

HOLD

TP: Rs 1,510 | ▲ 8%

VOLTAS

| Consumer Durables

| 18 December 2025

Analyst meet key takeaways

- Pre-buying by the channel on – 1) BEE rating change, 2) existing discounts and 3) inflationary trend (currency depreciation)
- Improving utilization levels in Q3 (vs H1) to partially offset cost pressures; channel inventory easing in Q3
- Marginally revise estimates; maintain HOLD with Dec-26TP of Rs 1510 (vs Rs 1440 for Sept-26)

Vineet Shanker
 Research Analyst
 Amey Tupe
 Research Associate
 research@bobcaps.in

BEE rating change leading to pre-buying by the channel: Q3, a seasonally weak quarter, witnessed improvement in industry volumes driven by channel pre-buying ahead of the revised BEE star-rating norms. Management indicated that, apart from the rating change, earlier pricing support extended to the channel and prevailing inflationary trends also supported advance purchases. Looking ahead, management expects industry performance to improve further in Q4, with the extent of industry decline in Q3 moderating meaningfully compared with H1.

Cost headwinds persisted, partly mitigated by improving fixed cost

absorption: Cost pressures persisted, driven by pricing support extended to the channel through schemes and discounts to offset H1 demand weakness, along with currency depreciation, given ~20–30% of raw materials are imported. These factors continued to weigh on margins. However, sequential improvement in capacity utilisation is expected to result in better absorption of fixed costs, an element that was largely absent in Q2 thereby partially offsetting the underlying cost pressures.

Channel inventory easing; market share focus intact: Channel inventory has moderated to ~45 days and continues to trend down (vs sub-20 days a year ago), with Q3 largely reflecting sell-out of old BEE table products and Q4 set to fully transition to new-table products with embedded price hikes, while Voltas expects a gradual improvement in market share through Q4, aided by ongoing initiatives and incremental contribution from the new South facility, with management reiterating that market share gains remain non-negotiable.

Emerging growth drivers in the project business: Voltas is seeing early signs of renewed momentum in its projects business, led by healthier order book and improving execution cycles. The project segment also witnesses renewed growth in drivers such as demand for cooling from data centers and district cooling centers, however it remains small in the overall order book (current 2-5%, potential to reach 30% of the order book).

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	VOLT IN/Rs 1,402
Market cap	US\$ 5.1bn
Free float	70%
3M ADV	US\$ 15.9mn
52wk high/low	Rs 1,859/Rs 1,135
Promoter/FPI/DII	30%/21%/33%

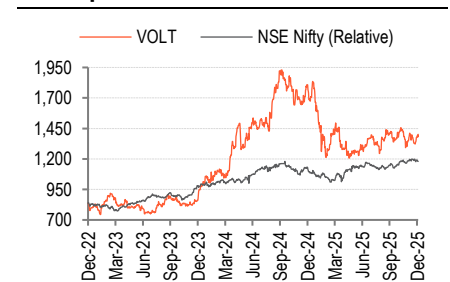
Source: NSE | Price as of 18 Dec 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	1,54,128	1,48,482	1,71,673
EBITDA (Rs mn)	11,162	9,087	12,317
Adj. net profit (Rs mn)	8,414	6,657	9,074
Adj. EPS (Rs)	25.4	20.1	27.4
Consensus EPS (Rs)	24.5	31.0	39.0
Adj. ROAE (%)	13.6	9.9	12.4
Adj. P/E (x)	55.1	69.7	51.1
EV/EBITDA (x)	41.6	51.0	37.7
Adj. EPS growth (%)	233.9	(20.9)	36.3

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Revise estimates, maintain HOLD: We marginally revise our FY26–28E estimates upward by 1% to factor in easing inventory pressures in Q3, however we look forward to upcoming summer season for any significant change in estimates. Rolling forward our TP to Dec-26 results in a revised TP of Rs 1510 (vs Rs 1440 for Sept-26). We maintain our HOLD rating.

Other key takeaways

- Commercial refrigeration demand, which had an abnormally weak year, is expected to recover by March, supporting a strong performance of Q4.
- In the Voltas Beko JV, management highlighted market-share gains, with Beko now #1 in semi-automatic washing machines and expanding presence across 19,000–20,000 counters. The JV is also leveraging RAC channel placements to cross-sell appliances, aiding footprint expansion.
- E-waste compliance costs have already been factored into FY25 numbers, while incremental impact for FY26 will be embedded via the new table pricing. Management clarified that e-waste costs are not a new addition, and ongoing optimisation is underway to minimise profitability impact.
- The company is making strong strides in post-spinning textile machinery, supported by a cyclical upturn in textile capex. EMP profitability is expected to improve materially, making it an increasingly important earnings driver.

Valuation methodology

We marginally revise our FY26–28E estimates upward by 1% to factor in easing inventory pressures in Q3, however we look forward to upcoming summer season for any significant change in estimates. Rolling forward our TP to Dec-26 results in a revised TP of Rs 1510 (vs Rs 1440 for Sept-26). We maintain our HOLD rating.

Fig 1 – Revised estimates

(Rs mn)	New			Old			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	1,48,482	1,71,673	1,95,783	1,47,213	1,70,189	1,94,076	1.0	1.0	1.0
EBITDA	9,087	12,317	14,500	8,893	12,135	14,293	2.0	1.0	1.0
EBITDA margin (%)	6.1	7.2	7.4	6.0	7.1	7.4	8bps	4bps	4bps
PAT	6,657	9,074	10,851	6,619	9,010	10,774	1.0	1.0	1.0

Source: BOBCAPS Research

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25A	FY26E	FY27E
Total revenue	94,988	1,24,812	1,54,128	1,48,482	1,71,673
EBITDA	5,724	4,746	11,162	9,087	12,317
Depreciation	396	476	618	902	1,030
EBIT	5,327	4,270	10,544	8,185	11,287
Net interest inc./(exp.)	(296)	(559)	(621)	(591)	(525)
Other inc./(exp.)	1,685	2,533	3,245	3,245	3,245
Exceptional items	0	0	0	0	0
EBT	6,716	6,244	13,168	10,838	14,006
Income taxes	1,709	2,377	3,565	2,926	3,782
Extraordinary items	2,438	0	0	0	0
Min. int./Inc. from assoc.	(1,207)	(1,386)	(1,260)	(1,255)	(1,151)
Reported net profit	1,350	2,520	8,414	6,657	9,074
Adjustments	2,438	0	0	0	0
Adjusted net profit	3,788	2,520	8,414	6,657	9,074

Balance Sheet

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25A	FY26E	FY27E
Accounts payables	30,126	38,557	38,928	38,646	44,682
Other current liabilities	10,029	14,060	12,670	12,204	14,110
Provisions	0	0	0	0	0
Debt funds	6,506	7,436	8,633	6,957	6,181
Other liabilities	1,609	2,099	6,157	5,941	6,827
Equity capital	331	331	331	331	331
Reserves & surplus	54,190	57,874	64,802	69,308	76,231
Shareholders' fund	54,521	58,205	65,133	69,638	76,562
Total liab. and equities	1,02,790	1,20,357	1,31,520	1,33,387	1,48,361
Cash and cash eq.	7,084	8,523	6,782	14,063	12,890
Accounts receivables	21,919	25,328	25,115	24,001	25,868
Inventories	15,920	21,354	27,148	26,035	29,631
Other current assets	19,543	22,042	30,500	26,452	30,583
Investments	0	0	0	0	0
Net fixed assets	3,611	3,902	8,198	10,296	11,767
CWIP	983	3,675	824	793	917
Intangible assets	1,142	1,127	1,097	1,057	1,222
Deferred tax assets, net	0	0	0	0	0
Other assets	32,590	34,408	31,856	30,689	35,482
Total assets	1,02,790	1,20,357	1,31,520	1,33,387	1,48,361

Cash Flows

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash flow from operations	1,594	7,615	(8,455)	13,085	8,451
Capital expenditures	(1,774)	(2,883)	(2,082)	(3,000)	(2,500)
Change in investments	253	(3,938)	2,841	0	0
Other investing cash flows	706	1,597	820	1,022	(4,196)
Cash flow from investing	(816)	(5,224)	1,579	(1,978)	(6,696)
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	2,728	453	1,500	(1,676)	(776)
Interest expenses	0	0	0	0	0
Dividends paid	(2,177)	(1,616)	(2,497)	(2,151)	(2,151)
Other financing cash flows	0	0	0	0	0
Cash flow from financing	550	(1,163)	(997)	(3,827)	(2,927)
Chg in cash & cash eq.	1,328	1,228	(7,873)	7,280	(1,173)
Closing cash & cash eq.	7,084	8,523	6,782	14,063	12,890

Per Share

Y/E 31 Mar (Rs)	FY23A	FY24A	FY25A	FY26E	FY27E
Reported EPS	4.1	7.6	25.4	20.1	27.4
Adjusted EPS	11.4	7.6	25.4	20.1	27.4
Dividend per share	4.3	5.5	7.0	6.5	6.5
Book value per share	164.8	175.9	196.9	210.5	231.4

Valuations Ratios

Y/E 31 Mar (x)	FY23A	FY24A	FY25A	FY26E	FY27E
EV/Sales	4.9	3.7	3.0	3.1	2.7
EV/EBITDA	81.0	97.7	41.6	51.0	37.7
Adjusted P/E	122.4	184.0	55.1	69.7	51.1
P/BV	8.5	8.0	7.1	6.7	6.1

DuPont Analysis

Y/E 31 Mar (%)	FY23A	FY24A	FY25A	FY26E	FY27E
Tax burden (Net profit/PBT)	56.4	40.4	63.9	61.4	64.8
Interest burden (PBT/EBIT)	126.1	146.2	124.9	132.4	124.1
EBIT margin (EBIT/Revenue)	5.6	3.4	6.8	5.5	6.6
Asset turnover (Rev./Avg TA)	26.3	32.0	18.8	14.4	14.6
Leverage (Avg TA/Avg Equity)	0.1	0.1	0.1	0.2	0.2
Adjusted ROAE	6.9	4.5	13.6	9.9	12.4

Ratio Analysis

Y/E 31 Mar	FY23A	FY24A	FY25A	FY26E	FY27E
YoY growth (%)					
Revenue	19.7	31.4	23.5	(3.7)	15.6
EBITDA	(16.0)	(17.1)	135.2	(18.6)	35.5
Adjusted EPS	(24.8)	(33.5)	233.9	(20.9)	36.3

Profitability & Return ratios (%)

EBITDA margin	6.0	3.8	7.2	6.1	7.2
EBIT margin	5.6	3.4	6.8	5.5	6.6
Adjusted profit margin	4.0	2.0	5.5	4.5	5.3
Adjusted ROAE	6.9	4.5	13.6	9.9	12.4
ROCE	6.7	4.5	12.7	9.4	11.8

Working capital days (days)

Receivables	84	74	59	59	55
Inventory	61	62	64	64	63
Payables	116	113	92	95	95

Ratios (x)

Gross asset turnover	16.6	17.9	15.7	10.8	10.4
Current ratio	1.4	1.3	1.6	1.6	1.5
Net interest coverage ratio	18.0	7.6	17.0	13.8	21.5
Adjusted debt/equity	0.1	0.1	0.1	0.1	0.1

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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Registered office Address: **1704, B Wing, Parinee Crescenzo, G Block, BKC, Bandra East, Mumbai 400051**

SEBI Research Analyst Registration No: **INH000000040 valid till 03 February 2025**

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BUY – Expected return >+15%

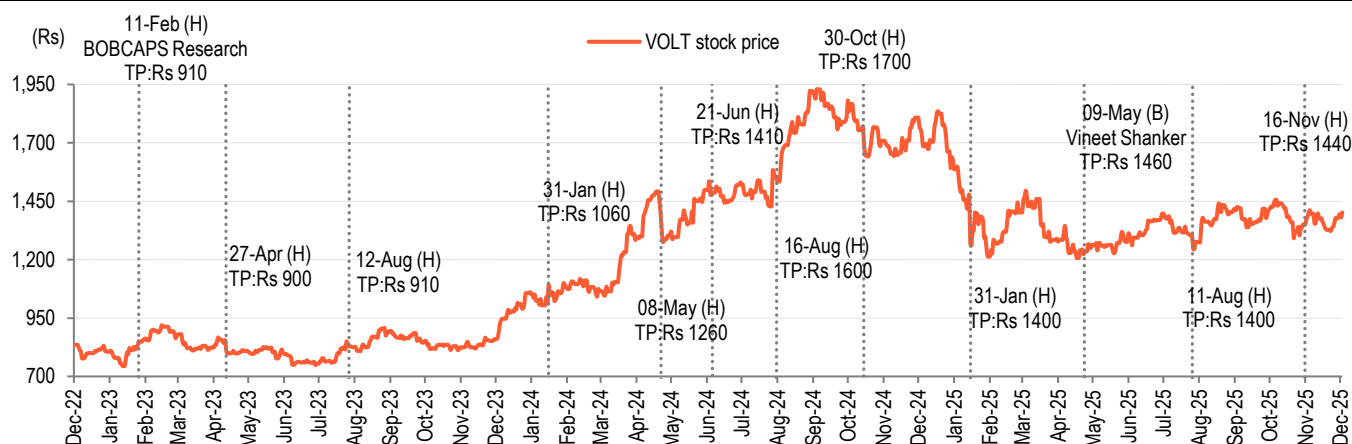
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SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): VOLTAS (VOLT IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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