

[I] Earnings Outlook: Voltas net profit to surge on strong air-conditioner sales

Informist, Monday, Oct. 28, 2024

By Ayushman Mishra

MUMBAI – Brokerages expect a significant uptick in the sales of room air conditioners to drive Voltas' net profit during the September quarter after a good performance in Apr-Jun. Positive consumer sentiment, restocking of inventory for upcoming festivities, industry-wide price hikes are some of the reasons the brokerages feel would boost Voltas' margins. A low base effect in the electro-mechanical products and services segment would result in a sharp rise in the net profit of Voltas on a year-on-year basis, analysts said.

Voltas is expected to report a consolidated net profit of INR 1.35 billion, a 268% rise on year. Sequentially, the bottom line is expected to fall 60%, according to analysts. The home appliances company is expected to report a consolidated revenue of INR 26.60 billion, up 16% on year but down 46% on quarter, analysts said.

Of the eleven brokerage estimates, Nuvama Wealth Management has the highest estimate for net profit at INR 1.61 billion, while YES Securities has the lowest estimate of INR 1.1 billion. The highest estimate for consolidated revenue is INR 28.40 billion, from Nuvama, and the lowest estimate is INR 24.92 billion, from Motilal Oswal.

The primary air-conditioner volumes of the company in the latest quarter will likely rise 27% on year, which will drive growth in the unitary cooling products segment, Nomura Equity Research said. Kotak Institutional Equities said Voltas' revenue in the September quarter would rise 12% on year on the back of higher sales in the room air-conditioner, commercial air-conditioner, commercial refrigeration, and air cooler segments. Antique Stock Broking Ltd. expects the home improvement theme to play out in favour of the consumer durables company on account of an increase in real-estate sales and under penetration in the room air conditioners segment. YES Securities (India) Ltd. said better execution and a healthy order book in the electro-mechanical products and services segment along with continued gains in market share should result in a strong revenue growth for Voltas.

Voltas is likely to report a net profit growth of 221% on year due to a low base, Centrum Broking said. The brokerage expects the company's earnings before interest, taxes, depreciation and amortisation margin at 5.7%, up 260 basis points on year due to a loss in the electro-mechanical products and services segment in the year-ago quarter. Centrum Broking said it expects softer demand for room air conditioners as the summer is over. It expects a 12% rise in sales on year in the unitary cooling products segment and a 15% rise in sales on year in the electro mechanical products and services segment.

As per the average of the estimates from 10 brokerages, Voltas' EBITDA is estimated at

INR 1.67 billion. Overall, analysts are optimistic about Voltas for the second half of 2024-25 (Apr-Mar), which will likely be led by price hikes in the previous quarters, upcoming festivities, and a lower base effect of the electro-mechanical products segment.

Voltas Ltd. will announce its earnings Tuesday. On Monday, shares of the company closed at INR 1,762.25 on the National Stock Exchange, up 0.4%.

Following are the Jul-Sept earnings estimates of Voltas based on reports compiled by Informist from eleven brokerages:

Brokerage Firm	Net Sales	Net Profit	EBITDA
	----- (in INR million) ---- --		
Anand Rathi Share and Stock Brokers Ltd.	28,199.00	1,299.00	--
Antique Stock Broking Ltd.	27,335.00	1,509.00	1,685.00
Centrum Broking Ltd.	25,713.00	1,178.00	1,473.00
Elara Securities (India) Pvt. Ltd.	26,890.00	1,543.00	1,811.00
Kotak Institutional Equities	25,772.00	1,329.00	1,701.00

Motilal Oswal Financial Services Ltd.	24,917.00	1,237.00	1,466.00
Nirmal Bang Equities Pvt. Ltd.	25,500.00	1,238.00	1,456.00
Nomura Equity Research	26,406.00	1,562.00	1,837.00
Nuvama Wealth Management Ltd.	28,041.00	1,605.00	2,332.00
Prabhudas Lilladher Pvt. Ltd.	25,474.00	1,243.00	1,478.00
YES Securities (India) Ltd.	28,401.00	1,095.00	1,407.00
Average	26,604.36	1,348.91	1664.60

End

Edited by Akul Nishant Akhoury

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Story no - 2024-10282227471072293

Transmitted Time- 10/28/2024 10:27:47 PM

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