

Voltas (VOLT IN)

Rating: HOLD | CMP: Rs1,305 | TP: Rs1,268

August 9, 2025

Q1FY26 Result Update

Change in Estimates | Target | Reco

Change in Estimates

	Current	Previous		
	FY26E	FY27E	FY26E	FY27E
Rating	HOLD	HOLD		
Target Price	1,268	1,350		
Sales (Rs. m)	1,57,372	1,82,968	1,71,221	1,99,155
% Chng.	(8.1)	(8.1)		
EBITDA (Rs. m)	9,807	13,906	12,362	15,275
% Chng.	(20.7)	(9.0)		
EPS (Rs.)	23.4	33.4	28.7	35.6
% Chng.	(18.5)	(6.2)		

Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. m)	1,24,812	1,54,129	1,57,372	1,82,968
EBITDA (Rs. m)	4,746	11,163	9,807	13,906
Margin (%)	3.8	7.2	6.2	7.6
PAT (Rs. m)	2,520	8,415	7,746	11,056
EPS (Rs.)	7.6	25.4	23.4	33.4
Gr. (%)	(33.5)	233.9	(8.0)	42.7
DPS (Rs.)	5.5	7.0	7.0	7.0
Yield (%)	0.4	0.5	0.5	0.5
RoE (%)	4.5	13.6	11.4	14.8
RoCE (%)	10.8	19.8	16.0	19.2
EV/Sales (x)	3.4	2.8	2.7	2.3
EV/EBITDA (x)	89.6	38.5	43.5	30.6
PE (x)	171.3	51.3	55.7	39.0
P/BV (x)	7.4	6.6	6.1	5.4

Key Data

VOLT.BO | VOLT IN

52-W High / Low	Rs.1,946 / Rs.1,135
Sensex / Nifty	79,858 / 24,363
Market Cap	Rs.432bn / \$ 4,926m
Shares Outstanding	331m
3M Avg. Daily Value	Rs.1896.63m

Shareholding Pattern (%)

Promoter's	30.30
Foreign	21.95
Domestic Institution	33.20
Public & Others	14.55
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(4.8)	(5.7)	(9.1)
Relative	(0.2)	(8.0)	(10.2)

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Voltas bets on festive led demand for recovery

Quick Pointers:

- Voltas Beko volume grew 33% to ~1mn units in Q1FY26
- UCP EBIT margins contracted by 500bps to 3.6% in Q1FY26

We downward revise our FY26/FY27E earnings estimate by 18.5%/6.2% factoring in correction in aggregate volume in UCP while margins are expected to be at 5% due to promotional offers aimed at liquidating inventory, high fixed costs from low plant utilization, and increases in cost due to BEE norms. Anticipating strong demand, Voltas's trade partners had built up inventory; however, softer secondary sales led to slower off-take and elevated stock levels, prompting the company to temporarily scale back production. UCP EBIT margins contracted due to focus on driving volumes through aggressive pricing and higher promotional spends along with low plant utilization. VOLT market share has declined in RAC segment (YTD market share of 17.8% as on Jun'25 vs 19.0% as on Mar'25). Company is optimistic in H2FY26 with festive-led demand and recovery expected, supported by inventory normalization and cost improvement initiatives across business verticals. Voltas Beko saw volume growth of 33% Q1FY26, led by better product mix and market share gains in refrigerators and washing machines. We estimate FY25-27E revenue/EBITDA/PAT CAGR of 9.0%/11.6%/14.6%. we revise SOTP-based TP to Rs1,268 (earlier Rs1,350), implying PE of 38x FY27E earnings. Maintain 'HOLD' rating.

Revenue decline 20.0% and PAT decline 58.0%: Revenues decline by 20.0% YoY to Rs39.4bn (PLe: Rs44.2bn). Voltas Beko's volume stood at ~1mn units. Gross margins expanded by 90bps YoY to 21.8%. (PLe: 20.1%). EBITDA decline by 57.9% YoY to Rs1.8bn (PLe: Rs2.7bn). EBITDA margin contracted by 410bps YoY to 4.5%. (PLe: 6.2%). UCP revenues decline by 24.6% YoY to Rs28.7bn and EBIT margin came in at 3.6% (-500bps YoY). EMPS revenues decline by 2.9% YoY to Rs9.2bn. EBIT margin contracted by 180bps YoY to 5.3%. EPS revenues decline by 15.8% YoY to Rs1.4bn. EBIT margin expanded by 170bps YoY to 29.6%. PBT decline by 52.5% YoY to Rs2.3bn (PLe: Rs3.1bn). PAT decline by 58.0% YoY to Rs 1.4bn (PLe: Rs2.1bn). VOLT's share of loss from JV and associates stood at Rs259mn.

ConCall Takeaways: **1)** VOLT has maintained its leadership position in RAC. It has a YTD market share of 17.8% as on Jun'25. **2)** Voltbek reported volume growth of 33% YoY in Q1FY26. **3)** Inventory level stands at 3–4 months for Voltas and 2 months at the channel level, with no discounting for liquidation. **4)** EMPS order book for the project business reached Rs62bn. **5)** For EMPS segment company has guided for single digit growth while EBIT margin to remain around 5% in FY26; domestic business performed well, while an international project slightly impacted Q1FY26 margins. **6)** VOLT has a market share of 7.2%/8.6% in refrigerators/washing machines. **7)** Company expects strong H2FY26 driven by the festive season, which will offset the Q1FY26 shortfall. **8)** UCP EBIT margin fell to 5% due to lower volumes leading to under-absorption, particularly at the Chennai branch, where capacity remain under-utilized. **9)** Voltas Beko gross margins have improved slightly over the past year, though the increase is not significant. **10)** To normalize inventories company is focusing on production of models that are in shortage.

Exhibit 1: Q1FY26 Result Overview (Rs mn)

Y/e March (Rs mn)	Q1FY26	Q1FY24	YoY gr. (%)	Q1FY26E	% Var.	Q4FY26	QoQ gr. (%)	FY26E	FY25	YoY gr. (%)
Net Sales	39,386	49,210	(20.0)	44,229	(11.0)	47,676	(17.4)	157,372	154,128	2.1
Expenditure										
Operating & Manufacturing Expenses	30,796	38,922	(20.9)	35,295	(12.7)	37,454	(17.8)	123,096	119,604	2.9
% of Net Sales	78.2	79.1	(0.9)	79.8	(1.6)	78.6		78.2	77.6	0.6
Gross Profit	8,590	10,288	(16.5)	8,934	(3.9)	10,222	(16.0)	34,276	34,524	(0.7)
% of Net Sales	21.8	20.9	0.9	20.2	1.6	21.4		21.8	22.4	(0.6)
Personnel Cost	2,305	2,023	14.0	2,079	10.9	2,185	5.5	9,285	8,901	4.3
% of Net Sales	5.9	4.1	1.7	4.7	1.2	4.6		5.9	5.8	0.1
Other Expenses	4,500	4,027	11.7	4,113	9.4	4,709	(4.5)	15,184	14,462	5.0
% of Net Sales	11.4	8.2	3.2	9.3	2.1	9.9		9.6	9.4	0.3
Total Expenditure	37,601	44,972	(16.4)	41,487	(9.4)	44,348	(15.2)	147,565	142,966	3.2
EBITDA	1,785	4,238	(57.9)	2,742	(34.9)	3,328	(46.4)	9,807	11,162	(12.1)
Margin (%)	4.5	8.6	(4.1)	6.2	(1.7)	7.0		6.2	7.2	(1.0)
Other income	821	803	2.3	717	14.4	797	3.0	3,151	3,245	(2.9)
Depreciation	185	134	37.5	172	7.1	141	31.5	743	618	20.2
EBIT	2,421	4,906	(50.6)	3,287	(26.3)	3,984	(39.2)	12,215	13,789	(11.4)
Interest	135	98	38.8	180	(24.8)	233	(41.9)	659	621	6.1
PBT	2,286	4,809	(52.5)	3,107	(26.4)	3,751	(39.1)	11,556	13,168	(12.2)
Total Taxes	621	1,165	(46.7)	777	(20.0)	1,075	(42.2)	2,982	3,565	(16.4)
ETR (%)	27.2	24.2	2.9	25.0	2.2	28.7		25.8	27.1	(1.3)
Share of JV/Associates	(259)	(294)	(11.8)	(221)	17.4	(320)		(882)	(1,260)	
Minority Interest	1.50	8		(13.23)		(53)		(53)	(71)	
Adj. PAT	1,405	3,342	(58.0)	2,123	(33.8)	2,410	(41.7)	7,746	8,414	(7.9)
Exceptional Items	-	-		-		-		-	-	
Reported PAT	1,405	3,342	(58.0)	2,123	(33.8)	2,410	(41.7)	7,746	8,414	(7.9)

Source: Company, PL

Exhibit 2: Segmental breakup (Rs mn)

Y/e March (Rs mn)	Q1FY26	Q1FY25	YoY gr. (%)	Q4FY25	QoQ gr. (%)	FY26E	FY25	YoY gr. (%)
Revenues								
Unitary Cooling Products	28,679	38,022	(24.6)	34,584	(17.1)	105,351	106,139	(0.7)
Electro-Mechanical Projects & Services	9,218	9,491	(2.9)	11,376	(19.0)	45,215	41,569	8.8
Engineering Products & Services	1,354	1,608	(15.8)	1,321	2.5	5,863	5,693	3.0
EBIT								
Unitary Cooling Products	1,044	3,270	(68.1)	3,448	(69.7)	5,268	8,923	(41.0)
EBIT margin (%)	3.6	8.6	(5.0)	10.0	(6.3)	5.0	8.4	(3.4)
Electro-Mechanical Projects & Services	492	675	(27.0)	(17)	NA	2,261	1,686	34.1
EBIT margin (%)	5.3	7.1	(1.8)	(0.2)	5.5	5.0	4.1	0.9
Engineering Products & Services	401	448	(10.5)	341	17.8	1,612	1,553	3.8
EBIT margin (%)	29.6	27.9	1.7	25.8	3.8	27.5	27.3	0.2

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Net Revenues	1,24,812	1,54,129	1,57,372	1,82,968
YoY gr. (%)	31.4	23.5	21	16.3
Cost of Goods Sold	98,140	1,19,604	1,23,096	1,40,831
Gross Profit	26,672	34,525	34,276	42,138
Margin (%)	21.4	22.4	21.8	23.0
Employee Cost	7,788	8,901	9,285	9,514
Other Expenses	12,895	12,971	13,170	16,559
EBITDA	4,746	11,163	9,807	13,906
YoY gr. (%)	(17.1)	135.2	(12.1)	41.8
Margin (%)	3.8	7.2	6.2	7.6
Depreciation and Amortization	476	618	743	836
EBIT	4,270	10,545	9,064	13,069
Margin (%)	3.4	6.8	5.8	7.1
Net Interest	559	621	659	686
Other Income	2,533	3,245	3,151	3,087
Profit Before Tax	6,244	13,169	11,556	15,470
Margin (%)	5.0	8.5	7.3	8.5
Total Tax	2,377	3,565	2,982	3,894
Effective tax rate (%)	38.1	27.1	25.8	25.2
Profit after tax	3,867	9,604	8,575	11,576
Minority interest	(39)	(71)	(53)	(53)
Share Profit from Associate	(1,386)	(1,260)	(882)	(573)
Adjusted PAT	2,520	8,415	7,746	11,056
YoY gr. (%)	(33.5)	233.9	(8.0)	42.7
Margin (%)	2.0	5.5	4.9	6.0
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	2,520	8,415	7,746	11,056
YoY gr. (%)	86.7	233.9	(8.0)	42.7
Margin (%)	2.0	5.5	4.9	6.0
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	2,520	8,415	7,746	11,056
Equity Shares O/s (m)	331	331	331	331
EPS (Rs)	7.6	25.4	23.4	33.4

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Non-Current Assets				
Gross Block	8,931	13,559	15,830	18,013
Tangibles	8,213	12,840	15,055	17,188
Intangibles	718	719	776	826
Acc: Dep / Amortization	4,177	4,547	5,290	6,126
Tangibles	3,514	3,863	4,581	5,391
Intangibles	662	685	709	735
Net fixed assets	4,754	9,012	10,540	11,887
Tangibles	4,699	8,978	10,474	11,797
Intangibles	56	34	66	90
Capital Work In Progress	3,675	824	824	824
Goodwill	723	723	723	723
Non-Current Investments	32,443	30,819	31,710	34,532
Net Deferred tax assets	(176)	(140)	(140)	(140)
Other Non-Current Assets	1,103	921	952	986
Current Assets				
Investments	5,015	3,987	4,070	4,733
Inventories	21,354	27,148	25,869	30,077
Trade receivables	25,328	25,115	25,752	29,940
Cash & Bank Balance	8,523	6,782	10,147	10,313
Other Current Assets	10,586	17,312	17,491	20,320
Total Assets	1,20,357	1,31,520	1,36,887	1,54,501
Equity				
Equity Share Capital	331	331	331	331
Other Equity	57,874	64,802	70,226	78,966
Total Networth	58,205	65,133	70,556	79,296
Non-Current Liabilities				
Long Term borrowings	2,280	3,823	3,823	3,823
Provisions	984	952	972	1,130
Other non current liabilities	106	107	107	107
Current Liabilities				
ST Debt / Current of LT Debt	4,853	4,810	4,911	5,489
Trade payables	38,557	38,928	39,458	45,143
Other current liabilities	14,154	16,317	15,649	18,056
Total Equity & Liabilities	1,20,357	1,31,520	1,36,887	1,54,501

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	4,858	11,908	11,556	15,470
Add. Depreciation	476	618	743	836
Add. Interest	559	621	659	686
Less Financial Other Income	2,533	3,245	3,151	3,087
Add. Other	3,036	(1,349)	(931)	(744)
Op. profit before WC changes	8,929	11,797	12,027	16,248
Net Changes-WC	801	(10,932)	497	(3,914)
Direct tax	(2,115)	(3,107)	(2,982)	(3,894)
Net cash from Op. activities	7,615	(2,241)	9,542	8,440
Capital expenditures	(2,611)	11,396	(2,271)	(2,183)
Interest / Dividend Income	103	168	-	-
Others	(2,716)	(9,984)	(925)	(3,090)
Net Cash from Inv. activities	(5,224)	1,579	(3,196)	(5,273)
Issue of share cap. / premium	-	-	-	-
Debt changes	790	1,358	-	-
Dividend paid	(1,432)	(1,820)	(2,316)	(2,316)
Interest paid	(521)	(535)	(659)	(686)
Others	-	-	-	-
Net cash from Fin. activities	(1,163)	(997)	(2,975)	(3,002)
Net change in cash	1,228	(1,659)	3,371	165
Free Cash Flow	4,685	(4,323)	7,271	6,257

Key Financial Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Per Share(Rs)				
EPS	7.6	25.4	23.4	33.4
CEPS	9.1	27.3	25.7	35.9
BVPS	176.0	196.9	213.3	239.7
FCF	14.2	(13.1)	22.0	18.9
DPS	5.5	7.0	7.0	7.0
Return Ratio(%)				
RoCE	10.8	19.8	16.0	19.2
ROIC	5.3	13.1	10.8	14.2
RoE	4.5	13.6	11.4	14.8
Balance Sheet				
Net Debt : Equity (x)	(0.1)	0.0	(0.1)	(0.1)
Net Working Capital (Days)	24	32	28	30
Valuation(x)				
PER	171.3	51.3	55.7	39.0
P/B	7.4	6.6	6.1	5.4
P/CEPS	144.1	47.8	50.9	36.3
EV/EBITDA	89.6	38.5	43.5	30.6
EV/Sales	3.4	2.8	2.7	2.3
Dividend Yield (%)	0.4	0.5	0.5	0.5

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Net Revenue	49,210	26,191	31,051	47,676
YoY gr. (%)	46.5	14.2	18.3	13.4
Raw Material Expenses	38,922	19,421	23,807	37,454
Gross Profit	10,288	6,770	7,244	10,222
Margin (%)	20.9	25.8	23.3	21.4
EBITDA	4,238	1,622	1,974	3,328
YoY gr. (%)	128.6	130.8	594.5	74.6
Margin (%)	8.6	6.2	6.4	7.0
Depreciation / Depletion	134	164	179	141
EBIT	4,104	1,458	1,795	3,187
Margin (%)	8.3	5.6	5.8	6.7
Net Interest	98	136	155	233
Other Income	803	1,055	591	797
Profit before Tax	4,809	2,377	2,231	3,751
Margin (%)	9.8	9.1	7.2	7.9
Total Tax	1,165	726	599	1,075
Effective tax rate (%)	24.2	30.5	26.8	28.7
Profit after Tax	3,644	1,651	1,632	2,677
Minority interest	8	(12)	(14)	(53)
Share Profit from Associates	(294)	(323)	(324)	(320)
Adjusted PAT	3,342	1,340	1,321	2,410
YoY gr. (%)	158.5	265.3	(534.5)	107.0
Margin (%)	6.8	5.1	4.3	5.1
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	3,342	1,340	1,321	2,410
YoY gr. (%)	158.5	265.3	(534.5)	107.0
Margin (%)	6.8	5.1	4.3	5.1
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	3,342	1,340	1,321	2,410
Avg. Shares O/s (m)	331	331	331	331
EPS (Rs)	10.1	4.1	4.0	7.3

Source: Company Data, PL Research

Price Chart

Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	04-Jul-25	Hold	1,350	1,367
2	08-May-25	BUY	1,516	1,223
3	03-Apr-25	BUY	1,593	1,345
4	21-Mar-25	Accumulate	1,593	1,470
5	31-Jan-25	BUY	1,593	1,261
6	08-Jan-25	Accumulate	1,980	1,780
7	30-Oct-24	Accumulate	1,980	1,698
8	08-Oct-24	Accumulate	1,945	1,801
9	16-Aug-24	Hold	1,598	1,535

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Astral Ltd.	Accumulate	1,630	1,494
2	Avalon Technologies	Accumulate	943	878
3	Bajaj Electricals	Accumulate	656	615
4	Cello World	BUY	746	621
5	Century Plyboard (I)	Hold	775	749
6	Cera Sanitaryware	Accumulate	7,178	6,244
7	Crompton Greaves Consumer Electricals	BUY	423	350
8	Cyient DLM	Accumulate	540	480
9	Finolex Industries	Accumulate	217	197
10	Greenpanel Industries	BUY	374	280
11	Havells India	Accumulate	1,645	1,532
12	Kajaria Ceramics	Hold	1,192	1,242
13	Kaynes Technology India	Hold	6,367	6,326
14	KEI Industries	BUY	4,527	3,970
15	Polycab India	BUY	8,091	6,926
16	R R Kabel	Accumulate	1,516	1,337
17	Supreme Industries	Hold	4,346	4,243
18	Syrma SGS Technology	Hold	705	706
19	Voltas	Hold	1,350	1,367

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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