9	485.3%	80.2	-20.4%	74.7	69.0	8.3%
Equity Capital	39.0	39.0		39.0		39.0	39.0	
EPS	16.4	2.8	485.3%	20.6	-20.4%	19.2	17.7	8.3%
Ratio Analysis								
Profitability								
YE March	Q2CY10	Q1CY10	Q-Q(%)	Q2CY09	Y-Y(%)	6MCY10	6MCY09	Y-Y(%)
OPM (%)	16.0%	-1.6%	1,761.5	19.7%	(372.3)	8.6%	9.4%	(75.9)
EBITDA (%)	18.3%	2.6%	1,561.6	22.7%	(449.8)	11.7%	13.5%	(181.5)
EBIT (%)	17.5%	1.8%	1,573.0	22.2%	(470.0)	10.9%	12.8%	(191.7)
PAT (%)	11.6%	2.7%	884.2	15.0%	(340.3)	7.8%	8.0%	(21.7)
Operational Parameters								
YE March	Q2CY10	Q1CY10	Q-Q(%)	Q2CY09	Y-Y(%)	6MCY10	6MCY09	Y-Y(%)
RM Consumed	44.6%	48.9%	(421.9)	43.9%	77.5	46.4%	46.4%	5.3
Staff Cost	15.7%	19.1%	(346.0)	14.6%	106.1	17.1%	17.4%	(21.6)
Other Expenditure	23.6%	33.6%	(993.5)	21.8%	188.6	27.8%	26.9%	92.2
Effective Tax Rate	34.2%	-	-	32.8%	138.4	28.2%	37.3%	(915.7)

Fulford India Ltd. : Financials

Earnings Statement						
Particulars (Rs. Mn)	CY04	CY05	CY06	CY07	CY08	CY09
Total Revenues	1,278.5	1,477.5	1,503.9	1,684.4	1,867.4	1,947.0
- Growth (%)		15.6%	1.8%	12.0%	10.9%	4.3%
Total Expenditure	1,101.2	1,237.0	1,320.0	1,405.6	1,613.6	1,781.4
Operating Profit	177.3	240.5	184.0	278.8	253.8	165.6
Other Income	22.2	13.4	25.5	72.7	77.0	68.2
EBITDA	199.5	253.8	209.5	351.6	330.8	233.8
Depreciation	7.7	9.2	11.5	12.6	14.8	10.6
EBIT	191.7	244.6	198.0	339.0	316.0	223.2
Interest	4.3	0.6	0.5	0.2	0.0	0.1
PBT	187.5	244.0	197.5	338.8	316.0	223.1
Tax	69.8	93.6	70.1	120.7	118.6	86.2
PAT Before EI	117.6	150.4	127.4	218.1	197.4	136.9
- Growth (%)		27.9%	-15.3%	71.2%	-9.5%	-30.6%
Extra-ordinary Items	0.0	0.0	0.0	0.0	0.0	(2.3)
PAT	117.6	150.4	127.4	218.1	197.4	134.6

Ratio Analysis						
Particulars	CY04	CY05	CY06	CY07	CY08	CY09
OPM (%)	13.9%	16.3%	12.2%	16.6%	13.6%	8.5%
EBITDA (%)	15.6%	17.2%	13.9%	20.9%	17.7%	12.0%
PBIT (%)	14.7%	16.5%	13.1%	20.1%	16.9%	11.5%
PAT (%)	9.2%	10.2%	8.5%	13.0%	10.6%	6.9%
Interest Cover (x)	45.0	376.7	410.5	2,221.7	30,732.7	2,232.0
EPS (Rs.)	36.8	47.0	32.7	55.9	50.6	34.5
P/E (x)	14.5	13.8	16.9	11.2	8.1	24.2
P/BV (x)	7.0	5.4	2.4	2.2	1.2	2.3
BVPS (Rs.)	76.1	119.7	230.5	281.0	329.3	358.6
Market Cap (Rs. Mn.)	1,708.3	2,080.8	2,157.5	2,450.6	1,599.4	3,256.1
M Cap/Sales (x)	1.3	1.4	1.4	1.5	0.9	1.7
EV (Rs. Mn.)	1,638.7	1,991.0	1,639.3	1,756.3	624.6	2,328.7
EV/EBITDA (x)	8.2	7.8	7.8	5.0	1.9	10.0
EV/Sales (x)	1.3	1.3	1.1	1.0	0.3	1.2
ROCE (%)	75.5%	62.8%	22.0%	30.9%	24.6%	16.0%
RONW (%)	48.3%	39.3%	14.2%	19.9%	15.4%	9.8%
Debt/Equity Ratio (x)	0.0	0.0	0.0	0.0	0.0	0.0
Inventory T/o Days	51.1	36.2	46.6	55.9	55.4	67.1
Debtors T/o Days	23.6	24.0	21.8	25.7	34.3	27.1
Advances T/o Days	8.8	7.3	11.3	19.6	19.7	26.4
Creditors T/o Days	32.1	33.9	33.4	42.6	72.2	56.8
Working Cap T/o Days	59.7	41.7	161.2	199.6	214.4	221.3
Fixed Assets T/o (Gross)	17.7	19.4	18.0	19.8	19.7	20.0
DPS (Rs.)	2.5	3.0	3.0	4.0	2.0	4.5
Dividend Payout (%)	6.8%	6.4%	9.2%	7.2%	4.0%	13.0%
Dividend Yield (%)	0.5%	0.5%	0.5%	0.6%	0.5%	0.5%

Fulford India Ltd. : Financials

Balance Sheet						
Particulars (Rs. Mn)	CY04	CY05	CY06	CY07	CY08	CY09
Equity Capital	32.0	32.0	39.0	39.0	39.0	39.0
Reserves	211.5	350.9	859.9	1,057.1	1,245.3	1,359.4
Shareholders Funds	243.5	382.9	898.9	1,096.1	1,284.3	1,398.4
Minority Interest						
Borrowed Funds	10.4	6.8	0.5	0.5	0.0	0.0
Deferred Tax Liability	(10.4)	(8.8)	(6.3)	(6.5)	(14.2)	(12.0)
Total Liabilities	243.6	380.9	893.1	1,090.1	1,270.1	1,386.4
Fixed Assets	34.4	41.0	38.5	34.4	29.4	55.7
Investments		171.2	190.6	134.7	144.1	149.9
Current Assets						
Inventory	179.2	146.4	192.2	257.9	283.6	357.8
Sundry Debtors	82.6	97.1	89.9	118.7	175.7	144.7
Other Current Assets	0.0	1.1	2.3	5.5	8.9	2.5
Loans & Advances	30.7	29.5	46.8	90.4	100.7	140.6
Cash & Bank Balance	80.1	96.6	518.7	694.8	974.8	927.4
Current Liabilities						
Sundry Creditors	112.5	137.1	137.6	196.8	369.4	303.2
Provisions	50.8	64.8	48.3	49.5	77.5	89.0
Net Current Assets	209.2	168.7	664.0	921.0	1,096.7	1,180.7
Total Assets	243.6	380.9	893.1	1,090.1	1,270.1	1,386.4

Cash Flow						
Particulars	CY04	CY05	CY06	CY07	CY08	CY09
Opening Cash & Bank	43.5	80.1	96.6	518.7	694.8	974.8
Profit After Tax	117.6	150.4	127.4	218.1	197.4	134.6
Investment Income	(22.2)	(13.4)	(25.5)	(72.7)	(77.0)	(68.2)
Interest Paid	4.3	0.6	0.5	0.2	0.0	0.1
Miscellaneous Exp W/Off	0.0	0.0	0.0	0.0	0.0	0.0
Depreciation	7.7	9.2	11.5	12.6	14.8	10.6
Deferred Taxation	5.2	1.6	2.6	1.2	(7.8)	2.2
Others	0.0	(12.2)	(3.0)	(6.7)	(1.6)	(33.8)
Change in Working Cap	(9.0)	57.0	(73.2)	(80.9)	104.3	(131.4)
CF - Operating Activities	103.7	193.2	40.3	71.8	230.2	(86.0)
Change in Fixed Assets	(13.7)	(3.7)	(6.0)	(3.2)	(8.2)	(3.1)
Change in Investments	0.0	(171.2)	(19.4)	55.8	(9.3)	(5.9)
Investment Income	22.2	13.4	25.5	72.7	77.0	68.2
CF - Investing Activities	8.5	(161.5)	0.1	125.4	59.4	59.2
Increase in Equity	0.0	0.0	401.8	(2.7)	0.0	(0.0)
Changes in Borrowings	(62.3)	(3.6)	(6.3)	0.0	(0.5)	0.0
Interest Paid	(4.3)	(0.6)	(0.5)	(0.2)	(0.0)	(0.1)
Dividend Paid	(9.0)	(10.9)	(13.3)	(18.3)	(9.1)	(20.5)
CF - Financing Activities	(75.6)	(15.2)	381.7	(21.1)	(9.7)	(20.6)
Net Change in Cash	36.6	16.5	422.1	176.1	280.0	(47.4)
Closing Cash & Bank Balance	80.1	96.6	518.7	694.8	974.8	927.4

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Disclosure of Interest Statement

1. Analyst Ownership of the scrip
2. PPFAS ownership of the scrip
3. PMS ownership of the scrip

Fulford India Ltd.

NO
YES
YES

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