DALAL & BROACHA
STOCK BROKING PVT. LTD.

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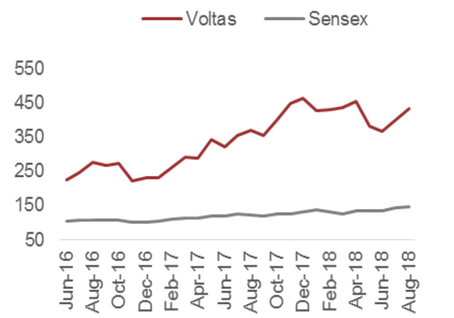
BUY	
Current Price	600
Target Price	711
Upside/Downside	19%
52 Week Range	Rs.494/675

Key Share Data	
Market Cap (Rs.bn)	198
Market Cap (US$ mn)	2537
No of o/s shares (mn)	331
Face Value	1
Monthly Avg.vol(BSE+NSE) Nos	1,788,549
BSE Code	532178
NSE Code	VOLT IN
Bloomberg	VOLT IN

Price performance



% Shareholding	June-18	Mar-18
Promoters	30.3	29.3
FII	16.3	20.3
DII	32.3	29.3
Others	21.1	21.1
Total	**100.0**	**100.0**

Healthy growth outlook with focus on product mix & Ac business

Voltas (VOLT) is well prepared to ride industry shift towards inverters whose share has grown 3x in 12 months and it has ramped up its product mix with Inverter ACs contributing to approx. 40% of the total split AC sales for Voltas. Its inverter ac offerings in terms of variants is up to 39 ac models from 7 ac models earlier. Voltas market share of 23.5% (windows 5%, split ACs-18.5% out of that 7% being inverters vs ~4% earlier) reflects its improving position in inverter ACs. Voltas acknowledges that market is shifting towards inverters whose market share would increase steadily over next few years, it will continue to focus on Window & fixed speed ACs which is still ~50% of Room AC market as well. Voltas market share of 23.5%. We expect 17% CAGR revenue in the UCP segment from FY18-20E and margins to remain intact.

Subdued summer impacted growth: Slightly subdued summer in the north as well as rest of India impacted growth in the UCP business this quarter. We however see this as an opportunity to buy, as we continue to remain bullish on the overall opportunity. Voltas marginally improved on its market share in spite of weak season and grew in lower single digit when the industry de- grew by 11%.

Robust domestic order inflows with operating leverage bodes well for Voltas: Robust order inflow in domestic market largely driven by government spends. Domestic orders constitute ~59% of total order book of Rs46.2bn, much higher than middle-east at 41%. Performance of the projects business continues to improve with better margin orders. Voltas has clocked EBIT margins of 6.5% for FY18 and targeting higher EBIT margins of ~7% over next two years. We expect the revenues to clock a CAGR 0f 25% from FY18-20E. With oil prices inching up, we expect a further ramp up in the order intake in the Middle East

Foraying into consumer durable segment bodes well for Voltas with long terms demand drivers in place: Voltas has formed JV with Arcelik in an equal partnership joint venture. The proposed JV company will leverage the strong brand presence and wide distribution network of Voltas. Arcelik will bring its strong R&D and manufacturing prowess, in addition to wide product range and global sourcing capabilities. . With long-term demand drivers in place, we believe the Voltas-Arcelik JV is set to garner a sizable market share over time.

Outlook: We expect 12-15% volume CAGR for the room AC industry over next five years. Voltas is well positioned to maintain market share and margins with improved product mix in inverter ac. In projects business, robust order inflows in domestic market offsets the subdued demand from middle-east. The Arcelik JV is expected to launch four products pan India in 2HCY18 under the Voltbek brand sourced from Arcelik's facilities near India. We are positive on Voltas over medium-to-long term, given the improving margin profile of fresh orders, strong consumer business franchise and structural growth in Room AC segment, given the low penetration, healthy balance sheet and cash flow. We have valued the company on DCF, PE & EV/EBIDTA on 35%/35%/30% weightage and recommend BUY with a TP of Rs711

Financials

Rs mn	Net Sales	% Growth	EBITDA	OPM%	PAT	% Growth	EPS	P/E (x)	ROE %	RoCE%
FY17	60328	5.5%	5791	9.6%	5090	0.7%	15.4	39.0	16.0%	21.5%
FY18	64279	6.5%	6626	10.3%	5779	13.5%	17.5	34.3	14.7%	19.9%
FY19E	75761	17.9%	7772	10.3%	6587	14.0%	19.9	30.1	14.8%	20.3%
FY20E	89479	18.1%	9726	10.9%	8120	23.3%	24.6	24.4	16.1%	22.0%

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Voltas well prepared to ride industry shift towards inverters

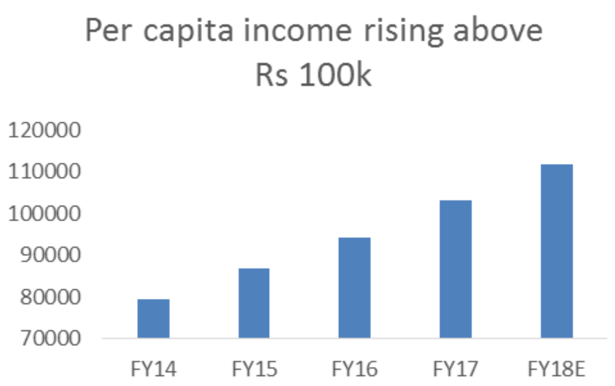
We estimate Indian room air conditioner (AC) volumes to grow from 4.7m units in FY17 to 7.2m in FY20, implying a 15% CAGR. This growth is expected to be driven by rising penetration of ACs (4-5% currently v/s 30% global average), higher disposable income, growing urbanization and the year-round AC usage trend. In our view, ACs could be one of the largest discretionary items in India over next few years. The shift to inverter ACs is gradually happening with a change in the BEE rating norms. The price differential between the normal ACs and inverter ACs have narrowed down to almost ~Rs 3500- 4000. We estimate inverter ACs to account for 50% of industry volumes by FY20. LG's move to completely shift to split inverters with ~50% market share will fasten the industry transition, in our view and already happening

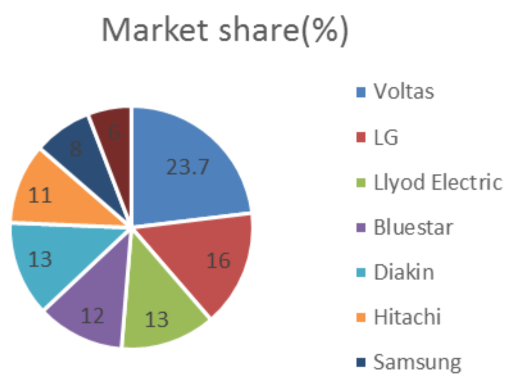
Voltas has ramped-up its product basket with the right mix in the energy efficiency segment which is well received in the market Voltas is well poised to position itself in the inverter AC with its inverter offering to 39 ac models from 7 ac models earlier. Voltas' market share is improving. Voltas recently launched India's first Window inverter AC along with other features like 'high ambient cooling' up to 52 degree Celsius and a two stage filtration to provide cleaner air. Share of invertors has grown 3x which stands at 17% of Room AC sales (5% ~12 months back). Voltas continued to maintain that while the inverter market is a growing market and Voltas will have a fair share of inverters, it will continue to focus on Window and split (Fixed speed ACs) which still is ~50% of the total market share. It currently ranks second in the inverter segment behind market leader LG who sells only inverter. With these products and allied marketing initiatives and wider product placements, Voltas' market share is improving.

Distribution reach is the key differentiator in the Indian AC market. This has become all the more important since ~50-55% of overall industry volumes are outside metros/tier 1 cities. Voltas has been able to command a leadership position mainly because it has managed to increase its pan-India touch points to more than 15,000 (amongst largest in the industry), from 6,500 in FY14 and it sells mainly through Multi Retail Outlets. Voltas has More than 35 SKUs in the Inverter AC range which accounts for more than 40% share of the total Split ACs sold.

Rising income levels coupled with lower penetration across durables to aid AC sales

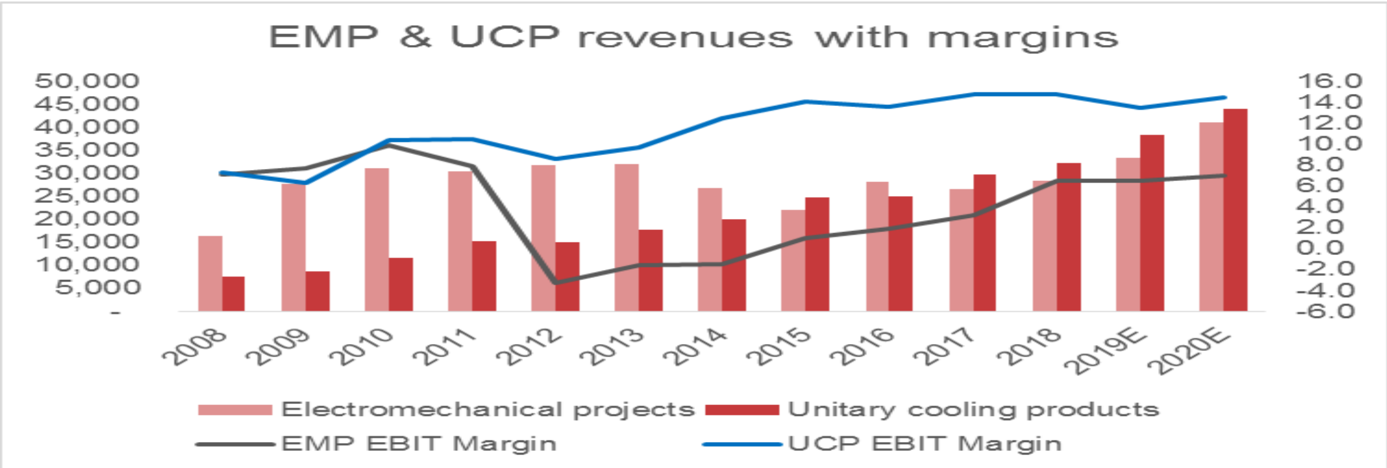
Over the years, India's per capita income has been rising and as per estimates of Central Statistics office, the per capita income for FY16/17 was at Rs 94130/Rs.103,870 mark and stands Rs 1,12,835 for FY17-18. The rising income level trend to result in the improvement of the standard of living and thereby increasing the demand for consumer durable products in the country. We believe, with the increase in the demand for consumer durable goods, demand for ACs is expected to see a sharp surge given its lowest penetration (~4%) in the Indian household among its peers. Improved macro-economic factors and increasing aspiration level of the young and working population has changed the perception of the ACs from a luxury to a necessity with most Indian households are now opting for multiple ACs instead on single window AC scenario a decade ago.





Narrowed price gap and increased affordability of products.
Growth in demand for products, once considered luxuries such as air conditioners, washing machines is a reflection of narrowed price gap. In case of expensive consumer goods retailers are providing easy financing options to consumers by collaboration with bank. Consumer finance is now available right from the entry level models for refrigerators, washing machines to televisions. The no-cost EMI scheme for white goods now covers 40% of total sales from 25% before demonetization, luring bigger names into the game. The total size of the white goods and smartphone market is currently valued at Rs 1.50 lakh crore and growing at more than 10%. The expansion of organised retailers into tier II and III markets has played a big role in expansion of finance scheme. Some of the channel checks suggests that the consumer finance has touched a record 60% of all transactions in the metro and expected to reach 70-75% in all the transactions in next couple of years.

AC sales were impacted due subdued summer impacted growth in Q1FY19: For the quarter **UCP segment** Sales were flat (-1.7% YoY) to Rs11910mn. due to uncertain weather, unseasonal rains that led to lower customer offtake. EBIT margin too was at 12.5% vs 14.1%. Slightly subdued summer during April-May 2018 rains affected the peak season sale of room air conditioners in the north as well as rest of India. The Company maintained its leadership position in room AC segment with 23.5% market share. Its room AC business that grew by low single-digit, while the industry declined by 11%. Voltas also managed to ramp up its product mix to gain market share in the inverter AC segment. Excess inventory due to weak summer will be taken care as the festival season is around the corner and the company expects better sales with attractive consumer offers. We feel Voltas has a better product range and it has also ramped up its product mix to with Inverter ACs contributing to approx. 50% of the total split AC sales for Voltas. The company is also taking initiatives in indigenization of some of the products it imports (invested in indoor unit molds). Also many of the global supplier sourcing to Voltas plans to set up plants in India which would lead to leaning down the cost.



MEP business with better order mix and focus on EBIT margin to improve further
Voltas has significantly revamped order procurement and commercial support systems to ensure better quality order book and is confident of ~6.5 to 7 % EBIT margin in the MEP segment in next two years. For FY18 it has already clocked margins of 6.5% from 3% levels in FY17. Margins were subdued previously due to low margins orders and Voltas has been cautious and focussing on better margin orders and expects to follow it going ahead. Better project selection, execution and cost management have led to improvement in performance. Situation in GCC countries indicates a slow pick-up in economic activities, mainly tied to the

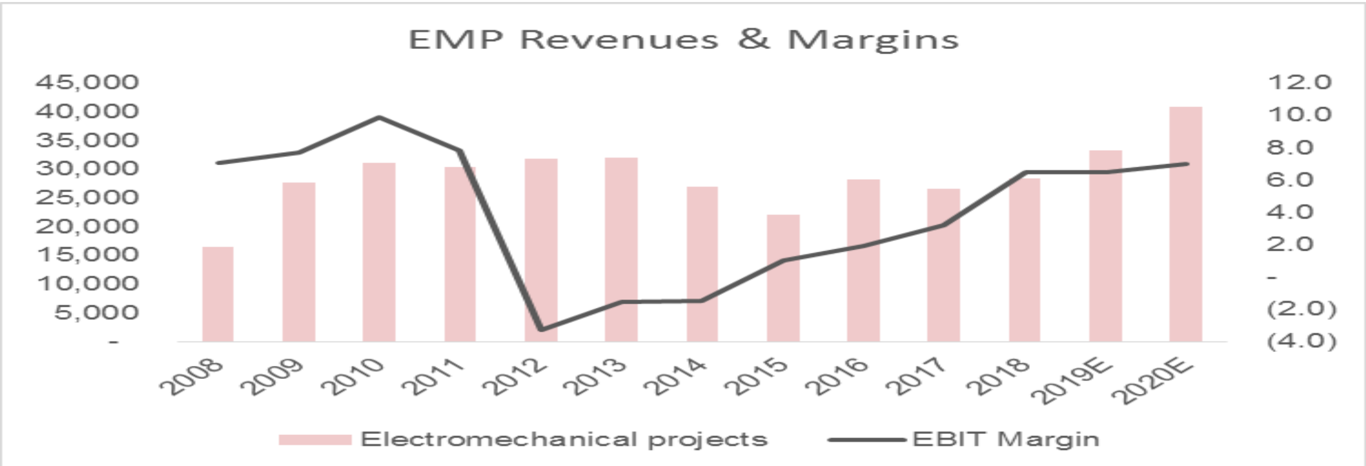
upcoming Mega Events in the geography. Project spend relating to Expo 2020 has now started picking up with projects being awarded to main contractors. Voltas has taken a cautious approach towards order booking given the political instability in Qatar. Company's order book stood at Rs 4623crs at the end of Q1FY19 vs Rs 49,060crs.

Domestic: The Company has strategically increased its focus on orders from Government projects. With the Government emphasizing inclusive growth encompassing needs of the common man, opportunities in urban infrastructure, transportation, electrical distribution, water treatment, education, healthcare besides smart cities are increasingly visible. Under domestic business, company has maintained its focus in bidding for higher margin government projects including Bharatmala project, Saubhagya scheme and Namami Gange project. During FY18, Voltas received order inflow of Rs21.5bn vs Rs 17Bn (+27% YoY) with domestic order book swelling to Rs 30.6bn vs Rs 25.6Bn (+20% YoY). Further, company is envisaging huge opportunities on government's infrastructure thrust and electrification projects. Key areas like Metro, Rural Infra, Water etc. continues to see traction in domestic market. Electro Mechanical project accounts 44% of total revenue, thus healthy order book would ensure strong revenue growth visibility in future. Voltas subsidiary Rohini Industrial Electrical Products (RIEL) was profitable in FY18 which continues to execute projects in rural electrification and expects further opportunities under Deen Dayal Upadhyaya Gram Jyoti Yojana- a central Government funded scheme.

For Q1FY19 EMP Sales was +31% YoY to Rs8663mn. EBIT margin at 10.2% vs 5.3% reflecting better quality of orders and efficient execution both in domestic as well as international orders. Domestic order Book at Rs 2709 Cr with additional orders under advanced stages of negotiation.

International business: With some improvement in oil prices, the economies in the GCC region are also looking at a growth phase. This will boost the spending levels across construction and other sectors. According to the Middle East Economic Digest (MEED) Projects forecast, the construction sector in the UAE is projected to grow to USD 37.3 billion by 2021. This will provide opportunities for Voltas in the areas of Built- Infrastructure including Hotels, Malls, Airports, Metros, Commercial and Industrial establishments, etc. With effective execution of ongoing projects together with settlement and financial closure of older projects. These initiatives have helped to improve profit margins.

For the quarter Q1FY19 the sales were higher due to better execution & order mix in its international order. Order book of international projects stands at Rs 1914 Cr vs Rs 1972 Cr. The Company continues to focus on labour productivity improvements and skills development which is contributing to better execution



Engineering Product segment: Impact of demonetization and GST implementation has been severe on the Domestic Textile Industry leading to further slowdown in new capacity formation. Profitability of spinning mills was also under pressure during the year due to subdued prices for yarn and a steep increase in raw cotton prices. Banks are also reticent to lend to the textile sector. Despite these conditions, this segment is focused on providing value added services and delivered profits.

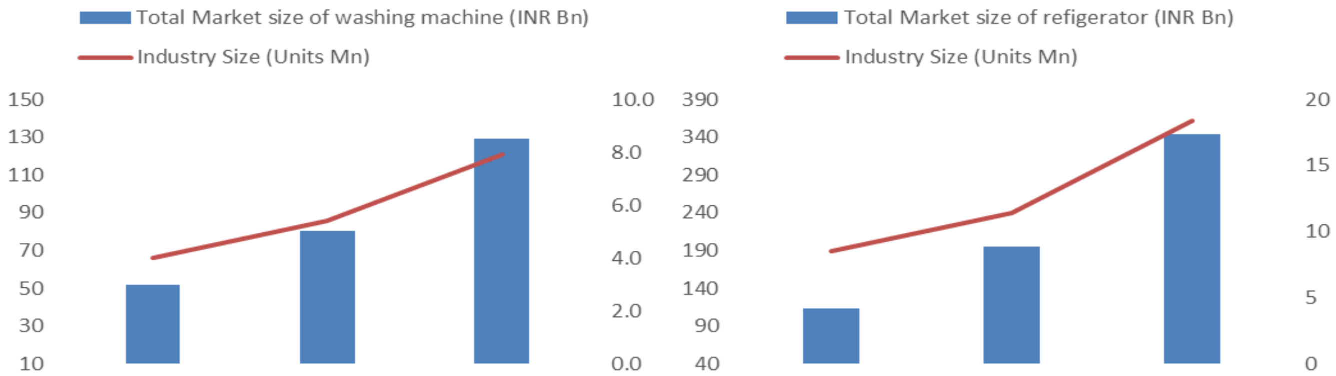
In M&CE, Mozambique operations continue to drive the performance. On the domestic front, the year was challenging with slowdown in mining related activity. However, a gradual recovery appears to be on the horizon. The Government's impetus on road development has been encouraging and orders in the Crushing & Screening Equipment sector have started emerging. M&CE remains focused on adding new principals and customers as well as new equipment's.

Q1FY19 revenues were down 15% YoY and margins at 34%. Due to subdued yarn prices and a steep increase in raw cotton prices, profitability of the spinning are mills under pressure. Despite these headwinds, the Textile Machinery Division's thrust on both capital equipment sales and value added after sales services has helped mitigate the risks to an extent. For Mining and Construction Equipment, while Mozambique operations continue to drive the performance, a gradual recovery appears to be on the horizon on the domestic front. Meanwhile, the focus on road development has led to an increase in orders in the crushing & screening equipment sector.

Foraying into consumer durable segment with demand drivers in place: ample opportunity and enough room for new players
Voltas got into the JV with Arcelik called VOLTBEK (JV {49% Voltas 1% Tata Investment & 49% Arcelik 1% KOC holding) to leverage on its distribution strength and latter's R&D, technology and product portfolio prowess. The proposed JV will launch refrigerators, washing machines, microwaves and other white goods or domestic appliances in India. A manufacturing facility will be setup in the country, and the JV Company will also source products from Arçelik's global manufacturing facilities and vendor base. The consumer durables market in India is poised to grow 10-12% per annum to reach USD12billion by2027, thus have immense growth opportunity for domestic consumer durable manufacturers going ahead.

Indian refrigerator market is estimated to be 9 mn units of which 2.2 mn units are in double door segment. Market is estimated to be Rs 200bn in value terms. Refrigerator market is expected to grow ~15-17% CAGR for the next few years, it has grown in the range of 12-15% over longer periods in the past. Urban areas account for 75% share in the refrigerator market. Refrigerator market is divided into two categories- direct cool & frost free. Direct cool refrigerators are mostly single doors and require manually defrosting the fridge and in the range of 170- 190 litres. Voltas is planning to start manufacturing of Direct Cool refrigerators in 18 months. The Direct Cool refrigerators market is huge and has very high demand mainly from tier2/3/4 cities. However, for the first 18 months, it is planning to import these products. Voltas is planning to cater to the mass premium category instead of premium of products. The management seemed optimistic about the JV and targeting at least 10% market share by FY20-22.

Chart 1: Combined market for refrigerators & washing machines to exceed INR473bn (11% CAGR) by FY22E



Voltas expertise and distribution network to boost it reach in this business

Company's unique positioning through distribution/marketing ensuring that they capture a lot of incremental first time sales in the country. Out of total distribution network of 15000 dealers, it has very few exclusive Voltas outlets and it sells mainly through multi brand outlets. The company is planning to add 25% more distributors for refrigerators and Washing Machine's, increasing their dealer strength from 14500 to 20000 along with 80-100 Voltas Galaxies. The distribution reach is massive for Voltas compared to its peers which gives it an advantage to push in new line of products without much cost. Voltas is also looking at indigenisation and invested in moulds for IDUs which are now being manufactured in India; Controllers for inverter ACs would be also sourced in India these would help in reducing the input cost.

Strong segment margin with asset light model keeping balance sheet lighter:

Voltas pursues an asset light business model, and in the due course of business, it resorts to outsourcing and strategic tie-ups, thereby enables it to control its operating costs and generate high profitability. As a result, we expect Voltas to revert to it its earlier trend of higher ROEs.

EBITDA margin to improve by 110bps over FY17-20E

We believe sustained growth in revenue from the UCP segment and recovery in EMP segment led by timely execution of new projects will aid margins. The management also believes EMP segment's EBIT margin to remain between 6.5% and 7 % on a sustainable basis. We have estimated EBITDA marginally down as we believe there could be some drop in the margins due to increased raw materials and loss of sales due to bad summer. Apart from that in the EMP division we expect improved project execution cycle and focus on higher margin orders.

Balance sheet remains healthy

Voltas pursues an asset light business model as it resorts to outsourcing and strategic tie-ups, thereby enabling it to control its operating costs. Since FY13, Voltas has been generating strong operating cash flows (OCF) over the years. As of March'18, Voltas is a net debt free company, with cash & cash equivalents of Rs2837mn and financial investments of Rs22.2bn totalling Rs Rs25.1bn. The working capital position witnessed healthy improvement with debtor days reducing from 143 in FY15 to 89 YoY in FY18 and inventory days declining from 61 in FY15 to 46 YoY in FY18. We believe that Voltas would report improvement in its ROE and ROCE on the back of healthy profitability coupled with strong revenue growth.

Q1FY19 result snapshot: VOLT has a strong recovery in Electro Mechanical Projects (EMP) business. Revenue grew by 9% YoY led by 31% YoY growth in EMP revenue, Unitary Cooling Products (UCP) revenue declined by 2% YoY due to due to uncertain weather, unseasonal rains and lower customer offtake. EBITDA rose by 16% to Rs2.4bn, while EBITDA margin expanded by 74bps YoY to

11.3% led by timely execution in EMP business and 480bps YoY jump EMP margin. PAT came in at Rs1.9bn (flat on YoY basis), The Company improved its leadership position in room AC segment with 23.5% market share. Its room AC business grew by low single-digit, while the industry declined by 11%. Order inflow declined by 67% YoY to Rs4bn on high base, while outstanding order book fell by 6% YoY to Rs46.2bn (1.6x FY18 revenue).

Segmentwise results

EMP Seg: (41% of sales/ 33% of EBIT)

Sales was +31% YoY to Rs8663mn. EBIT margin at 10.2% vs 5.3% reflecting better quality of orders and efficient execution both in domestic and international business. Order Book at Rs 46230 mn vs Rs 49060 mn-5.8% YoY)

UCP seg: (55% of sales/57% of EBIT)

Sales-1.7% YoY to Rs11910mn. were flat due to uncertain weather, unseasonal rains and lower customer offtake. EBIT margin at 12.5% vs 14.1%.

Engg Products Seg: (4% of sales/10% of EBIT)

Sales-15% YoY to Rs771mn. EBIT margin at 34.7% vs 28.5% YoY.

Order inflow lower on higher base : Order inflow declined by 67% YoY to Rs4bn on high base, while outstanding order book fell by 6% YoY to Rs46.2bn (1.6x FY18 revenue). The domestic backlog at Rs27bn, 59% of total backlog. The Company plans to launch new products in consumer durable segment by 2HCY18 through JV with Arcelik. With long-term demand drivers in place, we believe the Voltas-Arcelik JV is set to garner a sizable market share over time.

Valuation:
We expect 12-15% volume CAGR for the room AC industry over next five years. Voltas is well positioned to maintain market share and margins despite intense competition and shift towards inverters. In projects business, robust order inflows in domestic market offsets the subdued demand from middle-east. The Arcelik JV is expected to launch four products pan India in 2HCY18 under the Voltbek brand sourced from Arcelik's facilities near India. We are positive on Voltas over medium-to-long term, given the improving margin profile of fresh orders, strong consumer business franchise and structural growth in Room AC segment, given the low penetration, healthy balance sheet and cash flow. We have valued the company on DCF, EV/EBIDTA & PE on 40%/30%/30% weightage and recommend BUY with a TP of Rs711

Peer Comparison

Bloom Est								
Company Nam	CMP	M-Cap (Cr)	P/E(x)		EV/EBITDA		RoE	
Year			FY19E	FY20E	FY19E	FY20E	FY19E	FY20E
Voltas	600	19,836	30.1	24.4	22.0	17.1	15.9	17.2
Blue Star	680	6549	37.0	28.0	20.6	16.6	20.2	23.7
Hitachi	1969	5355.11	43.9	61.3	29.7	18.3	20.2	23.1
Whirlpool	1775	22519	49.3	38.1	31.4	25.7	23.0	23.1

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Weighted average target price				
Methodologies	TP	Weight Assigned	Weighted Avg Price	Comments
Using DCF approach	698	35%	244	DCF for 10 years & 5% terminal growth rate
Using P/E approach	726	35%	254	Based on 30x P/E FY20E
Using EV/EBITDA approach	709	30%	213	Based on 20x
Weighted Avg TP			711	
Current Price			600	
% Upside/(Downside) from current levels			18.5%	

Company Description

Voltas Limited, part of the TATA group which holds 30.3% stake, is a leading air conditioning and engineering services provider. Founded in 1954, it offers engineering solutions through its three business segments in areas such as heating, ventilation and air conditioning, refrigeration, climate control, electromechanical projects, textile machinery, machine tools, mining and construction, material handling, water management, building management systems, pollution control and chemicals. Voltas has a higher market share of ~22.3% in the residential AC market. Voltas has one of the highest distribution touch-points (over 14,000 touch-points/7000 dealers), which can compare well with lots of mid-size local FMCG companies. Unitary Cooling Product and Engineering& Mechanical Project Segment contributes to ~90% topline of the company, while the former contributes more than 60% of the profits of the company.

Business Segment

ENGINEERING PRODUCTS AND SERVICES:

This segment sells machinery and equipment across 2 sub-verticals, namely, (1) Textile Machinery, and (2) Mining & Construction Equipment. Voltas generates revenues from this segment in the form of commission and non-commission revenues. Commission income comes from the distribution of textiles as well as mining & construction equipment, as the company does not manufacture these equipments. Non-commission income mainly includes income from maintenance contract services drawn from equipments sold.

ELECTRO-MECHANICAL PROJECTS AND SERVICES (EMPS):

The electromechanical project & services division contributes over 45% to the top-line. Under EMPS segment, Voltas undertakes execution for complex projects which requires specialized project management expertise. The company has executed major MEP/HVAC&R projects in Dubai, Abu Dhabi, Qatar, Jeddah, Bahrain and Singapore. To reduce the working capital requirement and improve profitability, the company is now focusing more on the timely execution of projects and claim settlement. In this regard, Voltas has adopted a strategy to remain selective in the choice of new project undertakings with a ticket size in the range of 300-400 crore.

Unitary Cooling Products (UCP) segment:

Under Unitary Cooling Products (UCP) segment, Voltas sells cooling products viz. Air Conditioners, Refrigerators, etc to direct consumers. Voltas has built a strong brand name and has emerged as one of the largest air conditioner players in the domestic AC markets. Apart from being present in the domestic AC market, Voltas has gone ahead and deployed cooling solutions expertise towards Cold Chain Storage, Retail and Food Processing industries. The Commercial Refrigeration sub-segment's offerings include Package and Ductable Air conditioners, VRF Technology, and Chillers. The performance of this segment is not highly dependent on the investment cycle of an economy and hence helps in de-risking the overall revenue profile of the company. Room air conditioners account for 75-80% of the total UCP revenues. Voltas is also leveraging its market leadership position, its strong dealership network and brand equity in the cooling products domain with launch its air coolers. With the launch of Fresh-Air Coolers, the company aims to bridge the wide gap between fans and ACs, and be among the top 3 brands in Air Coolers within the next 3 years.

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Financials

Profit & Loss (Rs Mn)	FY17	FY18	FY19E	FY20E
Net Sales	60,328	64,279	75,761	89,479
Raw Materials	(42,359)	(45,675)	(53,946)	(63,167)
Employee Cost	(6,184)	(5,867)	(6,818)	(8,053)
Other Expenses	(5,994)	(6,110)	(7,224)	(8,532)
Cost of Sales	(54,537)	(57,652)	(67,989)	(79,753)
Operating Profit	**5,791**	**6,626**	**7,772**	**9,726**
Depreciation	(244)	(244)	(252)	(253)
PBIT	5,546	6,383	7,520	9,473
Other Income	1,998	1,741	1,800	2,000
Interest	(160)	(119)	(108)	(108)
Profit Before Tax	7,384	8,005	9,212	11,365
Provision for Tax	(2,088)	(2,270)	(2,671)	(3,296)
PAT	**5,296**	**5,735**	**6,540**	**8,069**
Extra ordinary Items	11	6	0	0
Minority interest & Ass. Profits	(217)	38	47	51
Adj. PAT	**5,090**	**5,779**	**6,587**	**8,120**

Cash Flow Statement (Rs Mn)	FY17	FY18	FY19E	FY20E
Pre tax Profit	7203	8049	9212	11365
Add: Dep. & Amortization	245	244	252	253
Total tax paid	1819	2492	2671	3296
Other Adjsutments	(5518)	(6037)	(6987)	(8432)
Cash Profit	**3748**	**4748**	**5147**	**6481**
(Inc) / Dec in				
Sundry Debtors	(869)	(1162)	(2805)	(3351)
Inventories	(1823)	940	(1452)	(1735)
Loans & Advances	1207	(3819)	(2805)	(3351)
Current liabilities & Trade paybles	2018	2545	6030	6917
Change in Working Capital	**533**	**(1495)**	**(1032)**	**(1520)**
CF from Operating Activities	**4281**	**3253**	**4115**	**4962**
CF from Investing Activities	**(738)**	**(1992)**	**1594**	**1797**
CF from Financing Activities	**(2083)**	**(1738)**	**(1699)**	**(2069)**
Net changes in cash	1459	(477)	4010	4689
Cash at the start of year	1855	3314	2837	6847
Cash at the end of year	3314	2837	6847	11536

Balance Sheet (Rs Mn)	FY17	FY18	FY19E	FY20E
Equity Capital	331	331	331	331
Reserves	32,735	38,721	43,718	49,877
Net Worth	**33,066**	**39,052**	**44,048**	**50,208**
Minority Interest	285	317	371	428
Long term borrowings	1,709	1,423	1,423	1,423
Short term borrowings	0	0	0	0
Total Debt	1,709	1,423	1,423	1,423
Capital Employed	**35,061**	**40,792**	**45,843**	**52,059**
Gross Block	4,603	4,700	4,960	5,220
Accumulated Depreciation	(2,784)	(2,899)	(3,151)	(3,404)
Net Block	1,819	1,801	1,809	1,817
Capital WIP	6	41	41	41
Total Fixed Assets	**1,825**	**1,842**	**1,850**	**1,857**
Investments	23,858	28,706	28,706	28,706
Inventories	9,070	8,130	9,582	11,317
Sundry debtors	14,541	15,703	18,508	21,859
Cash & bank	3,314	2,837	6,847	11,536
Loans & advances and Other CA	11,882	15,700	18,505	21,856
Current Liabilities	(26,943)	(29,443)	(34,961)	(41,292)
Provisions	(2,685)	(2,729)	(3,240)	(3,827)
Working Capital	9,180	10,198	15,240	21,449
Deffered Tax Liabilities	198	46	46	46
Capital Deployed	**35,061**	**40,792**	**45,843**	**52,059**

Ratios	FY17	FY18	FY19E	FY20E
OPM	9.6	10.3	10.3	10.9
NPM	8.8	8.9	8.6	9.0
Tax Rate %	(28.3)	(28.4)	(29.0)	(29.0)
Growth Ratio (%)				
Net Sales	5.5	6.5	17.9	18.1
Operating Profit	33.7	14.4	17.3	25.1
PAT	31.5	13.5	14.0	23.3
Per Share				
Earning Per Share (EPS)	15.4	17.5	19.9	24.6
Cash Earnings (CPS)	16.8	18.1	20.5	25.2
Dividend	2.6	3.5	4.0	4.9
Book Value	100.0	118.1	133.2	151.8
Free Cash flow	12.3	8.8	11.7	14.2
Valuation Ratios				
P/E (x)	39.0	34.3	30.1	24.4
P/B (x)	6.0	5.1	4.5	4.0
EV / Sales	3.3	3.1	2.5	2.1
EV / EBIDTA	34.0	29.7	24.8	19.4
FCF Yield (%)	2.0	1.5	1.9	2.4
Div. Yield (%)	0.4	0.6	0.7	0.8
Return Ratios (%)				
ROE	16.0	14.7	14.8	16.1
ROCE*	21.5	19.9	20.3	22.0

* includes other income

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