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Voltas Limited— BUY—146—INR

Sector — Engineering (Diversified)
Regd.Off.— Voltas House A, Chinchpokli, Mumbai, M.H.- 400033
Listed — NSE, BSE.

Company overview—

A Tata Group Company, Voltas is India's premier air conditioning and engineering services provider. It provides engineering solutions for a wide spectrum of industries in areas such as heating, ventilation and air conditioning, refrigeration, climate control, electro-mechanical projects, textile machinery, machine tools, mining and construction, materials handling, water management, building management systems, pollution control and chemicals. The Company has consciously laid emphasis on corporate social responsibility and also on ecology and environment protection. Exemplary corporate citizenship is demonstrated in numerous social upliftment projects, whether independently undertaken or in support of the Tata Council for Community Initiatives. Voltas have capability in the manufacture of room/split air conditioners, industrial air conditioning and refrigeration equipment, water coolers, refrigerators, visi-coolers, freezers, forklift trucks and large water supply pumps. All these products bear the stamp of state-of-the-art automated manufacturing plants resulting in consistently high quality and reduced costs. Company is partnered with international companies such as LG Electronics and Samsung of Korea and Fedders International of USA for 'manufacture only' alliances producing low cost, high quality refrigerators and room air conditioners.

Products & services—

Company involved mainly into the design and manufacture of industrial equipment, management and execution of air conditioning and public work projects, sourcing, installation and servicing of technology-based systems, and representation of global technology leaders, serving diverse industrial sectors and applications. Company operations have been organized into four independent business-specific clusters, namely the Electro-Mechanical Projects & Services, Unitary cooling products for comfort & commercial use, Engineering Agency & Services and Others. Each has its own facilities for market coverage and service to customers.

Electro-Mechanical Projects & Services- Air conditioning & Refrigeration, Electrical, Mechanical & HVAC solutions, Water Management & Treatment

Unitary cooling products for comfort & commercial use-Cooling Appliances, Commercial Refrigeration & Contract Manufacturing

Engineering Agency & Services- Machine Tools, Mining and Construction Equipment Textile Machinery.

Others- Materials Handling Solutions, Chemicals Trading, Engineering Products Trading Civil Construction.

Air Conditioners and Water Coolers: Products include window and split air conditioners, Sensicool air conditioners and water coolers.

Commercial Refrigeration: Products include chest freezers, Deep freezers, upright coolers, visi-coolers, chest coolers.

Air Conditioning and Refrigeration: Voltas has executed installations for different applications including, among others, naval warships and mercantile ships, pharmaceutical production plants, telecommunication and computer facilities, research laboratories, atomic energy plants, power plants, hotels, information technology parks, Hospitals, Air ports, Metro Stations, Petrochemical Plants and many more diverse applications.

Electro-Mechanical Projects: Voltas undertakes turnkey projects in the fields of heating, ventilation and air conditioning (HVAC), mechanical, public health, plumbing, electrical, building power and lighting, low current systems, fire fighting and safety systems, for airports, palaces, five-star hotels, convention centers, district cooling plants, defense establishments, research centers, techno parks, training centers, power stations, railways, hospitals, auditoriums, townships, pharmaceutical factories, textile factories.

Water Management & Treatment: Voltas caters to the vital sector of water management through its principal activity, namely pumping and water treatment projects. Voltas today is established as a total solutions provider for turnkey pumping projects as well as for water, effluent and sewage treatment and water pollution control projects. Besides this, the company also offers a wide range of horizontal split casing pumps manufactured in its works near Mumbai.

Textile Machinery: Voltas is the largest supplier of textile machinery in India.

Mining and Construction Equipment: In conjunction with globally renowned manufacturers, Voltas offers its customers a comprehensive package - proven expertise, long experience, the world's best equipment, and value added product support services.

Materials Handling: Products include diesel engine driven forklift trucks, LPG driven forklift trucks, battery driven forklift trucks, and warehouse equipment.

Chemicals Division: Primary activities are import, indent and distribution of various types of plastics, industrial specialty, fine chemicals and bulk drugs. Besides domestic focus, products like gelatine, ultramarine blue and a variety of agro chemicals are promoted in the export market.

International Collaborations—

Hitachi Limited, Japan, for vapour absorption machines and centrifugal chillers
Standard Refrigeration Company, U.S.A., for direct expansion chillers
Dunham-Bush Incorporated, U.S.A., for screw chillers
Siemens Building Technologies (Asia-Pacific) for building management systems
Ruks Engineering Ltd., Canada, for ozone engineered systems
Costan of Italy for Refrigerated Cabinet Display Unit for hyper market Engineered Systems.

Financials—

1st quarter results for apr-jun2009

Description	Amount(Rs. in lakhs)
Net Sales/Income from Operations	117041.00
Other Operating Income	852.00
Increase/Decrease in Stock in trade and work in progress	5685.00

Consumption of Raw Materials	49317.00
Purchase of traded goods	26785.00
Employees Cost	11822.00
Depreciation	388.00
Other Expenditure	14213.00
Total Expenditure	108210.00
Profit from Operations before Other Income, Interest & Exceptional Items	9683.00
Other Income	1170.00
Profit before Interest & Exceptional Items	10853.00
Interest	23.00
Profit after Interest but before Exceptional Items	10830.00
Exceptional items	-280.00
Profit from Ordinary Activities before tax	11110.00
Tax Expense	3741.00
Net Profit from Ordinary Activities after tax	7369.00
Face Value (in Rs.)	1.00
Paid-up Equity Share Capital	3307.00
Basic EPS before Extraordinary items (in Rs.)	2.23
Diluted EPS before Extraordinary items (in Rs.)	2.23
Basic EPS after Extraordinary items (in Rs.)	2.23
Diluted EPS after Extraordinary items (in Rs.)	2.23

Valuation—

We expect company earnings to grow at CAGR of 20-25% during FY10-14. Current valuations look attractive. At CMP, stock is trading at 10.57 P/E multiple of its FY2010 Estimated EPS. We recommend investors to buy "VOLTAS" with medium to long-term investment horizon.

We invite Readers to send Valuable feedback, stock and subscription queries at E-mail investment_guru1@yahoo.com

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