

UCP margin surprises positively

Volta's consolidated revenue grew by ~13% YoY (5% lower vs. JMF) to INR 47.6bn, led by growth in unitary cooling products (17% YoY) largely driven by better channel fill. EMP business saw muted growth of 4% YoY but the losses have reduced significantly led by improved order booking, better project execution and better working capital management. Even though the management remains optimistic on all product categories, we believe that the delayed summer season, leading to a subdued 1Q, which is their best quarter, can dampen the company's growth in FY26. Baking in the same, we cut our EPS estimate for FY26 by ~4%. But we increase FY27 EPS by ~1% as believe growth will bounce back once the situation normalises, and Volta being the market leader will continue to benefit. We maintain our BUY rating, with a revised target price of INR 1,405 (earlier INR 1,470).

- **Quarter update:** Revenue was INR 47.7bn, up 13% YoY (5% lower vs. JMF), driven by 17% YoY growth in the UCP (unitary cooling products) business. EBITDA at INR 3.3bn (10% lower vs. JMF) was up 75% YoY as margin expanded 245bps YoY to 7% (40bps lower vs. JMF); margin expansion was primarily led by 170bps YoY expansion in GM to 21.4% (70bps lower vs. JMF) and 20/60 bps lower staff cost/other expenses. PBT at INR 3.8bn was up 77% YoY (4% below JMF), while PAT at INR 2.7bn was up 80% YoY (9% below JMF) as tax rate declined 120 bps YoY to 28.7%
- **Segmental update:** UCP revenue rose 17% YoY (2% lower vs. JMF) to INR 34.6bn continuing its growth momentum, maintaining the company's leadership in both split and window AC, recording YTD market share of ~19% as of Mar'25. UCP EBIT margin at 10%, up 408bps YoY, came as a positive surprise, despite the sharp increase in RM costs and also higher spends on AP. MEP revenue at INR 11.4bn was up 4% YoY (12% lower vs. JMF); business outlook remains positive as domestic projects continue to expand the order book and recovery is visible in the international project business. EMP revenue at INR 13.2bn was down 16% YoY (20% lower vs. JMF). The segment faced headwinds due to challenging macro-economic factors. Volta Beko also recorded sales of over 1mn refrigerators and washing machines (FY25) and established itself as the fastest growing home appliances brand in the country.
- **Valuation & Outlook:** We expect Volta's UCP business/ EMP business/ EPS business revenue to grow at a CAGR of 14%/12%/5% respectively over FY25-27. Overall, this will result in EBIT CAGR of 13%/25%/19% over FY25-27. We now value Volta on FY27 SOTP, UCP PE of 40x due to advantage of being market leader, EMP PE of 20x due to improved order booking and EPS PE of 15x and Voltbek at INR 196 (1.5x on FY27 sales). Our SOTP target is INR 1,405, up ~15% from CMP; we maintain BUY.

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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	1,405
Upside/(Downside)	14.9%
Previous Price Target	1,470
Change	-4.4%

Key Data – VOLT IN

Current Market Price	INR1,223
Market cap (bn)	INR404.7/US\$4.7
Free Float	68%
Shares in issue (mn)	330.8
Diluted share (mn)	330.8
3-mon avg daily val (mn)	INR2,802.9/US\$32.7
52-week range	1,946/1,135
Sensex/Nifty	80,335/24,274
INR/US\$	85.7

Price Performance

%	1M	6M	12M
Absolute	-7.4	-30.7	-7.3
Relative*	-14.9	-31.5	-16.4

* To the BSE Sensex

Financial Summary					(INR mn)
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
Net Sales	94,988	1,24,812	1,54,128	1,70,361	1,97,786
Sales Growth (%)	19.7	31.4	23.5	10.5	16.1
EBITDA	5,724	4,746	11,162	12,439	15,192
EBITDA Margin (%)	6.0	3.8	7.2	7.3	7.7
Adjusted Net Profit	3,800	2,355	8,326	10,411	13,012
Diluted EPS (INR)	11.5	7.1	25.2	31.5	39.3
Diluted EPS Growth (%)	-24.9	-38.0	253.6	25.0	25.0
ROIC (%)	13.7	9.7	23.6	23.9	29.1
ROE (%)	6.9	4.2	13.5	15.1	16.8
P/E (x)	106.5	171.8	48.6	38.9	31.1
P/B (x)	7.4	7.0	6.2	5.6	4.9
EV/EBITDA (x)	70.7	85.1	36.5	32.1	25.9
Dividend Yield (%)	0.1	0.2	0.6	0.7	0.9

Source: Company data, JM Financial. Note: Valuations as of 05/Aug/2025

JM Financial Research is also available on:
Bloomberg - JMFR <GO>,
Thomson Publisher & Reuters,
S&P Capital IQ, FactSet and Visible Alpha

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

Key highlights from the earnings call

RAC Demand:

- Remain optimistic for all product categories, and expect strong demand to continue. Optimisation of manufacturing activities will be key driver of profitability.
- Saw good demand in January and February. However, unseasonal rains have driven a weaker April. Nonetheless, expect summer to be elongated given unseasonal rains in the middle, which should help drive growth.
- Difficult to say whether the industry will grow 15-20% this summer; nonetheless, confident of double-digit growth, supported by the macro penetration story for ACs, and pick-up of summer in May/June.
- Channel and brands have settled with inventory. If the summer does not pick up, cannot rule out brands resorting to heavy discounting.

UCP Segment:

- Demand for cooling products has remained strong for FY25. All products in the AC category saw good demand, and consumer preference remained skewed towards higher energy efficient products. Market share fairly stable at 19% in Mar'25, with growth in line with industry.
- Progress in the RAC factory in Chennai trending as per expectations. Planning to further ramp up capacities in the Chennai plant.
- Increase in input prices and fluctuations in forex rates remain a challenge. Several value engineering initiative and cost control measures have contributed to stable margin.
- **UCP margin improvement:** All verticals except commercial refrigeration have seen better YoY profitability. Demand for higher capacity air coolers, and increasing proportion of higher energy efficiency ACs has driven up margin. RAC margin hovering around 9-10%.
- **Air coolers and water heaters:** Saw good growth at +70% YoY, market share now at 8.5%.
- **Commercial Refrigeration:** Saw growth across all product categories, although it was lower than expectations.
- **Commercial ACs:** Expect consistent growth, going forward.

Electro-mechanical projects:

- Faced collection challenges in certain international projects, which the management expects to normalise in the coming quarter. Have also made some provisions (to the tune of INR 400mn, prudent in the management's opinion) on delayed payments.
- Order book currently stands at INR 65bn+.

Engineering products and services:

- Industry wide challenges persisted.
- Mining and construction vertical saw good growth. Expected increase in coal production in India and Mozambique is expected to drive growth.
- Textile machinery: Geopolitical conflicts hurting industry, coupled with increase in standard yarn prices. This drove lesser-than-expected capex in the sector, hurting Voltas' performance.

Voltas Beko:

- Continued to excel with consistent MoM growth. Washing machines industry registered single-digit growth, but Voltas registered 57% growth.
- YTD market share until Feb'25 stands at 8.7% share for washing machines and 5.5% for refrigerators. Recorded sales of 1mn+ washing machines and refrigerators in the year.

Exhibit 1. Consolidated quarterly result

INR mn	Quarterly			Chg (%)		Q4FY25E		Reported		Chg (%)
	Q4FY24	Q3FY25	Q4FY25	YoY	QoQ	JM Est	Chg (%)	FY24	FY25	YoY
Net Operating Revenue	42,029	31,051	47,676	13%	54%	50,126	-5%	1,24,812	1,54,128	23%
Material Cost	33,727	23,807	37,454	11%	57%	39,048	-4%	98,140	1,19,604	22%
Gross Profit	8,302	7,244	10,222	23%	41%	11,078	-8%	26,672	34,524	29%
Employee Cost	1,992	2,311	2,185	10%	-5%	2,629	-17%	7,788	8,901	14%
Other expenditure	4,404	2,959	4,709	7%	59%	4,762	-1%	14,138	14,462	2%
EBITDA	1,906	1,974	3,328	75%	69%	3,686	-10%	4,746	11,162	135%
Interest	208	155	233	12%	50%	162	44%	559	621	11%
Depreciation	118	179	141	19%	-21%	183	-23%	476	618	30%
Other income	544	591	797	46%	35%	575	39%	2,534	3,245	28%
PBT	2,124	2,231	3,751	77%	68%	3,917	-4%	6,245	13,168	111%
Tax	634	599	1,075	69%	80%	987	9%	2,377	3,565	50%
Recurring PAT	1,490	1,632	2,677	80%	64%	2,930	-9%	3,868	9,603	148%
Extraordinary items	0	0	0			0		0	0	
Minority Interest	0	0	0			0		0	0	
Share of Associate	-383	-324	-320			-164		-1,387	-1,260	
Reported PAT	1,106	1,308	2,357	113%	80%	2,765	-15%	2,481	8,343	236%
Ratios (% of net sales)										
Gross Margin (%)	19.8%	23.3%	21.4%	169 bps	-189 bps	22.1%	-66 bps	21.4%	22.4%	103 bps
EBITDA margin (%)	4.5%	6.4%	7.0%	245 bps	62 bps	7.4%	-37 bps	3.8%	7.2%	344 bps
Employee Cost	4.7%	7.4%	4.6%	-16 bps	-286 bps	5.2%	-66 bps	6.2%	5.8%	-46 bps
Other expenditure	10.5%	9.5%	9.9%	-60 bps	35 bps	9.5%	38 bps	11.3%	9.4%	-194 bps
Tax rate (% of PBT)	29.9%	26.8%	28.7%	-122 bps	181 bps	25.2%	345 bps	38.1%	27.1%	-1099 bps

Source: Company, JM Financial

Exhibit 2. Consolidated segmental result

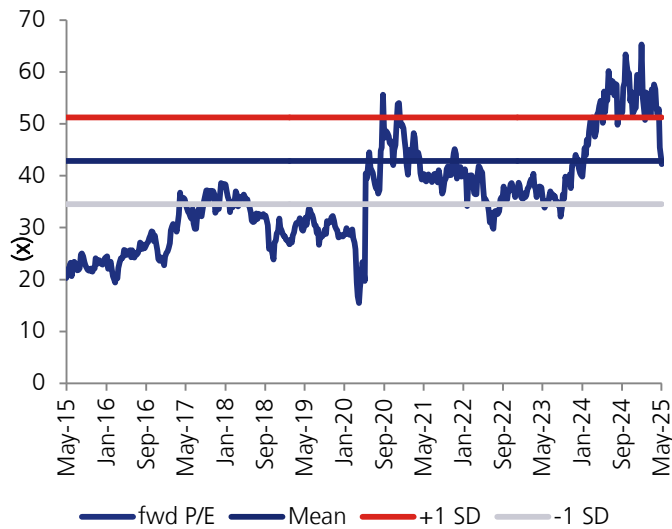
Net Revenues (INR Mn)	Quarterly			Chg (%)		Q4FY25E		Reported		Chg (%)
	Q4FY24	Q3FY25	Q4FY25	YoY	QoQ	JM Est	Chg (%)	FY24	FY25	YoY
Unitary cooling products (UCP)	29,551	17,711	34,584	17%	95%	35,461	-2%	81,605	1,06,139	30%
Electro-mechanical projects (MEP)	10,979	11,902	11,375	4%	-4%	12,899	-12%	36,830	41,568	13%
Engineering products & services (EPS)	1,564	1,297	1,321	-16%	2%	1,642	-20%	5,879	5,692	-3%
Segment Revenue	42,094	30,910	47,280	12%	53%	50,002	-5%	1,24,314	1,53,400	
Less: Intersegmental	-171	-37	0	-100%	-100%	-55		0	-195	
Other Operating Income	106	178	395	274%	123%	179		498	923	
Segmental EBIT (INR Mn)										
Unitary cooling products (UCP)	2,704	1,043	3,448	27%	231%	2,621	32%	6,935	8,923	29%
Electro-mechanical projects (MEP)	-1,077	567	-17	-98%	-103%	666	-103%	-3,285	1,686	-151%
Engineering products & services (EPS)	478	368	341	-29%	-7%	491	-31%	2,057	1,553	-24%
Total Segment EBIT	2,105	1,978	3,771	79%	91%	3,778	0%	5,707	12,163	113%
Segmental EBIT Margin (%)										
Unitary cooling products (UCP)	9.2%	5.9%	10.0%	82 bps	408 bps	7.4%	258 bps	8.5%	8.4%	-9 bps
Electro-mechanical projects (MEP)	-9.8%	4.8%	-0.2%	966 bps	-492 bps	5.2%	-532 bps	-8.9%	4.1%	1298 bps
Engineering products & services (EPS)	30.6%	28.4%	25.8%	-478 bps	-260 bps	29.9%	-414 bps	35.0%	27.3%	-770 bps
Total Segment Margin	5.0%	6.4%	7.9%	290 bps	154 bps	7.5%	37 bps	4.6%	7.9%	332 bps

Source: Company, JM Financial

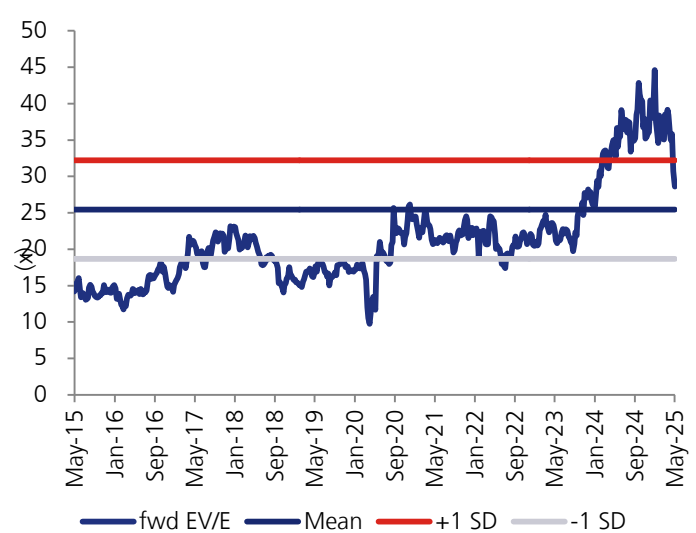
Exhibit 3. We cut our EPS estimates by 4.1% for FY26E

Particulars (INR Mn)	FY26E			FY27E		
	Revised	Old	Chg (%)	Revised	Old	Chg (%)
Net revenue	1,70,361	1,78,825	-4.7%	1,97,786	2,05,395	-3.7%
EBITDA	12,439	11,478	8.4%	15,192	13,820	9.9%
Margin (%)	7.3%	6.4%		7.7%	6.7%	
PAT	10,411	10,852	-4.1%	13,012	12,890	0.9%
EPS (INR/share)	31	33	-4.1%	39	39	0.9%
Net revenue break-up						
Unitary cooling products (UCP)	1,16,753	1,21,999	-4.3%	1,37,769	1,40,299	-1.8%
Electro-mechanical projects (MEP)	46,972	49,555	-5.2%	52,608	56,988	-7.7%
Engineering products & services (EPS)	5,692	6,572	-13.4%	6,262	7,229	-13.4%
Segment Revenue	1,69,417	1,78,126	-4.9%	1,96,639	2,04,516	-3.9%
Less: Intersegmental	-100	-100	0.0%	0	0	
Other Operating Income	1,043	799	30.6%	1,148	879	30.6%

Source: Company, JM Financial

Exhibit 4. 1-year forward P/E


Source: Company, JM Financial

Exhibit 5. 1-year forward EV/EBITDA


Source: Company, JM Financial

Financial Tables (Consolidated)

Income Statement					(INR mn)
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
Net Sales	94,988	1,24,812	1,54,128	1,70,361	1,97,786
Sales Growth	19.7%	31.4%	23.5%	10.5%	16.1%
Other Operating Income	0	0	0	0	0
Total Revenue	94,988	1,24,812	1,54,128	1,70,361	1,97,786
Cost of Goods Sold/Op. Exp	73,782	98,140	1,19,604	1,32,227	1,53,118
Personnel Cost	6,672	7,788	8,901	10,102	11,416
Other Expenses	8,810	14,138	14,462	15,593	18,061
EBITDA	5,724	4,746	11,162	12,439	15,192
EBITDA Margin	6.0%	3.8%	7.2%	7.3%	7.7%
EBITDA Growth	-16.0%	-17.1%	135.2%	11.4%	22.1%
Depn. & Amort.	396	476	618	746	914
EBIT	5,327	4,270	10,544	11,693	14,279
Other Income	1,685	2,534	3,245	3,228	3,393
Finance Cost	296	559	621	570	550
PBT before Excep. & Forex	6,716	6,245	13,168	14,351	17,122
Excep. & Forex Inc./Loss(-)	-2,438	0	0	0	0
PBT	4,278	6,245	13,168	14,351	17,122
Taxes	1,709	2,503	3,582	3,588	4,281
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	-1,207	-1,387	-1,260	-352	170
Reported Net Profit	1,362	2,355	8,326	10,411	13,012
Adjusted Net Profit	3,800	2,355	8,326	10,411	13,012
Net Margin	4.0%	1.9%	5.4%	6.1%	6.6%
Diluted Share Cap. (mn)	330.8	330.8	330.8	330.8	330.8
Diluted EPS (INR)	11.5	7.1	25.2	31.5	39.3
Diluted EPS Growth	-24.9%	-38.0%	253.6%	25.0%	25.0%
Total Dividend + Tax	368	670	2,253	2,811	3,513
Dividend Per Share (INR)	1.1	2.0	6.8	8.5	10.6

Source: Company, JM Financial

Cash Flow Statement					(INR mn)
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
Profit before Tax	3,071	4,858	11,908	14,351	17,122
Depn. & Amort.	396	476	618	746	914
Net Interest Exp. / Inc. (-)	-219	-67	-383	3,798	3,943
Inc (-) / Dec in WCap.	-3,836	801	-10,932	3,776	-3,100
Others	3,838	3,662	-345	0	0
Taxes Paid	-1,656	-2,115	-3,107	-3,638	-4,331
Operating Cash Flow	1,594	7,615	-2,241	19,032	14,548
Capex	-1,799	-2,931	-2,082	-1,967	-1,500
Free Cash Flow	-206	4,685	-4,323	17,066	13,048
Inc (-) / Dec in Investments	-20,696	-3,176	2,178	-2,009	-1,100
Others	21,679	883	1,484	-3,580	-3,224
Investing Cash Flow	-816	-5,224	1,579	-7,555	-5,824
Inc / Dec (-) in Capital	0	0	0	0	0
Dividend + Tax thereon	-1,829	-1,432	-1,820	-2,716	-3,389
Inc / Dec (-) in Loans	2,728	974	1,500	0	0
Others	-349	-704	-677	-570	-550
Financing Cash Flow	550	-1,163	-997	-3,286	-3,939
Inc / Dec (-) in Cash	1,328	1,228	-1,659	8,191	4,786
Opening Cash Balance	5,755	7,295	8,162	6,782	14,974
Closing Cash Balance	7,084	8,523	6,503	14,974	19,759

Source: Company, JM Financial

Balance Sheet					(INR mn)
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
Shareholders' Fund	54,521	58,205	65,133	72,828	82,451
Share Capital	331	331	331	331	331
Reserves & Surplus	54,190	57,874	64,802	72,497	82,120
Preference Share Capital	0	0	0	0	0
Minority Interest	417	337	271	271	271
Total Loans	6,506	7,133	8,633	8,633	8,633
Def. Tax Liab. / Assets (-)	-303	176	140	90	40
Total - Equity & Liab.	61,140	65,851	74,176	81,821	91,394
Net Fixed Assets	5,735	8,703	10,119	11,340	11,926
Gross Fixed Assets	7,677	8,301	13,186	12,301	13,801
Intangible Assets	723	723	723	723	723
Less: Depn. & Amort.	3,648	3,996	4,614	5,359	6,273
Capital WIP	983	3,675	824	3,675	3,675
Investments	28,509	30,517	28,885	31,809	32,909
Current Assets	68,191	80,724	92,073	1,16,771	1,36,788
Inventories	15,920	21,354	27,148	32,604	37,755
Sundry Debtors	21,919	25,328	25,115	43,874	50,937
Cash & Bank Balances	7,084	8,523	6,782	14,974	19,759
Loans & Advances	0	0	0	0	0
Other Current Assets	23,269	25,519	33,028	25,319	28,336
Current Liab. & Prov.	41,294	54,093	56,901	78,098	90,229
Current Liabilities	30,126	38,557	38,928	65,208	75,510
Provisions & Others	11,168	15,536	17,973	12,890	14,719
Net Current Assets	26,896	26,631	35,172	38,673	46,559
Total - Assets	61,140	65,851	74,176	81,821	91,394

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
Net Margin	4.0%	1.9%	5.4%	6.1%	6.6%
Asset Turnover (x)	1.6	2.0	2.2	2.2	2.3
Leverage Factor (x)	1.1	1.1	1.1	1.1	1.1
RoE	6.9%	4.2%	13.5%	15.1%	16.8%

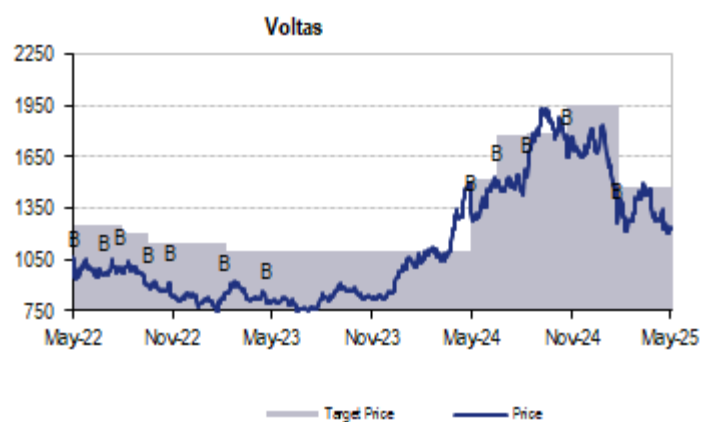
Key Ratios					
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
BV/Share (INR)	164.8	176.0	196.9	220.2	249.2
ROIC	13.7%	9.7%	23.6%	23.9%	29.1%
ROE	6.9%	4.2%	13.5%	15.1%	16.8%
Net Debt/Equity (x)	0.0	0.0	0.0	-0.1	-0.1
P/E (x)	106.5	171.8	48.6	38.9	31.1
P/B (x)	7.4	7.0	6.2	5.6	4.9
EV/EBITDA (x)	70.7	85.1	36.5	32.1	25.9
EV/Sales (x)	4.3	3.2	2.6	2.3	2.0
Debtor days	84	74	59	94	94
Inventory days	61	62	64	70	70
Creditor days	123	117	99	151	151

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
3-Aug-20	Hold	525	
17-Aug-20	Hold	570	8.6
9-Nov-20	Hold	720	26.3
15-Feb-21	Hold	960	33.3
14-May-21	Hold	960	0.0
11-Aug-21	Hold	1,000	4.2
1-Nov-21	Hold	1,070	7.0
14-Feb-22	Hold	1,100	2.8
10-May-22	Buy	1,250	13.6
4-Jul-22	Buy	1,250	0.0
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

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

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

Definition of ratings	
Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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