

Estimate change	
TP change	
Rating change	

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Bloomberg	VOLT IN
Equity Shares (m)	331
M.Cap.(INRb)/(USDb)	208 / 2.7
52-Week Range (INR)	741 / 428
1, 6, 12 Rel. Per (%)	6/-2/3
12M Avg Val (INR M)	1116

#### Financials & Valuations (INR b)

Y/E Mar	2020	2021E	2022E
Sales	76.6	66.5	88.0
EBITDA	6.9	4.6	7.6
PAT	5.5	3.9	6.1
EBITDA (%)	9.0	6.9	8.6
EPS (INR)	16.7	11.9	18.5
EPS Gr. (%)	6.5	(29.2)	56.2
BV/Sh. (INR)	129.4	137.7	150.6
<b>Ratios</b>			
Net D/E	(0.0)	0.0	(0.1)
ROE (%)	12.9	8.6	12.3
RoCE (%)	14.1	9.7	13.9
Payout (%)	31.5	30.0	30.0
<b>Valuations</b>			
P/E (x)	37.6	53.1	34.0
P/BV (x)	4.9	4.6	4.2
EV/EBITDA (x)	30.2	45.5	27.1
Div Yield (%)	0.7	0.5	0.7
FCF Yield (%)	2.0	0.3	3.4

#### Shareholding pattern (%)

As On	Jun-20	Mar-20	Jun-19
Promoter	30.3	30.3	30.3
DII	39.3	40.0	36.3
FII	10.7	9.9	13.0
Others	19.7	19.8	20.4

FII Includes depository receipts

**CMP: INR629**
**TP: INR700 (+11%)**
**Buy**

#### Market share gains and margin surprise in UCP stamp franchise strength

##### Expect Volta to mitigate risk in Projects business as well

- Volta's UCP (Unitary Cooling Product) segment performed better than peers. Revenue decline for the segment was limited to 60% (v/s ~70% for peers), and it surprised with margin expansion of 240bps YoY. Inventory remains high, with company-level inventory at 140 days and channel-level inventory at 40–45 days. We continue to expect inventory normalization by Dec'20-end only. Volta gained further market share in the RAC (Room Air Conditioner) business and emerged as market leader in the Inverter category as well.
- We are not too concerned about inventory and believe that Volta deserves the benefit of doubt due to COVID-19-led demand disruption in a seasonal product. However, we do see some risks emerging in the Projects business. OB is up 61% YoY to INR76.6b, of which 38% is in the international markets (largely the Middle East). We expect Volta to have a better risk mitigation strategy in place on account of having further insight due to its past experience over FY13–16.
- We cut our FY22 EBITDA estimates by 5% as we lower our margin estimate in the Projects business to model-in some conservatism. We increase our multiple for the UCP segment to 40x from 35x earlier on its relative outperformance v/s white goods companies. Volta remains our preferred play in the underpenetrated AC industry in India. Maintain Buy, with TP of INR700 (prior: INR600) as we roll over to Sep'22E.

#### UCP margin surprise a positive; market share gains welcome

- 1QFY21:** Revenue was down 51% to INR13b, while EBITDA plunged 77% to INR668m. EBITDA was **6% ahead of our expectation**. The EBITDA margin came in at 5.1% (v/s 11% last year). Other income increased to INR674m (+56% YoY). Thus, adj. PAT came in at INR812m (-58% YoY) and was 79% ahead of our expectation of INR455m.
- Segmental highlights:** **(a) EMP:** Revenue declined 37% YoY and was in line with our expectation. The EBIT margin stood at -7.6%. **(b) UCP:** Revenue declined 60% YoY and was 12% below our expectation. The EBIT margin surprised at 15.5% (v/s 13.1% YoY). Volta continues to be the market leader and has sustained its No.1 position in the RAC business, with YTD market share of 26.2%. It has also maintained a leadership position in Inverter ACs.

#### Key takeaways from management commentary

- Inventory remains high:** Company-level inventory stood at 140 days, while that in the channel stood at 40–45 days.
- UCP margins unsustainable:** The margin surprise is attributable to a better product mix (higher proportion of inverter AC sales), the curtailment of AC spends (aiding 3% of sales), and the benefit of low commodity prices.
- Key highlights in EMP segment:** Due to weakness in the overall market, order inflows declined by 46% YoY to INR3.7b. The order book stood at INR76.6b (domestic: INR47.6b; international: INR29b). Within the domestic segment, the breakup of the order book was: MEP – INR27b, Electric – INR7.3b, Water – INR10.7b, and Solar – INR1.5b.
- Volt-Bek:** ~130 exclusive brand outlets (EBOs) sell Volta and Volt-Bek products. The response for DC refrigerators has been encouraging, with the company accelerating its production post Unlock 1.0 owing to higher demand from the channel.

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

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### Valuation and view

We expect system-level inventory to normalize by Nov–Dec'20; hence, FY22E should turn out to be a normal year. We cut our FY22 EBITDA estimates by 5% as we lower our margin estimate in the Projects business to model-in some conservatism. We increase our multiple for the UCP segment to 40x from 35x earlier owing to its relative outperformance v/s white goods companies. Volta remains our preferred play in the underpenetrated AC industry in India. Maintain Buy, with TP of INR700 (prior: INR600) as we roll over to Sep'22E.

### Quarterly Performance

Y/E March	(INR m)								FY20	FY21E	FY21	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Sales</b>	<b>26,540</b>	<b>14,219</b>	<b>14,925</b>	<b>20,896</b>	<b>12,969</b>	<b>13,265</b>	<b>15,865</b>	<b>24,401</b>	<b>76,581</b>	<b>66,500</b>	<b>13,615</b>	<b>-5%</b>
Change (%)	23.6	0.0	0.0	1.3	-51.1	-6.7	6.3	16.8	7.5	-13.2	-48.7	
<b>EBITDA</b>	<b>2,912</b>	<b>1,059</b>	<b>976</b>	<b>1,920</b>	<b>668</b>	<b>639</b>	<b>881</b>	<b>2,400</b>	<b>6,867</b>	<b>4,588</b>	<b>628</b>	<b>6%</b>
Change (%)	19.7	-2.5	-15.7	33.1	-77.1	-39.6	-9.7	25.0	12.3	-33.2	-78.4	
As of % Sales	11.0	7.4	6.5	9.2	5.1	4.8	5.6	9.8	9.0	6.9	4.6	
Depreciation	77	80	80	82	82	90	90	91	320	353	90	
Interest	44	49	57	61	67	70	70	73	211	280	50	
Other Income	433	726	543	605	674	500	500	526	2,306	2,200	400	
Extra-ordinary Items	-301	-43	0	-20	0	0	0	0	-364	0	0	
<b>PBT</b>	<b>2,923</b>	<b>1,612</b>	<b>1,381</b>	<b>2,362</b>	<b>1,192</b>	<b>979</b>	<b>1,221</b>	<b>2,762</b>	<b>8,278</b>	<b>6,155</b>	<b>888</b>	<b>34%</b>
Tax	1,046	448	314	572	258	246	307	738	2,380	1,549	224	
Effective Tax Rate (%)	32.4	27.1	22.7	24.0	21.6	25.2	25.2	26.7	27.5	25.2	25.2	
Share of profit of associates/JV's	(225)	(100)	(198)	(203)	(123)	(160)	(160)	(241)	(726)	(684)	(210)	
<b>Reported PAT</b>	<b>1,652</b>	<b>1,064</b>	<b>869</b>	<b>1,587</b>	<b>812</b>	<b>573</b>	<b>754</b>	<b>1,784</b>	<b>5,172</b>	<b>3,922</b>	<b>455</b>	<b>79%</b>
Change (%)	-10.2	2.9	7.4	13.6	-50.9	-46.2	-13.3	12.4	1.8	-24.2	-72.5	
<b>Adj PAT</b>	<b>1,953</b>	<b>1,107</b>	<b>869</b>	<b>1,607</b>	<b>812</b>	<b>573</b>	<b>754</b>	<b>1,784</b>	<b>5,536</b>	<b>3,922</b>	<b>455</b>	<b>79%</b>
Change (%)	6.2	7.0	-6.2	15.1	-58.4	-48.3	-13.3	11.0	6.5	-29.2	-76.7	

**Exhibit 1: Operating matrix**

INR M	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
<b>Order Book</b>	<b>38,930</b>	<b>39,140</b>	<b>43,210</b>	<b>50,620</b>	<b>49,760</b>	<b>77,880</b>	<b>67,880</b>	<b>62,880</b>
YoY	7.8%	0.5%	10.4%	17.1%	-1.7%	56.5%	-12.8%	-7.4%
<b>Order Inflows</b>	<b>22,380</b>	<b>22,500</b>	<b>27,850</b>	<b>34,440</b>	<b>35,129</b>	<b>61,270</b>	<b>20,000</b>	<b>35,000</b>
<b>Segmental Revenues</b>								
Electro mechanical projects	22,085	28,288	26,550	28,450	36,191	32,461	30,000	40,000
Engineering Products	3,601	3,706	3,318	3,099	3,117	3,317	3,000	3,000
Unitary Cooling products	25,105	25,209	30,469	32,260	31,555	40,737	33,500	45,000
Others	1,040	-6	-9	235	378	66	0	0
<b>Total Revenues</b>	<b>51,831</b>	<b>57,198</b>	<b>60,328</b>	<b>64,044</b>	<b>71,241</b>	<b>76,581</b>	<b>66,500</b>	<b>88,000</b>
EMP, % YoY	-18.0%	28.1%	-6.1%	7.2%	27.2%	-10.3%	-7.6%	33.3%
Engg Products, % YoY	-19.7%	2.9%	-10.5%	-6.6%	0.6%	6.4%	-9.5%	0.0%
UCP, % YoY	22.3%	0.4%	20.9%	5.9%	-2.2%	29.1%	-17.8%	34.3%
<b>Segmental PBIT</b>								
Electromechanical projects	231	550	849	1,854	2,773	1,704	300	2,000
Engineering Products	1,081	1,127	956	992	1,051	993	960	930
Unitary Cooling products	3,491	3,381	4,403	4,749	3,254	5,121	4,188	5,400
<b>Total PBIT</b>	<b>4,874</b>	<b>5,058</b>	<b>6,208</b>	<b>7,595</b>	<b>7,077</b>	<b>7,817</b>	<b>5,448</b>	<b>8,330</b>
<b>Segmental PBIT, %</b>								
Electromechanical projects	1.0	1.9	3.2	6.5	7.7	5.2	1.0	5.0
Engineering Products	30.0	30.4	28.8	32.0	33.7	29.9	32.0	31.0
Unitary Cooling products	13.9	13.4	14.5	14.7	10.3	12.6	12.5	12.0
<b>Total PBIT</b>	<b>9.4</b>	<b>8.8</b>	<b>10.3</b>	<b>11.9</b>	<b>9.9</b>	<b>10.2</b>	<b>8.2</b>	<b>9.5</b>
EPS (INR/sh)	10.2	10.8	15.6	17.3	15.7	16.7	11.9	18.5
NWC (Days)	40.7	40.8	35.5	42.0	66.3	67.0	97.7	71.1
<b>EPS Composition (INR/sh)</b>	<b>10.2</b>	<b>10.8</b>	<b>15.6</b>	<b>17.3</b>	<b>15.7</b>	<b>16.7</b>	<b>11.9</b>	<b>18.5</b>
Electromechanical projects	-0.1	0.8	3.6	4.3	7.7	5.0	2.2	6.4
Engineering Products	2.4	2.4	2.0	2.1	2.2	2.2	2.2	2.1
Unitary Cooling products	7.9	7.7	10.0	10.8	7.4	11.6	9.5	12.2
Voltas Beko JV					0.1	-1.6	-2.1	-2.0

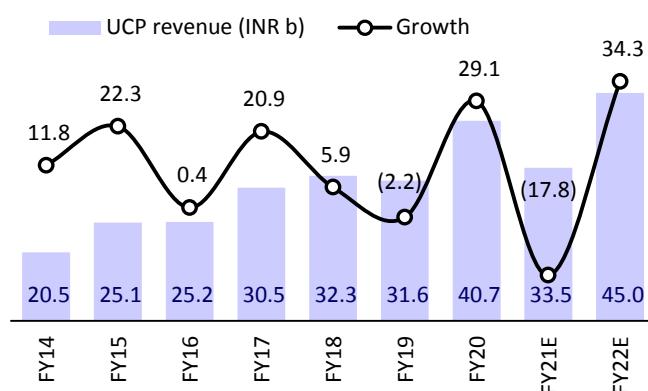
Source: MOFSL, Company

**Exhibit 2: We value VOLT at INR700/share**

Name of segment	Sep'22 EPS (INR)	Multiple (x)	Value/sh (INR)
Unitary Cooling Products	14.4	40.0	576
Engineered Products Services	2.1	10.0	21
Electro Mechanical Products(incl. non-allocable)	5.3	10.0	53
BEKO JV	(2.0)	DCF	50
<b>Total</b>	<b>19.8</b>		<b>700</b>

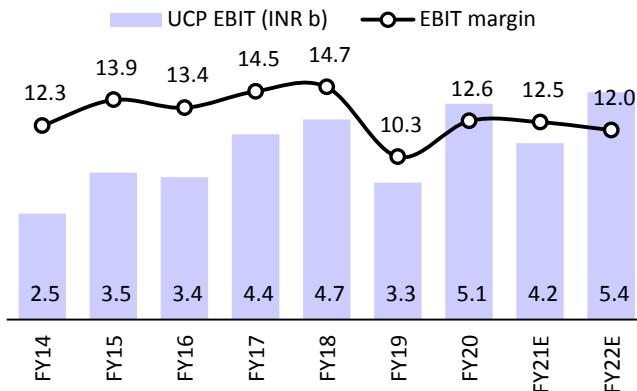
Source: MOFSL, Company

Exhibit 3: UCP sales expected at 5.1% CAGR over FY20–22E



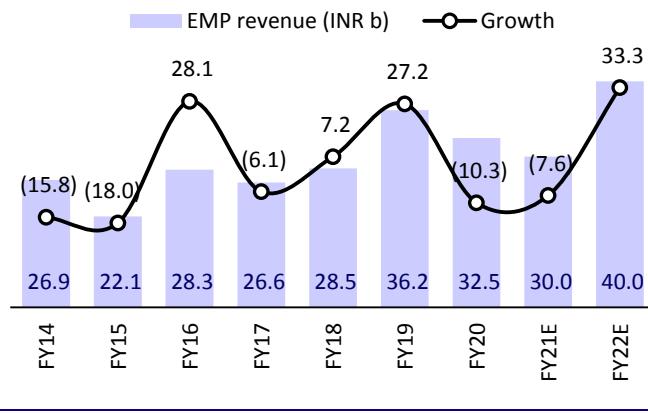
Source: MOFSL, Company

Exhibit 4: Margins to remain range-bound over FY20–22E



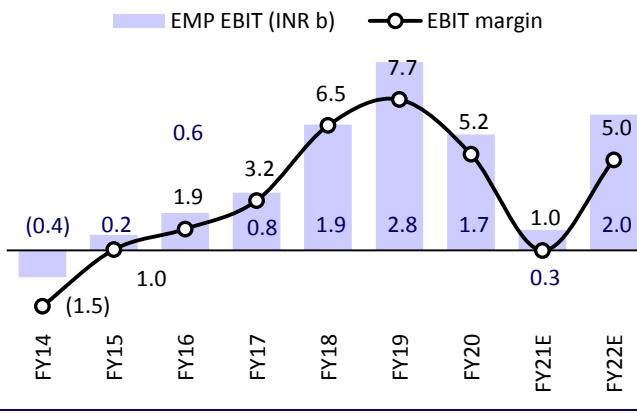
Source: MOFSL, Company

Exhibit 5: EMP sales expected at 11% CAGR over FY20–22E on a low base



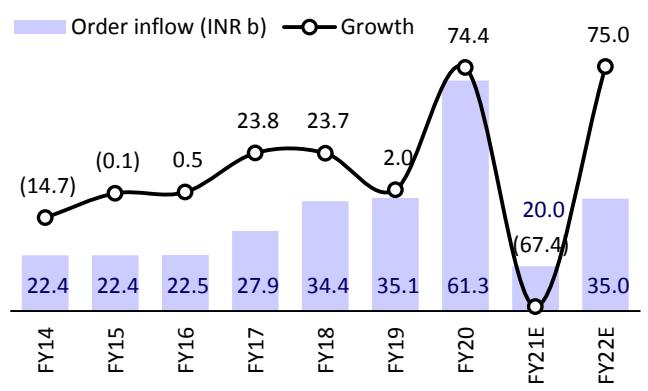
Source: MOFSL, Company

Exhibit 6: Margins to stabilize in FY22E post the normalization of construction activity



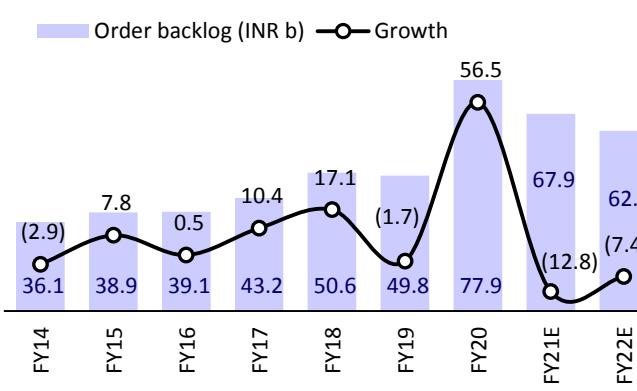
Source: MOFSL, Company

Exhibit 7: Order inflows to moderate to ~INR35b in FY22E, after a sharp drop in FY21E



Source: MOFSL, Company

Exhibit 8: Order book expected to decline over FY20–22E as the company focusses on execution



Source: MOFSL, Company



## Management commentary highlights

### Demand outlook

- VOLT sold over 3.4 lakh units in UCP in 45 days.
- The Projects business witnessed slower execution and collection challenges due to certification delays, shortage of labor, and liquidity constraints.

### Unitary Cooling Products

- Industry volumes of RAC (secondary sales) declined by 49%, while decline for Voltas stood lower at 45%.
- Inverter AC now forms 44% of overall AC sales and 66% of total Split AC sales.
- North India witnessed a fair amount of demand owing to the heatwave in May'20.
- **High inventory led to price deflation in RAC.**
- **Reasons for higher margins comprise:** (a) improved product mix (higher Inverter AC sales), (b) drastic reduction in ad spend (in an otherwise heavily advertised quarter), and (c) synergy from material costs (certain low inventory was already available in-house).
- In spite of higher margins, the management maintained margin guidance of 11–12%.
- Normally, ad spends in 1Q are approx INR500m, which were cut down heavily in the quarter due to loss of sales. Usually, VOLT spends around ~INR750m toward ad spends in a year.
- Air coolers saw 70% de-growth, in line with the industry.
- Voltas ACs are now available across 19,000 distribution touch points.
- **Inventory position:** INR11b of inventory is with VOLT. The company has around ~140 days of inventory and an additional 40–45 days with the trade.
- **Jun'20 posted 1% YoY growth.** However, June is generally not very strong for the AC season.

### Electromechanical Projects and Services

- VOLT incurred idle costs over 45 days at different project sites.
- In the Middle East, construction activity was classified as 'essential'. However, productivity declined due to the strict implementation of social distancing rules.
- ECL and other time-based provisions incurred impacted profitability.
- Management expects to incur further provisions over the next 1–2 quarters.
- Order inflows stood at INR3.66b. The order book was at INR76.6b (domestic: INR47.6b; international: INR29.0b).
- Middle East: The level of transparency over client financials is lower. Hence, the company has to deploy risk mitigation strategies to choose its clients. The Oman project may require more provisions in the future.
- Domestic projects have ~70% labor availability currently. Management believes there are sufficient margins built in the orders. However, the impact of COVID-19 on margins is yet to be ascertained, and any future guidance on this is difficult to quantify.
- VOLT has focused on government projects since payments may be delayed, but are sure to come through. The company does not want to depend only on private clients.

**Volt-Bek**

- The company witnessed high demand for washing machines, dishwashers, and microwaves, in line with the changing trends in consumption. Demand for DC refrigerators was also strong.
- Volt-Bek was able to leverage on Voltas' existing distribution network. Currently, the brand is present across 6,000 touch points v/s 19,000 of Voltas.
- ~130 EBOs (Exclusive brand outlets) are selling Voltas and Volt-Bek products.
- Voltas has invested INR3.73b in the JV. The company targets 10% market share by 2025 and expects to achieve breakeven by then (or maybe a year or so earlier as well).

**Other takeaways**

- Major imports comprise compressors, DC motors, and PCBs. Highly and GMCC have commenced compressor manufacturing in India. Hence, backward integration in these components would not make sense. VOLT is looking to set up its southern factory, with delay due to COVID-19 extending the timeline to 1Q of next year (1QFY22).
- Import duty on compressors is set to be increased to 20% from 12.5% currently. Similarly, a fully imported AC is likely to see higher duties at 30% from 20% currently.
- ~40% of AC cost is due to imports. This would reduce, especially once compressor imports are replaced. However, VOLT would not compromise on product quality and would watch out for strong suppliers for localization.

## Valuation and view

- **Market leadership in Air Conditioner segment:** VOLT has consistently maintained its market leadership in the RAC market despite rising competitive intensity. Over Jan–Feb'20, the company emerged as the market leader in Inverter ACs as well. With a strong distribution network, coupled with less reliance on imports, we expect VOLT to continue its leadership position in the RAC market.
- **Volt-Bek offers meaningful increase in addressable market size:** The move to form a JV with the Beko brand to cater to a wider audience in the Consumer Durables space (beyond ACs) has come at the right time. While management has high ambitions of gaining 10% market share through Volt-Bek and generating INR100b in revenues by FY25, we factor modest assumptions and expect FY25E revenues at INR40b (40% of management's ambitious target), ascribing INR50/share of attributable valuation to the stock.
- **Maintain Buy:** We expect system-level inventory to normalize by Nov–Dec'20; hence, FY22E should turn out to be a normal year. We cut our FY22 EBITDA estimates by 5% as we lower our margin estimate in the Projects business to model-in some conservatism. We increase our multiple for the UCP segment to 40x from 35x earlier on its relative outperformance v/s white goods companies. Voltas remains our preferred play in the underpenetrated AC industry in India. Maintain Buy, with TP of INR700 (prior: INR600) as we roll over to Sep'22E.

## Risks

- **Key risks to our Buy rating include:** (a) a weak festive season leading to the slower depletion of inventory, (b) higher working capital in the EMP segment, (c) a second wave of COVID-19 disrupting the supply chain and overall industry, and (d) Volt-Bek's inability to make in-roads into the Indian market.

### Exhibit 9: We cut our FY22 EBITDA estimates by 5% as we lower our margin estimate in the Projects business to model-in some conservatism

Earnings Change INR m	Old		New		Change	
	FY21E	FY22E	FY21E	FY22E	FY21E	FY22E
Revenue	66,500	88,000	66,500	88,000	0%	0%
EBITDA	4,591	7,998	4,588	7,566	0%	-5%
EBITDA margin	6.9%	9.1%	6.9%	8.6%	0.0%	-0.5%
Adj. PAT	3,525	6,573	3,922	6,124	11%	-7%

## Financials and valuations

Income Statement						(INR m)
Y/E March	2018	2019	2020	2021E	2022E	2023E
<b>Total Revenues</b>	<b>64,044</b>	<b>71,241</b>	<b>76,581</b>	<b>66,500</b>	<b>88,000</b>	<b>95,732</b>
Change (%)	6.2	11.2	7.5	-13.2	32.3	8.8
<b>EBITDA</b>	<b>6,626</b>	<b>6,117</b>	<b>6,867</b>	<b>4,588</b>	<b>7,566</b>	<b>8,490</b>
% of Total Revenues	10.3	8.6	9.0	6.9	8.6	8.9
Other income	1,741	1,863	2,306	2,200	2,250	2,300
Depreciation	244	240	320	353	396	444
Interest	119	330	211	280	200	200
Exceptional items	6	-118	-364	0	0	0
<b>PBT</b>	<b>8,011</b>	<b>7,292</b>	<b>8,278</b>	<b>6,155</b>	<b>9,220</b>	<b>10,146</b>
Tax	2,270	1,635	2,380	1,549	2,321	2,554
Rate (%)	28.3	22.4	28.8	25.2	25.2	25.2
<b>Reported PAT</b>	<b>5,724</b>	<b>5,079</b>	<b>5,172</b>	<b>3,922</b>	<b>6,124</b>	<b>6,950</b>
Change (%)	10.6	-11.3	1.8	-24.2	56.2	13.5
<b>Adjusted PAT</b>	<b>5,718</b>	<b>5,197</b>	<b>5,536</b>	<b>3,922</b>	<b>6,124</b>	<b>6,950</b>
Change (%)	10.7	-9.1	6.5	-29.2	56.2	13.5
Balance Sheet						(INR m)
Y/E March	2018	2019	2020	2021E	2022E	2023E
Share Capital	331	331	331	331	331	331
Reserves	38,721	40,769	42,471	45,216	49,503	54,368
<b>Net Worth</b>	<b>39,052</b>	<b>41,100</b>	<b>42,802</b>	<b>45,547</b>	<b>49,834</b>	<b>54,699</b>
Minority interest	317	348	365	404	442	481
Loans	1,423	3,147	2,179	4,179	1,179	179
Deferred Tax Liability	-46	-993	-715	-715	-715	-715
<b>Capital Employed</b>	<b>40,746</b>	<b>43,601</b>	<b>44,631</b>	<b>49,415</b>	<b>50,740</b>	<b>54,644</b>
Gross Fixed Assets	5,187	5,591	6,201	7,001	8,001	9,001
Less: Depreciation	3,013	2,959	3,195	3,548	3,944	4,388
<b>Net Fixed Assets</b>	<b>2,174</b>	<b>2,633</b>	<b>3,006</b>	<b>3,453</b>	<b>4,057</b>	<b>4,613</b>
Capital WIP	41	157	263	263	263	263
Investments	27,536	23,859	23,433	23,788	24,051	24,447
Goodwill	798	798	798	798	798	798
<b>Curr. Assets</b>	<b>42,370</b>	<b>46,715</b>	<b>53,332</b>	<b>51,063</b>	<b>62,317</b>	<b>68,849</b>
Inventory	8,130	10,907	14,689	14,575	16,877	18,360
Debtors	15,703	18,330	18,336	18,219	21,699	23,605
Cash & Bank Balance	2,837	3,211	3,084	3,313	4,430	5,875
Loans & Advances	1,218	116	23	20	24	26
Other Assets	14,482	14,151	17,200	14,936	19,288	20,982
<b>Current Liab. &amp; Prov.</b>	<b>32,172</b>	<b>30,560</b>	<b>36,201</b>	<b>29,949</b>	<b>40,745</b>	<b>44,325</b>
Current Liabilities	21,765	23,745	26,889	21,863	30,137	32,785
Other Liabilities & provisions	10,408	6,815	9,312	8,086	10,608	11,540
<b>Net Current Assets</b>	<b>10,198</b>	<b>16,155</b>	<b>17,131</b>	<b>21,114</b>	<b>21,572</b>	<b>24,523</b>
<b>Application of Funds</b>	<b>40,746</b>	<b>43,601</b>	<b>44,631</b>	<b>49,415</b>	<b>50,740</b>	<b>54,644</b>

## Financials and valuations

Ratios						
Y/E March	2018	2019	2020	2021E	2022E	2023E
<b>Adj EPS</b>	<b>17.3</b>	<b>15.7</b>	<b>16.7</b>	<b>11.9</b>	<b>18.5</b>	<b>21.0</b>
Cash EPS	18.0	16.4	17.7	12.9	19.7	22.4
Book Value	118.0	124.2	129.4	137.7	150.6	165.4
DPS	4.0	4.0	4.1	3.0	4.6	5.3
Payout (incl. Div. Tax.)	26.8	31.0	31.5	30.0	30.0	30.0
<b>Valuation (x)</b>						
P/E	36.4	40.0	37.6	53.1	34.0	29.9
Cash P/E	34.9	38.3	35.5	48.7	31.9	28.1
EV/EBITDA	31.2	34.0	30.2	45.5	27.1	23.8
EV/Sales	3.2	2.9	2.7	3.1	2.3	2.1
Price/Book Value	5.3	5.1	4.9	4.6	4.2	3.8
Dividend Yield (%)	0.6	0.6	0.7	0.5	0.7	0.8
<b>Profitability Ratios (%)</b>						
RoE	14.6	12.6	12.9	8.6	12.3	12.7
RoCE	14.3	13.8	14.1	9.7	13.9	14.2
RoIC	50.0	27.8	25.8	14.2	24.1	24.8
<b>Turnover Ratios</b>						
Debtors (Days)	89	94	87	100	90	90
Inventory (Days)	46	56	70	80	70	70
Creditors (Days)	124	122	128	120	125	125
Asset Turnover (x)	1.6	1.6	1.7	1.3	1.7	1.8
<b>Leverage Ratio</b>						
Net Debt/Equity (x)	0.0	0.0	0.0	0.0	-0.1	-0.1

Cash Flow Statement (INR m)						
Y/E March	2018	2019	2020	2021E	2022E	2023E
<b>PBT before EO Items</b>	<b>8,005</b>	<b>6,774</b>	<b>7,443</b>	<b>6,155</b>	<b>9,220</b>	<b>10,146</b>
Depreciation	268	240	320	353	396	444
Interest & other	0	330	211	280	200	200
Direct Taxes Paid	-2,270	-2,708	-2,061	-1,549	-2,321	-2,554
(Inc)/Dec in WC	-1,495	-6,456	-911	-3,753	659	-1,506
<b>CF from Operations</b>	<b>4,508</b>	<b>-1,820</b>	<b>5,002</b>	<b>1,485</b>	<b>8,154</b>	<b>6,730</b>
(Inc)/Dec in FA	-252	-804	-832	-800	-1,000	-1,000
<b>Free Cash Flow</b>	<b>4,257</b>	<b>-2,625</b>	<b>4,170</b>	<b>685</b>	<b>7,154</b>	<b>5,730</b>
(Pur)/Sale of Investments	-4,857	3,181	-1,402	-1,000	-1,000	-1,000
<b>CF from Investments</b>	<b>-5,109</b>	<b>2,377</b>	<b>-2,234</b>	<b>-1,800</b>	<b>-2,000</b>	<b>-2,000</b>
(Inc)/Dec in Debt	1,666	1,724	-1,057	2,000	-3,000	-1,000
Interest Paid	0	-329	-212	-280	-200	-200
Dividend Paid	-1,534	-1,577	-1,627	-1,177	-1,837	-2,085
<b>CF from Fin. Activity</b>	<b>132</b>	<b>-183</b>	<b>-2,896</b>	<b>543</b>	<b>-5,037</b>	<b>-3,285</b>
<b>Inc/Dec of Cash</b>	<b>-469</b>	<b>374</b>	<b>-127</b>	<b>229</b>	<b>1,117</b>	<b>1,445</b>
Add: Beginning Balance	3,305	2,837	3,211	3,084	3,313	4,430
<b>Closing Balance</b>	<b>2,837</b>	<b>3,211</b>	<b>3,084</b>	<b>3,313</b>	<b>4,430</b>	<b>5,875</b>

NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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