SKP Securities Limited

KRBL Ltd.

Results Watch — June Quarter, FY09 Results Update

CMP Rs. 124.05

* Net sales up 163.12% for Q1FY09 at Rs. 357.92 crores.
* Operating margin for Q1FY09 stood at 18.24% against 14.20% for the same period last year.
* PAT up by 233 times y-o-y at Rs. 28.09 crores.

Financial Highlights

Rs. (In crores)

Particulars	Q1FY09	Q1FY08	% Change	FY08	FY07	% Change
Net Sales	357.92	136.03	*163.12%*	996.52	913.03	*9.14%*
Other Income	0.18	1.74	*-89.66%*	10.26	6.85	*49.78%*
Total Income	**358.10**	**137.77**	***159.93%***	**1006.78**	**919.88**	***9.45%***
Total Expenditure	**292.62**	**116.72**	***150.70%***	**852.90**	**798.62**	***6.80%***
Raw Materials Consumed	284.17	155.34	*82.93%*	837.77	721.73	*16.08%*
Stock Adjustment	-40.98	-65.31		-143.31	-56.30	
Staff Costs	2.48	2.01	*23.38%*	9.76	7.60	*28.42%*
Other Expenditure	46.95	24.68	*90.24%*	148.68	125.59	*18.39%*
Operating Margins (%)	**18.24%**	**14.20%**		**14.41%**	**12.53%**	
PBIDTA	**65.48**	**21.05**	***211.07%***	**153.88**	**121.26**	***26.90%***
Interest	22.71	14.41	*57.60%*	64.64	45.79	*41.17%*
PBDT	**42.77**	**6.64**	***544.13%***	**89.24**	**75.47**	***18.25%***
Depreciation	6.50	5.65	*15.04%*	24.10	17.53	*37.48%*
PBT	**36.27**	**0.99**	***3563.6%***	**65.14**	**57.94**	***12.43%***
Provision for Taxation	8.18	0.87	*840.23%*	10.39	8.43	*23.25%*
PAT	**28.09**	**0.12**	***23308%***	**54.75**	**49.51**	***10.58%***
Equity Capital	***24.35***	***24.35***		***24.35***	***24.35***	
Earnings Per Share (Rs.)	*11.54*	*0.05*	***23308%***	*22.48*	*20.33*	***10.58%***

1. Net sales were up by 163.12% to Rs 357.92 crores in Q1FY09 over Q1FY08. This was due to higher capacity utilization, increase in realizations and rupee depreciating on Y-o-Y basis.

2. The Operating Margins (OPM) of the company stood at 18.24% for Q1FY09 in comparison to 14.20% in the same period last year. The margins increase was due to a combination of increase in realisations and rupee depreciation.

3. Profit After Tax (PAT) for the company has increased by 233 times to Rs. 28.09 crores in Q1FY09 over Q1FY08. This was due to higher OPMs. Interest cost was however up by 57.60% due to higher working capital requirements.

Outlook & Recommendation

KRBL, with a major market share in India and abroad, will benefit from increasing exports, strong brand value and better product mix in the future. We believe that the company having a long experience and a healthy track record, will be able to achieve sustainable growth in the years to come. However, foreign exchange fluctuations will always be a concern for the company as 52% of the its revenues are from export market.

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