

## Voltas Ltd

Company Analysis

26<sup>th</sup> May 2007

CMP-99

### High & Low of Stock

Price	One Mon	Three Mon	Six Mon	Twelve Mon
High	102	102	121	121
Low	90	75	75	63

Vol	11,515,833
Face Value	Rs 1.00
BSE Code	500575
NSE code	VOLTAS
Industry Group	Diversified "B1"

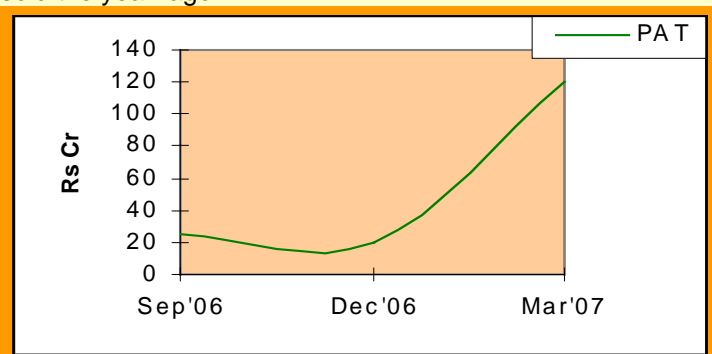
### RECOMMENDATION BUY

Shareholding pattern:

Promoters	27.32 %
Public	19.37
FII's	28.69
Others	24.62

### Registering more than 100% growth in bottomline in qtr ended March 2007, Voltas is on the way of sustaining its organic growth.

As the second phase of the Pantnagar plant of Voltas is expected to be operational within the next three months, this will boost the financials of the company by reducing the logistics cost for sales of air conditioners in the northern and southern market. The air conditioners manufactured at the plant would be sold in both the domestic as well as the international market. During 2006-07, sales volume of the company rose to 2.6 lakh units as compared to two lakh units sold the year-ago.

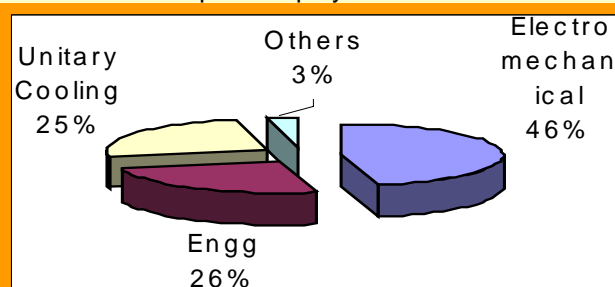


### Business Segments

- Electro-mechanical Projects & Services
  - Domestic Air Conditioning & Refrigeration
  - International MEP solutions including water management & treatment.
- Engineering Products & Services
  - Textile Machinery, Machine Tools, Mining & construction Equipment & material handling.
- Unitary Cooling Products for comfort & commercial use
  - Cooling appliances
  - Commercial Refrigeration
- Others
  - Chemical Trading

### Segment Report for Year ended March'07

#### Capital Employed Distribution



### Segment Financial Performance

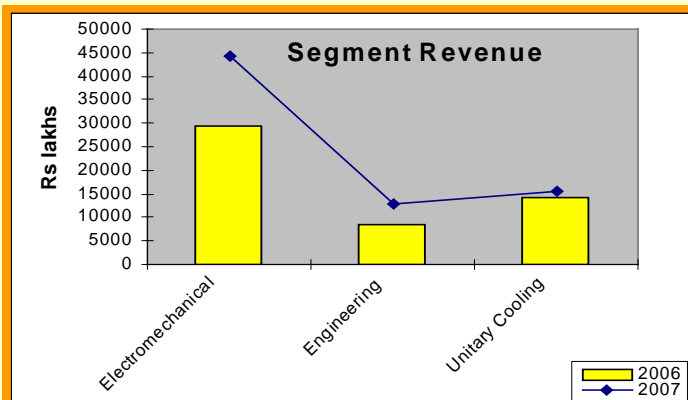
Rs Cr

	3 Mon Ended Mar'07	3 Mon Ended Mar'06	FY 2007	FY 2006
<b>Segment Revenue</b>				
Electro-mech	443.17	295.17	1370.84	1132.68
Engg	127.56	83.96	432.49	252.82
Unitary Cooling	155.69	140.8	612.57	472.31
Others	6.36	11.06	40.18	47.57
<b>Segment Results before exceptional items</b>				
Electro-mech	25.36	14.37	71.13	70.51
Engg	29.84	22.55	100.45	69.77
Unitary Cooling	8.87	1.47	9.86	-1.02
Others	-7.75	1.4	-10.31	3.28

**Voltas' electro-mechanical Projects & Services Division has contributed the major portion of company's topline and has shown growth of 21% in FY07 as compared to FY06.**

Electrical, Mechanical & HVAC (Heating, Ventilating & Air Conditioning) Solutions (International) - or EMHS - is part of Voltas' Electro-Mechanical Projects & Services cluster. The Company has successfully completed some prestigious projects, such as the Mall of Emirates in Dubai and the Airbase Project in Qatar within stipulated time schedule. The international electro-mechanical projects business started the financial year (2006-07) with a healthy carry forward order book position, in excess of Rs.1300 crores. The company caters the need of following categories of projects:

- ✓ Airports
- ✓ Commercial shopping, Office complexes
- ✓ Defence
- ✓ District cooling
- ✓ Hospitals
- ✓ Hotels
- ✓ Palaces
- ✓ Power Stations
- ✓ Railways
- ✓ Towers
- ✓ Textiles



**Voltas tied up with Netherlands based CA/ULO storage technology specialist Besseling-Group to deliver turnkey solutions for storage of Horticulture Produce in the Controlled Atmosphere (CA) / Ultra-Low-Oxygen (ULO).**

Voltas will be Besseling-Group's sole representative in India. The size of the storage solutions market in India is estimated at Rs 5,000 crore. Voltas plans to target this market and has already bagged several projects, including Adani project, international flower auction sector in Bangalore, Abhirami in Chennai and Jaya Cold Storage in Tamil Nadu. Over the past decade, Voltas has extended its activities in the field of cold storages and process refrigeration through a focused group, which has taken up turnkey projects involving design and building of the post-harvest management system for horticulture produce.

**Company's Financials**

**Annual Results**

(Rs Cr)

Particulars	FY-06.	FY-07
<b>Net Sales</b>	<b>1853.14</b>	<b>2400.55</b>
Growth (%)	-----	29.54
Total Expenditure	1752.41	2291.87
<b>Op Profit</b>	<b>100.73</b>	<b>108.68</b>
Growth (%)	-----	7.89
Other Income	29.64	58.29
EBIDT	130.37	166.97
Interest	1.40	-0.47
Depreciation	11.09	12.32
PBT & Ext. Items	117.88	155.12
Tax	21.20	36.75
<b>Adj. PAT</b>	<b>96.68</b>	<b>118.37</b>
Growth%	-----	<b>22.43</b>
Ext Ord Items	-26.19	67.71
<b>Reported PAT</b>	<b>70.49</b>	<b>186.08</b>
Equity Capital	33.06	33.07

**Financial Ratios**

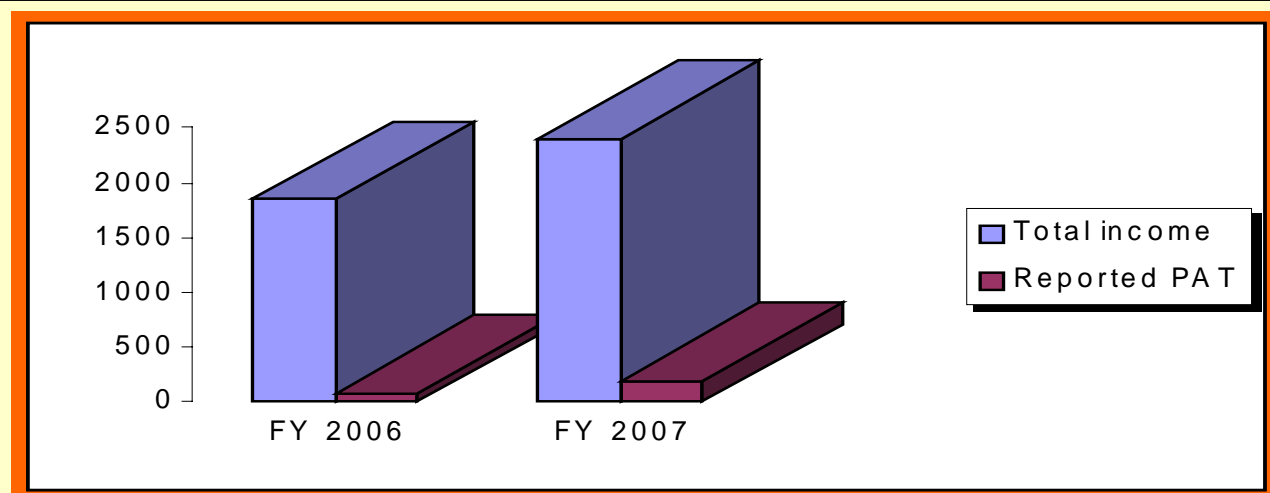
Particulars	FY-06**	FY-07
EPS	2.92	3.58
Book Value	7.30	11.51
Return on Equity %	292.44	357.94
Sales To equity	56.05	72.59
Return on Net worth%	40.05	31.09

**Quarterly Results**

(Rs Cr)

	Dec 06	Mar 07	Mar -06**
T. Sales	568.92	<b>721.35</b>	513.92
Expenditure	541.43	<b>686.68</b>	483.84
Op Profit	27.49	<b>34.67</b>	30.08
OPM	4.83	<b>4.81</b>	5.85
Other Income	8.49	<b>24.26</b>	8.99
PBDIT	35.98	<b>58.93</b>	39.07
Interest	1.37	<b>-3.66</b>	-1.28
Depreciation	2.90	<b>3.00</b>	3.63
PBT	31.71	<b>59.59</b>	36.72
Tax	13.58	<b>5.15</b>	13.39
PAT	18.13	<b>54.44</b>	23.33
NPM %	3.19	<b>7.55</b>	4.54
Ext Ord Items	1.30	<b>65.46</b>	0.4
Reported PAT	19.43	<b>119.90</b>	23.73
Eq Capital	33.06	<b>33.06</b>	33.06
Eq Shares	33.06	<b>33.06</b>	33.06
EPS	0.55	<b>1.65</b>	0.71

Note: \*\* Eq Capital in FY'06 & qtr ended March'06 are taken at face value Re 1.00 per share



### Subsidiaries/Joint Ventures/ Associates

Name of the co	Ownership in % either or directly through subsidiaries
<b>Subsidiaries</b>	
Simto Investment Company Ltd	95.44
Auto Aircon (India) Ltd	100.00
Metrovol FZE	100.00
VIL Overseas Enterprises B.V.	100.00
Voice Antilles N.V.	100.00
Weathermaker Ltd	100.00
<b>Joint Ventures</b>	
Universal Comfort Products Pvt Ltd	50.00
Saudi Ensas Company for Engineering services Ltd	49.00
Universal Voltas LLC	49.00
Lalbuksh Voltas Engineering Services and Trading LLC	49.00
<b>Associate</b>	
Terrot GmbH	24.00

### Valuation:

The company has shown strong financial performance in the FY 2007. The topline of the company witnessed healthy growth of almost 30% while the bottomline of the company registered surge of 22% over last year. The company derives almost 30% of its business from international market. As the most of infrastructure and construction work is going on in Middle East, China as well as in India, hence company wants to expand its business in Middle East and India. The order book of company stand at Rs 1900 Crores of which international business contribute Rs 300 Crores while national one contribute Rs 600 Crores.

As the company is highly competitive in providing cooling and air quality solutions for the retail sector malls, showrooms, shopping complexes, multiplexes etc hence by offering HVAC within the larger framework of Mechanical, Electrical and Public Works projects, the company is able to integrate it with all the other building service systems, for better efficiency and value.

The company with its strategy to provide products with high technological excellence and lower cost is the first one in India to introduce AC costing below Rs 10,000.

The company with its strong business strategies and whopping financials looks a valuable investment at present level.

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