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## Capital Goods

Target price: Rs590

Target price revision

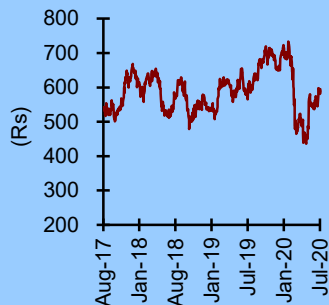
Rs590 from Rs526

### Shareholding pattern

	Dec '19	Mar '20	Jun '20
Promoters	30.3	30.3	30.3
Institutional investors	49.1	49.5	49.6
MFs and other	25.6	27.7	27.5
FIs / Banks	0.1	0.2	0.3
Insurance Co	11.6	10.8	10.3
FII	11.8	9.9	11.5
Others	20.6	20.2	20.1

Source: NSE

### Price chart



INDIA

## Voltas

Gearing up for the next leg of growth

**ICICI Securities**

**HOLD**

Downgrade from ADD

**Rs596**

Having established an unassailable lead in domestic room AC market, Voltas is gearing up to capture the next leg of growth through its JV Voltbek. The company strategically plans 10% market share by 2025 under washing machine, refrigerator and dishwashers eyeing Rs764bn worth of India home appliances market. We believe the success in this new venture will be a key determinant to future re-rating of the stock. The recent "Atmanirbhar" focus by the government may gradually push the input cost in traditional room AC segment and hence, impact margins. Given the recent run up in valuations on the back of better-than-expected Q4FY20 earnings, we believe current valuations are rich. Hence, we downgrade the stock to HOLD from ADD with a revised target price of Rs590 (previously: Rs526).

- ▶ **Eyeing Rs764bn worth of domestic home appliances market:** The JV is initially focusing on refrigerators, washing machine, dishwashers, microwave and oven. The company targets 10% market share in these respective segments and currently has 2% share in refrigerators and washing machine. Having commenced manufacturing in direct cool refrigerators, it plans to localise frost-free refrigerator by December 2020.
- ▶ **Leadership in domestic room AC segment continues:** Voltas was able to garner 100 bps YoY improvement in domestic room AC segment with current market share of 24.2%. The company also became a leader in inverter segment for a brief period of January 2020. The distribution reach with 19,000 touch points is the key USP of Voltas along with strong branding and advertisement.
- ▶ **Voltbek JV loss continues:** Given the initial costs of marketing, advertising and promotion, the JV reported a loss of Rs1.5bn vs Rs987mn in FY19. The revenue grew 192% YoY to Rs2.9bn. With the introduction of localised products and commencement of Sanand factory, the performance is expected to witness strong growth going forward. However, the current scenario of Covid-19 related environment is likely to impact demand for FY21E.
- ▶ **Downgrade to HOLD:** The stock has witnessed a sharp run up in valuations post the better-than-expected performance in Q4FY20. Demand may be subdued due to lockdown and Covid-19 related social distancing norms. Hence, we believe current valuations are rich and downgrade the stock to Hold. Voltas has a strong balance sheet (~Rs8.3bn of cash and current investments) and healthy cashflows. We value consolidated business at Rs568 (30.4x FY22E earnings) and Voltbek at Rs22 (2x of investments) arriving at an SoTP-based target price of Rs590 (earlier: Rs526).

Market Cap	Rs197bn/US\$2.6bn	<b>Year to Mar</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21E</b>	<b>FY22E</b>
Reuters/Bloomberg	VOLT.BO/VOLT IN	Revenue (Rs mn)	71,241	76,581	71,401	78,655
Shares Outstanding (mn)	330.9	Rec. Net Income (Rs mn)	5,197	5,684	5,317	6,201
52-week Range (Rs)	740/428	EPS (Rs)	15.7	17.2	16.1	18.7
Free Float (%)	69.7	% Chg YoY	(9.1)	9.4	(6.4)	16.6
FII (%)	11.5	P/E (x)	38.2	34.9	37.3	32.0
Daily Volume (US\$/'000)	17,864	CEPS (Rs)	16.4	18.1	17.3	20.4
Absolute Return 3m (%)	18.4	EV/E (x) (Incl. Indus)	30.4	28.0	30.6	25.2
Absolute Return 12m (%)	2.6	Dividend Yield (%)	0.7	0.7	0.7	0.7
Sensex Return 3m (%)	12.2	RoCE (%)	16.7	17.0	15.2	15.3
Sensex Return 12m (%)	1.5	RoE (%)	14.7	14.8	13.1	13.5

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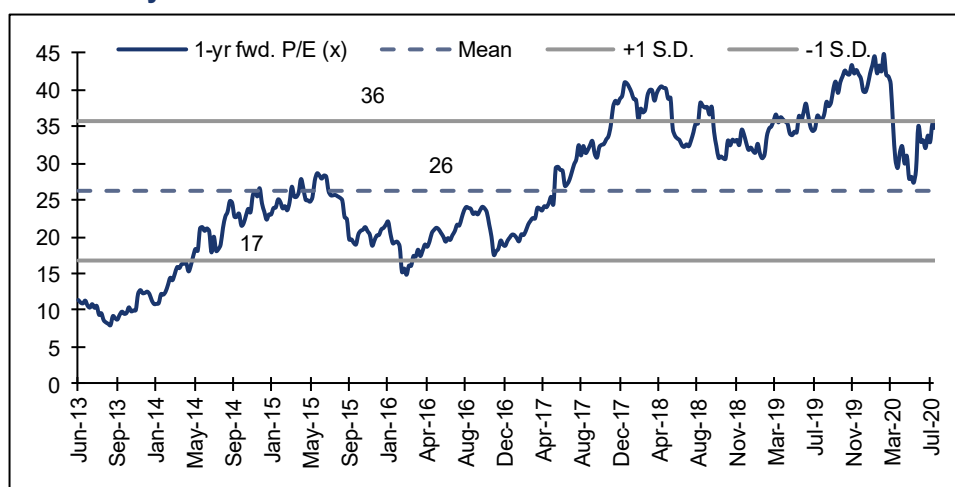
Please refer to important disclosures at the end of this report

## Valuation and outlook

The stock is currently trading at 37.3x FY21E earnings and 32x FY22E. Due to depressed earnings in FY21E (because of lockdown), we value the stock on FY22E earnings. Our target multiple of 31.4x FY22E is based on a weighted EBIT contribution average of 40x for UCP segment, 13x for EMP segment and 20x for engineering products. We value Voltbek JV separately at 2x its investments. Since Voltbek JV is still in investment phase, we have arrived at a valuation of 2x investment outlay assuming 50% discount to 4x FY21E P/BV.

Given the recent run in valuation, we downgrade the stock to **HOLD** from **ADD**. We value consolidated business at Rs568 (30.4x FY22E earnings) and Voltbek at Rs22 (2x of investments) arriving at an SoTP-based target price of Rs590 (earlier: Rs526).

**Chart 1: 1-year forward P/E chart**



Source: Bloomberg, I-Sec research

**Table 1: SoTP valuation**

	Holding	Method	Investment	FY22E	Multiple	Total Value	Holding value	Value Per Share
Voltas		FY22E PER		6,201	30.4	1,88,375	1,88,375	568
Voltbek JV	49%	P/BV	7400		2	14,800	7,252	22
<b>Target Price</b>								<b>590</b>

Source: Company data, I-Sec research

**Table 2: Valuation multiple for FY22E**

	EBIT contribution (%) (A)	APAT FY22E (B)	APAT Contribution (Rs mn) (AxB=C)	Multiple (D)	Value (Rs mn) (CxD=E)	Consolidated Multiple (E/B)
Electro-Mechanical Project	25.9		1,609	13	20,913	
Engg Products & Services	13.1		811	20	16,213	
Unitary Cooling Products	61.0		3,781	40	1,51,249	
<b>Total</b>		<b>6,201</b>	<b>6,201</b>		<b>1,88,375</b>	<b>30.4</b>

Source: Company data, I-Sec research

Note: We have arrived at PAT contribution from each of the segments by assigning them weightages same as their respective contribution to total EBIT. Further, we value each segment on the basis of earnings multiple assigned to each segment individually, to arrive at a combined valuation of Rs188bn. This, at FY22E earnings of Rs6.2bn, leads to a target multiple of 30.4x FY22E.

## Annual report highlights

### Voltbek highlights

The company commissioned manufacturing facility in Sanand, Gujarat for Voltbek (JV between Voltas and Arçelik). Spread across 60 acres with an annual production capacity of 1mn units (target of 2.5mn units by 2025), the facility aims to make India an export hub for neighbouring countries.

Voltas Beko has ventured into direct cool refrigerators (DCR) segment, which accounts for around 80% of refrigerator market by volume. In FY20, Beko product range witnessed introduction of 52 models across all product categories and in FY21 it plans to launch 21 models in frost-free refrigerator category.

As of FY20, Beko has achieved a market share of ~2% in washing machine and refrigerator category and plans to target 10% share across represented categories by 2025.

**Table 3: Voltbek financials**

(Rs mn)	FY19	FY20
Revenues	994	2,902
Growth YoY (%)		192
EBITDA	(1,023)	(1,445)
<b>Profit / (Loss) for the year</b>	<b>(987)</b>	<b>(1,465)</b>
Cash and cash equivalents	538	150
Other assets	1,917	2,436
Trade payables	819	914
Other liabilities	530	1,639
<b>Net current Assets</b>	<b>1,106</b>	<b>33</b>
Non-current assets	1,841	4,490
Non current Liabilities	16	237
<b>Net non-current assets</b>	<b>1,824</b>	<b>4,253</b>
Net worth	2,930	4,285
Stake (%)	49%	49%
Carrying value of Invested stake (49%)	1,436	2,100
Investment made in the year	1,180	1,383
<b>Total Investments made</b>	<b>1,969</b>	<b>3,352</b>

Source: Company data, I-Sec research

### Room AC highlights

On distribution front, as of FY20 end, the company has its retail footprint with ~130 exclusive brand shops (EBOs) and 19,000 consumer touchpoints. It is focusing on expanding footprint through more EBOs across tier 2 & 3 cities.

It has 40% share of room AC sales in e-commerce space, the largest amongst its peers, and has Amazon, Flipkart and Tata Cliq as its e-commerce trade partners.

**The company recorded 42% growth in volume for H1FY20 and 30% growth for FY20. UCP segment sold ~1.45mn room ACs with inverter AC volumes, contributing ~52% of the overall AC sales. Room AC market share for the company increased 50bps YoY to 24.2% in FY20.**

While air coolers volume in FY20 grew 63% YoY, commercial refrigeration volumes grew 17% YoY in FY20 supported by a focus on OEM businesses and expansion of distribution channel. Overall for FY20, the company launched 287 SKUs.

**Table 4: New products launched in FY20**

Category	Highlights	Features
ACs	"Maha-Adjustable Inverter ACs" which provides multiple tonnage option (1ton/1.5 ton/2 ton)	<ul style="list-style-type: none"> <li>• Superdry Mode: Controls humidity levels in the room by quick dehumidification</li> <li>• Stabiliser-Free Operations: Protects the AC from voltage fluctuations</li> <li>• High Ambient Cooling: Keeps user comfortable even at 52°C</li> </ul>
Air Cooler	"Fresh Air Coolers" which have humidity controller and turbo air throw, launched under various subcategories of Personal, Window, Tower, and Desert Air Coolers	<ul style="list-style-type: none"> <li>• Smart Humidity Controller: Optimises humidity in the air</li> <li>• Pre-Soaking: Pre-cools the Honeycomb pads before starting the fan, releasing and fresh air</li> <li>• Honeycomb Cooling Pads: More durable, and provides uniform cooling without letting dirt and sediment deposit</li> </ul>
Commercial Refrigeration Equipment	New models launched in FY20 included	<ul style="list-style-type: none"> <li>• Convertible models with Galvanised Iron inner sheet</li> <li>• Full glass door visicoolers</li> <li>• Glass top models with LED</li> <li>• Table top chocolate coolers</li> <li>• FOW (Freezer on Wheels) models</li> <li>• Condensing units for supermarket equipment</li> </ul>
Water Dispenser	Launched RO option in Table top and floor standing models	<ul style="list-style-type: none"> <li>• Hot, normal and cold-water functionality</li> <li>• LED indicator</li> <li>• Ease of use</li> </ul>
Water Cooler	Eco-friendly category of water cooler were launched with features like	<ul style="list-style-type: none"> <li>• ISI mark and inbuilt RO+UV solutions</li> <li>• Cooling retention</li> <li>• Green refrigerant</li> <li>• Faster cooling Aesthetic and compact design</li> <li>• 5-stage filtration advantage</li> </ul>
Washing Machine	5-Star rated Washing Machines	<ul style="list-style-type: none"> <li>• <i>Prosmart Inverter</i> Motor: Enhances washing performance while consuming less energy, brushless motor provides low friction</li> <li>• Home Whiz: Internet-enabled machine which lets user connect and operate the washing machine from smart phone</li> <li>• Stain Expert Function: Helps remove 26 types of stains</li> </ul>
Refrigerator	"StoreFresh+" technology series	<ul style="list-style-type: none"> <li>• <i>Neofrost Dual Cooling Technology</i>: Maintains same temperature right from top to bottom of the crisper, ensuring no mixing of odors between compartments</li> <li>• Active Fresh Blue Light Technology: Simulates natural lighting conditions, keeps food fresh</li> </ul>

Source: Company data, I-Sec research

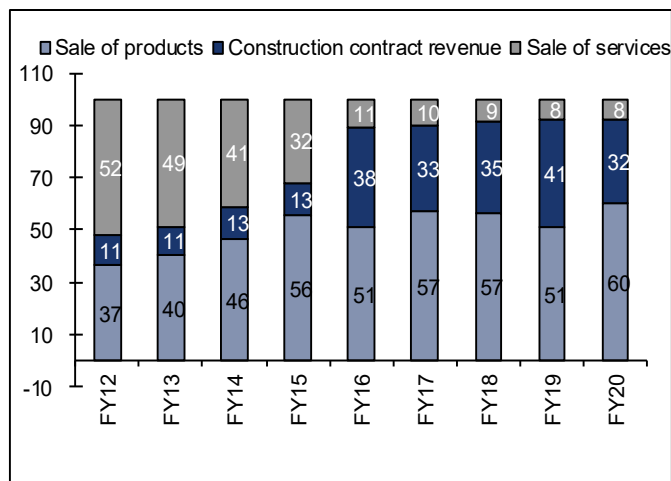
Revenue from sale of products grew 28% YoY to Rs46bn, while revenue from construction contracts declined 17% YoY to Rs24.3bn and sale of services grew 8.4% YoY to Rs6bn. Consequently, products, project construction and services constituted 60%, 32% and 8% of total sales, respectively.

**Table 5: Breakup of revenue**

(Rs mn)	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Sale of products	19,013	22,500	24,546	28,722	29,224	34,559	36,177	35,986	45,990
Growth YoY (%)		18.34	9.09	17.01	1.75	18.26	4.68	-0.53	27.80
as % of sales	36.5	40.4	46.5	55.6	51.1	57.3	56.7	50.8	60.3
Construction contract revenue	5,932	6,105	6,637	6,476	21,734	19,608	22,112	29,368	24,327
Growth YoY (%)		2.91	8.71	-2.43	235.62	-9.78	12.77	32.81	-17.17
as % of sales	11.4	11.0	12.6	12.5	38.0	32.5	34.7	41.5	31.9
Sale of services	27,137	27,061	21,622	16,462	6,241	6,161	5,514	5,492	5,955
Growth YoY (%)		-0.28	-20.10	-23.86	-62.09	-1.28	-10.51	-0.39	8.42
as % of sales	52.1	48.6	40.9	31.9	10.9	10.2	8.6	7.8	7.8
<b>Net Sales</b>	<b>52,083</b>	<b>55,666</b>	<b>52,805</b>	<b>51,660</b>	<b>57,198</b>	<b>60,328</b>	<b>63,803</b>	<b>70,846</b>	<b>76,272</b>

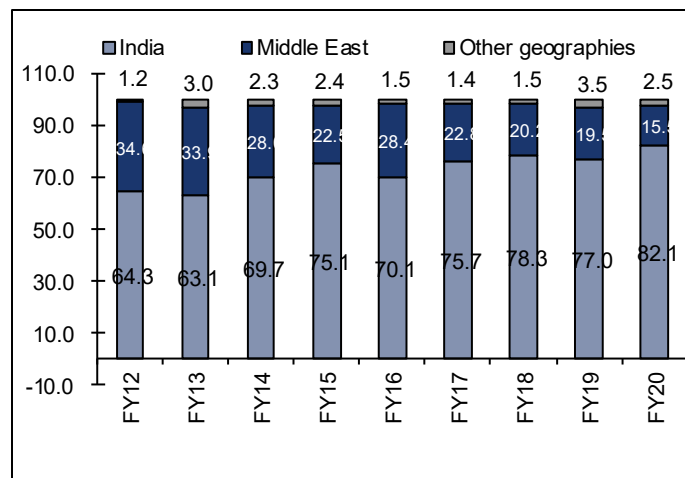
Source: Company data, I-Sec research

**Chart 2: Revenue contribution from products, services and construction contracts**



Source: Company data, I-Sec research

**Chart 3: Geography-wise revenue contribution**



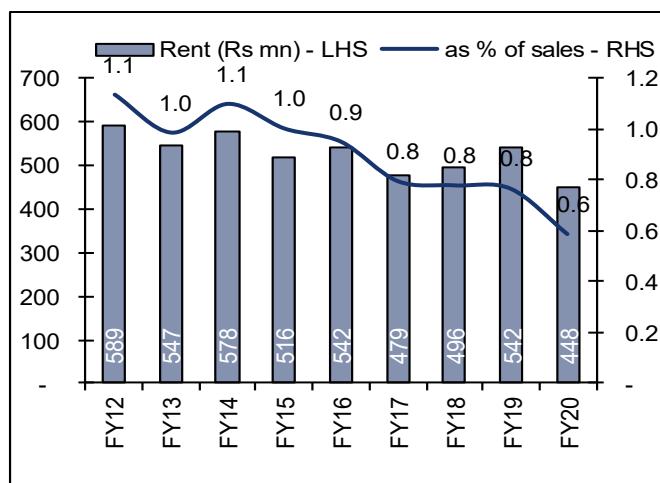
**Table 6: Breakup of revenue – geography wise**

(Rs bn)	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
India	33.3	34.8	36.6	38.6	40.1	45.7	50.0	54.5	62.6
Middle East revenues	17.9	18.7	14.7	11.6	16.2	13.8	12.9	13.8	11.8
Other geographies	0.6	1.6	1.2	1.2	0.9	0.9	1.0	2.5	1.9

Source: Company data, I-Sec research

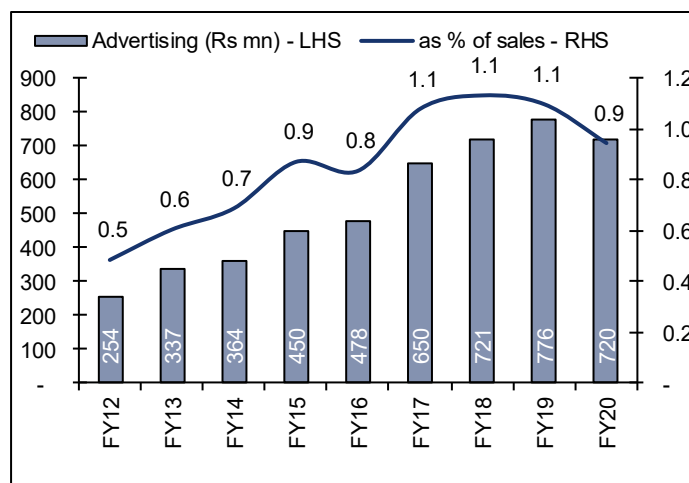
Other expense for FY20 increased 22% YoY to Rs7.5bn. This was largely led by freight and forwarding charges which increased 65% YoY to Rs1bn and rise in bad and doubtful debts, which inched from (Rs112mn) in FY19 to Rs736mn in FY20.

**Chart 4: Rent decreased 17% YoY to Rs448mn in FY20**



Source: Company data, I-Sec research

**Chart 5: Advertising expenses declined 7% YoY to Rs720mn**



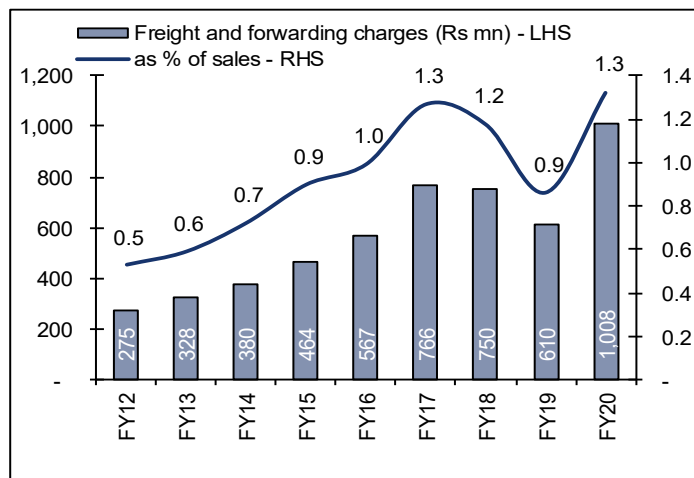
**Table 7: Freight and forwarding charges trend**

(Rs mn)	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Freight and forwarding charges	275	328	380	464	567	766	750	610	1,008
Growth YoY (%)		19.3	16.1	21.9	22.3	35.0	-2.0	-18.7	65.4
as % of sales - RHS	0.5	0.6	0.7	0.9	1.0	1.3	1.2	0.9	1.3

Source: Company data, I-Sec research

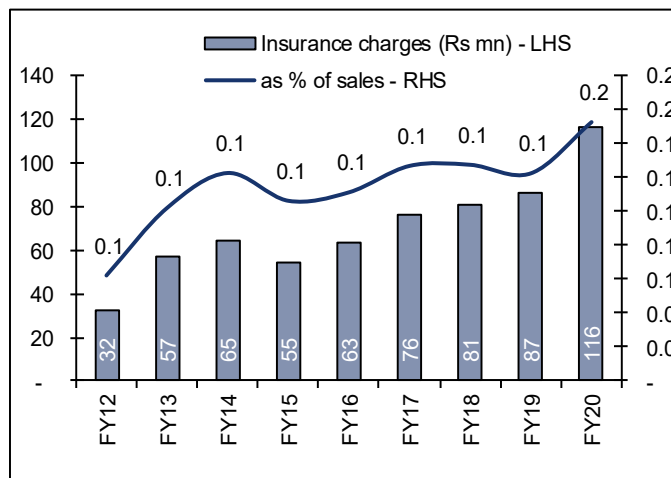
Other items that witnessed noticeable variation in 'other expenses' included: 1) Outside service charges which increased 37% YoY to Rs1bn, 2) rent expense which declined 17% YoY to Rs448mn and 3) clearing charges which increased 20% YoY to Rs758mn.

**Chart 6: Freight and forwarding charges increased 65% YoY to Rs1bn in FY20**

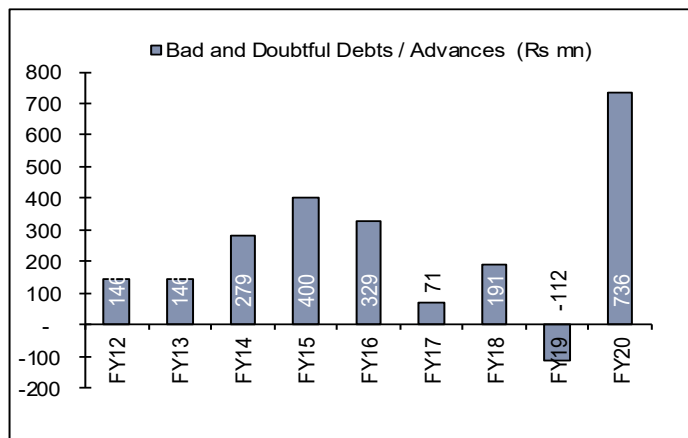


Source: Company data, I-Sec research

**Chart 7: Insurance charges increased 34% YoY to Rs116mn**



**Chart 8: Bad debts and doubtful advances increase during FY20**



Source: Company data, I-Sec research

Bad and doubtful debts increased during FY20 as expected credit loss for contract assets and trade receivables increased to Rs743mn from (Rs100mn).

Contingent liabilities increased to Rs6.7bn in FY20 from Rs5.8bn in FY19, largely due to increase in guarantees for terminated contract, which grew 9% YoY to Rs3.5bn.

**Table 8: Net working capital trend**

(Rs mn)

	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
<b>NWC Days</b>	<b>53</b>	<b>53</b>	<b>43</b>	<b>38</b>	<b>35</b>	<b>40</b>	<b>58</b>	<b>59</b>	<b>66</b>	<b>53</b>
Inventory days	65	63	62	46	55	47	56	70	66	58
Receivable days	96	103	95	87	88	90	93	87	95	91
Other current asset days	49	51	54	71	62	82	61	69	69	66
Payable days	119	119	118	120	132	138	133	141	131	131
Other current liabilities days	45	52	56	44	35	49	26	36	29	29

Source: Company Data, I-Sec research

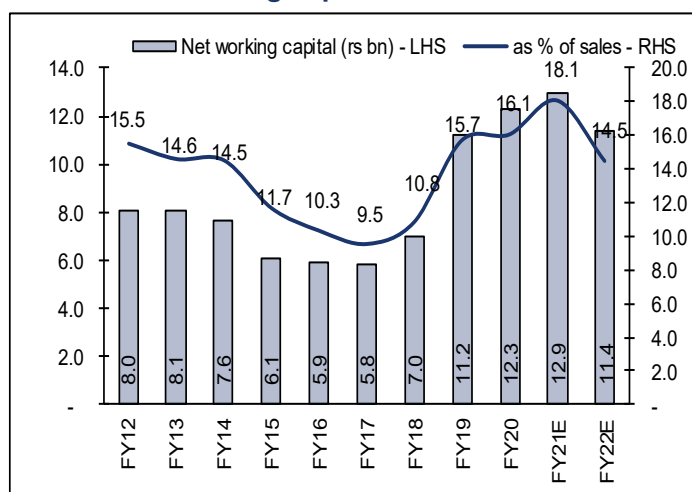
Working capital days for FY20 remained largely at similar levels as FY19 as the increase in inventories from Rs10.9bn in FY19 to Rs14.7bn was offset by increase in payables, which grew from Rs23.7bn in FY19 to Rs26.9 in FY20 and increase in advances received from customers, which increased from Rs2.5bn in FY19 to Rs3.5bn.

**Table 9: Management remuneration in FY20 stood largely flat**

(Rs mn)	FY16	FY17	FY18	FY19	FY20
Mr. Sanjay Johri (MD up to Feb'18)	34.8	40.8	79.9	-	-
Mr. Pradeep Bakshi MD (wef Sep'17)	-	-	9.8	45.1	52.2
Mr. Anil George Deputy MD / CFO	19.8	23.1	29.1	39.9	46.5
Mr. Abhijit Gajendragadkar, (CFO up to Jun'19)	-	-	11.8	16.7	3.6
Mr. V. P. Malhotra (Company Secretary)	-	7.3	11.4	13.9	15.2
<b>Total</b>	<b>54.6</b>	<b>71.1</b>	<b>142.0</b>	<b>115.6</b>	<b>117.6</b>

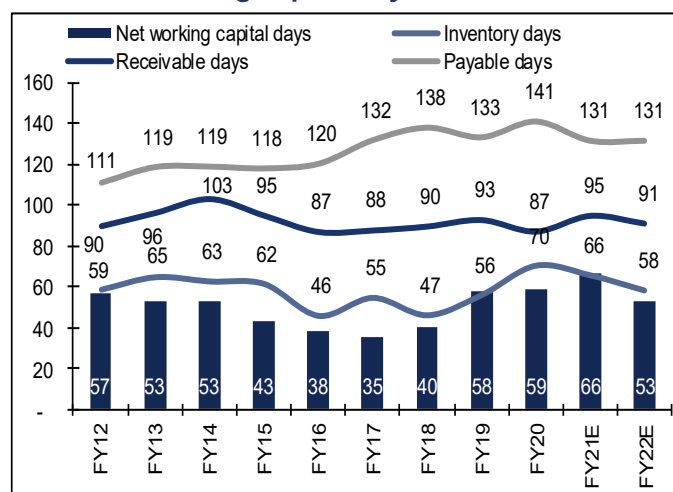
Source: Company Data, I-Sec research

**Chart 9: Net working capital increase to 16% of sales**



Source: Company data, I-Sec research

**Chart 10: Working capital days trend**

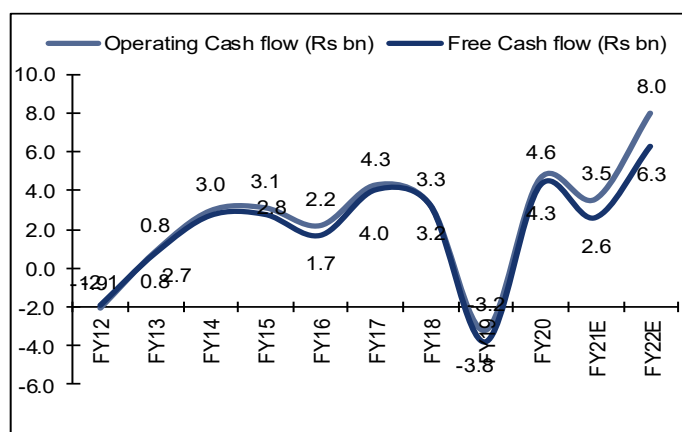


**Table 10: Cashflow from operations improved to Rs4.6bn in FY20**

(Rs bn)	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
Operating Cash Flow	0.8	3.0	3.1	2.2	4.3	3.3	-3.2	4.6	3.5	8.0
Free Cash Flow	0.8	2.7	2.8	1.7	4.0	3.2	-3.8	4.3	2.6	6.3

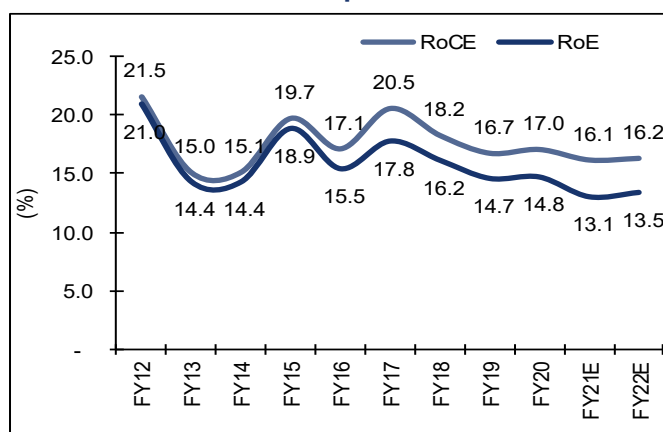
Source: Company Data, I-Sec research

**Chart 11: OCF and FCF trend**



Source: Company data, I-Sec research

**Chart 12: RoCE and RoE profile**



**Table 11: Subsidiary - Universal Voltas L.L.C. financials**

(Rs mn)	FY18	FY19	FY20
Revenue	2,544	3,176	2,587
Total operating expenses	2,335	3,035	2,400
EBITDA	209	141	187
EBITDA margins	8.2	4.4	7.2
Depreciation and amortisation	8	8	8
EBIT	201	133	179
Interest income	3	3	2
<b>Profit / (Loss) for the year</b>	<b>204</b>	<b>136</b>	<b>181</b>

Source: Company data, I-Sec research

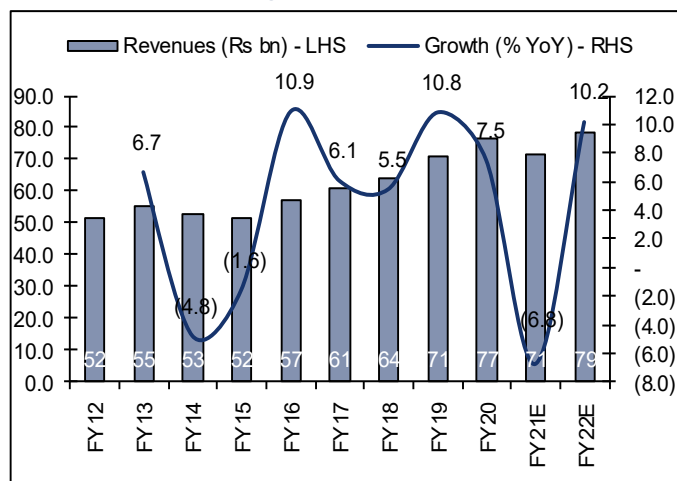
**Table 12: Key assumptions**

(Rs mn)	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
<b>Revenue</b>								
Electro - Mechanical Projects and Services	22,085	28,288	26,550	28,452	36,191	32,461	29,864	32,851
Growth (%)	(18.0)	28.1	(6.1)	7.2	27.2	(10.3)	(8.0)	10.0
Engineering Products and Services	3,601	3,706	3,318	3,099	3,117	3,317	3,416	3,587
Growth (%)	(19.7)	2.9	(10.5)	(6.6)	0.6	6.4	3.0	5.0
Unitary Cooling Products	25,105	25,210	30,469	32,261	31,556	40,737	37,765	41,826
Growth (%)	22.3	0.4	20.9	5.9	(2.2)	29.1	(7.3)	10.8
<b>EBIT</b>								
Electro - Mechanical Projects and Services	228	550	849	1,854	2,773	1,704	1,493	2,135
Engineering Products and Services	1,081	1,127	956	992	1,051	993	1,025	1,076
Unitary Cooling Products	3,491	3,381	4,403	4,749	3,254	5,121	4,532	5,019
<b>EBIT Margin (%)</b>								
Electro-Mechanical Projects and Services	1.0	1.9	3.2	6.5	7.7	5.2	5.0	6.5
Engineering Products and Services	30.0	30.4	28.8	32.0	33.7	29.9	30.0	30.0
Unitary Cooling Products	13.9	13.4	14.5	14.7	10.3	12.6	12.0	12.0
Orderbook	38,930	39,140	43,210	50,620	49,760	77,880	68,921	68,921
Growth (%)	7.8	0.5	10.4	17.1	(1.7)	56.5	(11.5)	0.0
Order Inflow	24,895	28,498	30,620	35,655	35,964	60,581	20,905	32,851
Growth (%)	(3.7)	14.5	7.4	16.4	0.9	68.5	(65.5)	57.1

Source: Company data, I-Sec research

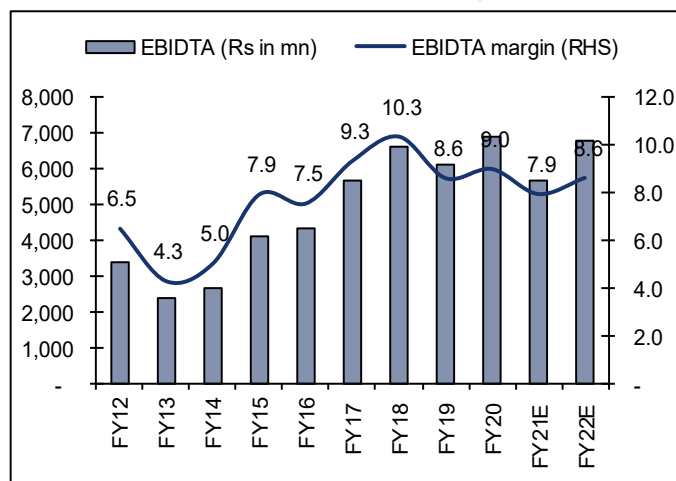


**Chart 13: Revenue growth trend**

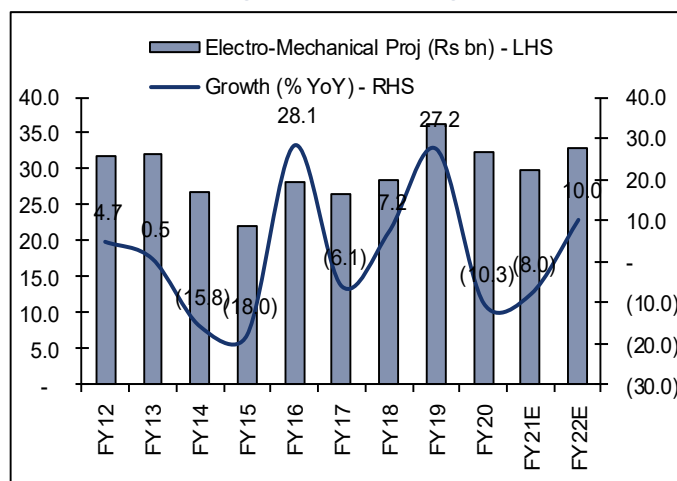


Source: Company data, I-Sec research

**Chart 14: EBITDA and EBITDA margin profile**

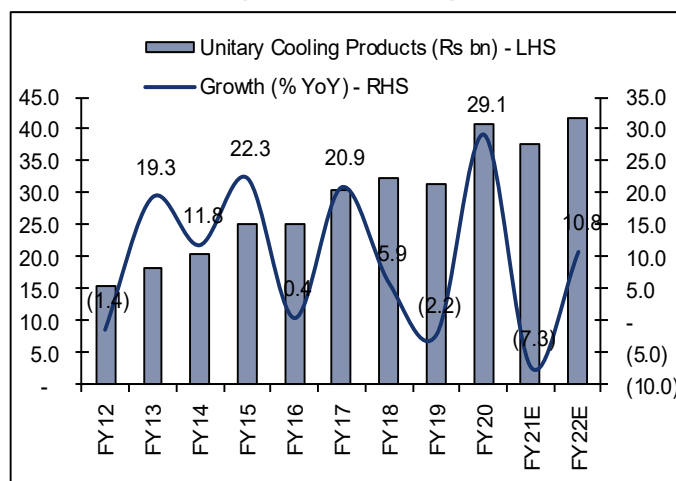


**Chart 15: EMP segment revenue growth trend**

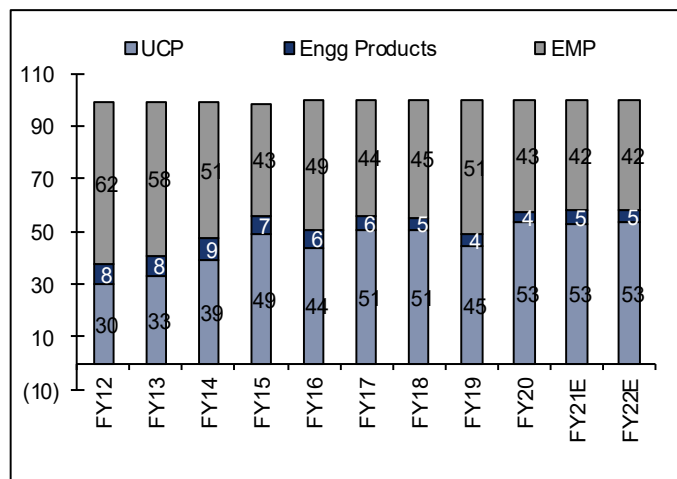


Source: Company data, I-Sec research

**Chart 16: UCP segment revenue growth trend**

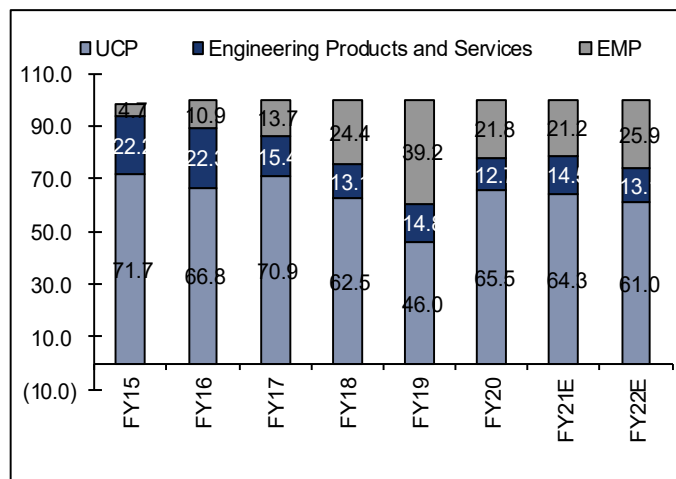


**Chart 17: Segment-wise revenue contributions (%)**



Source: Company data, I-Sec research

**Chart 18: Segment-wise EBIT contributions (%)**



## Financial summary (consolidated)

Table 13: Profit &amp; loss statement

(Rs mn, year ending March 31)

	FY19	FY20	FY21E	FY22E
<b>Total Income</b>	<b>71,241</b>	<b>76,581</b>	<b>71,401</b>	<b>78,655</b>
<b>Operating Expenses</b>	65,124	69,714	65,155	71,234
<b>EBITDA</b>	<b>6,117</b>	<b>6,866</b>	<b>6,246</b>	<b>7,421</b>
% margins	8.6	9.0	8.7	9.4
Depreciation & Amortisation	240	320	396	540
<b>EBIT</b>	<b>5,877</b>	<b>6,547</b>	<b>5,850</b>	<b>6,880</b>
Gross Interest	330	211	150	150
Other Income	1,863	2,306	2,000	2,000
<b>PBT before exceptionals</b>	<b>6,892</b>	<b>7,955</b>	<b>7,200</b>	<b>8,380</b>
Add:				
Extraordinaries/Exceptionals	(118)	(512)	-	-
Add: Share in associates	(518)	(687)	(500)	(350)
<b>PBT</b>	<b>6,774</b>	<b>7,443</b>	<b>7,200</b>	<b>8,380</b>
Less: Taxes	1,635	2,233	1,814	2,112
Less: Minority Interests	60	39	68	68
<b>Net Income (Reported)</b>	<b>5,079</b>	<b>5,172</b>	<b>5,317</b>	<b>6,201</b>
<b>Adjusted Net Income</b>	<b>5,197</b>	<b>5,684</b>	<b>5,317</b>	<b>6,201</b>

Source: Company data, I-Sec research

Table 14: Balance sheet

(Rs mn, year ending March 31)

	FY19	FY20	FY21E	FY22E
<b>Assets</b>				
Total Current Assets	56,472	55,784	54,442	59,747
of which cash & cash eqv.	15,568	8,288	9,660	13,545
Total Current Liabilities & Provisions	30,560	36,201	32,755	35,829
<b>Net Current Assets</b>	<b>25,912</b>	<b>19,583</b>	<b>21,687</b>	<b>23,918</b>
Investments	11,502	18,229	19,140	20,097
Other Non-Current Assets	4,122	4,064	4,558	5,124
<b>Net Fixed Assets</b>	<b>2,401</b>	<b>2,760</b>	<b>3,314</b>	<b>4,504</b>
Goodwill	723	723	723	723
<b>Total Assets</b>	<b>44,660</b>	<b>45,360</b>	<b>49,422</b>	<b>54,367</b>
<b>Liabilities</b>				
Borrowings	3,147	2,179	2,179	2,179
Deferred Tax Liability	66	14	14	14
Minority Interest	348	365	365	365
Equity Share Capital	331	331	331	331
Face Value per share (Rs)	1.00	1.00	1.00	1.00
Reserves & Surplus	40,769	42,471	46,533	51,478
<b>Net Worth</b>	<b>41,100</b>	<b>42,802</b>	<b>46,864</b>	<b>51,809</b>
<b>Total Liabilities</b>	<b>44,660</b>	<b>45,360</b>	<b>49,422</b>	<b>54,367</b>

Source: Company data, I-Sec research

Table 15: Cashflow statement

(Rs mn, year ending March 31)

	FY19	FY20	FY21E	FY22E
<b>Operating Cashflow</b>	<b>4,428</b>	<b>5,494</b>	<b>5,932</b>	<b>6,959</b>
Working Capital Changes	(4,249)	(1,017)	(2,055)	1,653
Capital Commitments	(559)	(359)	(950)	(1,730)
<b>Free Cashflow</b>	<b>(380)</b>	<b>4,118</b>	<b>2,927</b>	<b>6,882</b>
<b>Cashflow from Investing Activities</b>	<b>11,575</b>	<b>(9,281)</b>	<b>(1,405)</b>	<b>(1,523)</b>
Issue of Share Capital	-	-	-	-
Buyback of shares	-	-	-	-
Inc (Dec) in Borrowings	1,724	(968)	-	-
Interest paid	(330)	(211)	(150)	(150)
Dividend paid	(1,596)	(1,596)	-	(1,324)
<b>Extraordinary Items/Others</b>	<b>(3,139)</b>	<b>658</b>	<b>0</b>	<b>0</b>
<b>Chg. in Cash &amp; Bank balance</b>	<b>7,855</b>	<b>(7,280)</b>	<b>1,372</b>	<b>3,885</b>

Source: Company data, I-Sec research

Table 16: Key ratios

(Year ending March 31)

	FY19	FY20	FY21E	FY22E
<b>Per Share Data (in Rs.)</b>				
Diluted adjusted EPS	15.7	17.2	16.1	18.7
Recurring Cash EPS	16.4	18.1	17.3	20.4
Dividend per share (DPS)	4.0	4.0	4.0	4.0
Book Value per share (BV)	125.3	130.5	142.7	157.7
<b>Growth Ratios (%)</b>				
Operating Income	10.8	7.5	(6.8)	10.2
EBITDA	(7.7)	12.3	(9.0)	18.8
Recurring Net Income	(9.1)	9.4	(6.4)	16.6
Diluted adjusted EPS	(9.1)	9.4	(6.4)	16.6
Diluted Recurring CEPS	(8.8)	10.4	(4.8)	18.0
<b>Valuation Ratios</b>				
P/E	38.2	34.9	37.3	32.0
P/CEPS	36.5	33.1	34.7	29.5
P/BV	4.8	4.6	4.2	3.8
EV / EBITDA	30.4	28.0	30.6	25.2
EV / Operating Income	2.6	2.5	2.7	2.4
EV / Operating FCF (pre - Capex)	1,039.1	43.0	49.3	21.7
<b>Operating Ratios</b>				
Raw Material/Sales (%)	73.9	72.5	73.6	74.1
SG&A/Sales (%)	3.8	3.9	0.0	0.0
Other Income / PBT (%)	27.5	31.0	27.8	23.9
Effective Tax Rate (%)	23.7	28.1	25.2	25.2
NWC / Total Assets (%)	23.2	24.9	24.3	19.1
Inventory Turnover (days)	49.0	61.2	70.6	59.0
Receivables (days)	86.9	86.9	94.4	88.7
Payables (days)	127.5	132.6	141.0	125.8
Net D/E Ratio (x)	(0.3)	(0.1)	(0.2)	(0.2)
<b>Return/Profitability Ratios (%)</b>				
Recurring Net Income Margins	7.3	7.5	7.5	7.9
RoCE	16.7	17.0	15.2	15.3
RoNW	14.7	14.8	13.1	13.5
Dividend Payout Ratio	31.4	30.9	24.9	21.3
Dividend Yield	0.7	0.7	0.7	0.7
EBITDA Margins	8.6	9.0	8.7	9.4

Source: Company data, I-Sec research

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