

## The Week Gone By

### Weekly Newsletter

## Is the Worst Over?

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Just as investors were getting used to the negative and side-ways momentum, Sensex reversed its momentum and rose 11% in the last four trading sessions and crossed the 'psychological barrier' of 10,000. With the advantage of hindsight, everybody seems to have his own reason as to why this was inevitable!

Investors are also asking themselves and others, 'Is the worst over?' What they don't realize is that taking cue from stock prices is never a good idea and especially when we have just about completed the momentous year, where almost all the soothsayers were proven wrong, when it comes to market predictions.

Imagine, a heart surgeon has failed miserably in the last 10 operations that he has done and his long term record is not good either. Now, if you have been consulted to get operated, would you choose him? It is a no-brainer, NO. However, when it comes to stock markets, the experts, whose job is to predict the market, with an equally miserable record, continue to not only exist but flourish.

### Why?

Behavioral finance has an answer. It is called 'Deprivation Super-response Syndrome (DSRS).' Behavioral Psychologists say that we behave irrationally, when we are deprived of something that we are desperate to lay our hands on (money, in this case). For example, either you take your wife on a holiday or you don't, just imagine what would happen if you promise and then backtrack on it?

In stock market, when you see everybody else making money (signified by rising markets), you feel left out and get desperate to ride such quick movements. And this is irrational because in the long run, getting such predictions right is much more improbable than winning Lok Sabha elections with full majority.

So, you must be thinking, 'what am I supposed to do?' All we have to do is not let stock prices, its trends etc. influence use. We should rather anchor our buy/sell decisions on the underlying intrinsic value of the companies represented by the stocks. This will help you

from not succumbing to emotions like greed and fear, which work against your financial well-being.

I am reminded of an excellent quote from John Kenneth Galbraith and it sums up the argument rather well.

*'There are only two kinds of predictors. Those who know they cannot predict and those who do not know that they cannot predict.'*

And one should continue to look for stock market predictors at his own risk!

## Mediclaim Policies: Clearing Cobwebs

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Mediclaim provides for reimbursement of expenses incurred for hospitalization for certain injuries, illnesses, and/or diseases. It not only covers the expenses incurred during hospitalization but also the pre and post-hospitalization expenses. Then there is facility of cashless settlement, which enables the individual to get admission in any hospital without any initial payment. However while choosing policies many individuals find comparisons of products difficult due to confusing terms and myths. I have tried to clarify a few.

### Floater Policies

These cover two or more members of the family in a single policy while offering a discount on the combined premium. The family is covered for one single sum with no upper limits per member. The discount in these is a great attraction but can leave you under insured. The risk in floaters comes when all family members fall ill at the same time. Floater policies give an impression of a high cover, but may not necessarily be a good

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Fulford (India) Ltd. : Page 3

product. It is preferable if each family member has a separate cover. To give you an example, Mr. Ramesh Rajan has a floating cover that covers self spouse and both parents for a sum of 5 lakhs. Looks like a decent cover on the face of it. Now the family meets with a road accident in which all four were injured. Ramesh's father has major fractures and his medical bill comes to over 4 lakhs. The other three incur an expense of 1 lakhs each. Total Medical bill comes to Rs.8 lakhs. Unfortunately the whole family will only get 5 lakhs of bills reimbursed. This would not have been the case if each were covered for a sum of Rs. 5 lakhs each. Even a lesser cover of Rs.3 lakhs each would have covered them better. (An out of pocket expense of only 1 lakh as compared to 3 lakhs with the floater scheme).

### **A case of mistaken identity: Hospitalization Covers**

Hospitalization covers are not mediclaime policies. Hospitalization covers typically give you a lumpsum amount for every day of hospitalization. This means that if the cover offers Rs. 5000 per day up to 180 days will give you the sum of Rs. 5000 irrespective of actual medical bills for the number of days you are hospitalized subject to a limit of 180 days. If you are hospitalized for 2 days you get Rs 10000 and so on. These covers are not a substitute to proper medical insurance policies.

### **Senior Citizens above 60 years**

Yes, Senior Citizens above 60 can get medical insurance. The products offered are few but available. Even diabetes and hypertension can be covered and so are pre existing diseases subject to 'no claim' years ranging from one year to three years. Bajaj, Star Health, Oriental and National Insurance offer these covers.

### **Company offered Mediclaime covers**

Consider these as bonuses only. You must have your own cover as a job change or a sudden stopping of premium payment by companies (due to rising costs of medical insurance) can leave you exposed. If the company insurance is large you can opt for a floater policy as a cheaper option.

### **Points to note will make comparisons**

1. Pre hospitalization and post hospitalization expenses – Whether covered and for how many days?
2. Cashless facility and list of hospitals where available – If you have some preferred medical service providers check if they figure in the list
3. Whether no claim bonuses are provided – a no claim bonus ensure that your cover increase with the rate of inflation (if not entirely at least to some extent) during the initial years.
4. TPA (Third Party Administrators)-Run a check on the distribution network of the insurance company or it's TPA. It is preferable to have at least one of their offices in a location close to you for ease of payment receipts on claim. It will be good idea to check on the service record of such TPA too.
5. Certain Medical Expenses may not need a 24 hour hospitalization. Check if your policy covers such treatments.
6. Check for upper limits on expenses – For example limit on surgeons fee, limit on ambulance charges etc. A 'no limit' cover is always preferable.
7. Try getting hold of policy document before you buy. Even after buying you can return the policy in 15 days without loss if you find anything in the policy document that does not suit your requirement.

## Fulford (India) Limited

CMP Rs. 365.0

Initiating Coverage  
**BUY**

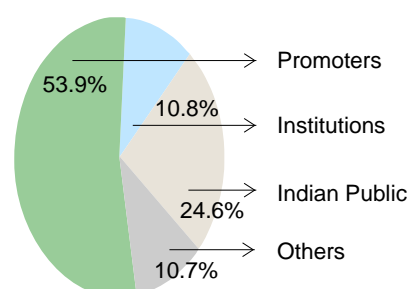
### Stock Codes

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

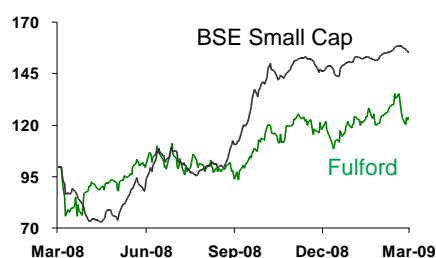
### Shareholding Pattern (as on Dec '08)



### 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 to 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**

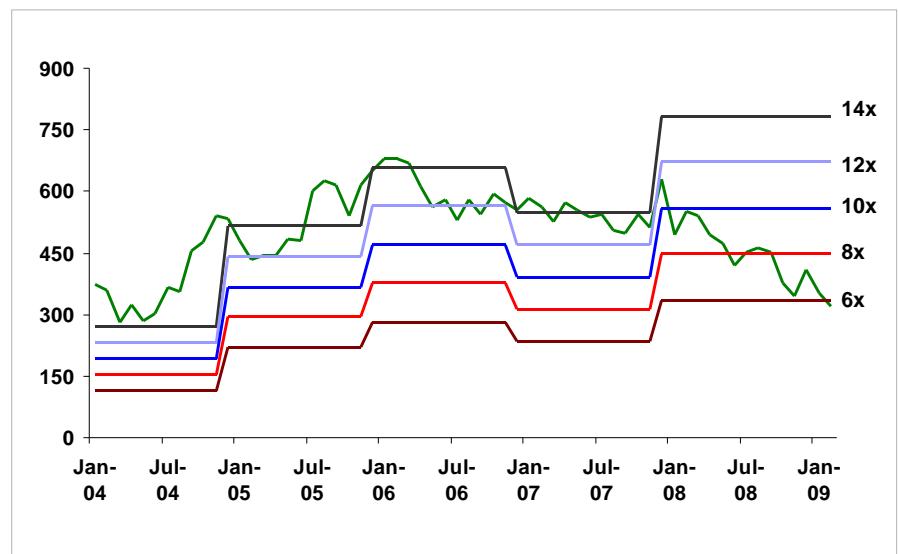
Government of India's New Pharmaceutical Policy 2006 proposes to bring all 354 medicines on the National Lists of Essential Medicines under the Drug Price Control Order (DPCO) net, from 74 drugs currently. The three tiers of DPCO regulations - on bulk drugs, on formulations and on overall profitability, 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%
Current Tax	18.6	53.5	-65.2%	28.9	-35.6%	110.2	112.3	-1.8%
Fringe Benefit Tax	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)
<b>Total Liabilities</b>	<b>243.6</b>	<b>380.9</b>	<b>893.1</b>	<b>1,090.1</b>	<b>1,278.3</b>	<b>1,496.2</b>	<b>1,735.9</b>
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
<b>Total Assets</b>	<b>243.6</b>	<b>380.9</b>	<b>893.1</b>	<b>1,090.1</b>	<b>1,278.3</b>	<b>1,496.2</b>	<b>1,735.9</b>

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

Local Equity Market						Top Gainers & Losers of the Week			
INDICES	30-Mar-09	Week Ago	% Chng	Month Ago	% Chng	Top Gainers	Mar 30, 09	% Chng	
Sensex	10,048.5	9,424.0	6.6	8,891.6	13.0	Samtel Color Ltd.	8.25	63.37	
Nifty	3,108.7	2,939.9	5.7	2,763.7	12.5	S. Kumars Nationwide Ltd.	20.25	35.91	
CNX Nifty Junior	4,390.6	4,126.4	6.4	3,980.6	10.3	Deccan Chronicle Holdings Ltd.	45.10	35.23	
S&P CNX500	2,343.7	2,230.6	5.1	2,112.9	10.9	Matrix Laboratories Ltd.	141.40	34.47	
CNX Midcap 200	3,385.0	3,296.6	2.7	3,175.7	6.6	Unitech Ltd.	35.90	33.46	
CNX IT	2,387.8	2,286.1	4.4	2,094.1	14.0	Punjab National Bank	438.85	31.95	
International Equity Market						Jammu & Kashmir Bank Ltd.	292.85	31.00	
INDICES	30-Mar-09	Week Ago	% Chng	Month Ago	% Chng	HMT Ltd.	37.05	30.00	
DJIA	7,776.2	7,775.9	0.0	7,062.9	10.1	Top Losers			
Nasdaq	1,545.2	1,555.8	(0.7)	1,377.8	12.1	SREI Infrastructure Finance Ltd.	26.55	(16.64)	
S&P 500	815.9	822.9	(0.8)	735.1	11.0	MindTree Consulting Ltd.	206.60	(11.54)	
FTSE 100	3,898.9	3,952.8	(1.4)	3,830.1	1.8	Ingersoll Rand (India) Ltd.	262.55	(11.24)	
Nikkei 225	8,491.1	8,215.5	3.4	7,568.4	12.2	Escorts Ltd.	37.40	(6.85)	
Hang Seng	13,815.0	13,447.4	2.7	12,811.6	7.8	Vishal Exports Overseas Ltd.	0.70	(6.67)	
HSCEI	8,168.0	7,959.9	2.6	6,902.8	18.3	JM Financial Ltd.	20.65	(6.56)	
MSCI Indices						Avaya GlobalConnect Ltd.	77.25	(6.53)	
MSCI Indices	30-Mar-09	Week Ago	% Chng	Month Ago	% Chng	Lakshmi Energy & Foods Ltd.	97.65	(6.11)	
The World Index	824.7	830.2	(0.7)	713.9	15.5	Sectoral Performance			
Emerging Market	591.3	579.3	2.1	475.1	24.5	Sectors	Week	Month	3 Months
EM Asia	248.8	236.1	5.4	196.9	26.4	Consumer Durables	19.4	19.3	(5.9)
EM India	238.5	224.4	6.3	195.3	22.1	Oil Exploration/Production	17.2	16.3	9.0
Commodities						Printing And Publishing	15.1	13.0	(6.1)
Commodities	30-Mar-09	Week Ago	% Chng	Month Ago	% Chng	Steel And Steel Products	14.7	18.1	1.5
GOLD (\$/oz)	922.7	939.5	(1.8)	942.4	(2.1)	Banks	13.5	8.3	(12.1)
SILVER (\$/oz)	13.3	13.7	(2.8)	13.1	1.4	Construction	12.4	13.6	(12.4)
ALUMINIUM (\$/t)	1,420.0	1,445.0	(1.7)	1,342.0	5.8	Finance - Housing	12.3	19.2	5.4
COPPER (\$/t)	4,050.0	4,060.0	(0.2)	3,449.0	17.4	Airconditioners	12.3	15.5	(8.5)
CRUDE – BRENT (\$/bbl)	51.1	53.5	(4.4)	47.2	8.3	Electrical Equipment	10.8	11.2	(3.8)
CRUDE – WTI (\$/bbl)	51.4	53.8	(4.5)	46.9	9.5	Power	10.5	4.3	10.5
Tranportation						Diesel Engines	10.4	18.9	0.1
Tranportation	30-Mar-09	Week Ago	% Chng	Month Ago	% Chng	Textile Products	10.2	25.7	(10.7)
World SCALE	37.5	37.5	-	50.0	(25.0)	Telecommunication - Services	10.0	7.4	(0.7)
BALTIC FREIGHT INDEX1,678.0	1,773.0	(5.4)	1,986.0	(15.5)		Aluminium	9.9	26.9	22.0
Forex						Cigarettes	9.5	5.9	10.1
FOREX	30-Mar-09	Week Ago	% Chng	Month Ago	% Chng	Paper And Paper Products	8.8	6.5	(0.6)
USD	51.0	50.5	1.0	51.2	(0.4)	Brew/Distilleries	8.6	8.9	(13.8)
GBP	72.6	73.5	(1.3)	73.2	(0.9)	Mining	8.4	15.2	3.7
EURO	67.6	68.8	(1.7)	64.8	4.4	Automobiles - 2 And 3 Wheelers	8.4	17.7	14.7
YEN	52.1	52.1	0.1	52.4	(0.5)	Metals	8.3	31.2	22.6
Global Listings						Inflation (%)		10 year G-Sec Bond Yield	
Scripts	30-Mar-09	Week Chng	Month Chng	Premium/D iscount	Share per ADR/GDR				
Infosys ADR	25.91	(6.19)	14.13	-1.81%	1				
Wipro ADR	7.40	(3.77)	35.15	49.04%	1	6.05% 2019			
ICICI Bank ADR	14.62	0.55	16.69	-3.28%	2				
Satyam ADR	1.65	1.23	25.38	-1.53%	2				
HDFC Bank ADR	61.01	(4.31)	25.02	3.50%	3				
MTNL ADR	2.84	5.58	(3.93)	0.51%	2				
Dr. Reddy ADR	8.92	3.84	7.11	-4.14%	1				
Reliance GDR	60.40	4.32	18.77	-0.62%	2				
ITC GDR	4.00	-	-	9.43%	1				
Ranbaxy GDR	3.13	(2.49)	5.25	-2.97%	1				
L & T GDR	13.20	9.54	3.43	-1.13%	1				

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