

Estimate change



TP change



Rating change



Bloomberg	VOLT IN
Equity Shares (m)	331
M.Cap.(INRb)/(USDb)	431.8 / 4.9
52-Week Range (INR)	1946 / 1135
1, 6, 12 Rel. Per (%)	0/-9/-10
12M Avg Val (INR M)	2844
Free float (%)	69.7

Financials & Valuations (INR b)

Y/E MARCH	FY26E	FY27E	FY28E
Sales	152.5	172.6	195.8
EBITDA	10.4	13.2	15.7
Adj. PAT	7.7	10.5	12.7
EBITA Margin (%)	6.8	7.7	8.0
Cons. Adj. EPS (INR)	23.4	31.8	38.4
EPS Gr. (%)	(7.9)	35.9	20.6
BV/Sh. (INR)	214.0	239.9	270.3

Ratios

Net D:E	0.0	(0.0)	(0.1)
RoE (%)	10.9	13.3	14.2
RoCE (%)	11.7	13.2	13.8
Payout (%)	25.0	25.0	25.0

Valuations

P/E (x)	55.7	41.0	34.0
P/BV (x)	6.1	5.4	4.8
EV/EBITDA (x)	41.7	32.5	27.0
Div Yield (%)	0.4	0.6	0.7
FCF Yield (%)	1.2	1.4	1.8

Shareholding pattern (%)

As of	Jun-25	Mar-25	Jun-24
Promoter	30.3	30.3	30.3
DII	33.4	33.2	40.4
FII	21.2	22.0	15.1
Others	15.2	14.5	14.2

FII includes depository receipts

CMP: INR1,305

TP: INR1,350 (+3%)

Neutral

Weak performance; eyes recovery in the festive season

Estimates a flat to moderate growth in FY26 amid 1Q pressure

- Voltas (VOLT)'s 1QFY26 earnings were below our estimate. Revenue dipped ~20% YoY to INR39.4b (~10% vs. estimate), due to ~25%/16%/3% YoY decline in UCP/PES/EMPS revenue. EBITDA declined ~58% YoY to INR1.8b (~43% miss, led by lower-than-estimated revenue/margin in the UCP segment). OPM contracted 4.1pp YoY to 4.5% (2.7pp below our estimate). PAT declined ~58% YoY to INR1.4b (~42% miss) for the quarter.
- Management highlighted that 1QFY26 was a challenging period as growth momentum turned adverse in May'25. The weak summer season led to a significant drop in peak season demand for ACs and other cooling products. VOLT believes the performance dip in 1QFY26 was temporary, and it is taking corrective actions, including cost-control measures, inventory realignment, and production adjustments. Management remains cautiously optimistic about a recovery in the coming quarters, aided by the upcoming festive season and the possibility of a second summer in certain regions. It expects industry to close FY26 flattish to modretae growth.
- We cut our EPS estimates for FY26/FY27 by ~9%/5% to reflect the 1QFY26 underperformance and lower margins in the UCP segment. We reiterate our **Neutral rating** on the stock with a TP of INR1,350, based on 45x Jun'27E EPS for the UCP segment, 20x Jun'27E EPS for the PES and EMPS segments, and INR22/share for Voltbek.

UCP's EBIT margin contracts ~5pp YoY to 3.6% (lowest quarterly margin)

- VOLT's consol. revenue/EBITDA/PAT stood at INR39.4b/INR1.8b/INR1.4b (~20%/58%/58% YoY and -10%/-43%/-42% v/s our estimates) in 1QFY26. OPM contracted 4.1pp YoY to 4.5% (vs. estimate of 7.2%). Depreciation/interest costs increased 38%/39% YoY, whereas 'other income' inched up ~2% YoY.
- Segmental highlights: a) **UCP** – revenue declined 25% YoY to INR28.7b, and EBIT declined 68% YoY to INR1.0b. EBIT margin was down 5.0pp YoY to 3.6%; b) **EMPS** – revenue dipped 3% YoY to INR9.2b. EBIT declined ~27% YoY to INR492m. EBIT margin contracted 1.8pp to ~5%; c) **PES** – revenue was down ~16% YoY to INR1.4b, and EBIT decreased 11% YoY to INR401m. EBIT margin increased 1.7pp YoY to ~30%.

Highlights from the management commentary

- VOLT's market share in RAC stood at 17.8% for 1QFY26 (vs. 19.5% in 1QFY25) and was 19.3% in Jun'25-exit (vs. 21.1% in Jun'24-exit).
- The order book was INR62.0b as of Jun'25, ensuring strong revenue visibility going forward. Management reiterated its cautious approach by stating that it would bid only for projects with assured margins and secured funding to avoid repeats of past international losses.
- Voltas Beko sustained its strong growth momentum, recording a 33% YoY increase in volumes, accompanied by notable gains in market share. Market share gains were recorded in both semiautomatic and overall washing machine segments, while the refrigerator category also improved its standing, particularly in direct cool models.

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Valuation and view

- VOLT's 1QFY26 performance was notably below our estimate due to weak UCP segment performance. Though it maintained leadership in RAC with a Jun'25-exit market share of 19.3%, this was lower than the Jun'24-exit market share at 21.1%. This was because of a weak summer in North India, which is a much bigger market for the company. It has scaled down factory operations to avoid overproduction, which led to under-absorption of fixed costs and put pressure on profitability.
- We estimate VOLT's revenue/EBITDA/PAT CAGR at ~8%/12%/15% over FY25-28E. We estimate the UCP segment's margin to stand at 7.0% in FY26 (vs. 8.4% in FY25), though demand recovery will be crucial in 2HFY26, led by the festive season and change in energy rating norms. We maintain our Neutral rating on the stock with a TP of INR1,350 based on 45x Jun'27E EPS for the UCP segment, 20x Jun'27E EPS for the PES and EMPS segments, and INR22/share for Voltbek.

Quarterly performance

Quarterly performance											(INR m)	
Y/E March	FY25				FY26				FY25	FY26E	MOFSL	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	
Sales	49,210	26,191	31,051	47,676	39,386	27,811	32,874	52,390	1,54,128	1,52,460	43,553	(10)
Change (%)	46.5	14.2	18.3	13.4	(20.0)	6.2	5.9	9.9	23.5	-1.1	-11.5	
Adj. EBITDA	4,238	1,622	1,974	3,328	1,785	1,863	2,229	4,482	11,162	10,360	3,152	(43)
Change (%)	128.6	130.8	594.5	74.6	(57.9)	14.9	12.9	34.7	135.2	-7.2	-25.6	
Adj. EBITDA margin (%)	8.6	6.2	6.4	7.0	4.5	6.7	6.8	8.6	7.2	6.8	7.2	(270)
Depreciation	134	164	179	141	185	189	197	199	618	770	182	1
Interest	98	136	155	233	135	140	135	190	621	600	110	23
Other Income	803	1,055	591	797	821	850	650	741	3,245	3,062	815	1
Extra-ordinary items	0	0	0	-	-	-	-	-	0	0	0	
PBT	4,809	2,377	2,231	3,751	2,286	2,384	2,547	4,834	13,168	12,051	3,675	(38)
Tax	1,165	726	599	1,075	621	639	683	1,311	3,565	3,254	985	(37)
Effective Tax Rate (%)	24.2	30.5	26.8	28.7	27.2	26.8	26.8	27.1	27.1	27.0	26.8	
Share of profit of associates/JV's	(294)	(323)	(324)	(320)	(259)	(290)	(300)	(273)	(1,260)	(1,121)	-260	(0)
Reported PAT	3,350	1,328	1,308	2,357	1,406	1,455	1,564	3,250	8,343	7,676	2,430	(42)
Change (%)	159.1	262.1	NA	102.4	(58.0)	9.6	19.6	37.9	231.1	-8.0	-27.5	
Minority Interest	8	(12)	(14)	(53)	2	(12)	(14)	(47)	(71)	(71)	8	
Adj. PAT	3,342	1,340	1,321	2,410	1,405	1,467	1,578	3,297	8,414	7,747	2,422	(42)
`Change (%)	158.5	265.3	NM	132.2	(58.0)	9.5	19.4	36.8	251.5	-7.9	(28)	

Note: 4QFY24 and FY24 Adj. PAT is after adjusting tax related to earlier period

Segmental revenue (INR m)

	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE	FY25	FY26E	1QE	Var. (%)
EMP & Services	9,491	8,799	11,902	11,375	9,218	9,503	12,497	13,176	41,568	44,395	10,010	(8)
Engineering products and services	1,608	1,467	1,297	1,321	1,354	1,555	1,452	1,615	5,693	5,977	1,479	(8)
Unitary cooling business	38,022	15,822	17,711	34,584	28,679	16,613	18,774	37,258	1,06,139	1,01,324	31,938	(10)
Others	89	103	141	395	135	140	150	340	728	765	125	8
Total	49,210	26,191	31,051	47,676	39,386	27,811	32,874	52,390	1,54,128	1,52,460	43,553	(10)
Segment PBIT												
EMP & Services	675	462	567	(17)	492	380	562	563	1,686	1,998	400	23
Engineering products and services	448	396	368	341	401	435	421	464	1,553	1,721	399	0
Unitary cooling business	3,270	1,162	1,043	3,448	1,044	1,080	1,352	3,617	8,923	7,093	2,555	(59)
Total PBIT	4,394	2,020	1,978	3,771	1,937	1,895	2,335	4,644	12,163	10,812	3,355	(42)
Segment PBIT (%)												
EMP & Services (%)	7.1	5.2	4.8	(0.2)	5.3	4.0	4.5	4.3	4.1	4.5	4.0	134
Engineering products and services (%)	27.9	27.0	28.4	25.8	29.6	28.0	29.0	28.7	27.3	28.8	27.0	261
Unitary cooling business (%)	8.6	7.3	5.9	10.0	3.6	6.5	7.2	9.7	8.4	7.0	8.0	(436)
Total PBIT (%)	8.9	7.7	6.4	7.9	4.9	6.8	7.1	8.9	7.9	7.1	7.7	(278)

**Highlights from the management commentary****Macro trends**

- The global economic backdrop remained mixed, with the IMF projecting 3% growth in 2025, aided by early spending and lower tariff rates, but weighed down by geopolitical tensions, trade policy uncertainty, and uneven inflation trends.
- The consumer durables sector faced headwinds after strong growth in FY24, with tightened credit flows and lower electricity consumption signaling softer demand for cooling products. Weather played a decisive role—summer arrived late, remained mild, and ended early, curtailing peak AC demand. Despite this, it retained leadership in the room AC market, supported by brand strength and channel relationships, while continuing to expand its appliances portfolio.

Unitary Cooling Products (UCP)

- The UCP segment faced one of the most abrupt seasonal reversals in recent years. Q1FY25 had been exceptionally strong, with AC volumes up ~65% YoY, setting a high base. In Q1FY26, the delayed and milder summer significantly reduced footfalls, especially in Tier-2/3 cities and metros. Elevated trade channel inventory, built up in anticipation of another strong season, forced the management to scale back production mid-season to prevent overstocking.
- Management noted that brand-level inventory stands at ~3–4 months and channel inventory at ~2 months. Despite these challenges, it maintained a ~18% market share for the quarter and improved to ~19% in June exit, up from April's ~17% and May's ~18%, highlighting its push to extract more share even in a weak season. However, June-end market share was still down YoY due to heightened competition—over 65 brands now operate in the RAC space, fragmenting the market.
- North India, a stronghold, did not witness a full summer, impacting performance more severely than peers with higher southern exposure. To support sales, the company increased promotional spending and advertising, which, together with under-absorption of fixed costs from the Chennai facility, compressed margins. Management clarified that these spends were strategic to retain leadership and would normalize as volumes recover.

- Commercial AC demand remained steady, led by VRF systems, cassette ACs, and ducted products, though margins were softer and expected to improve in H2. Preparations have begun for the upcoming Energy Star labelling regime, which is expected to increase costs by ~4–5%. It plans to mitigate part of the impact via value engineering and pass on the remainder to consumers.
- Management expects FY26 industry growth to be flattish to +5%–10%. Recovery is anticipated from the festive season onwards, aided by the second summer demand in western and southern regions. Cost improvement initiatives are underway to offset current margin pressures.

Electro-Mechanical Projects and Services

- EMPS performance was stable despite the broader macro slowdown. International projects in the UAE and Saudi Arabia contributed meaningfully, underpinned by strong execution discipline, timely certifications, and prudent receivables management.
- The order book was INR62b as of Jun' 25, providing solid revenue visibility. Management reiterated its cautious approach by stating that it would bid only for projects with assured margins and secured funding, to avoid repeats of past international losses.
- Margins for the quarter were slightly below historical levels due to provisioning for one international project, but management reaffirmed that ~5% margin is sustainable in this business, with potential for slight improvement in domestic projects. Order inflows are expected to improve in the remaining quarters, supported by a healthy tender pipeline.

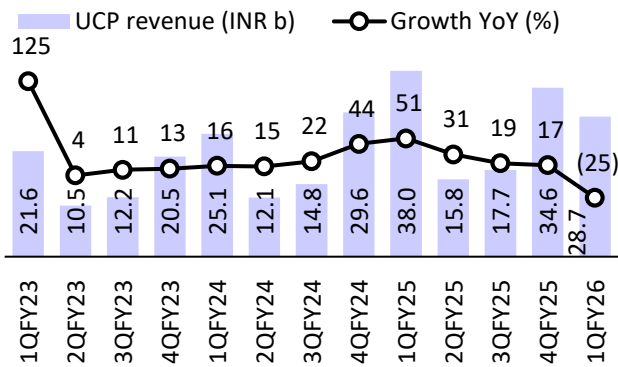
PES segment

- The performance in the segment was affected by subdued macroeconomic conditions, weaker demand in some sub-segments, and cautious customer spending. In the mining and construction equipment vertical, sales volumes, particularly of power screen machines, declined, reflecting softer infrastructure and mining investment. However, the product mix shift was favorable, resulting in an improved margin profile. The business was supported by stable revenues from operations and maintenance (O&M) contracts, which provide recurring income and reduce cyclicalities.
- In textile machinery, demand was muted, especially in international markets, as customers deferred capex amid global uncertainty. The agency business also experienced spending caution, impacting both volumes and profitability. Management is focusing on consolidating its presence in spinning and post-spinning segments and strengthening service capabilities to be ready for the next investment cycle.
- While near-term growth is constrained, margins are expected to be supported by higher-margin service and O&M activities. PES remains strategically important for the company, diversifying revenue streams and providing a counterbalance to the seasonal volatility of consumer durables.

Voltas Beko

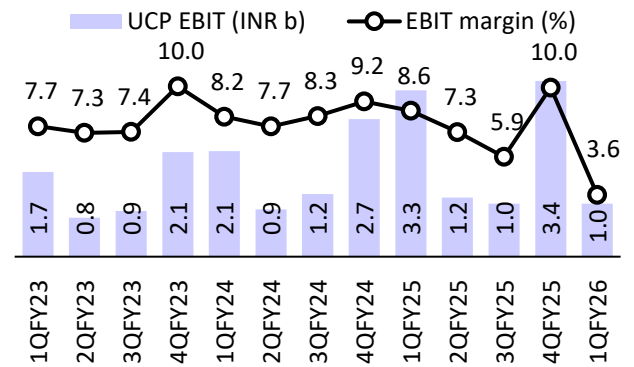
- It delivered a standout performance, selling close to 1m units in 1QFY26. Growth was led by washing machines, where market share gains were achieved in both semi-automatic and overall categories. Refrigerators—especially direct cool models—also gained share.
- Key growth drivers included refreshed product launches, enhanced retail visibility, manufacturing ensuring timely availability of fast-moving SKUs, and strong execution across general trade, modern trade, and e-commerce. Marketing campaigns further strengthened brand pull.
- While the business remains loss-making, management treats current losses as brand investment, with gross margin improving over the past year. The strategic goal is to reach ~10% washing machine market. Value engineering projects are underway to further improve the cost structure without sacrificing product competitiveness.

Exhibit 1: UCP's revenue declined 25% YoY



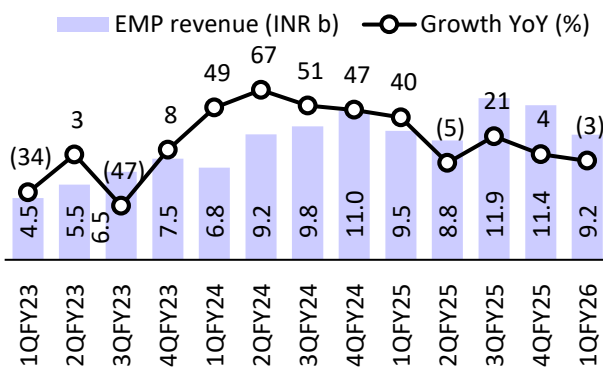
Source: MOFSL, Company

Exhibit 2: UCP's EBIT margin down 5pp YoY to 3.6%



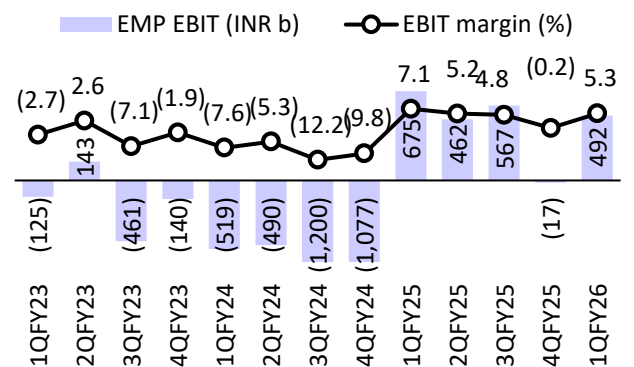
Source: MOFSL, Company

Exhibit 3: EMPS' revenue declined 3% YoY



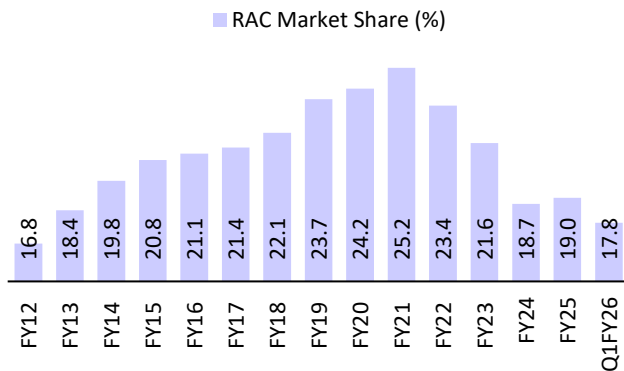
Source: MOFSL, Company

Exhibit 4: EMPS segment reported a profit



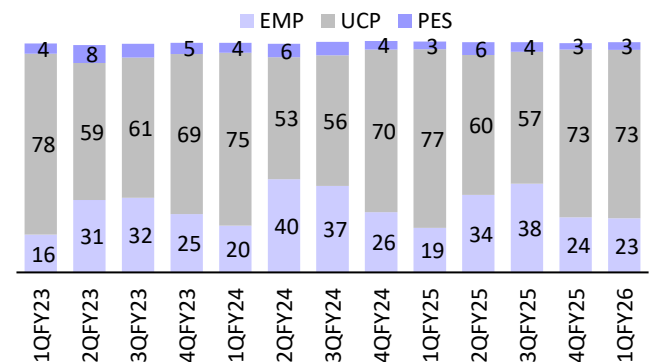
Source: MOFSL, Company

Exhibit 5: VOLT's market share in the RAC segment



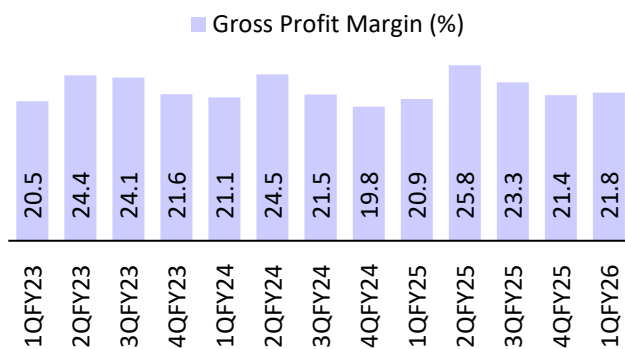
Source: MOFSL, Company; Note: market share YTD

Exhibit 6: UCP contributed 73% to revenue vs. 77% in 1QFY25



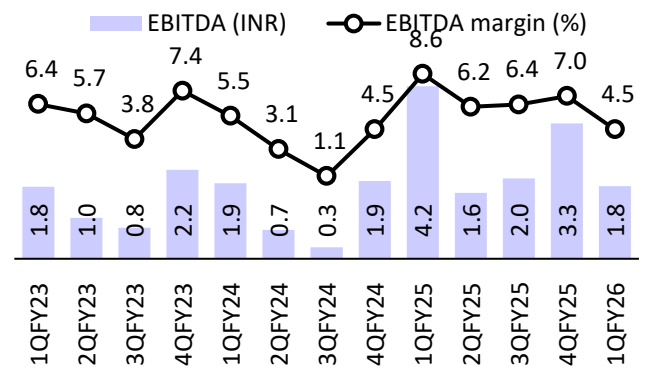
Source: MOFSL, Company

Exhibit 7: Gross margin up 90bp YoY to 21.8% in 1QFY26



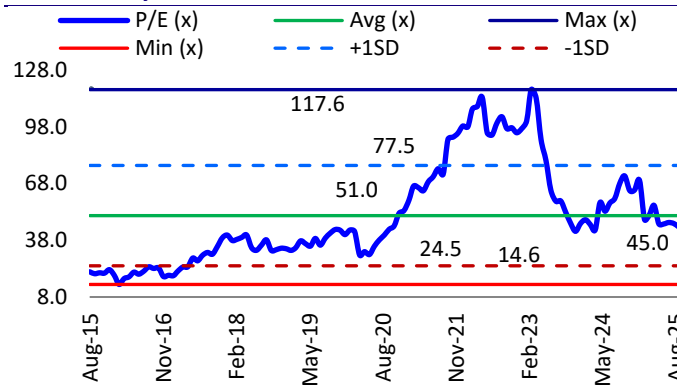
Source: MOFSL, Company

Exhibit 8: OPM dipped 4.1pp YoY to 4.5%



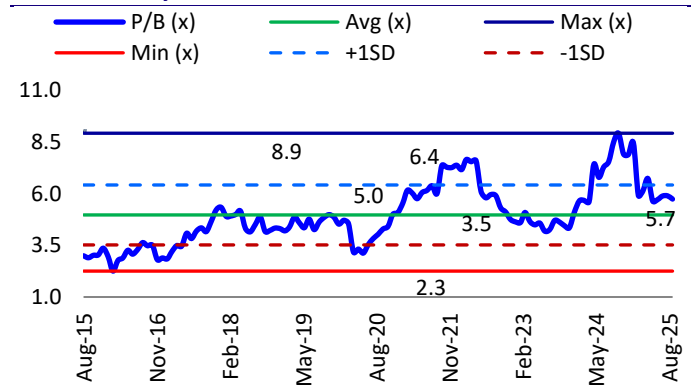
Source: MOFSL, Company

Exhibit 9: 1-year forward P/E chart



Source: MOFSL, Company

Exhibit 10: 1-year forward P/B chart



Source: MOFSL, Company

Financials and valuations (Consolidated)

Income Statement								(INR M)
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Total Revenues	75,558	79,345	94,988	1,24,812	1,54,128	1,52,460	1,72,592	1,95,804
Change (%)	-1.3	5.0	19.7	31.4	23.5	-1.1	13.2	13.4
EBITDA	6,414	6,816	5,724	4,746	11,162	10,360	13,224	15,746
% of Total Revenues	8.5	8.6	6.0	3.8	7.2	6.8	7.7	8.0
Other Income	1,889	1,892	1,685	2,533	3,245	3,062	3,399	3,586
Depreciation	339	373	396	476	618	770	874	994
Interest	262	259	296	559	621	600	550	550
Exceptional Items	0	0	-2,438	0	0	0	0	0
PBT	7,702	8,076	4,278	6,244	13,168	12,051	15,199	17,789
Tax	1,804	1,913	1,709	2,377	3,565	3,254	4,104	4,803
Rate (%)	23.4	23.7	40.0	38.1	27.1	27.0	27.0	27.0
PAT	5,898	6,163	2,569	3,867	9,603	8,797	11,095	12,986
Change (%)	0.0	4.5	-58.3	50.6	148.3	-8.4	26.1	17.0
Profit of share of associates/JVs	-610	-1,103	-1,207	-1,386	-1,260	-1,121	-640	-359
Minority interest	37	19	12	-39	-71	-71	-71	-71
PAT after MI	5,251	5,041	1,350	2,520	8,414	7,747	10,526	12,698
Change (%)	1.5	-4.0	-73.2	86.7	233.9	-7.9	35.9	20.6
Adj. PAT after MI	5,251	5,041	3,788	2,394	8,414	7,747	10,526	12,698
Change (%)	-5.1	-4.0	-24.8	-36.8	251.5	-7.9	35.9	20.6

Balance Sheet								(INR M)
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Share Capital	331	331	331	331	331	331	331	331
Reserves	49,603	54,665	54,190	57,874	64,802	70,445	79,034	89,101
Net Worth	49,934	54,996	54,521	58,205	65,133	70,776	79,365	89,432
Minority Interest	361	381	417	337	271	200	129	58
Loans	2,606	3,432	6,160	7,133	8,633	8,133	7,633	7,133
Deferred Tax Liability	-558	-317	-303	176	140	140	140	140
Capital Employed	52,343	58,492	60,794	65,851	74,176	79,248	87,266	96,762
Gross Fixed Assets	6,690	7,020	8,826	9,533	14,408	16,231	18,731	21,231
Less: Depreciation	3,534	3,906	4,302	4,778	5,396	6,166	7,040	8,034
Net Fixed Assets	3,157	3,114	4,524	4,754	9,012	10,065	11,691	13,198
Capital WIP	88	593	983	3,675	824	1,500	1,500	1,500
Investments	30,464	36,154	31,086	35,083	32,432	32,311	32,670	33,312
Goodwill	723	723	723	723	723	723	723	723
Curr. Assets	51,565	56,440	65,119	75,709	88,086	90,935	1,02,419	1,18,070
Inventory	12,796	16,614	15,920	21,354	27,148	26,854	30,400	34,489
Debtors	18,009	21,097	21,919	25,328	25,115	25,897	28,371	32,187
Cash & Bank Balance	4,588	5,717	7,084	8,523	6,782	7,680	9,589	12,756
Loans & Advances	23	32	6	13	11	11	12	14
Other current assets	16,149	12,981	20,191	20,491	29,030	30,492	34,045	38,624
Current Liab. & Prov.	33,654	38,532	41,640	54,093	56,901	56,285	61,737	70,040
Creditors	24,645	29,421	30,126	38,557	38,928	38,507	41,611	47,208
Other Liabilities	9,009	9,111	11,514	15,536	17,973	17,778	20,126	22,833
Net Current Assets	17,911	17,908	23,479	21,616	31,185	34,649	40,682	48,030
Application of Funds	52,343	58,492	60,794	65,851	74,176	79,248	87,266	96,762

Financials and valuations (Consolidated)

Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Basic (INR)								
Adj EPS	15.9	15.2	11.5	7.2	25.4	23.4	31.8	38.4
Cash EPS	16.9	16.4	12.6	8.7	27.3	25.7	34.5	41.4
Book Value	150.9	166.3	164.8	176.0	196.9	214.0	239.9	270.3
DPS	5.0	5.5	4.3	2.2	6.4	5.9	8.0	9.6
Payout (incl. Div. Tax.)	31.5	36.1	37.1	30.0	25.0	25.0	25.0	25.0
Valuation (x)								
P/E	82.1	85.6	113.8	180.2	51.3	55.7	41.0	34.0
Cash P/E	77.1	79.7	103.1	150.3	47.8	50.6	37.8	31.5
EV/EBITDA	66.9	62.9	75.2	90.6	38.8	41.7	32.5	27.0
EV/Sales	5.7	5.4	4.5	3.4	2.8	2.8	2.5	2.2
Price/Book Value	8.6	7.8	7.9	7.4	6.6	6.1	5.4	4.8
Dividend Yield (%)	0.4	0.4	0.3	0.2	0.5	0.4	0.6	0.7
Profitability Ratios (%)								
RoE	10.5	9.2	6.9	4.1	12.9	10.9	13.3	14.2
RoCE	11.6	10.9	6.9	6.4	13.6	11.7	13.2	13.8
RoIC	26.9	29.6	14.1	11.9	22.0	17.8	20.0	21.2
Turnover Ratios								
Debtors (Days)	87	97	84	74	59	62	60	60
Inventory (Days)	62	76	61	62	64	64	64	64
Creditors. (Days)	119	135	116	113	92	92	88	88
Asset Turnover (x)	1.4	1.4	1.6	1.9	2.1	1.9	2.0	2.0
Leverage Ratio								
Net Debt/Equity (x)	(0.0)	(0.0)	(0.0)	(0.0)	0.0	0.0	(0.0)	(0.1)

Cash Flow Statement

(INR M)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
PBT before EO Items	7,735	5,610	7,787	10,207	13,488	12,051	15,199	17,789
Add : Depreciation	339	3,726	396	476	618	770	874	994
Interest	262	259	296	559	621	600	550	550
Less : Direct Taxes Paid	(693)	(2,169)	(1,656)	(2,115)	(3,107)	(3,254)	(4,104)	(4,803)
(Inc)/Dec in WC	(1,580)	(438)	(3,836)	801	(10,932)	(2,567)	(4,123)	(4,182)
CF from Operations	6,063	6,988	2,987	9,928	688	7,601	8,396	10,348
Others	(502)	(1,145)	(1,393)	(2,312)	(2,929)	-	-	-
CF from Oper. Incl. EO Items	5,561	5,842	1,594	7,615	(2,241)	7,601	8,396	10,348
(Inc)/Dec in FA	(208)	(482)	(1,799)	(2,931)	(2,082)	(2,500)	(2,500)	(2,500)
Free Cash Flow	5,353	5,361	(206)	4,685	(4,323)	5,101	5,896	7,848
Investment in liquid assets	(2,645)	(3,165)	983	(2,293)	3,661	(1,000)	(1,000)	(1,000)
CF from Investments	(2,853)	(3,646)	(816)	(5,224)	1,579	(3,500)	(3,500)	(3,500)
(Inc)/Dec in Debt	425	918	2,728	974	1,500	(500)	(500)	(500)
Less : Interest Paid	(271)	(312)	(349)	(493)	(759)	(600)	(550)	(550)
Dividend Paid	(1,358)	(1,676)	(1,829)	(1,432)	(1,820)	(2,103)	(1,937)	(2,631)
CF from Fin. Activity	(1,204)	(1,070)	550	(952)	(1,079)	(3,203)	(2,987)	(3,681)
Inc/Dec of Cash	1,504	1,126	1,328	1,439	(1,741)	897	1,909	3,166
Add: Beginning Balance	3,084	4,591	5,756	7,084	8,523	6,782	7,680	9,589
Closing Balance	4,588	5,717	7,084	8,523	6,782	7,680	9,589	12,756

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Explanation of Investment Rating	
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BUY	>=15%
SELL	< - 10%
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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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