



26th March 2009

Fulford (India) Limited

CMP Rs. 365.0 | BUY

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Fulford (India) Limited

CMP Rs. 365.0

Initiating Coverage

BUY

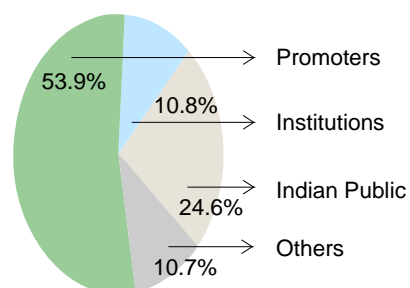
Stock Codes

Bloomberg	: FLFD.IN
Reuters	: FULF.BO
BSE Code	: 506803
NSE Code	: FULFORD
BSE Group	: S

Stock Data

Benchmark	: BSE Small Cap
52 Week H/L	: 579.0/271.50
Float	: 1.8 Mn
Mkt Cap	: Rs. 1,423.5 Mn
Face Value	: Rs. 10.0

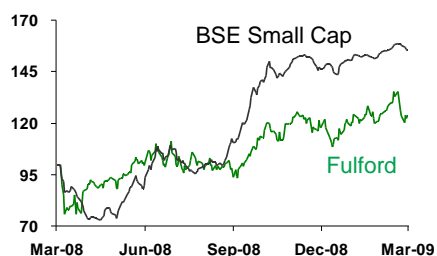
Shareholding Pattern (as on Dec '08)



Stock Returns

	1 Mth	3 Mths	6 Mths
Fulford	1.14	-7.09	-27.88
BSESM	-1.46	-16.82	-49.90

Price Comparison



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Steady Operating Performance

Fulford (India) Ltd. has been a steady performer in terms of top-line & bottom-line growth, over the past several years. The company has consistently achieved growth in the range of 10 – 13% CAGR over CY04-CY08 period. Going forward, we expect the company to maintain similar growth rates of 10.3% & 14.4% CAGR in top-line & bottom-line respectively, over CY08-CY10E period.

Strong & Committed Parent

Fulford is a 54% subsidiary of Schering-Plough Corporation, USA, a research-based company operating worldwide. The parent company is committed to the growth of its Indian subsidiary, which can be seen from :

- The new product launches almost every year
- Increasing its stake through preferential allotment of shares, followed by an open offer.

Expectation of an Open Offer

Fulford's parent company – Schering-Plough is getting merged with Merck & Co. Inc. USA. Fulford is a 54% listed Indian subsidiary of Schering-Plough, whereas Merck has a wholly owned unlisted subsidiary – MSD Pharmaceuticals Private Ltd. After the successful completion of the merger, there are chances of Merck coming up with an open offer for shares of the listed entity Fulford (India) Ltd. That would be a very positive trigger for the stock.

Valuations

We expect Fulford (India) Ltd. to achieve a growth of 10-13% CAGR over CY08-CY10E period, both in terms of its top-line & bottom-line. Besides, the company is cash-rich & completely debt-free. We expect the company to have approximately Rs. 280 per share as Cash & cash equivalents on its Balance Sheet as of December 2008. At CMP of Rs. 365, the scrip trades at 6.1x CY09E & 5.5x CY10E earnings. We initiate coverage with a BUY on the stock.

Summary (Rs. Mn.)	CY04	CY05	CY06	CY07	CY08A	CY09E	CY10E
Total Revenues	1,278.5	1,477.5	1,503.9	1,684.4	1,867.4	2,065.6	2,272.1
PAT	117.6	150.4	127.4	218.1	197.3	231.5	258.0
OPM (%)	13.9%	16.3%	12.2%	16.6%	13.6%	13.5%	13.3%
EBITDA (%)	15.6%	17.2%	13.9%	20.9%	17.7%	18.0%	18.2%
PAT (%)	9.2%	10.2%	8.5%	13.0%	10.6%	11.2%	11.4%
EPS (Rs.)	36.8	47.0	32.7	55.9	50.6	59.4	66.2
P/E (x)	9.9	7.8	11.2	6.5	7.2	6.1	5.5
ROCE (%)	75.5%	62.8%	22.0%	30.9%	24.6%	23.7%	22.8%
RONW (%)	48.3%	39.3%	14.2%	19.9%	15.4%	15.4%	14.8%
DPS (Rs.)	2.5	3.0	3.0	4.0	2.0	3.0	4.0
Dividend Payout (%)	6.8%	6.4%	9.2%	7.2%	4.0%	5.1%	6.0%

Fulford (India) Ltd. (FIL) is an affiliate of Schering-Plough Corporation, USA, which holds 53.93% in the company (December 2008) through its arm Dashtag, UK. It is one of the MNC pharmaceutical companies operating in the Indian domestic market, with a turnover of Rs. 1,867.4 Mn. for CY2008. The company focuses on therapeutic segments like Dermatology, Allergy & Respiratory, Anti-Infective, Hepatitis, Rheumatology, Oncology & Cardiovascular. FIL explores opportunities to strengthen its existing product portfolio through its parent's product pipeline or through in-licensing options with other pharmaceutical companies. The largest selling product for the company is QuadriDerm RF Cream in the Dermatology segment. Other key products include Dipsalic F, Elocon, Alaspan, Netromycin, Remicade, ViraferonPeg, Integrillin etc. FIL enjoyed a market share of 0.39% as of December 2007.

FIL successfully integrated Organon (India), a wholly owned unlisted Indian subsidiary of the Dutch company, Organon Biosciences with itself, post the acquisition of the later by its parent Schering-Plough in November 2007. Organon India is an established player in the fields of Gynecology, Fertility, Neuroscience & Anesthesia, which helps FIL expand its therapeutic base. FIL also has a wholly owned subsidiary – Schering-Plough (India) Limited.

Background

The company was incorporated in 1948 as C. E. Fulford, a 100% subsidiary of C. E. Fulford Ltd. UK, engaged in the manufacture & marketing of pharmaceutical consumer products, including cough tablets & herbal ointments under the trademarks – PEPS & ZAMBUK respectively. In July 1968, Schering Corporation US acquired 100% of C. E. Fulford Ltd. UK. In 1971, Schering Corporation merged with Plough Inc. & Schering-Plough Corporation was formed, holding 100% in Fulford (India) Ltd.

In August 1981, Fulford (India) Ltd. became a public limited company & from January 1982, diluted its foreign shareholding from 100% to 40% post listing. The company has made three bonus issues in the ratio of 1:1 post the public issue of shares, in the years 1988, 1990 & 1994.

Recently in 2006, FIL made a preferential allotment of 700,000 equity shares of Rs. 10 face value @ Rs. 575 each to its promoter Dashtag, UK. Following this preferential allotment, in early 2007, Dashtag made an open offer for 780,000 equity shares (representing 20% of the post preferential issue) @ Rs. 575 each from the existing shareholders of the company. Dashtag UK, however acquired only 123,087 shares (3.16% of the post preferential capital) through this open offer. Currently, Schering-Plough Corporation holds 53.93% in Fulford (India) Ltd. through its wholly owned indirect subsidiary Dashtag, UK.

1 Allergy & Respiratory

1. Polaramine
2. Celestone
3. Alaspan

2 Arthritis & Immunology

1. Remicade

3 Cancer Therapies (Oncology)

1. Temodal
2. Caelyx
3. Intron A Multi-dose Pen
4. Ethyol

4 Cardiovascular

1. Integrillin

5 Hepatitis

1. Viraferon Peg
2. Viraferon Peg Redipen
3. Rebetol
4. Intron A Multi-dose Pen

6 Sun Care

1. Shade

7 Skin Disorders (Dermatology)

1. Elocon
2. Dipsalic* F Ointment
3. Ensamycin
4. Dipgenta* + Cream
5. Diplene* AF Cream
6. Emolene
7. Quadriderm* RF Cream
8. Tinaderm
9. Clingard*
10. Pilogro

10 Systematic Anti-Infective

1. Netromycin
2. Garamycin
3. Azuma

Strong & Committed Parentage – Schering-Plough Corp.

Fulford (India) Ltd. is a subsidiary of Schering-Plough Corporation, USA, a leading research-based company, engaged primarily in the discovery, development, manufacturing & marketing of pharmaceutical & health care products worldwide.

Headquartered in Kenilworth, New Jersey, Schering-Plough achieved a turnover of US\$ 18.5 billion in Revenues for CY2008 with an R&D investment of US\$ 3.5 billion. The company has business operations in about 140 countries with more than 51,000 employees worldwide. In November 2007, Schering-Plough acquired a Dutch biopharmaceutical company – Organon BioSciences NV along with its veterinary sister company – Intervet, from Akzo Nobel.

Schering-Plough Corporation operates in three integrated businesses :

- Pharmaceuticals
- Consumer Health Care
- Animal Health Care

The company's pharmaceutical products are focused towards therapeutic areas like Cardiovascular, Central Nervous System, Immunology & Infectious Diseases, Oncology, Respiratory & Women's Health. Some of the largest selling products for the company include 'Vytorin' & 'Zetia' (Cholesterol), 'Remicade' (Rheumatoid Arthritis), 'Nesonex' (Allergy), 'Temodar' (Oncology) among others.

Within the Consumer Health Care segment, the company's offerings include well-known brands like 'Claritin' (Allergy), 'Afrin' (Nasal Decongestant), 'Dr. Scholl's' (Foot Care Products) & Sun Care lines 'Coppertone' & 'Bain De Soleil'.

Schering-Plough Corporation, through its human pharmaceutical research unit – Schering-Plough Research Institute (SPRI) has one of the richest & most diverse late-stage product pipeline, maintaining a balance of Biotech, Vaccines & Small Molecules.

Product Pipeline

Therapeutic Areas	Product Name	Therapeutic Areas	Product Name
Cardiovascular/ Metabolic	TRA (Acute Coronary Syndrome)	Infectious Disease	Vicriviroc (HIV)
	Acadesine (Reperfusion Injury)		Boceprevir (HCV)
Respiratory & Immunology	Golimumab (Inflammation)*	Oncology	Pegintron (Melanoma)*
	Mometasone/Formoterol (Asthma & COPD)		Temodar I.V. (Cancer)**
	Allergy Immunotherapy Tablet		IGF-1R (Colorectal Cancer)
Neuroscience	Asenapine (Schizophrenia, Bipolar)*	Endocrine & Women's Health	Corifollitropin Alfa (Fertility)*
	Sugammadex (Anesthesia)		Esmirtazapine (Hot Flashes)
	Preladenant (Parkinson's)		NOMAC/E2 (Contraceptive)

Besides, the company also has more than 12 new introductions planned for 2009 in the Consumer Health Care segment.

The parent company is highly committed towards the growth of its Indian subsidiary – Fulford (India) Ltd., which can be seen from the new product launches from its R&D pipeline & attempts of increasing its equity stake in FIL through preferential allotment, followed by an open offer.

Fulford (India) Ltd. launched the following products which were well received in the Indian domestic markets :

New Product Launches

Product	Therapeutic Area	Year of Launch
Elocon	Dermatology	2008
Alaspan Syrup	Allergic Rhinitis	2007
Alaspan AM	Allergic Rhinitis	2007
Trewor	Acne (Skin Care)	2006
Pilogro	Androgenetic Alopecia	2006
Alaspan	Anti-Histamine	2006

Steady Performance

Fulford (India) Ltd. boasts of an excellent portfolio of products in the Mass & Specialty segments, having a great potential for growth. Besides, the parent company, Schering-Plough's new combination with Organon BioSciences further strengthens its position in India, with Organon (India) now being a part of Fulford. This helps FIL to expand its operations to other therapeutic areas like Anesthesia, Women's Health etc.

With new product launches across therapeutic areas & constant cost reduction & sales force effectiveness programs, FIL has been performing steadily over the past several years. The company has achieved a CAGR growth of 10% & 13.8% in its top-line & bottom-line respectively, over CY04-CY08 period & has been maintaining its Operating Margins in the range of 13-14%. We expect the company do fare slightly better with a CAGR of 10.3% & 14.4% in its top-line & bottom-line respectively, over CY08-CY10E period.

Cash Rich – Debt Free

Fulford (India) Ltd. has maintained healthy financials over the years. FIL has repaid whatever negligible debt it had on its books & is almost a debt-free company. Also it has parked the cash collected through the preferential issue with banks, thereby earning huge Interest Income from it. As of December 2008, we expect the company to have a Cash & Bank Balance of Rs. 856.8 Mn. & Investments of Rs. 234.7 Mn., equating to Cash & cash equivalents of Rs. 280 per share.

In a recent announcement, Merck & Co. Inc., USA has agreed to buy Schering-Plough Corporation for US\$ 41.1 billion in a part-share & part-cash deal. The transaction would be structured as a 'Reverse Merger', wherein Schering-Plough will be the surviving entity & will take the name – MERCK.

For each share held in Schering-Plough, shareholders will get :

- Cash - US\$ 10.5
 - Share in Merck - 0.5767,
- a 34% premium on Schering-Plough's closing stock price on March 6, 2006.

The ownership of the combined entity would be in the ratio of 68:32 by Merck & Schering-Plough shareholders respectively. The deal is expected to be completed by the end of calendar year 2009 & would double the number of Merck's Phase III product pipeline to 18 candidates, besides resulting in cost savings of US\$ 3.5 billion each year beyond 2011.

Implications for Fulford (India) Ltd.

The merger of the US parent – Schering-Plough with Merck & Co. Inc. may lead to a 20% open offer for shares of Fulford (India) Ltd. The news has already been positive for the stock price which has seen a significant jump in 4 trading sessions, post the announcement :



March 6, 2009 – Rs. 271.5 (52 Week Low)



March 16, 2009 – Rs. 357.45 (hit a high of Rs. 365.0)

However, Merck & Co. Inc. may not have to make an open offer to acquire 20% from the public since the transaction is in the form of a merger agreement & as per the Indian stock market regulations, acquisitions through global mergers are not subject to open offer for Indian subsidiaries. Besides this, both Merck and Schering Plough are US-based companies. The transaction does not involve acquisition of any Indian company and hence may not trigger an open offer.

Also past instances show that when the global parents merge, there have not always been open offers for their listed Indian subsidiaries. For example, the Azko Nobel and ICI merger saw no open offer for ICI. HP & EDS merger also saw no open offer for Mphasis and more recently in Pfizer and Wyeth's case too, there has not been any open offer for Wyeth India from Pfizer's point of view.

In our view, where a 20% open offer for shares of Fulford (India) Ltd. would definitely be a positive trigger for the stock price, it may not come by eventually.

NOTE :

One needs to take note that the listed entity Merck (India) has nothing to do with this deal, since the listed Merck is a subsidiary of Merck KGaA, Germany & has no relation to Merck & Co. Inc, USA. However, Merck & Co. Inc. USA has a wholly owned subsidiary in India – MSD Pharmaceuticals Private Limited.

Regulatory Concern

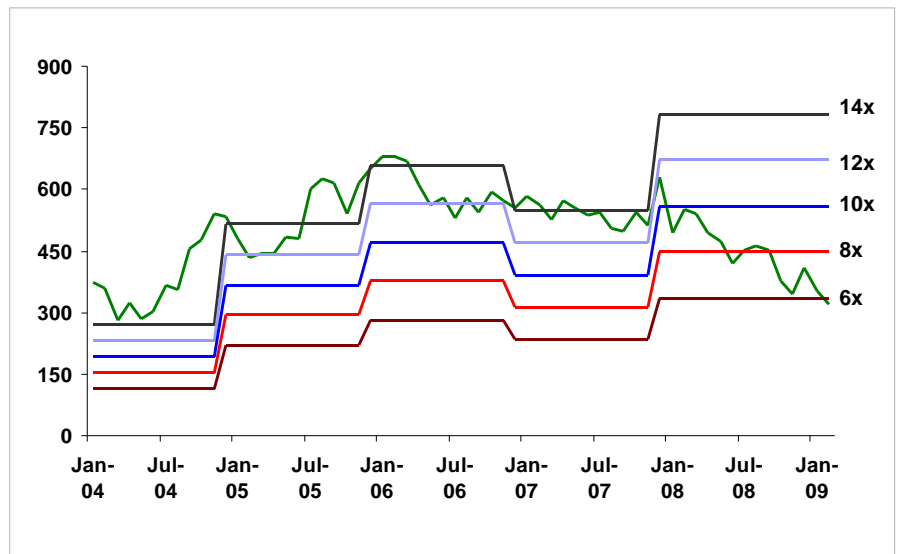
Government of India's New Pharmaceutical Policy 2006 proposes to bring all 354 medicines on the National Lists of Essential Medicines under the Drug Price Control Order (DPCO) net, from 74 drugs currently. The three tiers of DPCO regulations - on bulk drugs, on formulations and on overall profitability, has made the profitability of the pharmaceutical sector susceptible to the whims and fancies of the pricing authority. Even though the new policy has found stiff opposition from the industry, we believe the passing of this policy would seriously hinder the prospects of new product launches in the domestic market by global & domestic pharmaceutical companies.

Chances of new products being launched through wholly owned subsidiary

Post the merger of Schering-Plough & Merck, the combined entity may decide not to merge the two Indian subsidiaries – Fulford (India) Ltd. & MSD Pharmaceuticals Private Ltd. In that event, there would be chances that new products may be launched through the wholly owned subsidiary MSD Pharmaceuticals, & not through FIL, thereby impacting the growth & profitability of Fulford (India) Ltd.

Fulford (India) Ltd. has been a consistent performer with CAGR growth of 10-13% in its top-line & bottom-line over CY04-CY08 period. We believe the parent, Schering-Plough is committed towards the growth of its Indian subsidiary & expect FIL to garner similar growth rates going forward. Also, being a debt-free & cash-rich company merits the defensive nature of the stock. Although an open offer from Merck, post the merger with Schering-Plough looks a distant possibility, if something on that lines takes place, it would be a very positive trigger for the stock price. At CMP of Rs. 365, the scrip trades at 6.1x CY09E & 5.5x CY10E earnings. We initiate coverage with a BUY rating for Fulford (India) Ltd.

PE Band



December quarter has always been lackluster for the pharmaceutical sector. So has the case been for Fulford (India) Ltd. which reported a dismal performance for the last quarter ended December 2008. Both in terms of top-line & bottom-line, the company witnessed a significant decline on a Q-o-Q basis. Total Revenues declined from Rs. 568.7 Mn. in Q3CY08 to Rs. 469.7 Mn. in Q4CY08, a drop of more than 17%. OPM declined from 22.4% in Q3CY08 to a meager 8% in Q4CY08. The Reported PAT stood at Rs. 35.9 Mn. vis-a-vis Rs. 86.7 Mn. the previous quarter. It was a similar picture on a Y-o-Y comparison too.

For 12 months ended December 2008, the company reported a growth of 10.9% in its top-line vis-a-vis last year. However, with a rise in Staff Costs & Other Expenses, the Reported PAT declined to Rs. 197.3 Mn. against Rs. 218.1 Mn. for the full year ended December 2007, a drop of 9.5% Y-o-Y.

Earnings Statement								
YE Dec (Rs. Mn.)	Q4CY08	Q3CY08	Q-Q(%)	Q4CY07	Y-Y(%)	12MCY08	12MCY07	Y-Y(%)
Net Revenues	469.7	568.7	-17.4%	472.5	-0.6%	1,867.5	1,684.5	10.9%
Cost of Materials	191.1	242.7	-21.3%	211.1	-9.5%	817.9	767.6	6.6%
Gross Profit	278.6	326.0	-14.5%	261.4	6.6%	1,049.6	916.9	14.5%
Staff Costs	81.3	78.8	3.2%	68.1	19.4%	283.2	221.2	28.0%
Other Expenses	159.6	120.0	33.0%	116.4	37.1%	512.7	416.8	23.0%
Total Expenditure	240.9	198.8	21.2%	184.5	30.6%	795.9	638.0	24.7%
Operating Profit	37.7	127.2	-70.4%	76.9	-51.0%	253.7	278.9	-9.0%
OPM (%)	8.0%	22.4%	(1,434.0)	16.3%	(824.9)	13.6%	16.6%	(297.2)
Other Income	24.2	18.9	28.0%	17.8	36.0%	77.0	72.7	5.9%
EBITDA	61.9	146.1	-57.6%	94.7	-34.6%	330.7	351.6	-5.9%
Depreciation	5.3	3.0	76.7%	3.2	65.6%	14.8	12.6	17.5%
EBIT	56.6	143.1	-60.4%	91.5	-38.1%	315.9	339.0	-6.8%
Interest	0.0	0.0		0.0		0.0	0.2	
PBT	56.6	143.1	-60.4%	91.5	-38.1%	315.9	338.8	-6.8%
Tax	20.7	56.4	-63.3%	31.2	-33.7%	118.6	120.7	-1.7%
<i>Current Tax</i>	18.6	53.5	-65.2%	28.9	-35.6%	110.2	112.3	-1.8%
<i>Fringe Benefit Tax</i>	2.1	2.9	-27.6%	2.3	-8.7%	8.4	8.5	-0.6%
Reported PAT	35.9	86.7	-58.6%	60.3	-40.5%	197.3	218.1	-9.5%
Equity Capital	39.0	39.0		39.0		39.0	39.0	
EPS	9.2	22.2	-58.6%	15.5	-40.5%	50.6	55.9	-9.5%
Ratio Analysis								
Profitability								
YE March (Rs. Mn.)	Q4CY08	Q3CY08	Q-Q(%)	Q4CY07	Y-Y(%)	12MCY08	12MCY07	Y-Y(%)
OPM (%)	8.0%	22.4%	(1,434.0)	16.3%	(824.9)	13.6%	16.6%	(297.2)
EBITDA (%)	13.2%	25.7%	(1,251.2)	20.0%	(686.4)	17.7%	20.9%	(316.4)
EBIT (%)	12.1%	25.2%	(1,311.2)	19.4%	(731.5)	16.9%	20.1%	(320.9)
PAT (%)	7.6%	15.2%	(760.2)	12.8%	(511.9)	10.6%	12.9%	(238.3)
Operational Parameters								
YE March (Rs. Mn.)	Q4CY08	Q3CY08	Q-Q(%)	Q4CY07	Y-Y(%)	12MCY08	12MCY07	Y-Y(%)
RM Consumed	40.7%	42.7%	(199.1)	44.7%	(399.2)	43.8%	45.6%	(177.2)
Staff Cost	17.3%	13.9%	345.3	14.4%	289.6	15.2%	13.1%	203.3
Other Expenditure	34.0%	21.1%	1,287.8	24.6%	934.4	27.5%	24.7%	271.1
Effective Tax Rate	36.6%	39.4%	(284.1)	34.1%	247.4	37.5%	35.6%	191.8

Earnings Statement							
Particulars (Rs. Mn.)	CY04	CY05	CY06	CY07	CY08A	CY09E	CY10E
Total Revenues	1,278.5	1,477.5	1,503.9	1,684.4	1,867.4	2,065.6	2,272.1
- Growth (%)		15.6%	1.8%	12.0%	10.9%	10.6%	10.0%
Total Expenditure	1,101.2	1,237.0	1,320.0	1,405.6	1,613.7	1,787.1	1,968.9
Operating Profit	177.3	240.5	184.0	278.8	253.7	278.5	303.2
Other Income	22.2	13.4	25.5	72.7	77.0	93.5	111.0
EBITDA	199.5	253.8	209.5	351.6	330.7	372.0	414.2
Depreciation	7.7	9.2	11.5	12.6	14.8	15.7	17.2
EBIT	191.7	244.6	198.0	339.0	315.9	356.2	396.9
Interest	4.3	0.6	0.5	0.2	0.0	0.0	0.0
PBT	187.5	244.0	197.5	338.8	315.9	356.2	396.9
Tax	69.8	93.6	70.1	120.7	118.6	124.7	138.9
PAT Before EI	117.6	150.4	127.4	218.1	197.3	231.5	258.0
- Growth (%)		27.9%	-15.3%	71.2%	-9.6%	17.4%	11.4%
Extra-ordinary Items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PAT	117.6	150.4	127.4	218.1	197.3	231.5	258.0
Ratio Analysis							
Particulars	CY04	CY05	CY06	CY07	CY08E	CY09E	CY10E
OPM (%)	13.9%	16.3%	12.2%	16.6%	13.6%	13.5%	13.3%
EBITDA (%)	15.6%	17.2%	13.9%	20.9%	17.7%	18.0%	18.2%
PBIT (%)	14.7%	16.5%	13.1%	20.1%	16.9%	17.2%	17.5%
PAT (%)	9.2%	10.2%	8.5%	13.0%	10.6%	11.2%	11.4%
Interest Cover (x)	45.0	376.7	410.5	2,221.7	-	-	-
EPS (Rs.)	36.8	47.0	32.7	55.9	50.6	59.4	66.2
P/E (x)	9.9	7.8	11.2	6.5	7.2	6.1	5.5
P/BV (x)	4.8	3.1	1.6	1.3	1.1	0.9	0.8
BVPS (Rs.)	76.1	119.7	230.5	281.0	329.3	385.2	446.6
Market Cap (Rs. Mn.)	1,168.0	1,168.0	1,423.5	1,423.5	1,423.5	1,423.5	1,423.5
M Cap/Sales (x)	0.9	0.8	0.9	0.8	0.8	0.7	0.6
EV (Rs. Mn.)	1,098.4	1,078.2	905.3	729.2	567.2	459.9	329.9
EV/EBITDA (x)	5.5	4.2	4.3	2.1	1.7	1.2	0.8
EV/Sales (x)	0.9	0.7	0.6	0.4	0.3	0.2	0.1
ROCE (%)	75.5%	62.8%	22.0%	30.9%	24.6%	23.7%	22.8%
RONW (%)	48.3%	39.3%	14.2%	19.9%	15.4%	15.4%	14.8%
Debt/Equity Ratio (x)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Inventory T/o Days	51.1	36.2	46.6	55.9	48.0	48.0	48.0
Debtors T/o Days	23.6	24.0	21.8	25.7	24.0	24.0	24.0
Advances T/o Days	8.8	7.3	11.3	19.6	13.0	13.0	13.0
Creditors T/o Days	32.1	33.9	33.4	42.6	43.0	43.0	43.0
Working Cap T/o Days	59.7	41.7	161.2	199.6	198.5	201.3	206.6
Fixed Assets T/o (Gross)	17.7	19.4	18.0	19.8	19.7	19.7	19.8
DPS (Rs.)	2.5	3.0	3.0	4.0	2.0	3.0	4.0
Dividend Payout (%)	6.8%	6.4%	9.2%	7.2%	4.0%	5.1%	6.0%
Dividend Yield (%)	0.7%	0.8%	0.8%	1.1%	0.5%	0.8%	1.1%

Balance Sheet							
Particulars (Rs. Mn.)	CY04	CY05	CY06	CY07	CY08E	CY09E	CY10E
Equity Capital	32.0	32.0	39.0	39.0	39.0	39.0	39.0
Reserves	211.5	350.9	859.9	1,057.1	1,245.3	1,463.1	1,702.9
Shareholders Funds	243.5	382.9	898.9	1,096.1	1,284.3	1,502.1	1,741.9
Borrowed Funds	10.4	6.8	0.5	0.5	0.5	0.5	0.5
Deferred Tax Liability	(10.4)	(8.8)	(6.3)	(6.5)	(6.5)	(6.5)	(6.5)
Total Liabilities	243.6	380.9	893.1	1,090.1	1,278.3	1,496.2	1,735.9
Fixed Assets	34.4	41.0	38.5	34.4	27.8	22.0	14.8
Investments		171.2	190.6	134.7	234.7	334.7	434.7
Current Assets							
Inventory	179.2	146.4	192.2	257.9	245.6	271.6	298.8
Sundry Debtors	82.6	97.1	89.9	118.7	122.8	135.8	149.4
Other Current Assets	0.0	1.1	2.3	5.5	5.5	5.5	5.5
Loans & Advances	30.7	29.5	46.8	90.4	66.5	73.6	80.9
Cash & Bank Balance	80.1	96.6	518.7	694.8	856.8	964.1	1,094.1
Current Liabilities							
Sundry Creditors	112.5	137.1	137.6	196.8	220.0	243.3	267.7
Provisions	50.8	64.8	48.3	49.5	61.4	67.9	74.7
Net Current Assets	209.2	168.7	664.0	921.0	1,015.8	1,139.4	1,286.4
Total Assets	243.6	380.9	893.1	1,090.1	1,278.3	1,496.2	1,735.9

Cash Flow							
Particulars (Rs. Mn.)	CY04	CY05	CY06	CY07	CY08E	CY09E	CY10E
Opening Cash & Bank	43.5	80.1	96.6	518.7	694.8	856.8	964.1
Profit After Tax	117.6	150.4	127.4	218.1	197.3	231.5	258.0
Investment Income	(22.2)	(13.4)	(25.5)	(72.7)	(77.0)	(93.5)	(111.0)
Interest Paid	4.3	0.6	0.5	0.2	0.0	0.0	0.0
Miscellaneous Exp W/Off	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Depreciation	7.7	9.2	11.5	12.6	14.8	15.7	17.2
Deferred Taxation	5.2	1.6	2.6	1.2	0.0	0.0	0.0
Others	0.0	(12.2)	(3.0)	(6.7)	0.0	0.0	0.0
Change in Working Cap	(9.0)	57.0	(73.2)	(80.9)	67.2	(16.3)	(17.0)
CF - Operating Activities	103.7	193.2	40.3	71.8	202.3	137.5	147.3
Change in Fixed Assets	(13.7)	(3.7)	(6.0)	(3.2)	(8.2)	(10.0)	(10.0)
Change in Investments	0.0	(171.2)	(19.4)	55.8	(100.0)	(100.0)	(100.0)
Investment Income	22.2	13.4	25.5	72.7	77.0	93.5	111.0
CF - Investing Activities	8.5	(161.5)	0.1	125.4	(31.2)	(16.5)	1.0
Increase in Equity	0.0	0.0	401.8	(2.7)	0.0	0.0	0.0
Changes in Borrowings	(62.3)	(3.6)	(6.3)	0.0	0.0	0.0	0.0
Interest Paid	(4.3)	(0.6)	(0.5)	(0.2)	0.0	0.0	0.0
Dividend Paid	(9.0)	(10.9)	(13.3)	(18.3)	(9.1)	(13.7)	(18.3)
CF - Financing Activities	(75.6)	(15.2)	381.7	(21.1)	(9.1)	(13.7)	(18.3)
Net Change in Cash	36.6	16.5	422.1	176.1	162.0	107.3	130.0
Closing Cash & Bank Balance	80.1	96.6	518.7	694.8	856.8	964.1	1,094.1

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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

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