Equity Research Report

VOLTAS

A TATA Enterprise

Jan 2026

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Voltas Ltd.

Expected Q4 recovery, amid short-term headwinds.

About the Company

Voltas Limited (hereafter referred to as 'the Company' or 'Voltas') was incorporated on 6th September 1954 under the Tata Group. The Company is jointly promoted by Switzerland's Volkart Brothers and India's Tata Sons Pvt Ltd. Voltas offers a range of products, including air conditioners, air coolers, refrigerators, washing machines, dishwashers, microwaves, and air purifiers.It has established itself as the leader in Cooling Products and is the No. 1 Room Air Conditioning brand in India.

It is also engaged in the business of electro-mechanical projects as an EPC contractor, both in International and domestic markets. It has presence at eight major International Locations: Dubai, Abu Dhabi, Qatar, Sultanate of Oman, Kingdom of Saudi Arabia, Mozambique, Bahrain and Republic of Singapore.

It also provides engineering product services for mining, water management and treatment, construction equipment and textile industry.

Financial Summary

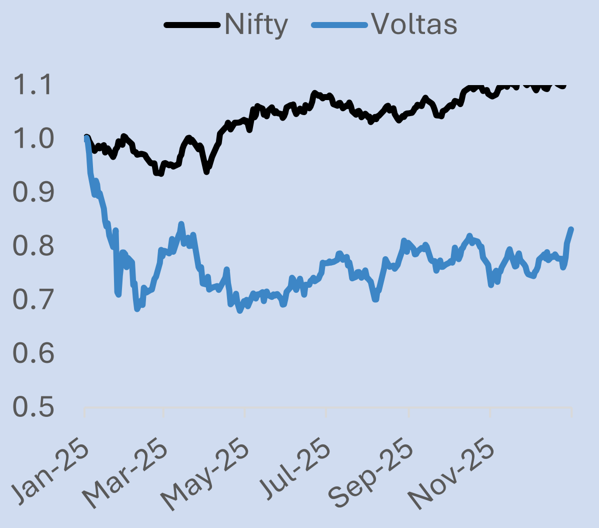
In INR Crs.	FY25	FY26E	FY27E
Sales	15,413	15,721	17,608
Yoy Growth (%)	24%	2%	12%
EBITDA	1,117	1,013	1,333
Margin (%)	7%	6%	8%
PAT	834	877	1,220
Margin (%)	5%	6%	7%

Recommendation	: XXX
CMP	: INR 1,466
Target Price	: XXX

Stock Data (as on 5st Jan,2026)

NIFTY	: 26,250.3
52 Weeks H/L (INR)	: 1,860 / 1,135
Market Cap (INR Crs.)	: 47,045
O/S Shares (Crs.)	: 33.1
Dividend Yield (%)	: 0.5%
NSE Code	: VOLTAS

Relative Stock Performance - 1Y



Absolute Returns %

1 Year	: -20.8%
3 Years	: 67.9%
5 Years	: 70.3%

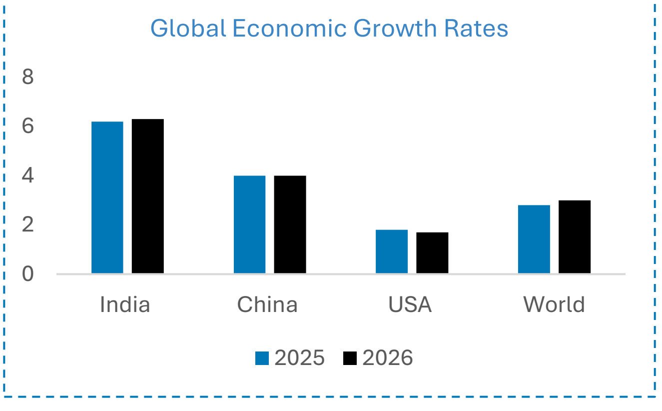
Shareholding Pattern

Promoters	: 30.3%
FIIs	: 20.3%
DIIs	:35.6%
Government	: 0.2%
Public	: 13.6%

Economic Overview

Global Economy

The year 2025 has been uncertain and volatile mainly due to the tariffs and policy changes by the United States. As per IMF, global growth is projected to be 3.2% in 2025 and 3.1% in 2026, with advanced economies growing around 1.5% and emerging market and developing economies just above 4%. Extensive uncertainty, more protectionism, and labor supply shocks could reduce growth.

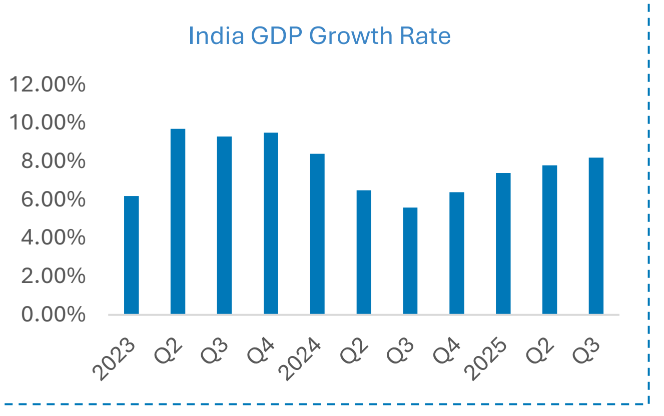


Indian Economy

The Indian Economy continued to show resilience amid challenging global conditions. India remained one of the fastest growing major economies backed by strong domestic demand, government spending and private investment.

India's GDP grew 7.8% year over year in the April to June quarter of fiscal 2025 and 2026. This was mainly because of the tax cuts which boosted disposable income and also the early disbursement of funds and higher allocations.

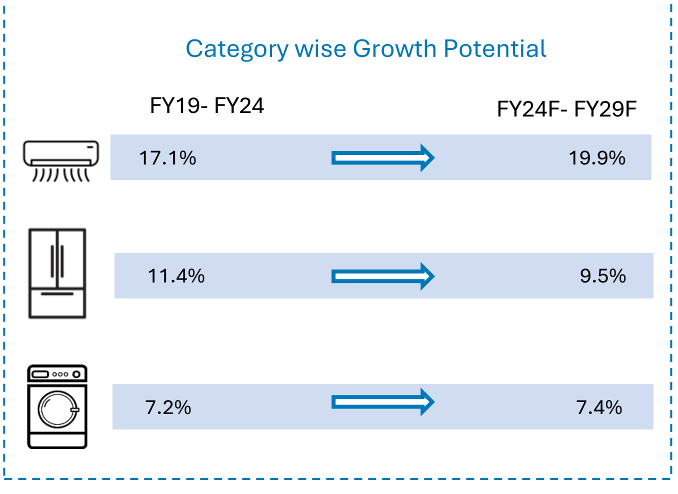
Despite these favorable trends, certain risks remain. Global market uncertainties and weather-related supply disruptions continue to pose upside risks to inflation. However, assuming a normal monsoon, CPI inflation for 2025–26 is expected to ease to 4.0%, indicating a gradual stabilization in price levels.



In response to these conditions the RBI initiated monetary policy easing for the 1st time in 5 years. The repo rate has dropped from 6.25% (at the end of 2024) to 5.25% as of 5th December, 2025. The government's strategy, centered on capital expenditure in infrastructure and targeted welfare measures in rural and semi-urban areas, provides a firm counter-cyclical cushion to economic growth. Structural reforms and investments across critical sectors will further strengthen India's medium-term growth prospects.

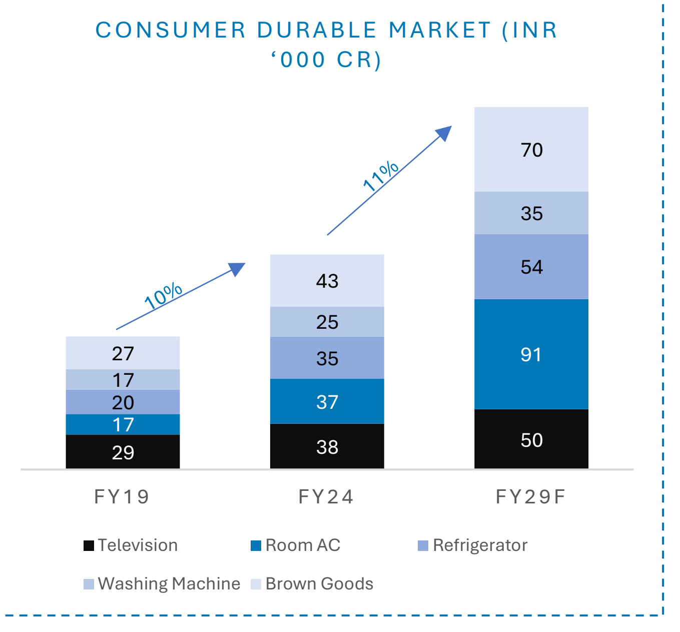
Indian Consumer Durables Industry

The consumer durables sector in India contributes to ~0.6% of India's GDP, and is expected to grow at ~11% (CAGR) to reach INR 3 lakh crore by FY29. Despite the pandemic, the domestic market has experienced a growth of 10% (CAGR) during FY19- 24. The industry is divided into two segments, Consumer Electronics (Brown Goods) and Consumer Appliances (White Goods). Categories like Acs, television and refrigerators are expected to drive major growth.



India is the fastest growing major market in the world and is expected to be the 4th largest market by FY27. The potential is even higher if the industry invests in the components manufacturing which will increase the profits of the companies due to lower forex risks, less import dependency. This will also generate employment, drive economies of scale and put India on the export map. Demand is rising due to increasing discretionary spending, higher GDP and per - capita income, greater affordability, changing consumer preferences, and technological advancements that drive product penetration and multi-ownership.

Government initiatives such as Atmanirbhar Bharat, PLI schemes, and infrastructure projects are fostering domestic manufacturing, innovation, and self-reliance. However, significant import dependence persists, especially for high-end and technologically advanced products.



Despite being the sixth-largest player in the global consumer durables market as of 2023-24, India still faces challenges in meeting domestic demand, with low penetration of essential white goods like air conditioners.

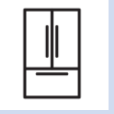
Segmental Performance

Y-O-Y export growth of key consumer durable products in India (Jan 2025)

Air Conditioner

49.4%

Refrigerator



51.1%

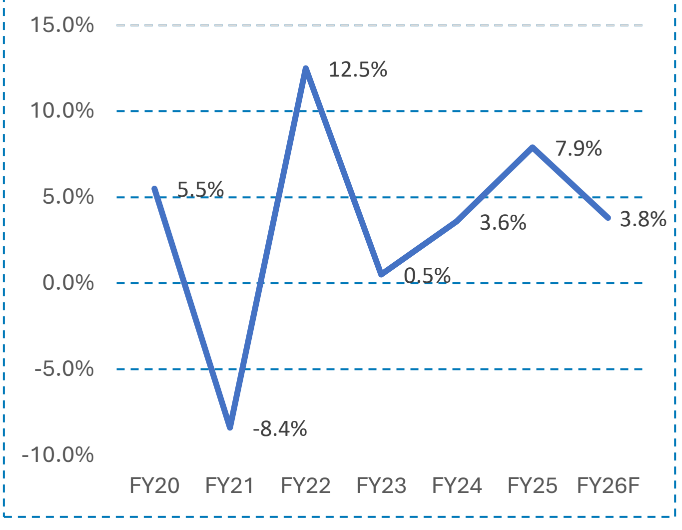
Washing Machine

64.6%

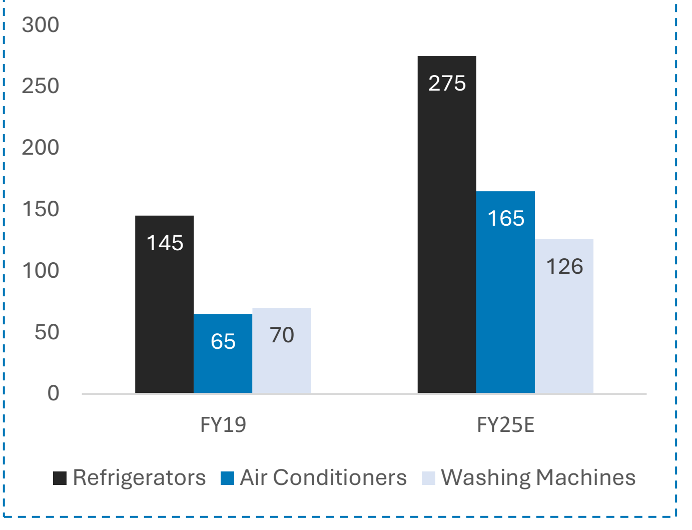
Dishwashing Machine

26.7%

YoY Growth in Consumer Durables Production as per IIP



Production of Major White Goods (lakh units)



Consumer Durable Market Size (US$ Billion)

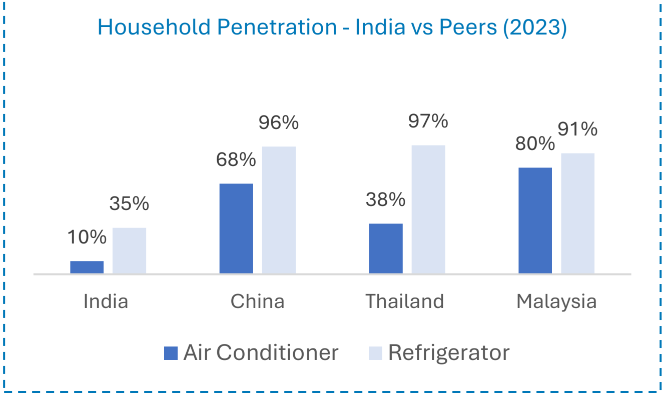
Countries	FY24	FY25F	FY26F	FY27F	FY28F	FY29F	FY24 - 29F CAGR
China	144	153	160	167	175	184	5.0%
USA	134	138	144	150	157	165	4.3%
Japan	32	33	35	36	37	40	4.0%
Germany	26	26	27	27	29	30	3.0%
United Kingdom	24	25	25	26	27	28	3.3%
India	21	24	27	29	32	36	11.2%
Others	286	303	324	348	374	401	7.0%
World	665	700	742	789	839	894	6.1%
India's Rank	6th	6th	5th	4th	5th	6th	

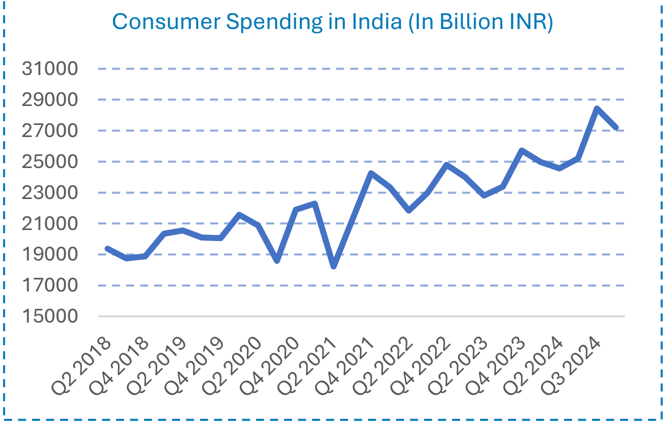
Source: IBEF, EY, KPMG

Key Growth Drivers and Trends

Household Penetration

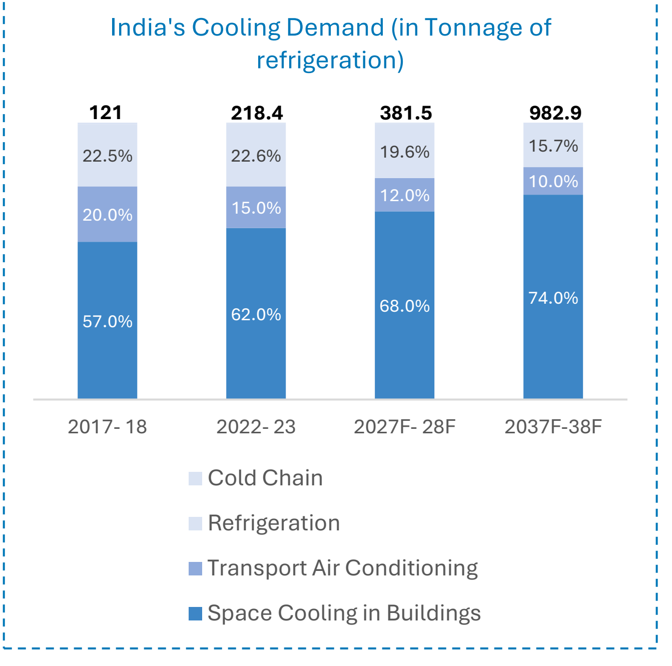
Despite rapid growth, India's household penetration of consumer durables is less than the global average. Household consumption has doubled in the last decade with monthly per capita Consumption Expenditure (MCPE) in rural areas rising from INR1,430 in 2011-12 to INR4,122 in 2023-24, while in urban areas, it grew from INR 2,630 to INR 6,996 over the same period. Coupled with increased consumer spending and demand for premium and value-added products, household penetration is set to grow.





Increasing Cooling Demand

Temperatures have been steadily rising in India, bringing the onset of summers forward by at least one month, combined with more frequent and intense heat waves. As average daily temperatures cross 25°C, a sharp increase in cooling demand can be observed. Air conditioners are not a luxury anymore; they have become a necessity. It is estimated that aggregated nationwide cooling demand is projected to grow around eight times, in Tonnage of Refrigeration (TR), by FY38, with space cooling alone contributing to 11 times increase.



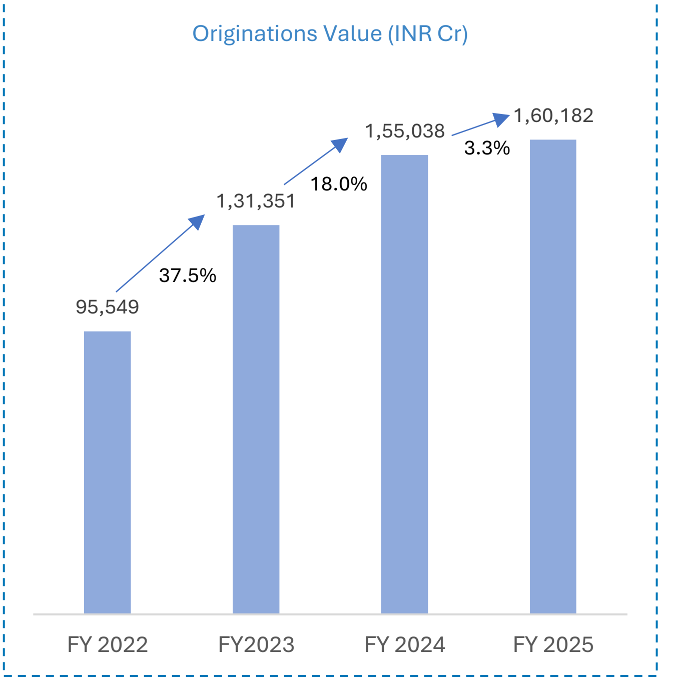
Source: Statista, Management Discussion & Analysis, EY

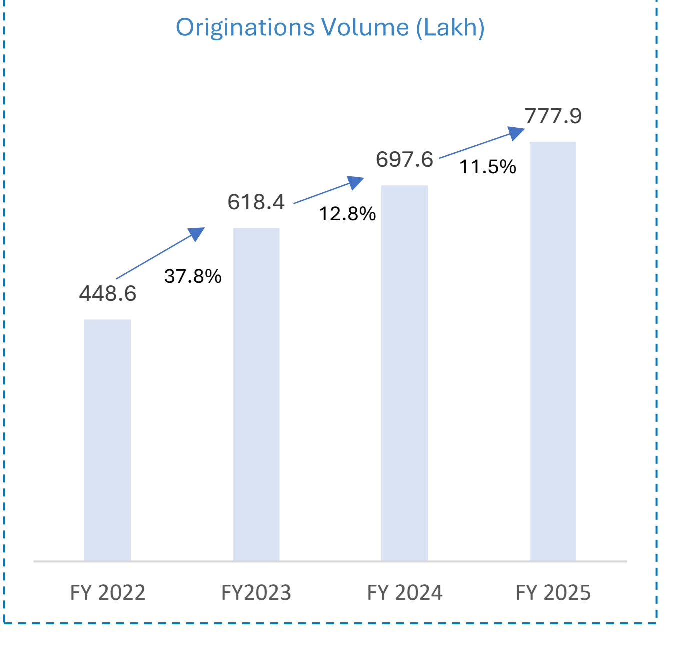
Availability of Finance

The India Consumer Durable Finance Market was valued at USD 1.67 Billion in 2024 and is expected to reach USD 4.73 Billion by 2030 with a CAGR of 19.05% during the forecast period.
The rise of credit and Buy Now Pay Later (BNPL) options is facilitating access to premium appliances. Loans for consumer durables have surged, with a notable portion of sales now attributed to these financing solutions.
By partnering with OEMs, D2C brands, and marketplaces, these platforms are offering instant credit approvals, personalized loan tenures, and transparent repayment journeys, all embedded within a few clicks. This convergence of digital consumption, real-time lending, and seamless payments is not just expanding affordability—it's reshaping the ownership experience of consumer durables and enabling Indians to enter a better life.
According to Reserve Bank of India (RBI) data, these loans have skyrocketed from INR 6,061Cr in March 2019 to INR 25,654 Cr by March 2024, marking a staggering growth of 323%. In rural, semi- urban, and urban areas, similar loans have also seen substantial increases of 55%, 84%, and 124%, respectively over the same period.
The market also witnessed a gradual shift toward mid-range loans (₹25K–₹50K), even as the ₹10K–₹25K segment remained the largest by value.

Consumer Durables Loans- Portfolio Snapchat

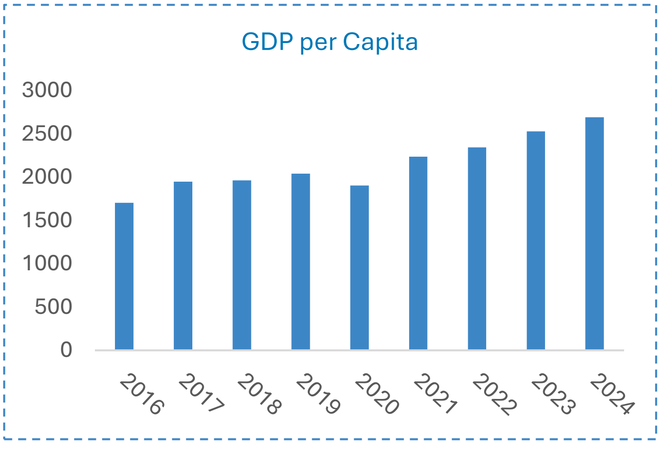
	Mar-23	Mar-24	Mar-25
Portfolio Outstanding (INR K Cr)	48.5	64.4	73.7
Y- O- Y Growth %		32.7%	14.5%
Active Loans (Lakh)	654.4	768.8	966
Y- O- Y Growth %		17.5%	25.7%





Rising Income

Sustained growth in household income remains a key driver for consumer durable growth in India. Improved affordability supports higher ticket sizes, deeper credit penetration, and strong origination value growth. In FY2024, the per capita GDP in India was US$ 2,694.

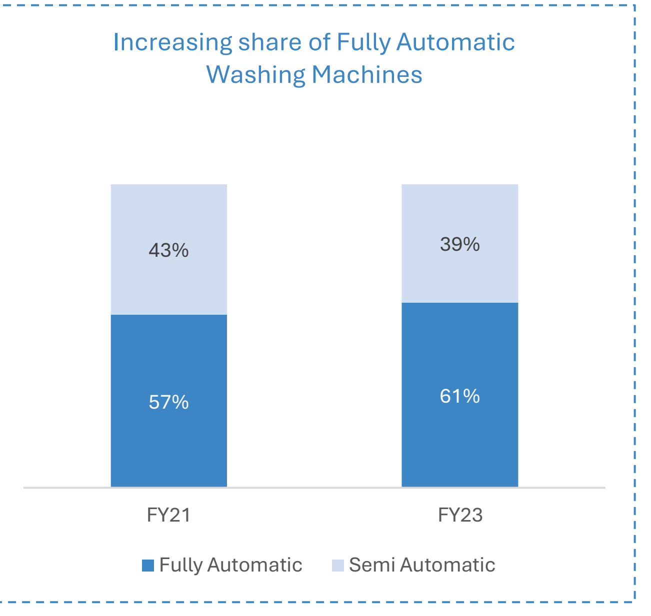


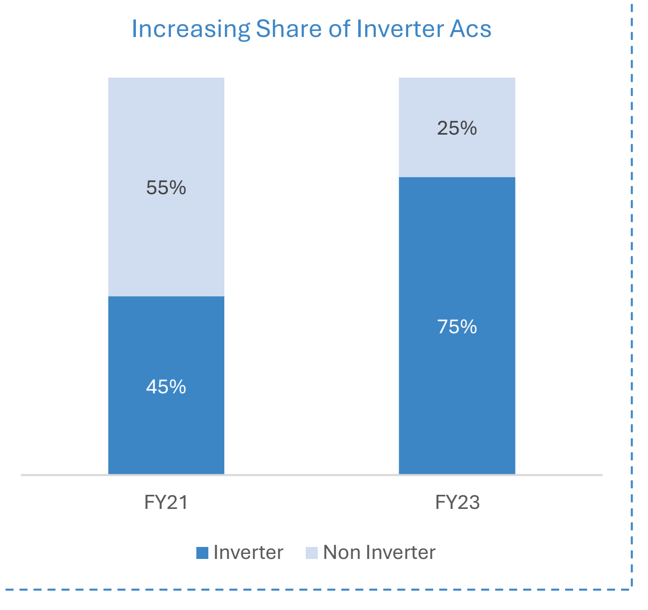
Government Incentives

The Indian Government's localization efforts, particularly through the 'Make in India' campaign and the PLI scheme, are driving local manufacturing and reducing reliance on imports. These initiatives aim to position India as a global manufacturing hub, supported by strategic trade agreements with countries like Japan and South Korea. India's favourable geopolitical location enhances its export potential, providing access to key markets in Asia, the Middle East, and Africa. Moreover, infrastructure development programmes and regulatory reforms, including energy efficiency standards, are attracting foreign investment and promoting sustainable manufacturing. These efforts reinforce India's competitiveness in the global electronics and appliances markets. The third round of AC & LED component window saw ~₹3,516 crore investment committed; 10 AC component manufacturers added.

Technological Innovations

Technological advancements in the industry are driving a growing demand for smart appliances, while the adoption of the latest technologies is shortening replacement cycles. Indian consumers are upgrading to smart and energy efficient appliances. This is evidenced by the growing share of inverter Acs and fully automatic washing machines.





Source: *World Bank, Management Discussion & Analysis, EY*

Challenges

Affordability Constraints

Consumer Durables remain expensive for a large section of population despite rising incomes. The transition towards energy efficient products while necessary, increases the entry level prices. This makes volume growth vulnerable during times of low real wage growth.

Infrastructure Limitations

Inconsistent power supply and voltage fluctuations cause harm to the longevity of an electrical appliance. This discourages consumers from investing in high value consumer durable products like air conditioners, washing machines, etc. Additionally, inadequate supporting infrastructure increases perceived risk for consumers, slowing adoption even where latent demand exists

Supply Chain Inefficiencies

The country faces supply chain challenges due to poor transport infrastructure. It makes transporting difficult from manufacturing hubs to end market, leading to high logistics and distribution costs, which are eventually passed on to consumers.

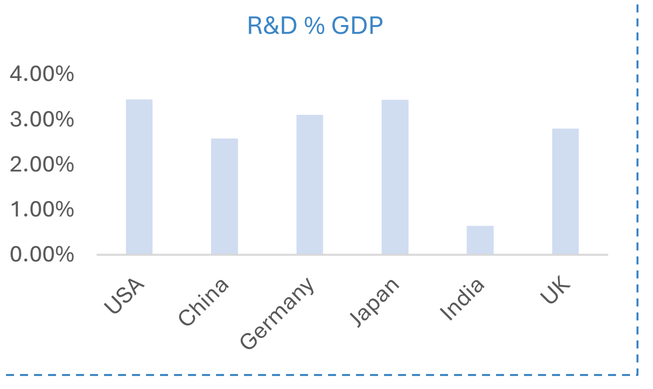
High transportation costs further worsen affordability, especially in geographically dispersed and lower-density markets, limiting scalable penetration beyond urban centres.

Low Investment in R&D

Indian consumer durable companies invest less than 0.7% of revenue in R&D, significantly below global peers who typically allocate 2–3% of revenue. This gap limits:

- Product differentiation
- Indigenous technology development
- Long-term cost competitiveness

The lack of strong domestic R&D ecosystems reduces the industry's ability to move up the value chain.



Weak Domestic Value Chain

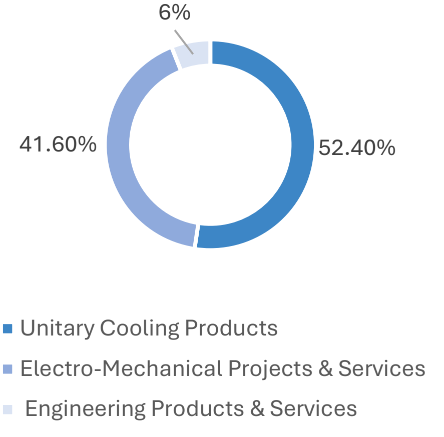
The Indian Consumer Durables Industry lacks an integrated value chain. It relies heavily on imports for essential parts like compressors and refrigerants, which form majority of the costs. This raises production costs, exposes companies to forex volatilities, which results in lower margins.

Source: Statista, Management Discussion & Analysis, EY

Business Model

Voltas derives its revenue from a diversified portfolio. It operates across three distinct segments – Unitary Cooling Products, Electro-Mechanical Projects & Services, and Engineering Products & Services, balancing a brand-led consumer franchise with project-based and manufacturing-oriented engineering businesses.

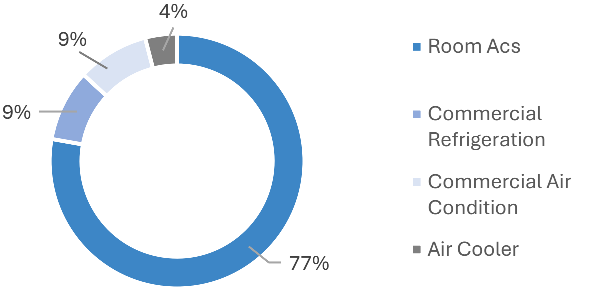
Revenue Split (as of Q2FY26)



Unitary Cooling Products

This is the consumer facing side of Voltas. Majority revenue of Voltas comes from this segment. This segment includes air conditioners, air coolers, and commercial refrigeration products.
In FY2025, overall volume growth of UCP segment was 36%. Rac is the largest selling product of this segment and the company. It recorded steady performance in Commercial Refrigeration products. Launched new products in Cold Rooms and Medical Refrigeration, building a healthy order pipeline.

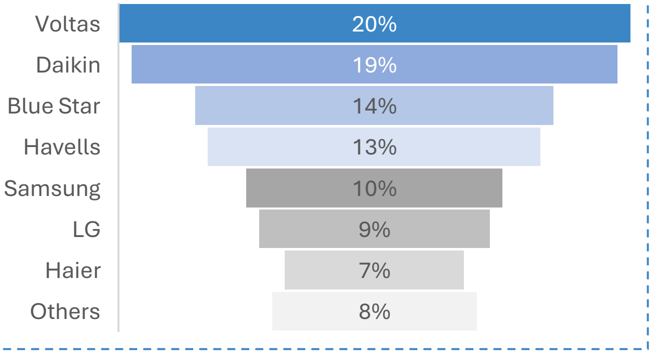
UCP Revenue Split



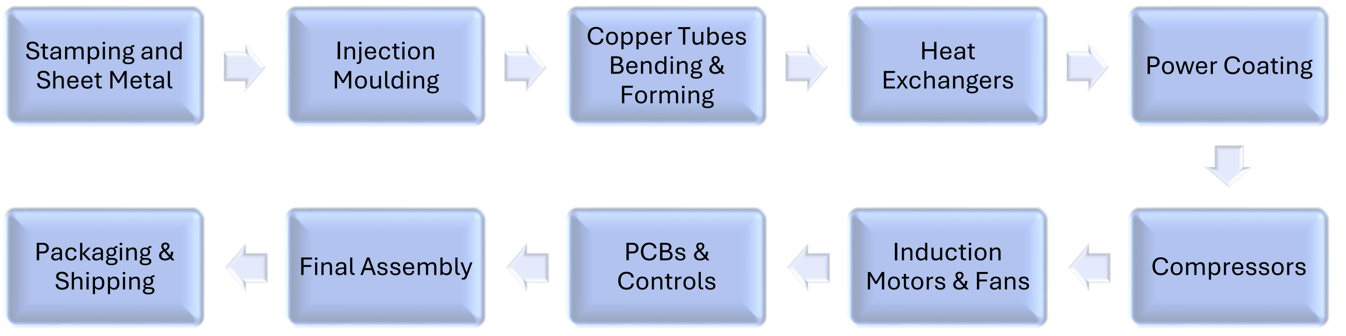
Room Air Conditioners (RAC)

The India room air-conditioners (RAC) market is projected to grow at a robust CAGR of 12% and reach US$ 5.6 billion (Rs. 50,000 crore) by FY 2028-29.
Voltas sold a record 2.5 million air conditioners in FY2024- 25, becoming the first company to do so.
As of Q2FY26, the company holds the highest market share of 18.5%.
Strategically, Voltas has intensified its focus on refreshing and upgrading its product portfolio with enhanced features for a better consumer experience.

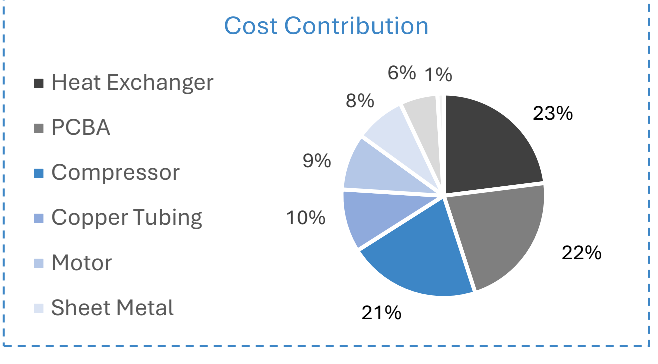
RAC Market Share as of FY25



Value Chain of RAC Manufacturing



The company has two plants that manufactures RACs, one located in Chennai and the other in Pantnagar. The Pantnagar plant has the capacity to produce 1.5 million units and the Chennai plant has a capacity of 1 million units. The Chennai plant is backward integrated for most parts of RAC but they still import components like compressors and full controllers. It mainly manufactures non critical components and assembles IDUs. They are planning a compressor plant in Chennai. But the approval for the same hasn't been received. Compressors are the costliest forming 30% of BOM. They are mostly sourced from China.



A significant trend shaping the market is the increasing dominance of inverter ACs, which now account for 75% of sales due to their energy efficiency and long-term cost savings.

Commercial Refrigeration

The India commercial refrigeration market size reached USD 2.70 Billion in 2024. Looking forward, the market is expected to reach USD 3.80 Billion by 2033, exhibiting a growth rate (CAGR) of 3.30% during 2025-2033

The company has capitalized on the growing demand for frozen products and impulse items to maintain its leadership in the Commercial Refrigeration market. This segment includes products like Visi Coolers, Combo Units, and Glass-Top Freezers. Strides are also being made in the Cold Room and Medical Refrigeration solutions, The Waghodia and Pantnagar plants have a capacity of 0.5 million and 0.67 million of commercial refrigeration products respectively.

In FY2025, performance remained steady, supported by selective institutional and retail demand from sectors such as hospitality, healthcare, and organized retail. While overall growth was moderate, the business continued to benefit from long-term structural trends such as the need for reliable food and vaccine storage.

Source: SOIC, Annual Report, IMARC

Commercial Air Conditioning (CAC)

The Indian CAC industry is undergoing transformative growth, propelled by rapid urbanization, infrastructure development, and heightened demand for sustainable cooling technologies. The Indian commercial air conditioning market was valued at US$1.55 billion in 2024. It is expected to grow remarkably and reach US$6.34 billion by 2033. This growth will constitute a robust compound annual growth rate of 16.88% from 2025 to 2033, fueled by investments in healthcare, retail, hospitality, data centers, and commercial real estate.

It has a broad product range that includes Ductables, Cassettes, Variable Refrigerant Flow (VRF) systems, Ductless Air Conditioners, and Chillers. The division benefits from a robust order book, supported by recurring Annual Maintenance Contracts (AMC) and retrofit projects, ensuring sustained demand and long-term client relationships. The Waghodia plant has a capacity of 0.5 million tons for CAC.

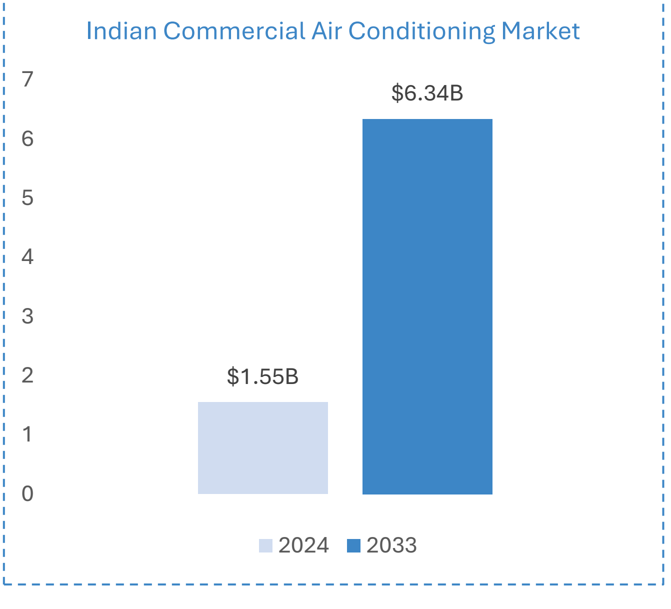
In FY2025, Commercial Air Conditioning vertical delivered steady performance through margin-accretive product mix.

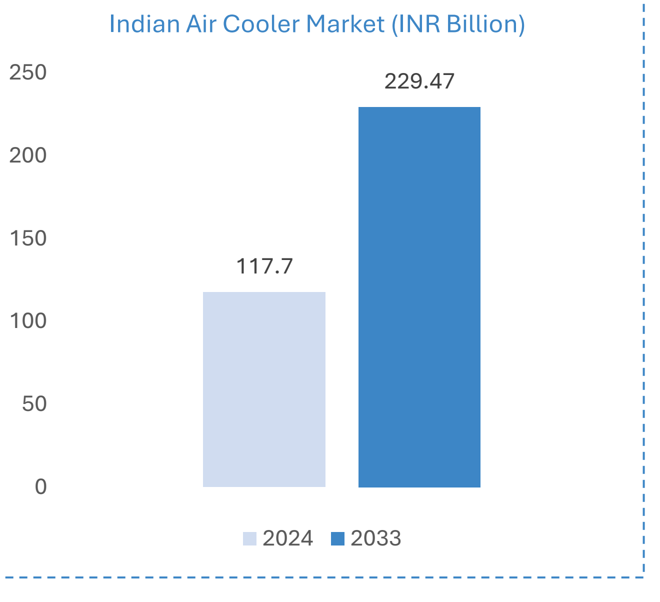
Air Cooler

The Indian air cooler market is experiencing significant growth, with a projected market size of INR 229.47 billion by 2033, exhibiting a CAGR of 7.10% from 2025 to 2033. In 2024, the market was valued at INR 117.70 billion.

With rising disposable incomes and a growing aspiration for cooling solutions, Air Coolers offer a cost-effective alternative to air conditioners, appealing to a broader audience. To expand its market presence, Voltas has strengthened its distribution network and introduced incentive schemes, both of which have yielded impressive results. The Air Coolers segment is set to remain a key growth driver as the Company continues to expand its presence in the UCP segment.

The Company recorded strong volume growth of over 70% for Air Coolers compared to the previous year, gaining a market share of 8.5% and establishing itself as one of the top three brands in the category. Strategic tie-ups with distributors and seasonal sub-dealer schemes facilitated enhanced placements across the network, particularly in high-demand regions.



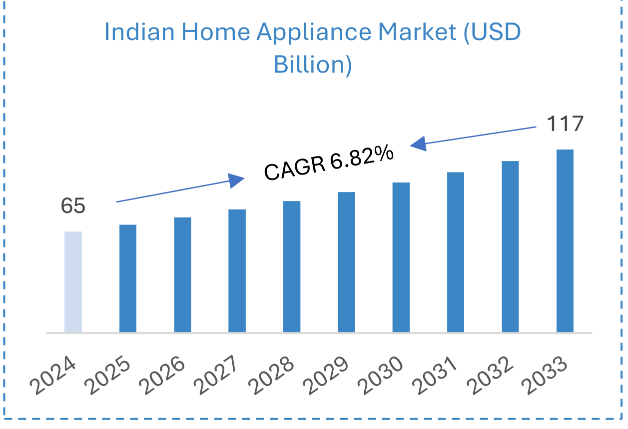


Source: IMARC, Annual Report

Voltbek Home Appliances

Voltbek Home Appliances Private Limited ('Voltbek') is a joint venture established in 2017 between Voltas Limited and Arçelik. The brand's offering spans a wide range of portfolio across its categories such as Refrigerators, Washing Machines, Dishwashers, Microwave Ovens, and most recently, SDAs like Mixer Grinders and Dry Irons. The Sanand plant of Voltas is a cornerstone in Voltas' expansion into the home appliances segment. With a capacity of 1.6 million units annually, it manufactures a diverse range of products

The Indian home appliances market size was USD 64.61 billion in 2024 and is projected to reach USD 117.00 billion by 2033, registering a compound annual growth rate (CAGR) of 6.82% from 2025 to 2033.



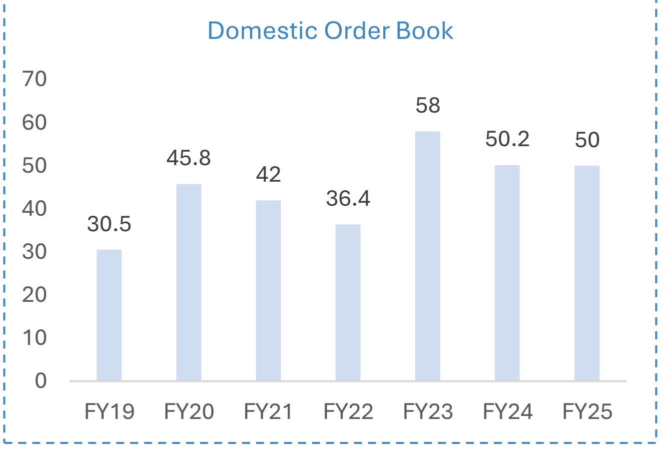
In the fiscal year 2024-25, Voltbek sustained its position as one of the fastest-growing home appliance brands in India, with cumulative sales exceeding 7.5 million units. Voltbek achieved robust volume growth of 57% year-on-year.

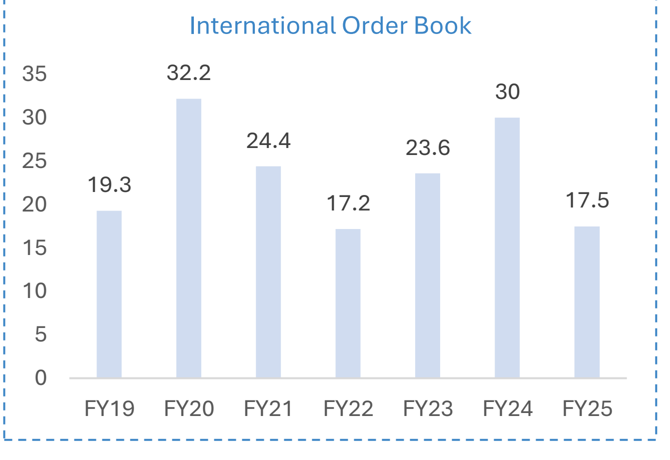
Voltbek attained the second-largest market share in the Semi-Automatic Washing Machine category, with a market share of 15.3% by March 2025. Additionally, Voltbek became the market leader in the Dishwasher category across e-commerce platforms. As of March 2025, the Voltbek's market share improved to 8.7% for Washing Machines and 5.3% for Refrigerators.

Electro-Mechanical Projects & Services (EMPS)

The Company offers a comprehensive range of electro-mechanical services, including HVAC, electrical systems, plumbing, and firefighting, complemented by prefabrication solutions through its Modular Solutions Factory in Dubai. Its international portfolio includes iconic projects such as Burj Khalifa and Ferrari World.

In FY2025, the company strengthened its presence in high-growth sectors like electronics, semiconductors, batteries, and solar panel manufacturing, supported by Production-Linked Incentive (PLI) and 'Make in India' initiatives. It secured large-scale integrated MEP projects in metro rails, tunnels, and data centers. Mitigated supply chain disruptions by diversifying vendors and sourcing geographies, especially to balance gaps created by supplier migration.





Engineering Products & Services

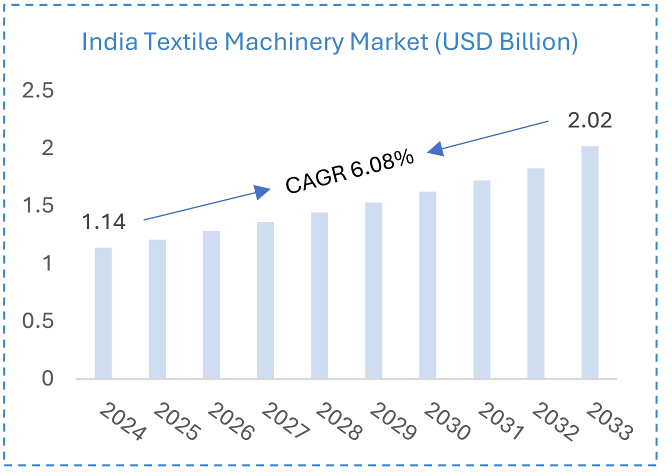
The Engineering Products and Services Segment has 2 divisions– The Textile Machinery Division (TMD) and the Mining and Construction Equipment division.

The Textile Machinery Division (TMD) of UMPESL continues to be one of India's largest and most trusted provider of comprehensive textile solutions. TMD offers a well-rounded portfolio comprising capital equipment for spinning, knitting, weaving, processing, and finishing, along with high performance accessories and allied machinery. Complementing its product range are a host of services including, technical training, process optimization, and maintenance support.

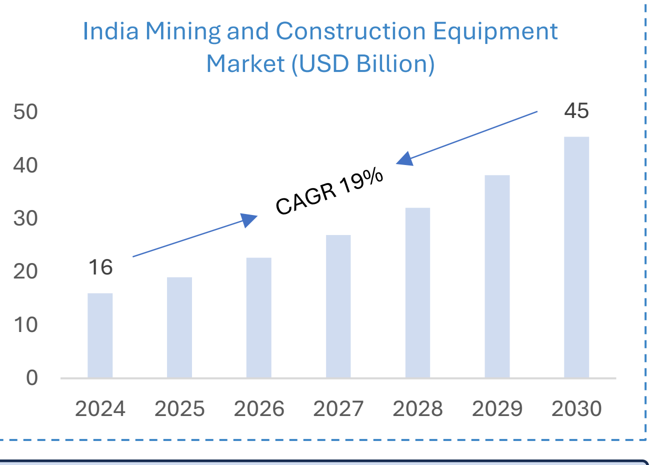
The Mining and Construction Equipment (M&CE) vertical of offers advanced machinery and comprehensive support services tailored to the needs of the mining and construction industries. With a focus on fostering long-term relationships, M&CE delivers operational maintenance and reliable equipment. Positioning itself as a product support partner, M&CE provides a suite of maintenance services designed to optimize equipment performance and extend its operational lifespan. These services include turnkey erection and commissioning of machinery, operations and maintenance contracts, heavy equipment rental agreements, annual service contracts, preventive maintenance programmes, and operator training to maximize equipment efficiency.

In FY25, The segment faced certain headwinds in its performance, owing to macroeconomic factors and, likewise, the challenges faced by industry.

The India textile machinery market size reached USD 1.14 Billion in 2024. Looking forward, the market is expected to reach USD 2.02 Billion by 2033, exhibiting a growth rate (CAGR) of 6.08% during 2025-2033. The increasing global demand for textiles, technological advancements, supportive government policies, a growing domestic market, and a focus on sustainability are some of the factors propelling the growth of the market.



India's mining and construction equipment (MCE) sector is on the cusp of significant expansion, and is expected to reach US$ 45 billion by 2030, representing a 19% CAGR. The Confederation of Indian Industry (CII) and Kearney have collaborated on the Vision 2030 report, which aims to position India as a global manufacturing hub in this sector. Currently valued at US$ 16 billion, the sector will unlock a US$ 45 billion opportunity by 2030.



Conference Call Analysis

Q2 FY2026

Revenue and Profitability

- Voltas experienced significant decline in revenue and profits compared to the same quarter last year, due to extended monsoon and deferred demand because of GST changes.
- The revenue declined from INR 2,411 crores against INR 2,724 crores last year. Net profit was INR 31.5 crores against compared to INR 132.83 crores last year.

Inventory and channel Management

- Voltas and its channel partners are carrying about two months of inventory, a result of weak summer sales and high initial stocking.
- The company is supporting the channel with sell-out schemes and expects inventory normalization by December, reducing the risk of distress selling.

Demand Outlook

- The reduction of GST from 28% to 18% for ACs and the BEE transition effective 1st January 2026, is expected to spur demand, especially during the coming summer season.
- Pent-up demand and positive consumer sentiment, with secondary sales already showing an improvement after the GST cut.

Market Share

- The company increased its market share in the residential AC segment from 16% in Q4 FY '25 to 18.5% in Q2 FY '26, maintaining its leadership and widening the gap over the nearest competitor.
- Management highlighted aggressive channel support and product upgrades as key drivers.

Margins and Cost Absorption

- Margins were impacted by higher marketing support and under-absorption at new facilities due to lower volumes. However, management expects these pressures to ease in the second half as sales volumes recover and cost-optimization measures take effect.

Project Business and Order Book

- The order book remains strong at INR 6,200 crores, split between INR 4,800 crores domestic and INR 1,400 crores international. The project business is now diversified across MEP, electrical & solar, and water, with a steady margin and revenue outlook.

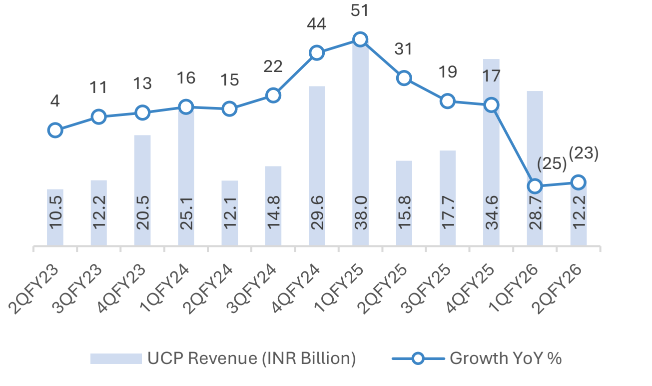
Business Diversification

- Voltas continues to diversify beyond ACs, with VoltBek appliances gaining market share in washing machines and refrigerators. The company is focusing on premiumization, innovation, and expanding its distribution reach to become a full-scale consumer durables brand.

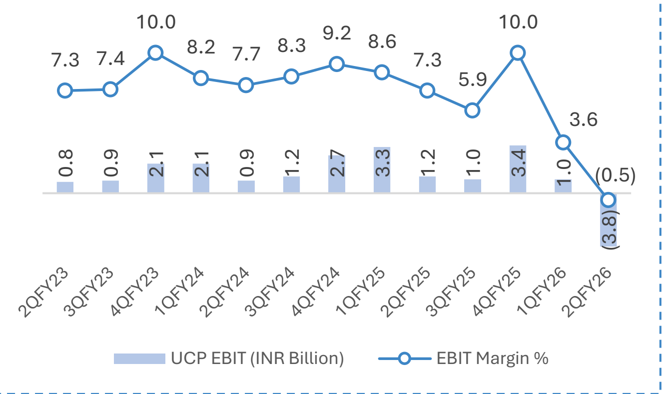
Supply Chain and Manufacturing

- The company has localized its supply chain significantly, reducing import content from 70% to under 30% over the past few years. This allows faster response to demand swings and supports future growth.

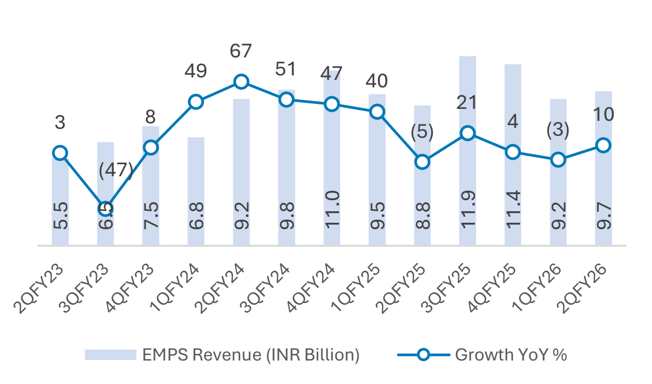
UCP's Revenue declined 23% YoY



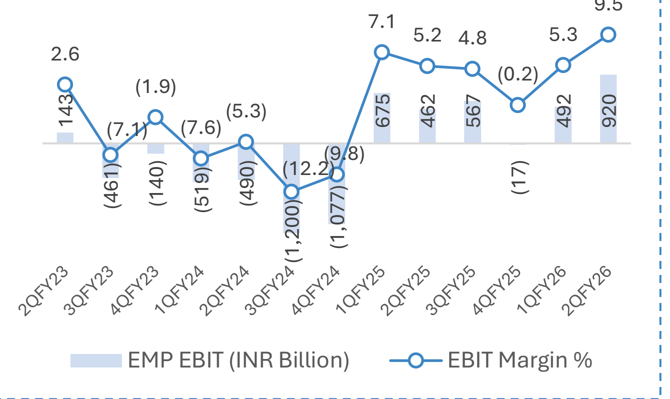
UCP's EBIT segment suffered losses



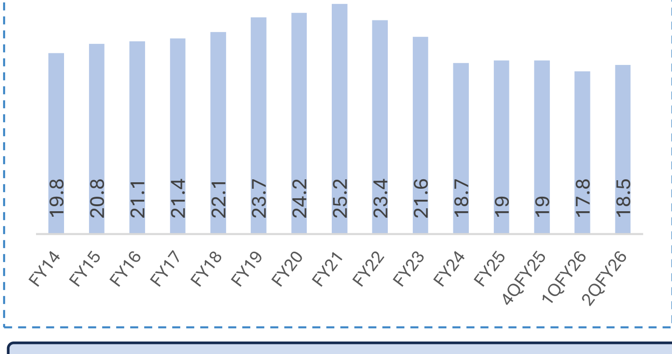
EMPS' Revenue increased 10% YoY



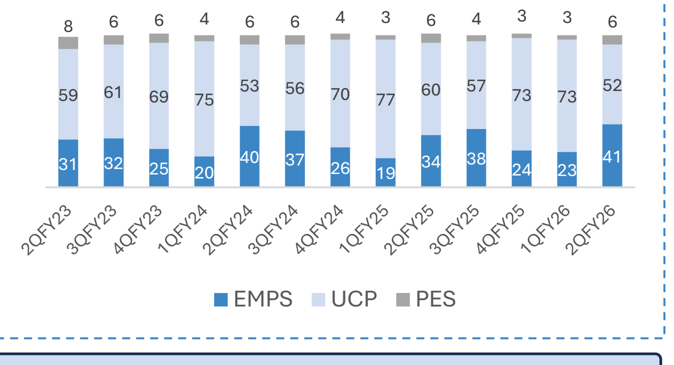
The EMPS Segment profit grew 99% YoY



RAC Market Share %



UCP contributed 52% to revenue vs 60% in 2QFY25



Management Analysis

❑ Leadership

Name	Qualification	Work Experience
Mr. Noel Tata (Non-Executive Chairman)	Mr. Tata graduated from Sussex University UK and has completed the IEP (International Executive Programme) from INSEAD, France.	Mr. Tata began his career with Tata Internationals. Under his leadership the company expanded globally in Africa and Southeast Asia. He has scaled Trent business from 1 store to 850 stores. He holds multiple positions in Tata group.
Mr. Mukundan CP Menon (Managing Director)	Mr. Menon has done B. Tech in Mechanical Engineering, Graduate Diploma in Management, along with Executive Management programs from IIM and a Leadership Excellence program from INSEAD, France.	Mr. Menon has over 37 years of Management experience, leading organizations in India and Overseas. he held the position of the President & Chief Operating Officer of Blue Star Limited. He is currently the President of “Refrigeration and Air Conditioning Manufacturing Association” (RAMA) which represents leading MNC’s as well as Indian companies in this space.
Vinayak Kashinath Deshpande (Non-Executive Director)	Mr. Deshpande did his graduation in Chemical Engineering from IIT, Kharagpur.	Mr. Deshpande has over 38 years of work experience in different roles, in diverse industries; starting with the design and sales of boilers and captive power plants at Thermax, to Industrial Automation at Tata Honeywell. During his tenure as the Managing Director of Tata Projects, the company achieved all-round excellence in its business of Industrial Infrastructure.
Saurabh Mahesh Agrawal (Non-Executive Director)	Mr. Saurabh Agrawal completed his graduate degree in chemical engineering from IIT Roorkee and has a post-graduate management degree from IIM Kolkata.	Mr. Saurabh Agrawal was the Head of Investment Banking in India for Bank of America Merrill Lynch and also Head of Corporate Finance business in India and South Asia for Standard Chartered Bank. Mr. Agrawal has wide-ranging experience in strategy and capital markets and has helped various large Indian and global corporates raise over US$ 10 billion from the capital markets.

❑ Independent Directors

Name	Qualification	Work Experience
Arun Adhikari Kumar	Mr. Adhikari graduated with B. Tech (Chemical Engineering) from IIT Kanpur in 1975 and did his MBA from IIM Kolkata. He attended the Advanced Management Program in 1997 at The Wharton School, University of Pennsylvania, USA.	Mr. Adhikari joined Hindustan Unilever Limited (HUL) in 1977 in series of increasingly senior roles across Sales, Marketing and Consumer Research. He also worked as a Senior Advisor with McKinsey. He is an Independent Director in Hindalco Industries Limited, Aditya Birla Fashion and Retail Limited, Aditya Birla Capital Limited and Aditya Birla Sun Life Insurance Company Limited. He is also Non-Executive Director in Voltbek Home Appliances Private Limited.
Jayesh Tulsidas Merchant	Mr. Merchant is a member of the Institute of Chartered Accountants of India, a member of the Institute of Company Secretaries of India, a Commerce graduate and LLB from Mumbai University.	Mr. Merchant has worked in many leadership roles across Finance, Legal, Company Secretarial and General Management domains. He has held several responsible positions across reputed companies such as Asian Paints, UTV Software Communications, ION Exchange India and Castrol.
Aditya Sehgal	Mr. Aditya Sehgal has a Bachelor's Degree in Mechanical Engineering and Post Graduate Diploma in Management, Marketing from IIM, Kolkata.	Mr. Aditya Sehgal is an experienced business leader creating a new entrepreneurial venture Asgard world. He is a Non-Executive Director on the Board of JPMorgan China Growth & Income - an FTSE-listed Investment trust and also serves on the Board of Ozone Coffee Roasters International and Justmyroots.com. He is an active angel investor and mentors several start-ups and executives.
Pheroz Naswanjee Pudumjee	Mr. Pudumjee has a Masters in Business Administration and a Diploma in Automobile Technology from Stanford University.	Mr. Pudumjee is a Non-Executive Director of Thermax Limited since 15th January, 2001. He managed Thermax's overseas venture in UK and facilitates its international activities, including the incubation and development of new business and relevant organizational changes.
Sonia Singh	Ms. Singh holds Master of Business Administration from FMS Delhi and Bachelor of Arts degree in Economics.	Ms. Sonia Singh is a distinguished marketing professional with over 33 years of experience with leadership in creating new categories, brands, functions and capabilities and with experience in crafting and building brands. She has also consulted with various consumer marketing companies in Europe and Asia.

Commentary

According to our research, the company has a strong management with great experience and expertise in their respective domains. The Independent Directors of the company have diverse experience in fields like Finance, Engineering, Economics, Automobile , etc. Additionally, they have held leadership positions in companies like Bluestar, HUL, Asian Paints, McKinsey, etc. We did not find any direct political connection between the leadership team or board members and any national or regional political party in India. No conflict of interest was with the Independent Directors of the company.

The current Managing Director of the company, Mr. Mukundan C P Menon joined Voltas in July 2023 as the head of Room Air Conditioners business and was gradually promoted to his current position in September 2025. He is acknowledged for his expertise in Room Air Conditioner, Commercial Air Conditioners, and Refrigeration Business.

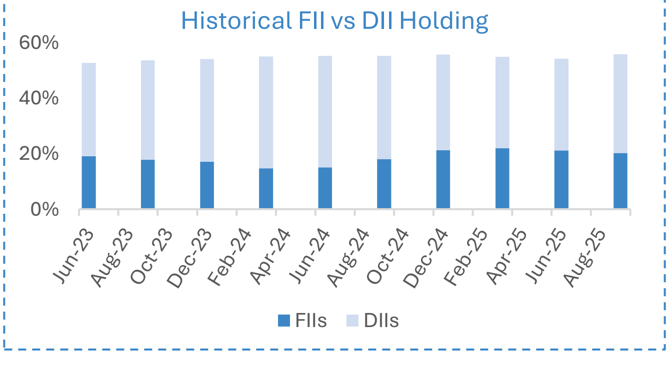
Shareholding Pattern

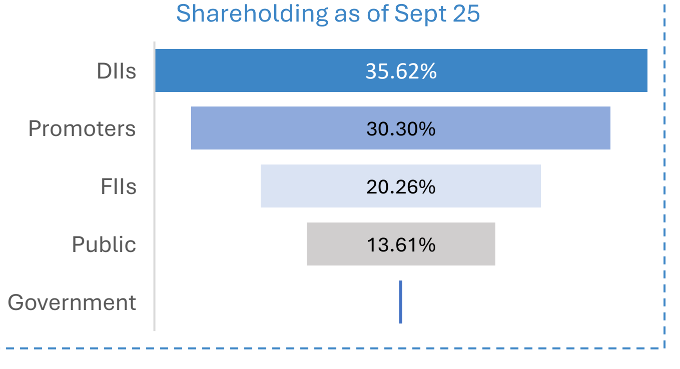
Yearly and Quarterly Shareholding Pattern

	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25	Sep-25
Promoters	30.30%	30.30%	30.30%	30.30%	30.30%	30.30%	30.30%	30.30%	30.30%	30.30%
FIIs	20.72%	19.58%	13.67%	9.87%	14.38%	26.19%	20.58%	14.71%	21.95%	20.26%
DIIs	26.21%	29.33%	34.69%	39.63%	37.22%	27.83%	33.14%	40.36%	32.99%	35.62%
Government	0.24%	0.34%	0.42%	0.41%	0.24%	0.21%	0.21%	0.21%	0.21%	0.21%
Public	22.53%	20.45%	20.92%	19.79%	17.86%	15.47%	15.78%	14.41%	14.53%	13.61%

	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
Promoters	30.30%	30.30%	30.30%	30.30%	30.30%	30.30%	30.30%	30.30%	30.30%	30.30%
FIIs	19.08%	17.84%	17.18%	14.71%	15.08%	18.09%	21.31%	21.95%	21.16%	20.26%
DIIs	33.63%	35.82%	37.00%	40.36%	40.19%	37.25%	34.39%	32.99%	33.15%	35.62%
Government	0.21%	0.21%	0.21%	0.21%	0.21%	0.21%	0.21%	0.21%	0.21%	0.21%
Public	16.78%	15.84%	15.32%	14.41%	14.22%	14.16%	13.78%	14.53%	15.17%	13.61%

The promoter holding is constant over the years, held by Tata Sons. FII holding has been volatile. DIIs have increased their shareholding over the years and the public shareholding has reduced. No shares have been pledged by the company.





Company Financials

Quarterly Snapshot

Figures in Cr.

Particulars	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26E	Q4FY26E
Sales	4,921	2,619	3,105	4,768	3,939	2,347	3,284	5,116
Expenses	4,527	2,489	2,940	4,467	3,786	2,313	3,088	4,690
EBITDA	**394**	**130**	**165**	**301**	**153**	**34**	**196**	**426**
EBITDA Margin %	*8.0%*	*5.0%*	*5.3%*	*6.3%*	*3.9%*	*1.4%*	*6.0%*	*8.3%*
Add: Other Income	80	106	59	80	82	65	75	85
Less: Interest	10	14	16	23	14	20	21	21
Less: Depreciation	13	16	18	14	19	24	25	23
PBT	**451**	**206**	**190**	**344**	**202**	**55**	**225**	**467**
PBT Margin %	*9.2%*	*7.9%*	*6.1%*	*7.2%*	*5.1%*	*2.3%*	*6.9%*	*9.1%*
Tax Rate %	*26%*	*35%*	*31%*	*31%*	*31%*	*42%*	*31%*	*31%*
Less: Tax	117	72	59	107	63	23	70	145
PAT	**334**	**134**	**131**	**237**	**139**	**32**	**155**	**322**
Net Margins %	*6.8%*	*5.1%*	*4.2%*	*5.0%*	*3.5%*	*1.4%*	*4.7%*	*6.3%*

Annual Snapshot

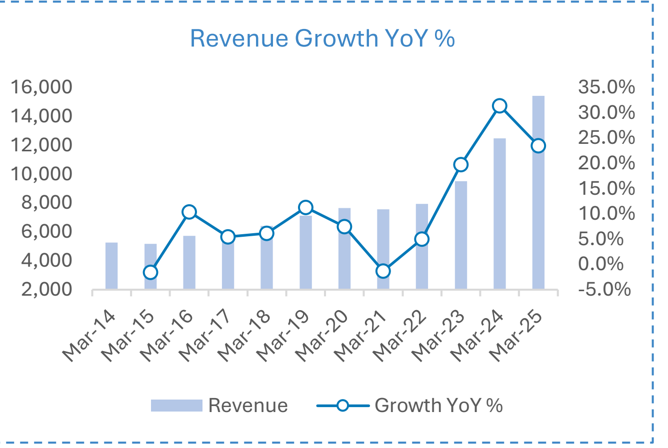
Figures in Cr.

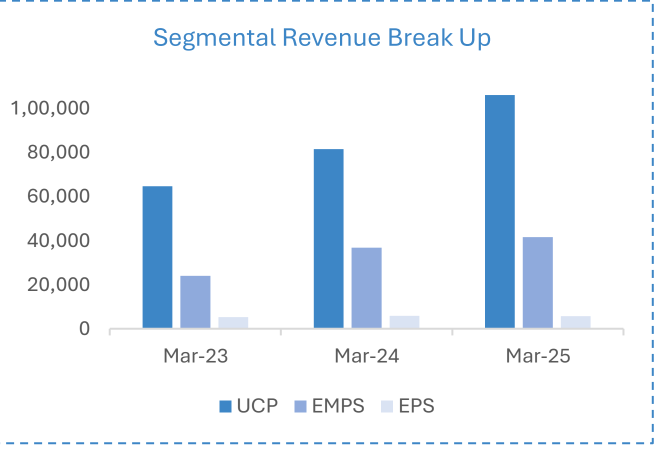
Particulars	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Sales	7,555	7,935	9,499	12,481	15,413	15,693	18,408	20,836
Expenses	6,975	7,362	9,045	12,145	14,423	14,720	17,009	19,169
EBITDA	**580**	**573**	**454**	**336**	**990**	**973**	**1,399**	**1,667**
EBITDA Margin %	*7.7%*	*7.2%*	*4.8%*	*2.7%*	*6.4%*	*6.2%*	*7.6%*	*8.0%*
Add: Other Income	189	188	(77)	253	324	310	340	380
Less: Interest	26	26	30	56	62	66	66	60
Less: Depreciation	34	37	40	48	62	87	99	113
PBT	**709**	**698**	**307**	**485**	**1,190**	**1,130**	**1,574**	**1,874**
PBT Margin %	*9.4%*	*8.8%*	*3.2%*	*3.9%*	*7.7%*	*7.2%*	*8.6%*	*9.0%*
Tax Rate %	*25%*	*27%*	*56%*	*49%*	*30%*	*42%*	*31%*	*31%*
Less: Tax	177	188	172	238	357	475	488	581
PAT	**532**	**510**	**135**	**247**	**833**	**655**	**1,086**	**1,293**
Net Margins %	*7.0%*	*6.4%*	*1.4%*	*2.0%*	*5.4%*	*4.2%*	*5.9%*	*6.2%*

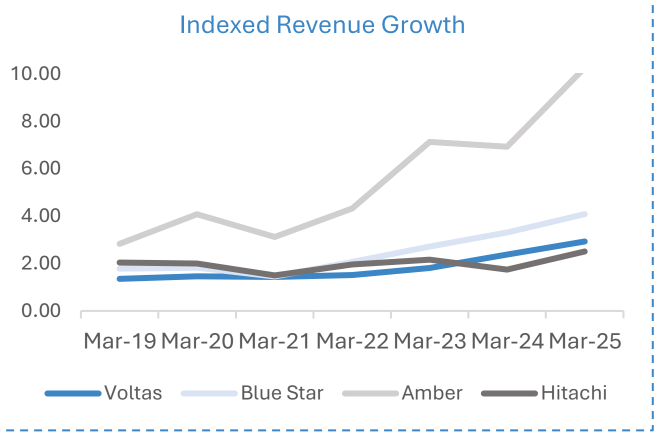
Source: Company Data, Consensus

Revenue Analysis

- The company has posted a revenue of INR 15,413Cr in FY2025. The revenue has grown at a CAGR of 24.8%, 15.0%, 11.7%, during the last 3, 5 and 7 years respectively.
- The growth in FY25 was due to strong summers. In FY26, the company experienced subdued demand due to late summers and early monsoons. Therefore, the company reported ~13% drop in revenue in H1FY26 compared to the same period last year.
- The management expects a reversal in Q4 due to the GST reduction and BEE energy efficiency transition effective January 2026.
- Voltbek has shown strong growth in H126. It has gained market share in key categories.
- The EMPS segment acts as a stabilizer for Voltas, mitigating the seasonality in the cooling business.
- It has a order book of ~INR 6200Cr. It is well positioned to deliver consistent growth in the medium term.
- The management has given a guidance of flattish growth in FY26.
- Voltas has demonstrated most consistent and scalable revenue growth among its peers.
- The mean consensus growth estimate for FY26 is ~1.8%. For FY27 and FY28, the growth is forecasted to be ~13%- 14%.







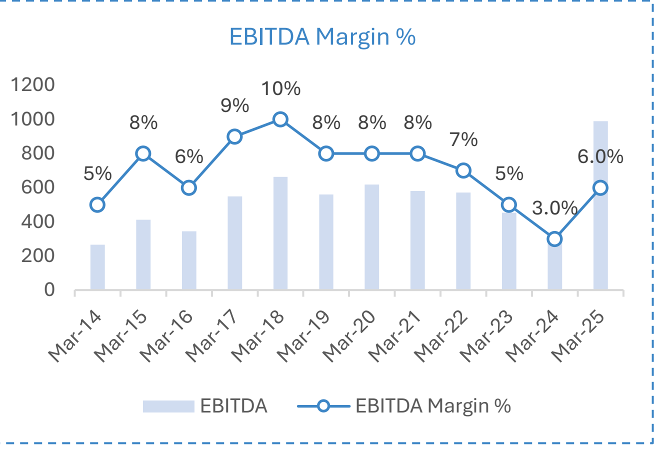
Peer Analysis- Revenue CAGR

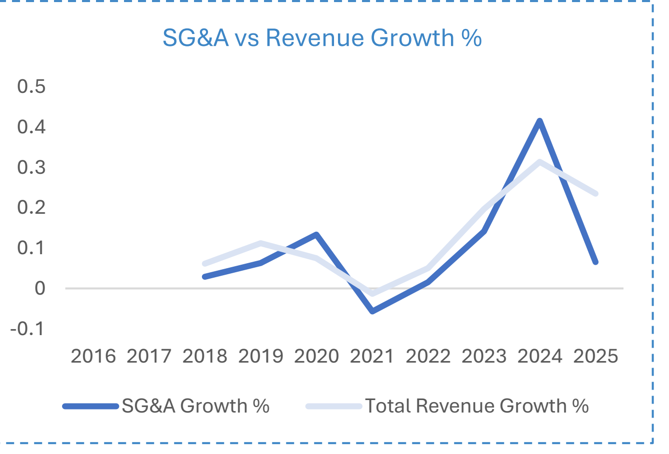
	Last Year	3Y	5Y	7Y
Voltas	23%	25%	15%	13%
Blue Star	24%	25%	17%	14%
Amber	48%	33%	20%	25%
Hitachi	44%	8%	5%	3%

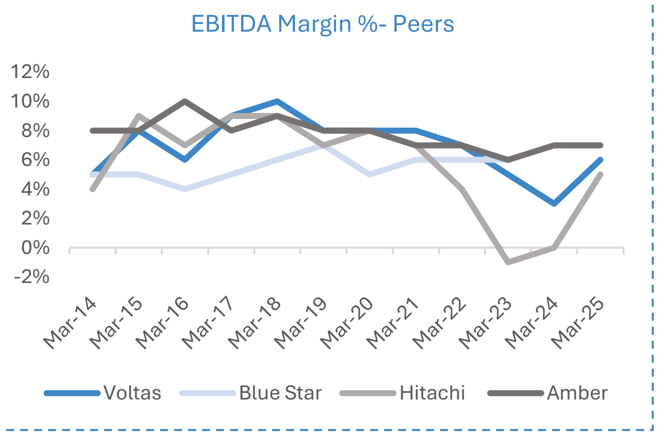
Source: Company Data, Consensus

EBITDA Margin Analysis

- The EBITDA Margins have remained consistent in the range of 8 - 10% from FY17 to FY22. It dropped to 5% in FY23 and 3% in FY24. This was mainly because of input cost pressures. The company was not able to pass the increased raw material costs to the customers because of tough competition. Also, the INR has been depreciating against the dollar.
- In FY24, bad debts of 400cr were written off, which impacted the margins. This was a one off item.
- Heavy advertisement expenditures were made for promoting Voltbek in order to gain market share.
- In FY26, margins would be impacted due to incentives given to channel partners in order to help them sell pent up inventory and under absorption of costs at new facilities due to lower volumes. However, management expects these pressures to ease in the second half as sales volumes recover and cost-optimization measures take effect.
- SG&A Expenses include Employee Benefit Expenses, General and Administration Expenses, Selling Expenses which contribute to 80% of the total SG&A expenses.
- Compared to its peers, the EBITDA Margins of Voltas have remained strong and consistent over the years except in FY24.
- According to Management Guidance and Consensus Estimate, EBITDA Margins are expected to be around 6 % in FY26 and will increase back to 8% FY27 onwards.



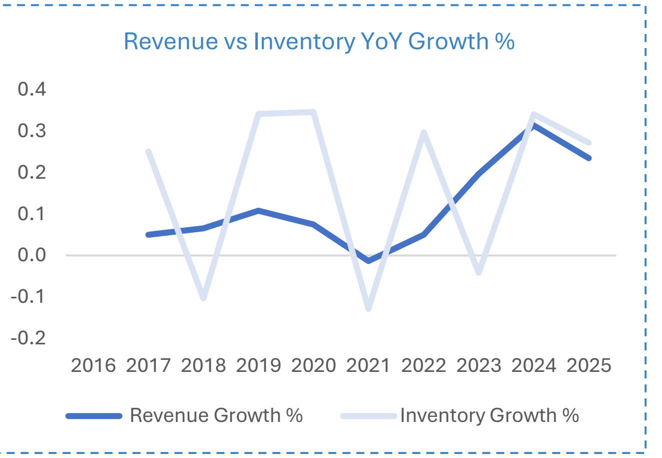


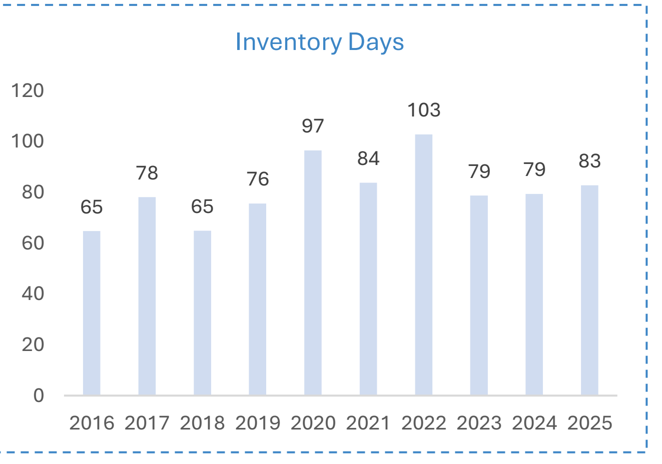


Source: Company Data, Consensus

Inventory Analysis

- Historically, company has been maintaining Inventory at 17 % of revenue. With median Inventory days being ~79 days and Inventory turnover ratio being 5x.
- In H1FY26, initially higher inventories were stocked up due to higher anticipated demand. But due to weak summers, the inventory level remained elevated.
- The company and channel partners are carrying higher-than-normal inventories (3–4 months for Voltas, 2 months for trade). The management expects the inventory levels to normalize without excess discounts.
- Compared to its peers, Voltas maintains lower inventory days. The average inventory days for the industry is ~114 days.
- Inventory days are expected to remain flat FY27 onwards at ~80 days, after seeing increased inventory levels in FY26.





Particulars	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Revenue	5,747	6,033	6,428	7,124	7,658	7,556	7,934	9,499	12,481	15,413
Revenue Growth %		*5.0%*	*6.6%*	*10.8%*	*7.5%*	*-1.3%*	*5.0%*	*19.7%*	*31.4%*	*23.5%*
Inventory	725	907	813	1,091	1,469	1,280	1,661	1,592	2,135	2,715
Inventory % Revenue	13%	15%	13%	15%	19%	17%	21%	17%	17%	18%
Inventory Days (Revenue)	46	55	46	56	70	62	76	61	62	64
Inventory Days (COGS)	65	78	65	76	97	84	103	79	79	83
Inventory Turnover (COGS)	6x	5x	6x	5x	4x	4x	4x	5x	5x	4x

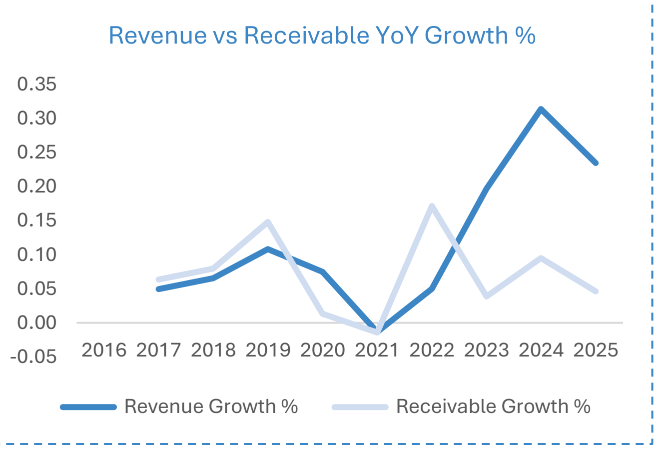
Peer Analysis

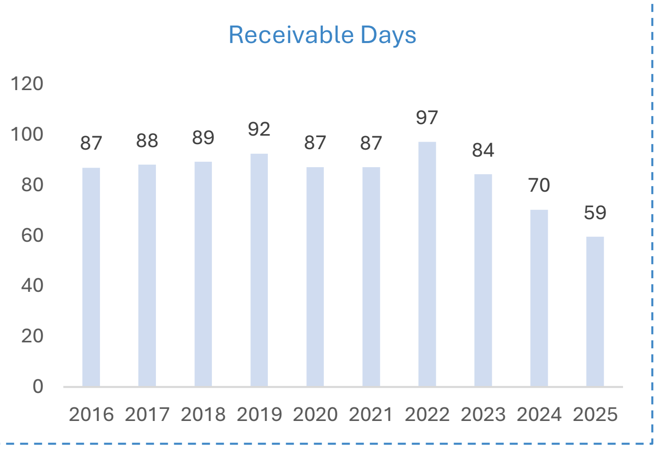
Inventory Days	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Voltas	65	78	65	76	97	84	103	79	79	83
Blue Star	104	97	152	119	116	143	125	127	106	131
Amber Enterprises	96	71	83	88	72	104	87	68	56	74
Hitachi	178	138	116	140	190	249	199	177	178	146
Mean	126	102	117	116	126	165	137	124	113	117
Median	**104**	**97**	**116**	**119**	**116**	**143**	**125**	**127**	**106**	**131**

Source: Company Data, Consensus

Trade Receivables Analysis

- The company has maintained a consistent receivable policy. In the last 3 years, revenue has grown at a faster rate than the receivables, due to which the receivable days have been reduced from 97 days in FY22 to 59 days in FY25. Also, the receivable turnover ratio has remained consistent at 4x.
- In H1FY26, the sales has been poor due to early monsoons. In order to push inventory the company has given incentives to its channel partners in the form of extended credit period. This will result in increased receivable days in FY26.
- Voltas has higher receivable days than the industry average of ~78 days. The median consensus estimate for the next 2 years is ~75 days.
- Considering the credit risk management of the company, receivables is not at significant risk of impairment.





Debtor Analysis	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Revenue	5,747	6,033	6,428	7,124	7,658	7,556	7,934	9,499	12,481	15,413
Revenue Growth %		*5.0%*	*6.6%*	*10.8%*	*7.5%*	*-1.3%*	*5.0%*	*19.7%*	*31.4%*	*23.5%*
Receivables	1,367	1,454	1,570	1,803	1,827	1,801	2,110	2,192	2,400	2,511
Receivable % Revenue	24%	24%	24%	25%	24%	24%	27%	23%	19%	16%
Receivable Days	87	88	89	92	87	87	97	84	70	59
Receivable Turnover Ratio	4x	4x	4x	4x	4x	4x	4x	4x	5x	6x

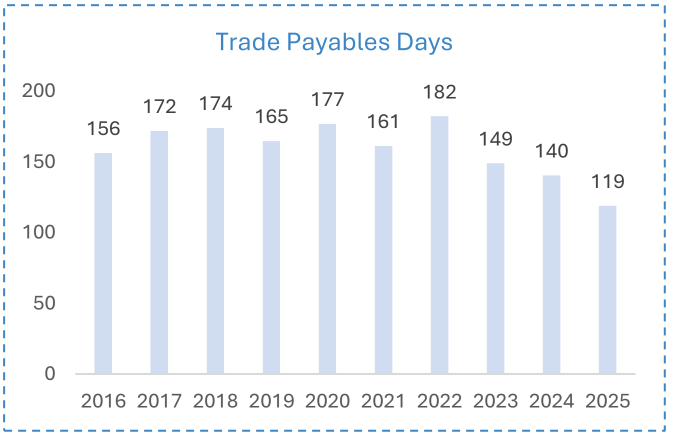
Peer Analysis

Receivable Days	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Voltas	87	88	89	92	87	87	97	84	70	59
Blue Star	76	78	75	78	57	69	72	71	74	60
Amber	83	68	65	104	79	129	114	93	85	64
Hitachi	62	54	69	73	42	59	70	49	72	56
Mean	77	72	75	87	66	86	88	74	75	60
Median	**80**	**73**	**72**	**85**	**68**	**78**	**84**	**78**	**73**	**60**

Source: Company Data, Consensus

Trade Payables Analysis

- The company has maintained median payable days of ~165 over the years. The payable days have reduced from 177 in FY20 to 119 in FY25. The median Payables Turnover Ratio is 2x.
- The company's payable days are twice that of receivable days, which indicates favourable supplier credit policies.
- Payable days of Voltas are in line with its peers.



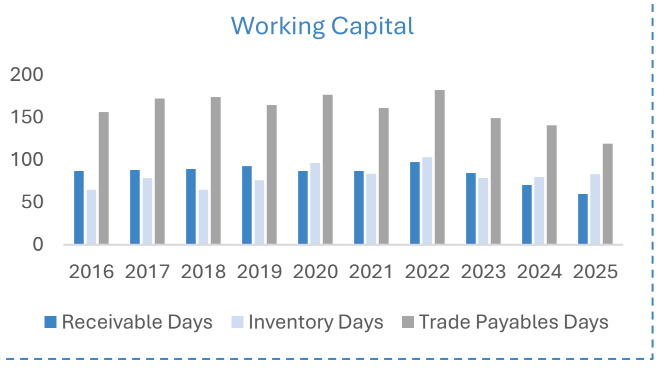
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Revenue	5,747	6,033	6,428	7,124	7,658	7,556	7,934	9,499	12,481	15,413
Revenue Growth %		*5.0%*	*6.6%*	*10.8%*	*7.5%*	*-1.3%*	*5.0%*	*19.7%*	*31.4%*	*23.5%*
Trade Payables	1,749	1,995	2,176	2,374	2,689	2,465	2,942	3,013	3,775	3,893
Trade Payables % Revenue	30%	33%	34%	33%	35%	33%	37%	32%	30%	25%
Trade Payables % COGS	43%	47%	48%	45%	48%	44%	50%	41%	38%	33%
Trade Payables Days	156	172	174	165	177	161	182	149	140	119
Payables Turnover Ratio	2x	2x	2x	2x	2x	2x	2x	2x	3x	3x

Peer Analysis

Payable Days	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Voltas	156	172	174	165	177	161	182	149	140	119
Blue Star	211	191	228	211	211	260	223	223	198	209
Amber Enterprises	165	119	120	148	124	193	176	143	144	141
Hitachi	149	133	130	137	144	224	175	143	214	159
Mean	170	154	163	165	164	210	189	165	174	157
Median	**161**	**152**	**152**	**156**	**160**	**209**	**179**	**146**	**171**	**150**

Cash Conversion Cycle

- The company maintains a shorter cash conversion cycle than the industry average, due to lower receivable days and high payable days.
- Only Blue Star maintains a negative cash conversion cycle.



Peer Analysis

Particulars	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Voltas	-5	-6	-20	3	7	9	18	14	9	24
Blue Star	-31	-16	-2	-14	-38	-48	-26	-25	-18	-18
Amber Enterprises	14	21	28	44	27	40	25	17	-3	-4
Hitachi	92	59	55	77	89	83	94	83	36	42
Mean	18	15	15	28	21	21	28	22	6	11
Median	**5**	**8**	**13**	**24**	**17**	**25**	**21**	**15**	**3**	**10**

Source: Company Data, Consensus

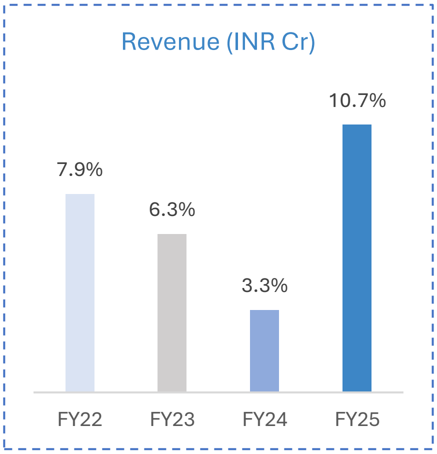
DuPont Analysis

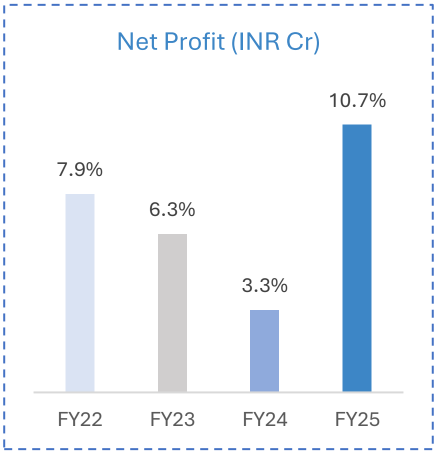
Return on Equity (ROE)	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Net Income	514	521	529	506	136	248	834
Revenue	7,124	7,658	7,556	7,934	9,499	12,481	15,413
Net Profit Margin (A)	**7.2%**	**6.8%**	**7.0%**	**6.4%**	**1.4%**	**2.0%**	**5.4%**
Revenue	7,124	7,658	7,556	7,934	9,499	12,481	15,413
Average Total Assets	7,406	7,836	8,406	9,195	10,004	11,134	12,551
Asset Turnover Ratio (B)	**1.0x**	**1.0x**	**0.9x**	**0.9x**	**0.9x**	**1.1x**	**1.2x**
Average Total Assets	7,406	7,836	8,406	9,195	10,004	11,134	12,551
Average Total Equity	4,008	4,195	4,637	5,246	5,476	5,636	6,167
Financial Leverage (C)	**1.8x**	**1.9x**	**1.8x**	**1.8x**	**1.8x**	**2.0x**	**2.0x**
Retuen on Equity (A*B*C)	**12.8%**	**12.4%**	**11.4%**	**9.6%**	**2.5%**	**4.4%**	**13.5%**

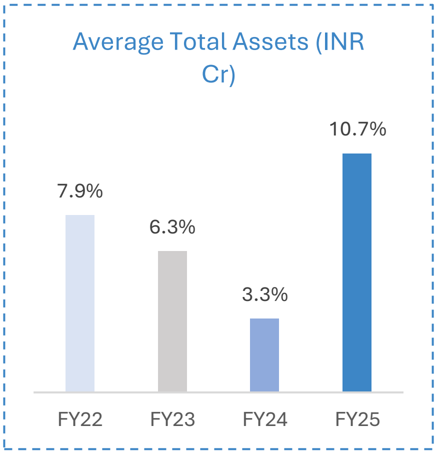
Return on Asset (ROA)	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Net Income	514	521	529	506	136	248	834
Revenue	7,124	7,658	7,556	7,934	9,499	12,481	15,413
Net Profit Margin (A)	**7.2%**	**6.8%**	**7.0%**	**6.4%**	**1.4%**	**2.0%**	**5.4%**
Revenue	7,124	7,658	7,556	7,934	9,499	12,481	15,413
Average Total Assets	7,406	7,836	8,406	9,195	10,004	11,134	12,551
Asset Turnover Ratio (B)	**1.0x**	**1.0x**	**0.9x**	**0.9x**	**0.9x**	**1.1x**	**1.2x**
Retuen on Asset (A*B)	**6.9%**	**6.6%**	**6.3%**	**5.5%**	**1.4%**	**2.2%**	**6.6%**

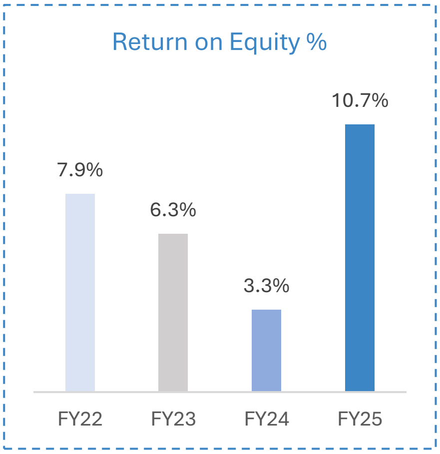
Return on Capital Employed (ROCE)	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
NOPAT	309	460	547	439	377	208	744
Revenue	7,124	7,658	7,556	7,934	9,499	12,481	15,413
NOPAT Margin (A)	**4.3%**	**6.0%**	**7.2%**	**5.5%**	**4.0%**	**1.7%**	**4.8%**
Revenue	7,124	7,658	7,556	7,934	9,499	12,481	15,413
Average Capital Employed	4,236	4,462	4,876	5,557	5,982	6,334	6,985
Capital Turnover Ratio (B)	**1.7x**	**1.7x**	**1.5x**	**1.4x**	**1.6x**	**2.0x**	**2.2x**
Return on Capital Employed (A*B)	**7.3%**	**10.3%**	**11.2%**	**7.9%**	**6.3%**	**3.3%**	**10.7%**

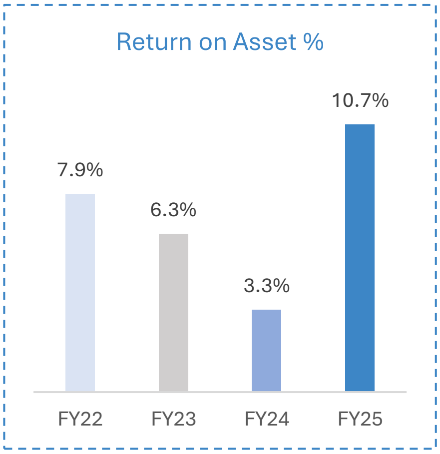
Source: Company Analysis

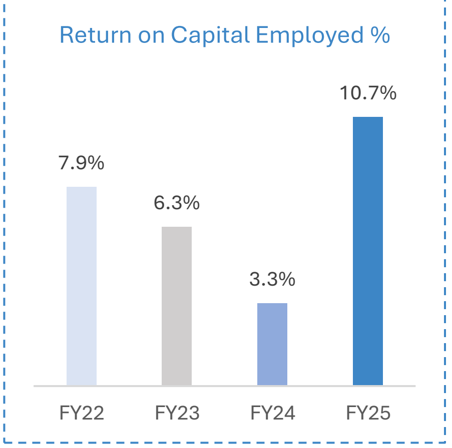












Commentary

- ROE was decreasing till FY24. This was due to the low net profit margins because financial leverage and asset turnover remained consistent. The low margins were mainly due to high input costs and a one off provision for bad debt, which was around 400cr.
- Similarly, the ROA of the company was declining till FY24 because of input costs, competitive pricing and advertisement expenses.
- The asset turnover has improved over time, which indicates the management has improved its asset efficiency.
- Also, the capital turnover ratio has improved from 1.7x to 2.2x, which has ultimately resulted in an increase in the ROCE.
- In summary, the unfavourable numbers in FY23- 24 were due to profitability shock and not due to any structural challenges.
- In FY25, the recovery is led by both margin improvement and capital efficiency.
- Going forward, with the backward integrated Chennai plant, costs are expected to decrease due to less reliance on imports and margins are expected to improve.

Source: Company Analysis

Ratio Analysis

Profitability Ratios	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Revenue Growth	10.4%	5.5%	6.1%	11.2%	7.5%	-1.3%	5.0%	19.7%	31.4%	23.5%
Gross Margin	28.9%	30.5%	28.9%	26.1%	27.5%	26.2%	25.7%	22.3%	21.4%	22.4%
EBITDA Margin	6.0%	9.0%	10.0%	8.0%	8.0%	8.0%	7.0%	5.0%	3.0%	6.0%
PBT Margin	9.8%	11.8%	12.5%	9.5%	9.7%	9.4%	8.8%	3.2%	3.9%	7.7%
Net Margin	6.8%	8.5%	9.0%	7.2%	6.8%	7.0%	6.4%	1.4%	2.0%	5.4%

The Gross Margins have remained consistent in the past 3 years. They have dropped from 26 to 22% due to increased input costs. The net margins have taken a hit in FY23 and FY24. This was due to competitive pricing, advertisement expenses and provision created for EMPS segment. The margins are expected to improve going forward as volume increases and the fixed costs are absorbed.

Efficiency Ratios	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Debtor Days	87	88	89	92	87	87	97	84	70	59
Debtor Turnover	4.2x	4.1x	4.1x	4.0x	4.2x	4.2x	3.8x	4.3x	5.2x	6.1x
Inventory Days	65	78	65	76	97	84	103	79	79	83
Inventory Turnover	5.6x	4.7x	5.6x	4.8x	3.8x	4.4x	3.6x	4.6x	4.6x	4.4x
Net Fixed Asset Turnover	11.0x	11.7x	12.2x	12.3x	12.2x	11.5x	11.9x	11.4x	14.0x	11.4x
Total Asset Turnover	1.0x	0.9x	0.9x	0.9x	0.9x	0.9x	0.8x	0.9x	1.0x	1.2x
Capital Turnover	2.2x	1.8x	1.7x	1.7x	1.7x	1.5x	1.4x	1.6x	2.0x	2.2x

The debtor days have decreased in the past few years, which indicates that the company has improved its credit policies. The inventory turnover ratio has remained consistent. The Total Asset Turnover and Capital Turnover ratios have also improved, indicating that the management is efficiently using its capital and assets.

Valuation Ratios	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Enterprise Value	9,342	13,494	20,413	20,748	15,567	32,968	40,999	27,019	36,401	48,474
EV/ EBITDA	27.2x	24.6x	30.8x	37.0x	25.2x	56.8x	71.7x	59.5x	108.3x	49.0x
Price/ Earnings	23.6x	26.3x	35.6x	40.4x	30.1x	62.7x	81.4x	199.1x	147.2x	57.9x
Price/ Sales	1.6x	2.2x	3.2x	2.9x	2.0x	4.4x	5.2x	2.9x	2.9x	3.1x
Price/ CFO	42.3x	31.9x	63.2x	-64.7x	33.9x	59.7x	70.6x	170.3x	47.9x	-215.4x
Price/ Book Value	3.0x	3.9x	5.1x	4.7x	3.5x	6.3x	7.0x	4.4x	5.6x	6.5x

The Enterprise Value has increased over the years. EV/EBITDA ratio exploded from FY22 to FY24 because EBITDA deteriorated due to pricing pressure and price did not fall proportionately. Therefore the fall in EV/EBITDA in FY25 was EBITDA recovery and not EV destruction.

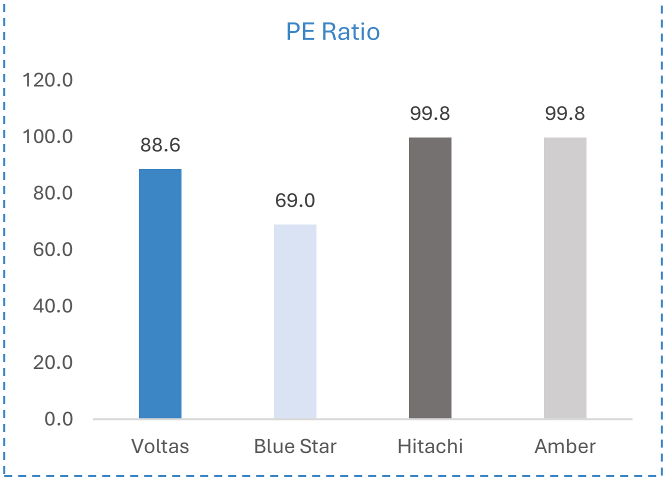
Source: Company Analysis

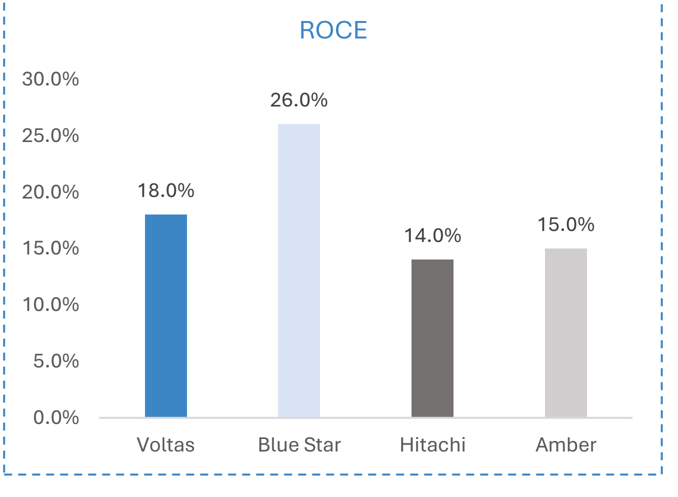
Leverage Ratios	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Debt/ Equity	5.8%	9.6%	5.2%	3.6%	7.7%	5.1%	5.2%	6.6%	11.9%	12.8%
Debt/ Assets	4.6%	2.6%	1.9%	4.2%	2.7%	3.0%	3.7%	6.3%	6.2%	6.8%
Debt/ EBITDA	78.8%	31.1%	21.4%	56.3%	35.4%	45.0%	63.1%	143.4%	221.4%	90.1%
Debt/ Capital	8.8%	4.9%	3.5%	7.1%	4.9%	5.0%	6.2%	10.7%	11.3%	12.0%
CFO/ Debt	80.8%	250.3%	228.9%	-101.9%	211.0%	213.0%	161.8%	24.4%	102.4%	-25.1%
Interest Coverage	26.9x	43.8x	56.1x	17.6x	31.7x	23.7x	25.2x	18.1x	7.5x	17.0x
Operating Leverage		10.3x	-0.7x	-1.3x	2.0x	5.6x	1.3x	-0.9x	-0.7x	6.5x
Financial Leverage	2.2x	2.0x	1.9x	1.8x	1.9x	1.8x	1.8x	1.8x	2.0x	2.0x

Company has increased its debt from FY22 to set up the Chennai plant. The double digit interest coverage ratio indicates the company is in a strong position to repay its debts. Financial leverage ratio has remained consistent. Operating leverage ratio is expected to improve as sales volume increases.

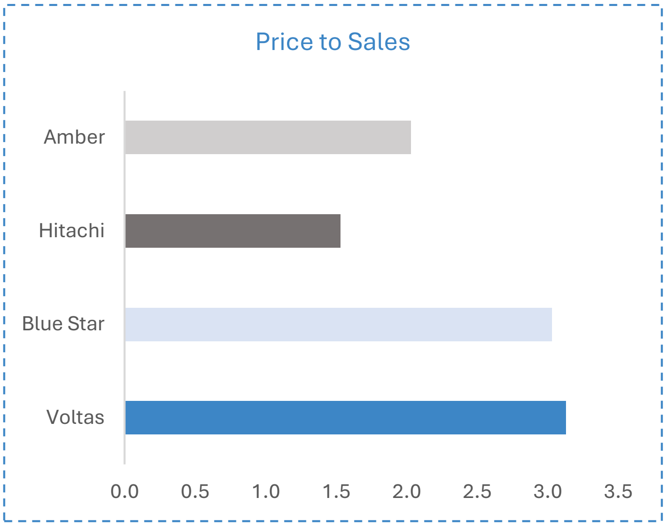
Key Ratios (Peers)

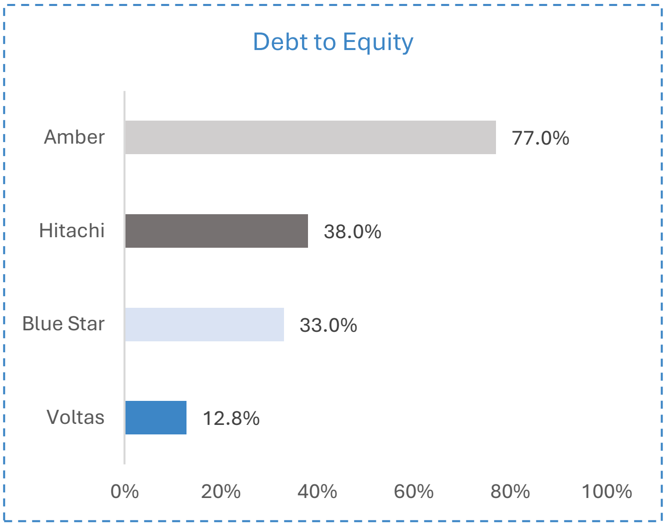
Key Ratios	Voltas	Blue Star	Hitachi	Amber
PE Ratio	88.6x	69.0x	99.8x	99.8x
ROCE	18.0%	26.0%	14.0%	15.0%
Sales/ Capital Employed	2.2x	3.5x	4.2x	2.3x
Debt to Equity	12.8%	33.0%	38.0%	77.0%
Debt to Asset	6.8%	4.6%	2.3%	24.4%
Debt to Capital	12.0%	11.1%	6.4%	47.4%
Interest Coverage	17.0x	12.5x	8.7x	2.4x
Financial Leverage	2.0x	2.4x	2.7x	3.3x
EV/ EBITDA	49.0x	40.9x	32.9x	28.6x
Price to Sales	3.1x	3.0x	1.5x	2.0x
Price to Book	6.5x	11.9x	8.4x	6.1x

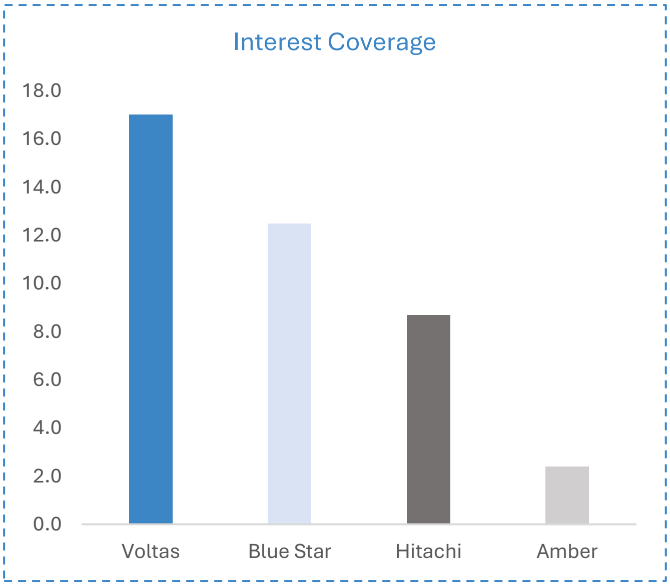


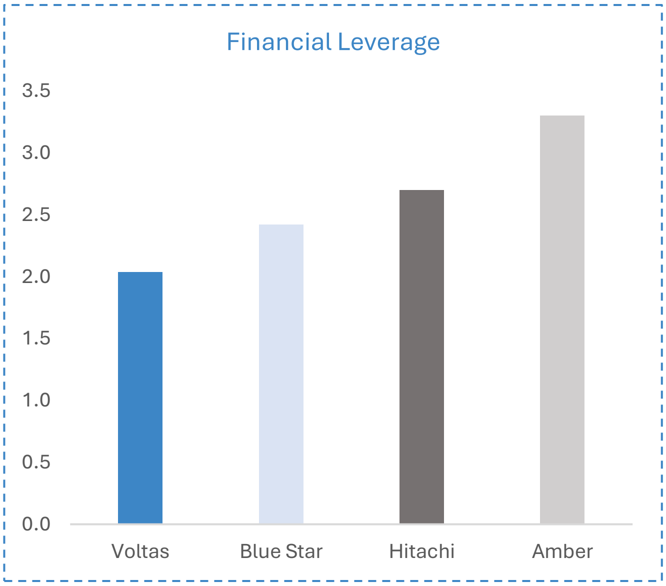


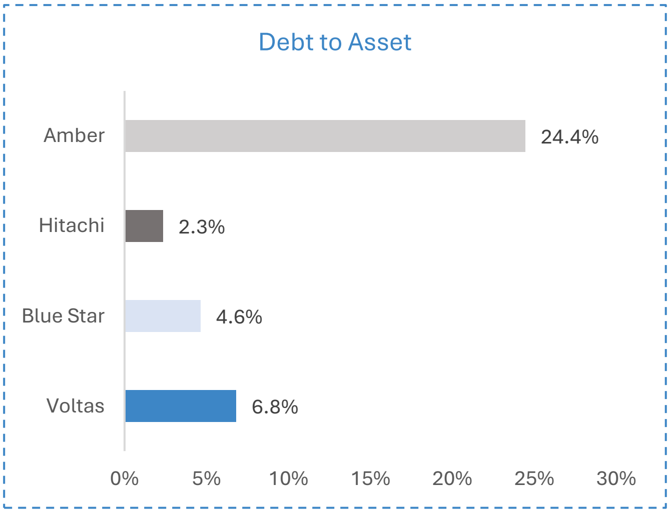
Source: Company Analysis

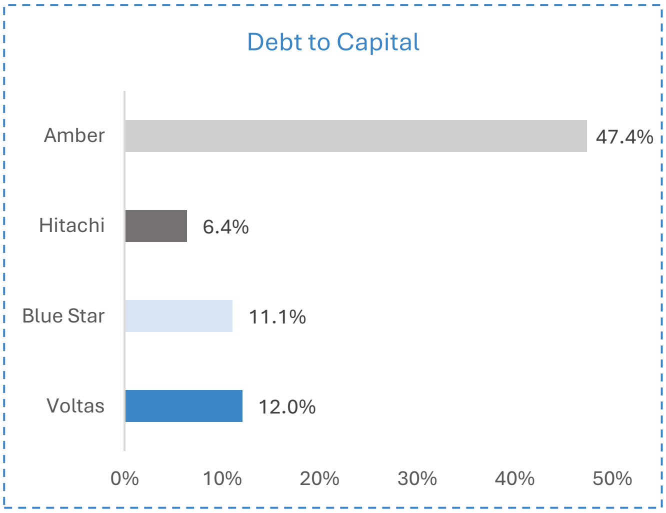

Price to Sales
Amber
Hitachi
Blue Star
Voltas
0.0
0.5
1.0
1.5
2.0
2.5
3.0
3.5


Debt to Equity
Amber
77.0%
Hitachi
38.0%
Blue Star
33.0%
Voltas
12.8%
0%
20%
40%
60%
80%
100%


Interest Coverage
18.0
16.0
14.0
12.0
10.0
8.0
6.0
4.0
2.0
0.0
Voltas
Blue Star
Hitachi
Amber


Financial Leverage
3.5
3.0
2.5
2.0
1.5
1.0
0.5
0.0
Voltas
Blue Star
Hitachi
Amber


Debt to Asset
Amber
24.4%
Hitachi
2.3%
Blue Star
4.6%
Voltas
6.8%
0%
5%
10%
15%
20%
25%
30%


Debt to Capital
Amber
47.4%
Hitachi
6.4%
Blue Star
11.1%
Voltas
12.0%
0%
10%
20%
30%
40%
50%

DCF Valuation

WACC Calculations

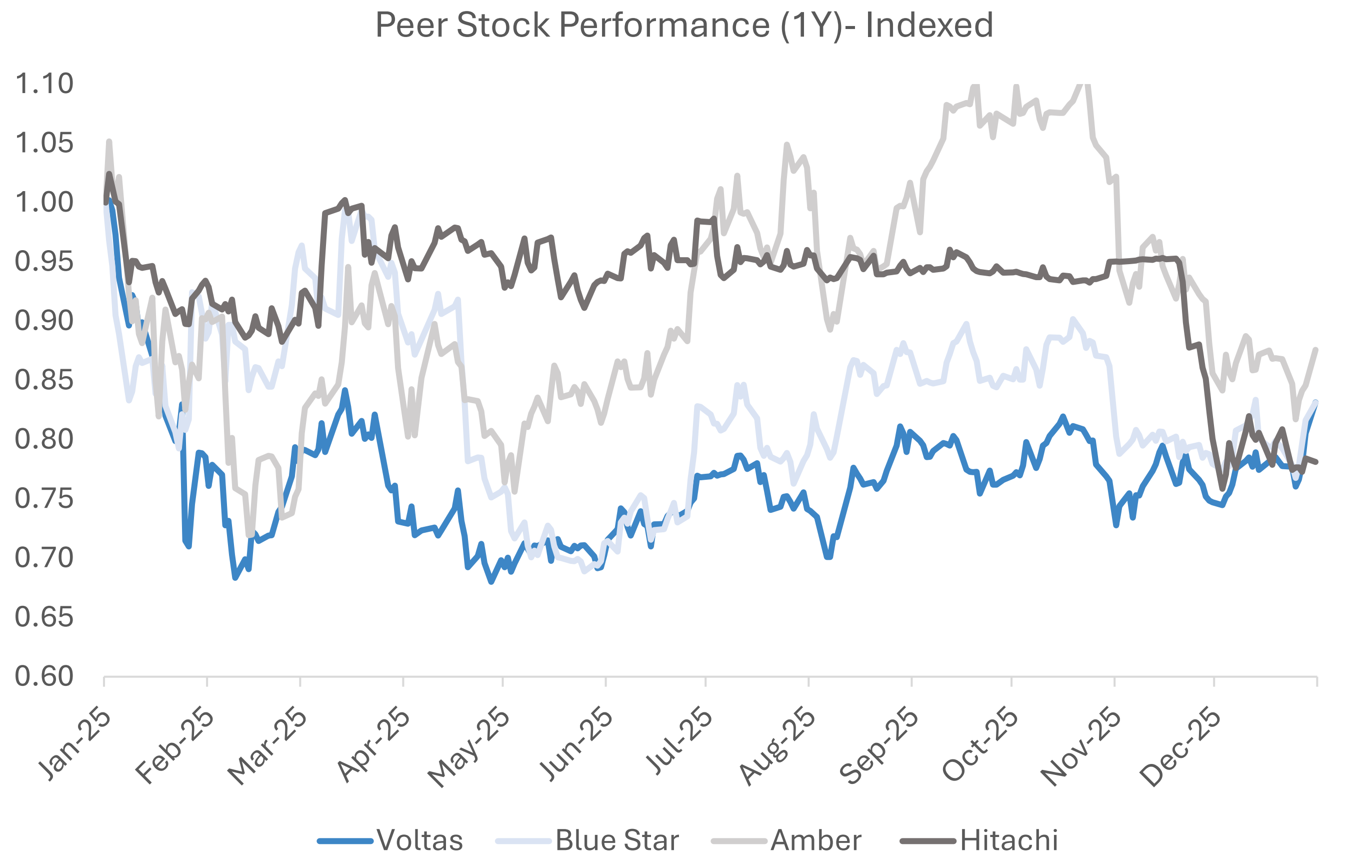
Particulars		Source
Risk Free Rate	6.57%	*10Y Govt Bond Yield- Investing.com*
Equity Risk Premium	5.41%	*Rm- Rf (3Y period)*
Beta (3Y Daily)	0.80	*Regression based Beta*
Cost of Equity	11%	*Calculated using CAPM Approach*
Corporate Credit Rating	AA+	*Latest ICRA Rating*
Corporate Default Spread	1.43%	Median for AA+ rated bonds
Cost of Debt	8.00%	RF+ CDS
Marginal Tax Rate	22.88%	*Notified Tax Rate in Finance Bill 2025*
Cost of Debt (Post Tax)	6.17%	
Debt to Equity Ratio	0.28	Latest Financials
Debt to Capital Ratio	22%	Latest Financials
Weighted Average Cost of Capital	9.84%	

DCF Valuation of Voltas Ltd

Particulars	**2023A**	**2024A**	**2025A**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**
Sales	₹ 9,499	₹ 12,481	₹ 15,413	₹ 15,721	₹ 17,608	₹ 19,720	₹ 22,087	₹ 24,737
Sales Growth%		*31.4%*	*23.5%*	*2.0%*	*12.0%*	*12.0%*	*12.0%*	*12.0%*
COGS	₹ 7,378	₹ 9,814	₹ 11,960	₹ 12,262	₹ 13,734	₹ 15,382	₹ 17,228	₹ 19,295
Gross Profit	**₹ 2,121**	**₹ 2,667**	**₹ 3,452**	**₹ 3,459**	**₹ 3,874**	**₹ 4,339**	**₹ 4,859**	**₹ 5,442**
Gross Margin %	*22%*	*21%*	*22%*	*22%*	*22%*	*22%*	*22%*	*22%*
EBIT Margin	5.2%	3.1%	6.8%	6.0%	7.0%	7.0%	7.0%	7.0%
EBIT	₹ 494	₹ 384	₹ 1,052	₹ 943	₹ 1,233	₹ 1,380	₹ 1,546	₹ 1,732
Less:Actual Tax Payment	(166)	(212)	(311)	(393)	(440)	(493)	(552)	(618)
NOPAT	**₹ 328**	**₹ 172**	**₹ 741**	**₹ 550**	**₹ 792**	**₹ 887**	**₹ 994**	**₹ 1,113**
Less: Capex	(178)	(288)	(191)	(200)	(200)	(150)	(150)	(150)
Less: Change in WC	(383)	81	(1,093)	554	38	(39)	226	253
Add: Depreciation	40	48	62	79	88	99	110	124
Free Cash Flow to Firm	**-₹ 193**	**₹ 13**	**-₹ 481**	**₹ 982**	**₹ 719**	**₹ 797**	**₹ 1,181**	**₹ 1,340**
Cost of Capital	9.84%							
Discounting Period (Years)				1	2	3	4	5
Present Value Factor				0.910	0.829	0.755	0.687	0.625
Present Value of Free Cash Flow				**₹ 894**	**₹ 596**	**₹ 601**	**₹ 811**	**₹ 838**

DCF Value	
Terminal Year FCFF	₹ 1,340
Terminal Year Growth Rate	6%
Value of Terminal CF at 5th Year	₹ 37,638
Present Value of Terminal CF	₹ 23,611
Present Value of Forecasted CF	₹ 3,747
Firm Value/ Enterprise Value	**₹ 27,359**
Less: Value of Debt	892
Add: Cash and Other Non- op Investments	3582
Equity Value	**₹ 30,049**
No. of Shares	33.1
Equity Value/ Share	**₹ 908**
Market Value/ Share	₹ 1,477
Verdict	Overvalued

Peer Comparison



	CMP Rs.	Market Cap (Cr)	Sales	EV	EV / EBITDA	OPM %	ROCE %	Debt / Eq	ROE %
Voltas	1466.8	48534.17	14158.57	49790.74	53.1	4.61	17.64	0.28	13.47
Blue Star	1801.3	37037.39	12230.94	37956.13	40.92	7.1	26.2	0.33	20.62
Amber Enterp.	6329.5	22262.14	10983.17	24207.19	28.62	6.97	14.49	0.77	11.28
Hitachi	1477.8	4018.14	2621.99	4179.09	32.94	3.91	13.83	0.38	9.96