

Voltas | ADD

Concerns over rising input costs key monitorable

Voltas' 3Q UCP revenue growth at 9% YoY was a positive highlight. However, it came in at the cost of margin (3.8% vs. 5.9% YoY), given channel support and discounting continued through 3Q. Another key positive was the up-trend in market share continuing, up to 17.9% from 15.8% in Mar'25. That said, key concerns revolve around (1) Risk to margin given rising input costs (copper up >40% YTDCY26) and a depreciating rupee. While management indicated plans to pass these on through price hikes, the key question remains the sensitivity of the end-user to these price hikes given high channel inventory and intense competition. We cut UCP EBIT margin estimate from 7.5% to 6.3% for FY27E; and (2) Potential channel filling through aggressive discounting in 3Q, which can potentially hurt 4Q performance. We cut our FY26-28E EPS estimates by 4-8%, and arrive at a PT of INR 1,515 (INR 1,575 earlier) basis our SoTP valuation. Maintain ADD.

- Better than expected performance in UCP aided flat 3Q:** Voltas' 3Q revenue stood at INR 30.5bn, down 1% YoY, in line with our estimate but 4% below consensus. The top line was impacted by an 18% YoY decline in the EMP segment; however, the rather stressed UCP segment surprised positively, delivering 9% YoY growth (vs. our expectation of degrowth). EBITDA came in at INR 1.6bn, down 11% YoY, but was ahead of our and Street estimate. EBITDA margin at 5.2% contracted 60bps YoY due to higher other expenses, partially offset by a 30bps YoY improvement in gross margin. Adjusted PAT for the quarter stood at INR 1.1bn, down 16% YoY, beating our and consensus estimates by 20% and 9%, respectively.
- Growth in UCP positive, but at the cost of margin, market share gains a highlight:** UCP revenue rose 9% YoY to INR 19bn, beating expectations, but at the cost of profitability. UCP segment EBIT stood at INR 726mn with a margin of 3.8%, contracting 210bps YoY due to sustained channel support and discounting. A key concern, however, has been risk to margin given rising input costs (copper up >40% YTDCY26) and a depreciating rupee. While the management did indicate plans to pass these on through price hikes, the key question remains the sensitivity of the end-user to these price hikes given high channel inventory and intense competition. Another concern is around potential channel filling through aggressive discounting in 3Q, which can potentially hurt 4Q performance, given high existing channel inventory (as per management commentary, expected to normalise by March). The silver lining here was the gain in market share to 17.9%, vs. 15.8% in Mar'25.
- EMP revenue declines, margins sees uptrend; data centres seen as an opportunity:** The EMP segment reported an 18% YoY revenue decline to INR 9.7bn; however, margins improved sharply to 8.4% from 4.8% YoY, reflecting management's strategy of prioritizing project quality over volume. The EMP order book stood at INR 61bn. Voltas also indicated opportunities in data centre projects, stating that it is actively bidding for upcoming opportunities. The company has developed the required product capabilities and entered into strategic partnerships to cater to cooling and MEP requirements for data centers. Management expects this vertical to be a key growth driver over the next 12 months.
- Voltbek gaining traction; diversification beyond cooling accelerates:** Voltas is actively transitioning from a predominantly seasonal cooling-focused business to a year-round, full-stack consumer durables player, driven by the need to reduce dependence on RACs. Voltbek continues to scale well, gaining market share across categories. Overall Voltbek market share stands at 6.2%, while washing machine market share is at 8.2%.

Financial Summary						(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E	
Net Sales	1,24,074	1,53,205	1,47,553	1,83,820	2,03,701	
Sales Growth (%)	32.0	23.5	-3.7	24.6	10.8	
EBITDA	4,008	10,238	6,551	12,758	15,230	
EBITDA Margin (%)	3.2	6.7	4.4	6.9	7.5	
Adjusted Net Profit	2,520	8,414	5,341	10,288	12,552	
Diluted EPS (INR)	7.6	25.4	16.1	31.1	37.9	
Diluted EPS Growth (%)	-33.5	233.9	-36.5	92.6	22.0	
ROIC (%)	9.7	24.7	11.7	21.2	24.1	
ROE (%)	4.5	13.6	8.0	14.2	15.4	
P/E (x)	177.1	53.1	83.6	43.4	35.6	
P/B (x)	7.7	6.9	6.5	5.9	5.2	
EV/EBITDA (x)	109.9	43.4	68.1	34.6	28.4	
Dividend Yield (%)	0.4	0.4	0.4	0.6	0.6	

Source: Company data, JM Financial. Note: Valuations as of 29/Jan/2026



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Recommendation and Price Target

Current Reco.	ADD
Previous Reco.	ADD
Current Price Target (12M)	1,515
Upside/(Downside)	12.3%
Previous Price Target	1,575
Change	-3.8%

Key Data – VOLT IN

Current Market Price	INR1,349
Market cap (bn)	INR446.4/US\$4.9
Free Float	62%
Shares in issue (mn)	330.9
Diluted share (mn)	330.9
3-mon avg daily val (mn)	INR1,207.2/US\$13.1
52-week range	1,531/1,135
Sensex/Nifty	82,566/25,419
INR/US\$	92.0

Price Performance

%	1M	6M	12M
Absolute	-2.2	1.0	-8.5
Relative*	0.3	-0.5	-15.2

* To the BSE Sensex

JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ.

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Key takeaways from concall

Unitary Products

- **Market share leadership sustained:** Voltas continues to maintain strong market leadership, with YTD and overall market share at 17.9%. Voltbek's overall market share stands at 6.2%, while washing machines have reached 8.2%. Management reiterated its balanced focus on both market share gains and margin protection, rather than prioritizing one at the expense of the other.
- **BEE rating transition fully managed; near-term mix impact expected:** The company is fully prepared to roll out new BEE-rated RAC models. Near-term sales mix and pricing will remain dynamic as the channel navigates a combination of old-rated and new-rated inventory. Price impact from the BEE transition is expected to be modest for 3-star models but materially higher for 5-star models.
- **Channel inventory elevated but normalization expected by March:** Channel inventory remains at 5–6 weeks and is expected to normalize by March. Channel support schemes and financial incentives were continued in 3Q. Any decision to extend or withdraw these schemes will depend on demand trends during the upcoming summer season.
- **Reducing reliance on RAC; portfolio diversification underway:** Voltas continues its strategic shift away from a predominantly seasonal cooling-led business toward a year-round, full-stack consumer durables model, supported by a broader and more innovation-driven product portfolio.
- **Soft quarter for commercial refrigeration:** The commercial refrigeration segment witnessed a weaker quarter due to subdued demand and heightened competitive intensity.
- **Commodity inflation pressures margins; price hikes likely:** Rising commodity costs and rupee depreciation continue to pressure margins. While management reiterated the intent to implement price increases, it highlighted limited visibility on the timing and magnitude at this stage. The overall impact, however, is expected to be meaningful.
- **Capacity Utilization remains high:** The Pantnagar plant is operating at full capacity. The Chennai plant, with current capacity of 1.0mn units, is running at 85–90% utilization and is expected to expand to 1.5mn units over the next two months.
- **Clarity on BEE rating change timeline:** Brands and channel partners are permitted to sell old-rated RAC inventory until June 2026. Most OEMs, including Voltas, hold inventory of old-rated products, while production of new-rated models commenced from November. The industry remains on a level playing field, with near-term focus on liquidating old inventory before scaling up sales of new-rated products.

Electromechanical Projects & Services

- **Strategy for the segment:** The segment currently has an order book of INR 61bn. Management highlighted a more disciplined approach to project selection across domestic and international markets, resulting in a structurally healthier order book compared to earlier cycles.
- **Quality over quantity:** Management reiterated that order book size is not a priority, given the long gestation nature of projects. The focus has shifted toward higher-quality and margin-accretive opportunities, with increasing emphasis on the data centre vertical over traditional electrical, solar, and water projects.
- **Bidding aggressively for data centre projects:** Voltas is currently executing select data centre projects and is actively bidding for upcoming opportunities. The company has developed the required product capabilities and entered into strategic partnerships to address cooling and MEP requirements for data centers. Management expects this vertical to be a key growth driver over the next 12 months.

Exhibit 1. Volta – 3QFY26 result review

(INR mn)	Q3FY24	Q4FY24	FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	FY25	Q1FY26	Q2FY26	Q3FY26	Q3FY26E
Net Sales	26,123	41,923	124,074	49,039	26,012	30,874	47,280	153,205	39,123	23,144	30,528	30,533
YoY growth	32%	43%	32%	47%	15%	18%	13%	23%	-20%	-11%	-1%	-1%
Cost of sales	(20,605)	(33,727)	(98,141)	(38,922)	(19,421)	(23,807)	(37,454)	(119,604)	(30,796)	(17,645)	(23,442)	(23,358)
% of sales	78.9%	80.4%	79.1%	79.4%	74.7%	77.1%	79.2%	78.1%	78.7%	76.2%	76.8%	76.5%
Gross Profit	5,518	8,196	25,932	10,117	6,590	7,067	9,827	33,601	8,327	5,499	7,086	7,175
Gross Margin (%)	21.1%	19.6%	20.9%	20.6%	25.3%	22.9%	20.8%	21.9%	21.3%	23.8%	23.2%	23.5%
Staff cost	(2,046)	(1,992)	(7,788)	(2,023)	(2,382)	(2,311)	(2,185)	(8,901)	(2,305)	(2,408)	(2,246)	(2,600)
% of sales	7.8%	4.8%	6.3%	4.1%	9.2%	7.5%	4.6%	5.8%	5.9%	10.4%	7.4%	8.5%
Other expenses	(3,322)	(4,404)	(14,138)	(4,027)	(2,766)	(2,959)	(4,709)	(14,462)	(4,500)	(2,717)	(3,247)	(3,500)
% of sales	12.7%	10.5%	11.4%	8.2%	10.6%	9.6%	10.0%	9.4%	11.5%	11.7%	10.6%	11.5%
EBITDA	150	1,800	4,007	4,067	1,443	1,796	2,933	10,238	1,522	375	1,593	1,075
EBITDA Margin %	0.6%	4.3%	3.2%	8.3%	5.5%	5.8%	6.2%	6.7%	3.9%	1.6%	5.2%	3.5%
Depreciation	(128)	(118)	(476)	(134)	(164)	(179)	(141)	(618)	(185)	(244)	(206)	(255)
EBIT	22	1,682	3,531	3,933	1,278	1,618	2,792	9,621	1,338	131	1,387	820
EBIT Margin %	0.1%	4.0%	2.8%	8.0%	4.9%	5.2%	5.9%	6.3%	3.4%	0.6%	4.5%	2.7%
Interest	(135)	(208)	(559)	(98)	(136)	(155)	(233)	(621)	(135)	(200)	(311)	(175)
Other Income	579	544	2,533	803	1,055	591	797	3,245	821	646	488	600
Other operating Income	134	106	739	171	180	178	395	923	263	329	180	300
PBT	599	2,124	6,243	4,809	2,377	2,231	3,751	13,168	2,286	906	1,744	1,545
Tax	(515)	(634)	(2,377)	(1,165)	(726)	(599)	(1,075)	(3,565)	(621)	(226)	(313)	(386)
% tax	85.8%	29.9%	38.1%	24.2%	30.5%	26.8%	28.7%	27.1%	27.2%	25.0%	18.0%	25.0%
Minority	(28)	58	39	(8)	12	14	53	71	(2)	28	5	22
Associate	(361)	(383)	(1,386)	(294)	(323)	(324)	(320)	(1,260)	(259)	(365)	(322)	(250)
Recurring PAT	(304)	1,164	2,519	3,342	1,340	1,321	2,410	8,414	1,405	343	1,114	931
PAT Margin %	-1.2%	2.8%	2.0%	6.8%	5.2%	4.3%	5.1%	5.5%	3.6%	1.5%	3.7%	3.0%
Exceptional	-	-	-	-	-	-	-	-	-	-	(265)	-
Reported PAT	(304)	1,164	2,519	3,342	1,340	1,321	2,410	8,414	1,405	343	849	931

Source: Company, JM Financial

Exhibit 2. Voltas – 3QFY26 segmental split

(INR mn)	Q3FY24	Q4FY24	FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	FY25	Q1FY26	Q2FY26	Q3FY26	Q3FY26E
Revenue												
Electro Mechanical	9,819	10,979	36,830	9,491	8,799	11,902	11,375	41,568	9,219	9,662	9,742	13,093
Growth	51%	47%	53%	40%	-5%	21%	4%	13%	-3%	10%	-18%	10%
Engineering products and services	1,548	1,564	5,879	1,608	1,467	1,297	1,321	5,693	1,354	1,391	1,566	1,500
Growth	31%	10%	13%	13%	9%	-16%	-16%	-3%	-16%	-5%	21%	16%
Unitary Cooling Products	14,826	29,551	81,605	38,022	15,822	17,711	34,584	106,139	28,679	12,151	19,242	15,940
Growth	21.9%	44.2%	26%	51.2%	30.9%	19.5%	17.0%	30%	-24.6%	-23.2%	8.6%	-10.0%
PBIT												
Electromechanical	(1,200)	(1,077)	(3,285)	675	462	567	(17)	1,686	492	920	817	916
Margin	-12.2%	-9.8%	-8.9%	7.1%	5.2%	4.8%	-0.2%	4.1%	5.3%	9.5%	8.4%	7.0%
Engineering Agency	499	478	2,057	448	396	368	341	1,553	401	439	368	420
Margin	32.2%	30.6%	35.0%	27.9%	27.0%	28.4%	25.8%	27.3%	29.6%	31.6%	23.5%	28.0%
Unitary Products	1,229	2,704	6,935	3,270	1,162	1,043	3,448	8,923	1,044	(458)	726	475
Margin	8.3%	9.2%	8.5%	8.6%	7.3%	5.9%	10.0%	8.4%	3.6%	-3.8%	3.8%	3.0%

Source: Company, JM Financial

Exhibit 3. Voltas – EPS revision table

Year End Mar (INR mn)	FY26E	FY27E	FY28E
Revenues			
Old	1,46,510	1,76,452	1,98,060
New	1,47,553	1,83,820	2,04,928
Change	0.7%	4.2%	3.5%
EBITDA			
Old	6,439	12,858	15,258
New	6,551	12,758	15,527
Change	1.7%	-0.8%	1.8%
EBITDA margins			
Old	4.4%	7.3%	7.7%
New	4.4%	6.9%	7.6%
Change	5	-35	-13
Recurring PAT			
Old	5,810	10,765	13,027
New	5,341	10,288	12,777
Change	-8.1%	-4.4%	-1.9%
EPS			
Old	17.6	32.5	39.4
New	16.1	31.1	38.6
Change	-8.1%	-4.4%	-1.9%

Source: Company, JM Financial

Exhibit 4. Voltas – SoTP valuation

Particulars	FY26E	FY27E	FY28E	Dec'27E
Vertical-wise EPS				
UCP	6.7	18.9	26.0	24.2
Non-UCP	12.6	14.6	14.0	14.1
EPS (ex-Voltbek losses)	19.4	33.6	39.9	38.3
(-) Voltbek adjustment	(3.2)	(2.5)	(2.0)	(2.2)
Reported EPS	16.1	31.1	37.9	36.1
Business-wise P/E Multiple				
UCP			45	
Non-UCP			25	
Target Price (ex-Voltbek)				
UCP			1,077	
Non-UCP			346	
Target Price (ex-Voltbek)			1,423	
Voltbek				
Revenue/share			92	
Multiple (x)			1	
Target Price (Voltbek)			92	
TARGET PRICE (VOLTAS)				1,515

Source: Company, JM Financial

Exhibit 5. Voltas – 1-yr forward P/E band chart (last 5 years)

Source: Bloomberg, JM Financial

Financial Tables (Consolidated)

Income Statement						Balance Sheet					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E	Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	1,24,074	1,53,205	1,47,553	1,83,820	2,03,701	Shareholders' Fund	58,205	65,133	68,488	76,294	86,199
Sales Growth	32.0%	23.5%	-3.7%	24.6%	10.8%	Share Capital	331	331	331	331	331
Other Operating Income	0	0	0	0	0	Reserves & Surplus	57,874	64,802	68,157	75,963	85,868
Total Revenue	1,24,074	1,53,205	1,47,553	1,83,820	2,03,701	Preference Share Capital	0	0	0	0	0
Cost of Goods Sold/Op. Exp	98,140	1,19,604	1,14,353	1,42,461	1,57,868	Minority Interest	337	271	200	129	58
Personnel Cost	7,788	8,901	9,791	10,280	10,794	Total Loans	7,133	8,633	7,983	5,483	1,483
Other Expenses	14,138	14,462	16,857	18,321	19,809	Def. Tax Liab. / Assets (-)	176	140	140	140	140
EBITDA	4,008	10,238	6,551	12,758	15,230	Total - Equity & Liab.	65,851	74,176	76,810	82,045	87,879
<i>EBITDA Margin</i>	3.2%	6.7%	4.4%	6.9%	7.5%	Net Fixed Assets	8,082	9,495	12,159	14,111	15,950
<i>EBITDA Growth</i>	-15.3%	155.5%	-36.0%	94.7%	19.4%	Gross Fixed Assets	8,223	13,105	16,605	19,605	22,605
Depn. & Amort.	476	618	836	1,049	1,161	Intangible Assets	0	0	0	0	0
EBIT	3,532	9,621	5,716	11,709	14,069	Less: Depn. & Amort.	3,816	4,434	5,269	6,318	7,479
Other Income	3,271	4,168	3,662	3,648	3,827	Capital WIP	3,675	824	824	824	824
Finance Cost	559	621	945	526	264	Investments	35,083	32,432	32,432	32,432	32,432
PBT before Excep. & Forex	6,244	13,168	8,433	14,830	17,632	Current Assets	76,780	89,149	87,411	99,843	1,08,852
Excep. & Forex Inc/Loss(-)	0	0	0	0	0	Inventories	21,354	27,148	29,850	35,327	37,191
PBT	6,244	13,168	8,433	14,830	17,632	Sundry Debtors	25,328	22,319	21,495	26,779	29,081
Taxes	2,377	3,565	2,024	3,722	4,426	Cash & Bank Balances	8,523	6,782	4,592	6,263	11,107
Extraordinary Inc./Loss(-)	0	0	0	0	0	Loans & Advances	13	10	10	10	10
Assoc. Profit/Min. Int.(-)	-1,425	-1,331	-1,210	-962	-796	Other Current Assets	21,563	32,890	31,463	31,463	31,463
Reported Net Profit	2,520	8,414	5,341	10,288	12,552	Current Liab. & Prov.	54,093	56,901	55,192	64,340	69,355
Adjusted Net Profit	2,520	8,414	5,341	10,288	12,552	Current Liabilities	39,940	40,584	38,875	48,024	53,038
Net Margin	2.0%	5.5%	3.6%	5.6%	6.2%	Provisions & Others	14,154	16,317	16,317	16,317	16,317
Diluted Share Cap. (mn)	330.9	330.9	330.9	330.9	330.9	Net Current Assets	22,686	32,248	32,218	35,503	39,497
Diluted EPS (INR)	7.6	25.4	16.1	31.1	37.9	Total - Assets	65,851	74,176	76,810	82,045	87,879
Diluted EPS Growth	-33.5%	233.9%	-36.5%	92.6%	22.0%						
Total Dividend + Tax	1,820	1,985	1,985	2,482	2,647						
Dividend Per Share (INR)	5.5	6.0	6.0	7.5	8.0						

Source: Company, JM Financial

Cash Flow Statement					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	4,858	11,908	7,294	13,939	16,907
Depn. & Amort.	476	618	836	1,049	1,161
Net Interest Exp. / Inc. (-)	559	621	945	526	264
Inc (-) / Dec in WCap.	3,063	-11,779	-2,161	-1,613	849
Others	-2,897	-4,115	-2,898	-4,178	-4,619
Taxes Paid	479	-36	0	0	0
Operating Cash Flow	6,538	-2,784	4,016	9,724	14,561
Capex	-3,455	-2,024	-3,500	-3,000	-3,000
Free Cash Flow	3,083	-4,807	516	6,724	11,561
Inc (-) / Dec in Investments	-3,996	2,650	0	0	0
Others	337	486	0	0	0
Investing Cash Flow	-7,114	1,113	-3,500	-3,000	-3,000
Inc / Dec (-) in Capital	0	0	0	0	0
Dividend + Tax thereon	-1,820	-1,985	-1,985	-2,482	-2,647
Inc / Dec (-) in Loans	931	1,483	-650	-2,500	-4,000
Others	2,905	433	-71	-71	-71
Financing Cash Flow	2,015	-69	-2,706	-5,053	-6,718
Inc / Dec (-) in Cash	1,439	-1,741	-2,190	1,671	4,843
Opening Cash Balance	7,084	8,523	6,782	4,592	6,263
Closing Cash Balance	8,523	6,782	4,592	6,263	11,107

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	2.0%	5.5%	3.6%	5.6%	6.2%
Asset Turnover (x)	1.9	2.1	1.9	2.3	2.3
Leverage Factor (x)	1.2	1.2	1.2	1.1	1.1
RoE	4.5%	13.6%	8.0%	14.2%	15.4%

Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	175.9	196.8	207.0	230.6	260.5
ROIC	9.7%	24.7%	11.7%	21.2%	24.1%
ROE	4.5%	13.6%	8.0%	14.2%	15.4%
Net Debt/Equity (x)	-0.1	0.0	0.0	-0.1	-0.2
P/E (x)	177.1	53.1	83.6	43.4	35.6
P/B (x)	7.7	6.9	6.5	5.9	5.2
EV/EBITDA (x)	109.9	43.4	68.1	34.6	28.4
EV/Sales (x)	3.5	2.9	3.0	2.4	2.1
Debtor days	75	53	53	53	52
Inventory days	63	65	74	70	67
Creditor days	117	99	96	99	100

Source: Company, JM Financial

History of Recommendation and Target Price

Recommendation History

Date	Recommendation	Target Price	% Chg.
4-Jul-22	Buy	1,250	
4-Aug-22	Buy	1,200	-4.0
22-Sep-22	Buy	1,150	-4.2
2-Nov-22	Buy	1,150	0.0
10-Feb-23	Buy	1,100	-4.3
27-Apr-23	Buy	1,100	0.0
8-May-24	Buy	1,515	37.7
23-Jun-24	Buy	1,770	16.8
18-Aug-24	Buy	1,790	1.1
30-Oct-24	Buy	1,950	8.9
30-Jan-25	Buy	1,470	-24.6
8-May-25	Buy	1,405	-4.4
17-Jun-25	Hold	1,300	-7.5
9-Aug-25	Hold	1,330	2.3
21-Sep-25	Add	1,495	12.4
10-Oct-25	Add	1,495	0.0
13-Nov-25	Add	1,495	0.0
14-Nov-25	Add	1,430	-4.3
18-Dec-25	Add	1,450	1.4
8-Jan-26	Add	1,575	8.6



APPENDIX I

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

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Rating	Meaning
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Note: For REITs (Real Estate Investment Trust) and InvIT (Infrastructure Investment Trust) total expected returns include dividends or DPU (distribution per unit)

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