PL Capital PRABHUDAS LILLADHER

Analyst Meet Update

Voltas (VOLT IN)

September 23, 2026

☑ Estimate Change | ☑ Target | ☑ Reco.

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	Accumulate		HOLD	
Target Price	1,258		1,308	
Sales (INR mn)	168,299	186,499	168,299	185,258
% Chng.	-	0.7		
EBITDA (INR mn)	10,264	13,323	10,264	13,605
% Chng.	-	(2.1)		
EPS (INR)	21.7	29.6	21.7	30.5
% Chng.	-	(3.0)		

Key Data VOLT.BO | VOLT IN

BSE Code	500575
NSE Code	VOLTAS
52-W High / Low	INR 1,582 / INR 1,100
Face Value	1
Sensex / Nifty	74,529 / 23,329
Market Cap	INR 364 bn / $ 3,810 mn
Shares Outstanding	330.88 mn
3M Avg. Daily Value	INR 1,178.44 mn

Shareholding Pattern (%)

Promoters	30.30
FIIs	16.90
Mutual Funds	15.58
Domestic Institutions	23.50
Public & Others	13.72
Promoter's Pledge (INR bn)	-

Stock Performance (%)

	1M	3M	6M	12M
Absolute	(10.9)	(18.7)	(16.9)	(20.0)
Relative	(7.3)	(15.9)	(16.9)	(11.8)

Key Financials - Consolidated

Y/e Mar	FY26	FY27E	FY28E	FY29E
Sales (INR mn)	142,445	168,299	186,499	206,662
EBITDA (INR mn)	6,469	10,264	13,323	14,763
Margin (%)	*4.5*	*6.1*	*7.1*	*7.1*
PAT (INR mn)	4,023	7,169	9,803	10,970
EV (INR mn)	363,457	358,334	358,998	355,302
Total Debt (INR mn)	9,664	12,173	13,083	14,091
C&C Eq. (INR mn)	7,809	14,880	14,713	18,966
EPS (INR)	12.2	21.7	29.6	33.2
Gr. (%)	*(52.2)*	*78.2*	*36.7*	*11.9*
DPS (INR)	4.0	4.0	4.0	4.0
Yield (%)	*0.4*	*0.4*	*0.4*	*0.4*
RoE (%)	*6.2*	*10.7*	*13.1*	*13.1*
RoCE (%)	*10.9*	*15.2*	*17.3*	*17.1*
EV/Sales (x)	2.6	2.1	1.9	1.7
EV/EBITDA (x)	56.2	34.9	26.9	24.1
PE (x)	90.5	50.8	37.1	33.2
P/BV (x)	5.7	5.2	4.6	4.1

Accelerating RAC growth, expanding product portfolio

Quick Pointers

- Compressor JV with Atomberg to commence production in Q4FY28
- Management expects RAC industry to grow 15-20% YoY in Q2FY27

We attended VOLT's analyst conference call to discuss the outlook for RACs, commercial air-conditioning (CAC), commercial refrigeration (CR) and the company's growth strategy. The management indicated that RAC demand remains healthy, with Q2FY27 industry growth expected at 15-20% YoY and VOLT expected to grow ahead of the industry. Supported by its low-cost inventory and market-share-focused strategy, VOLT's market share reached 18.6% in Jul'26. YTD Jul'26 market share stood at 17.5% vs. 17.3% in Jun'26). The company continues to maintain a significant lead over the second-largest player, with a market share gap of ~6.4ppt. Channel inventory remains below 30 days. VOLT has taken two price hikes of 7% and 5%, driven by BEE changes and higher commodity/currency costs. Both RAC plants are currently operating at almost full capacity, limiting near-term margin benefits from improving utilization. The management expects cost optimization to be visible over the coming quarters. We expect revenue/EBITDA/ PAT CAGR of 13.2%/31.7%/39.7% over FY26-29E. We roll forward to Sep'28E, introducing FY29E earnings, and assign SoTP-based TP of INR1,258 (earlier INR1,308), based on 40x FY29E. Upgrade to 'Accumulate' from 'Hold'.

Key takeaways

RAC demand remains healthy: The management indicated that RAC demand is seeing decent traction in Q2FY27 compared with last year. In Q2FY26, primary billing was impacted by elevated channel inventory following a weak summer, while the GST reduction announcement in Aug'25 resulted in around 45 days of no primary billing. This year, industry inventory levels are lower following the Apr-Jun'26 period, while secondary sales remain healthy, supported by better heat conditions. The management expects industry RAC to grow 15–20% in Q2FY27, and VOLT to grow ahead of the industry.

RAC market share gains remain a key objective: VOLT's RAC market share increased to 18.6% in Jul'26, vs. the second-largest player's 12%+. The gap between the two players stood at ~6.4ppt. YTD Jul'26 market share stood at 17.5% vs. 15.9% in Mar'26. The management highlighted focusing on market share gains.

Channel inventory remains comfortable: Current channel inventory is below 30 days, compared with higher inventory levels seen last year. The management indicated that channel inventory after Apr-Jun and during Jul-Sep has remained relatively low, supporting a healthier primary sales environment.

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Pricing remains firm, with further pass-through dependent on input costs: VOLT has undertaken two rounds of price hikes: ~7% led by the new BEE pricing structure and ~5% due to currency depreciation and higher commodity prices. The management indicated that prices are now slightly higher than pre-GST-cut levels. Further pricing actions will depend on commodity prices and currency movements, with price pass-through taking 2–4 months. Schemes are being moderated seasonally, with limited schemes in ACs and offers such as free installation being moderated to manage costs.

Manufacturing capacity is largely fully utilized: Pantnagar is not fully backward integrated, while the Chennai facility has higher backward integration. In Pantnagar, ~70% of the coil shop is in-house and 30% outsourced, whereas Chennai has 100% in-house coil-shop operations. The Pantnagar plant also has certain sub-assemblies sourced externally. The management indicated that further margin improvement from capacity utilization is difficult, although cost optimization should become visible over the coming quarters.

CAC offers better margin profile than RAC: CAC margins are higher than RAC; CR margins are also better than RAC. CAC comprises fixed-speed and inverter ducted ACs, which together account for ~1/3rd of the business, with inverter ducted at ~20% of the mix. VRF contributes 12–15%, while the balance comprises scroll, screw and centrifugal chillers. VOLT has ~25% market share in ducted ACs and 8–10% in VRF.

Compressor JV with Atomberg: The compressor JV with Atomberg has completed prototype development, with a large-scale pilot underway. Bulk production is targeted from Q4FY28 for the CY28 summer season. The Chennai-based venture is structured as a 50:50 JV, with ~70% of production expected to be consumed internally, while compressors will also be offered to other brands. The JV is aimed at securing the supply chain, with Atomberg contributing its expertise in BLDC motor and pump assembly. The management indicated that BLDC motor accounts for ~50% of compressor cost, while the technology offers a ~50% cost reduction versus global players.

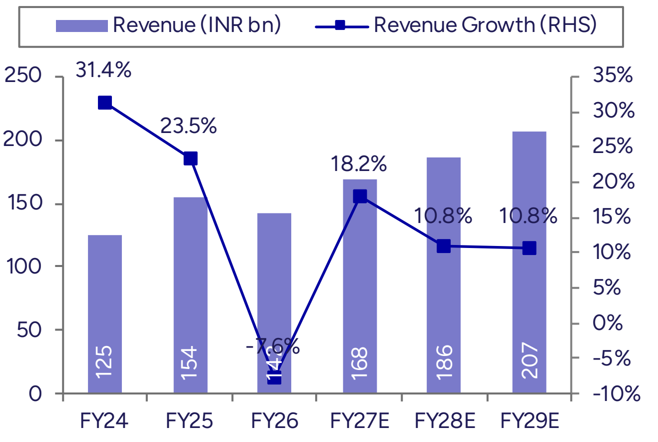
Data-center opportunity gaining traction: VOLT has created a dedicated data-center vertical and is pursuing opportunities across MEP and cooling solutions, including chillers. The management highlighted a significant opportunity in data-center MEP, with VOLT having secured ~INR2bn of data-center orders. Voltas has better execution duration.

CR remains a high-margin business: VOLT has ~70% market share in low-temperature refrigeration, which the management highlighted as a high-margin business. Within CR, deep freezers account for ~50% of sales, while water coolers and dispensers contribute 20-25% each. Market share stands at ~27% in deep freezers, ~35% in water coolers and ~30% in water dispensers. VOLT remains strong in deep freezers but is underleveraged in institutional key accounts, where margins are more challenging. Medical refrigeration, modular cold rooms and cold storage provide additional opportunities.

Beko’s regional channel remains a key focus area: Beko's channel mix comprises ~45% from general trade, ~35% from regional retailers/modern trade, and the balance through e-commerce and EBOs. The management indicated that Beko has been gaining 1.5-2.0ppt market share annually and is focusing on strengthening the regional channel.

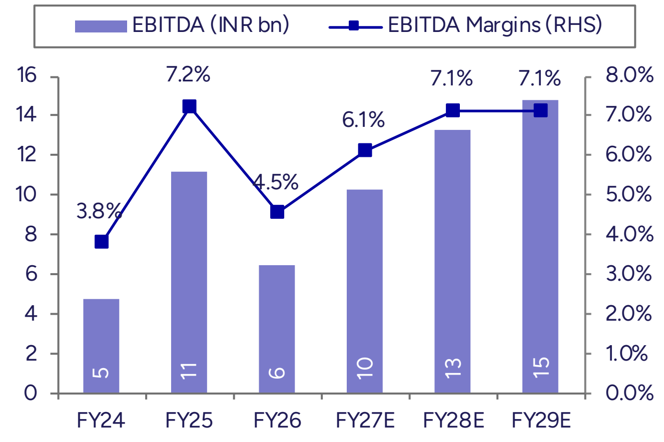
Projects and exports with limited growth outlook: Voltas also undertakes Mining projects under the MEP business, with on going projects in Mozambique and other African markets. VOLT has a presence across SAARC and the Middle East, with smaller scale operations in Canada, while Europe represents an identified opportunity. Exports remain small currently.

Exhibit 1: Revenue to clock 13.2% CAGR over FY26-29E



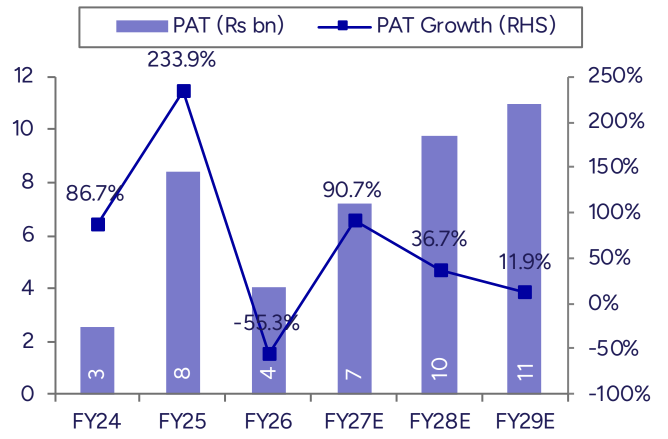
Source: Company, PL

Exhibit 2: EBITDA margin to gradually expand to 7.1% by FY29



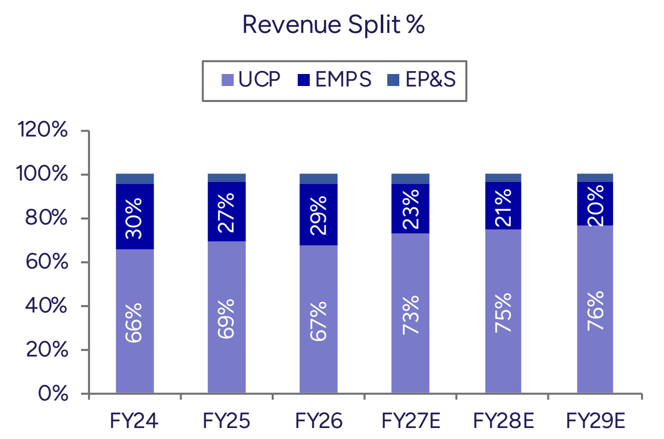
Source: Company, PL

Exhibit 3: PAT to clock 39.7% CAGR over FY26-29E



Source: Company, PL

Exhibit 4: UCP to contribute 76% to revenue by FY29



Source: Company, PL

Financials

Income Statement (INR mn)

Y/e Mar	FY26	FY27E	FY28E	FY29E
Net Revenues	**142,445**	**168,299**	**186,499**	**206,662**
YoY gr. (%)	*(7.6)*	*18.2*	*10.8*	*10.8*
Cost of Goods Sold	110,698	130,182	142,311	157,696
Gross Profit	31,747	38,117	44,189	48,966
Margin (%)	*22.3*	*22.6*	*23.7*	*23.7*
Employee Cost	9,386	10,098	11,749	13,020
Other Expenses	13,869	13,969	14,920	16,533
EBITDA	**6,469**	**10,264**	**13,323**	**14,763**
YoY gr. (%)	*(42.1)*	*58.7*	*29.8*	*10.8*
Margin (%)	*4.5*	*6.1*	*7.1*	*7.1*
Depreciation and Amortization	841	858	878	1,019
EBIT	**5,628**	**9,406**	**12,445**	**13,745**
Margin (%)	*4.0*	*5.6*	*6.7*	*6.7*
Net Interest	868	875	1,002	1,079
Other Income	2,382	2,429	2,659	2,937
Profit Before Tax	**7,141**	**10,960**	**14,102**	**15,603**
Margin (%)	*5.0*	*6.5*	*7.6*	*7.5*
Total Tax	1,871	2,740	3,525	3,901
Effective Tax Rate (%)	*26.2*	*25.0*	*25.0*	*25.0*
Profit After Tax	**5,270**	**8,220**	**10,576**	**11,702**
Minority Interest	(59)	(59)	(59)	(59)
Share Profit from Associate	(1,306)	(1,110)	(832)	(791)
Adjusted PAT	**4,023**	**7,169**	**9,803**	**10,970**
YoY gr. (%)	*(52.2)*	*78.2*	*36.7*	*11.9*
Margin (%)	*2.8*	*4.3*	*5.3*	*5.3*
Extra Ord. Income / (Exp)	(265)	-	-	-
Reported PAT	**3,759**	**7,169**	**9,803**	**10,970**
YoY gr. (%)	*(55.3)*	*90.7*	*36.7*	*11.9*
Margin (%)	*2.6*	*4.3*	*5.3*	*5.3*
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	3,759	7,169	9,803	10,970
Equity Shares O/s (mn)	**331**	**331**	**331**	**331**
EPS (INR)	**12.2**	**21.7**	**29.6**	**33.2**

Source: Company, PL

Balance Sheet (INR mn)

Y/e Mar	FY26	FY27E	FY28E	FY29E
Non-Current Assets				
Gross Block	**15,340**	**17,602**	**20,747**	**23,901**
Tangibles	14,597	16,810	19,904	23,009
Intangibles	743	793	843	893
Acc: Dep / Amortization	**5,259**	**6,117**	**6,995**	**8,014**
Tangibles	4,554	5,394	6,253	7,251
Intangibles	705	723	742	763
Net Fixed Assets	**10,081**	**11,485**	**13,751**	**15,887**
Tangibles	10,043	11,416	13,651	15,758
Intangibles	38	69	100	130
Capital Work In Progress	221	221	221	221
Goodwill	723	723	723	723
Non-Current Investments	29,384	27,551	31,326	32,880
Net Deferred Tax Assets	370	370	370	370
Other Non-Current Assets	890	924	958	992
Current Assets				
Investments	2,771	3,274	3,628	4,020
Inventories	34,329	36,317	40,245	44,596
Trade Receivables	30,350	32,766	36,309	40,234
Cash & Bank Balance	7,809	14,880	14,713	18,966
Other Current Assets	23,378	22,434	24,851	27,528
Total Assets	**145,095**	**158,877**	**175,542**	**195,063**
Equity				
Equity Share Capital	331	331	331	331
Other Equity	63,431	70,127	78,607	88,254
Total Networth	**63,762**	**70,458**	**78,937**	**88,584**
Non-Current Liabilities				
Long Term Borrowings	3,758	3,758	3,758	3,758
Provisions	962	1,137	1,260	1,396
Other Non Current Liabilities	100	100	100	100
Current Liabilities				
ST Debt / Current of LT Debt	5,906	8,415	9,325	10,333
Trade Payables	52,278	53,630	58,626	64,964
Other Current Liabilities	17,355	20,354	22,491	24,855
Total Equity & Liabilities	**145,095**	**158,877**	**175,542**	**195,063**

Source: Company, PL

Cash Flow (INR mn)

Y/e Mar	FY26	FY27E	FY28E	FY29E
PBT	5,571	10,960	14,102	15,603
Add. Depreciation	841	858	878	1,019
Add. Interest	868	875	1,002	1,079
Less Financial Other Income	2,382	2,429	2,659	2,937
Add. Other	(938)	(1,682)	(1,245)	(1,244)
Op. Profit before WC Changes	6,342	11,011	14,737	16,456
Net Changes-WC	(3,519)	257	(2,360)	(1,441)
Direct Tax	(2,113)	(2,740)	(3,525)	(3,901)
Net Cash from Op. Activities	**710**	**8,528**	**8,851**	**11,114**
Capital Expenditures	448	(2,262)	(3,145)	(3,155)
Interest / Dividend Income	763	-	-	-
Others	1,607	494	(4,459)	(2,312)
Net Cash from Invt. Activities	**2,818**	**(1,769)**	**(7,604)**	**(5,467)**
Issue of Share Cap. / Premium	-	-	-	-
Debt Changes	761	2,509	910	1,008
Dividend Paid	(2,321)	(1,323)	(1,323)	(1,323)
Interest Paid	(914)	(875)	(1,002)	(1,079)
Others	-	-	-	-
Net Cash from Fin. Activities	**(2,474)**	**311**	**(1,415)**	**(1,394)**
Net Change in Cash	**1,053**	**7,070**	**(167)**	**4,254**
Free Cash Flow	(618)	6,266	5,707	7,959

Source: Company, PL

Quarterly Financials (INR mn)

Y/e Mar	Q2FY26	Q3FY26	Q4FY26	Q1FY27
Net Revenues	**23,473**	**30,708**	**48,878**	**46,735**
YoY gr. (%)	*(10.4)*	*(1.1)*	*2.5*	*18.7*
Raw Material Expenses	17,645	23,442	38,816	36,509
Gross Profit	5,829	7,266	10,063	10,226
Margin (%)	*24.8*	*23.7*	*20.6*	*21.9*
EBITDA	**704**	**1,773**	**2,207**	**2,655**
YoY gr. (%)	*(56.6)*	*(10.2)*	*(33.7)*	*48.7*
Margin (%)	*3.0*	*5.8*	*4.5*	*5.7*
Depreciation / Depletion	244	206	206	213
EBIT	**460**	**1,567**	**2,001**	**2,442**
Margin (%)	*2.0*	*5.1*	*4.1*	*5.2*
Net Interest	200	311	222	128
Other Income	646	488	426	912
Profit before Tax	**906**	**1,744**	**2,205**	**3,227**
Margin (%)	*3.9*	*5.7*	*4.5*	*6.9*
Total Tax	226	313	711	727
Effective Tax Rate (%)	*25.0*	*18.0*	*32.2*	*22.5*
Profit After Tax	**680**	**1,431**	**1,494**	**2,500**
Minority Interest	(28)	(5)	(28)	(10)
Share Profit from Associate	(365)	(322)	(360)	(372)
Adjusted PAT	**343**	**1,114**	**1,162**	**2,138**
YoY gr. (%)	*(74.4)*	*(15.7)*	*(51.8)*	*52.2*
Margin (%)	*1.5*	*3.6*	*2.4*	*4.6*
Extra Ord. Income / (Exp)	-	(265)	-	-
Reported PAT	**343**	**850**	**1,162**	**2,138**
YoY gr. (%)	*(74.4)*	*(35.7)*	*(51.8)*	*52.2*
Margin (%)	*1.5*	*2.8*	*2.4*	*4.6*
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	**343**	**850**	**1,162**	**2,138**
Avg. Shares O/s (mn)	331	331	331	331
EPS (INR)	**1.0**	**3.4**	**3.5**	**6.5**

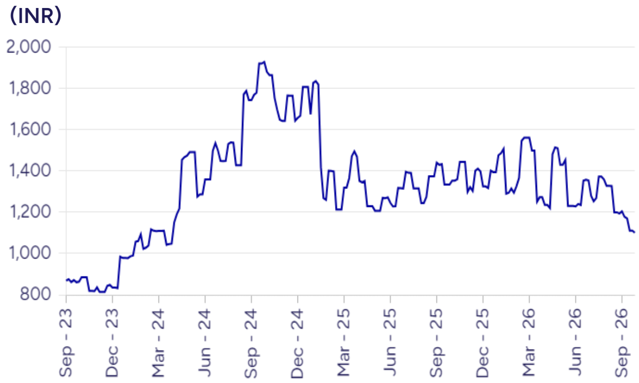
Source: Company, PL

Key Financial Metrics

Y/e Mar	FY26	FY27E	FY28E	FY29E
Per Share (INR)				
EPS	12.2	21.7	29.6	33.2
CEPS	14.7	24.3	32.3	36.2
BVPS	192.8	213.0	238.6	267.8
FCF	(1.9)	18.9	17.3	24.1
DPS	4.0	4.0	4.0	4.0
Return Ratio (%)				
RoCE	10.9	15.2	17.3	17.1
ROIC	6.6	11.8	13.5	13.9
RoE	6.2	10.7	13.1	13.1
Balance Sheet				
Net Debt : Equity (x)	-	-	-	-
Net Working Capital (Days)	32	34	35	35
Valuation (x)				
PER	90.5	50.8	37.1	33.2
P/B	5.7	5.2	4.6	4.1
P/CEPS	74.9	45.4	34.1	30.4
EV/EBITDA	56.2	34.9	26.9	24.1
EV/Sales	2.6	2.1	1.9	1.7
Dividend Yield (%)	0.4	0.4	0.4	0.4
FCFF Yield (%)	-	1.7	1.6	2.2
PEG Ratio	(1.7)	0.6	1.0	2.8

Source: Company, PL

Price Chart



Recommendation History

No.	Date	Rating	TP (INR)	Share Price (INR)
1	17-Aug-26	HOLD	1308	1321
2	03-Jul-26	Hold	1308	1280
3	15-May-26	Hold	1308	1294
4	06-Apr-26	Accumulate	1423	1235
5	29-Jan-26	Hold	1442	1349
6	08-Jan-26	Hold	1442	1508
7	15-Nov-25	Hold	1411	1351
8	03-Oct-25	Hold	1440	1354
9	22-Sep-25	Hold	1441	1420
10	09-Aug-25	Hold	1268	1305

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (INR)	Share Price (INR)
1	Amber Enterprises India	Buy	9244	7222
2	Astral	BUY	1684	1464
3	Avalon Technologies	Reduce	1470	1823
4	Bajaj Electricals	Accumulate	403	383
5	Blue Star	Accumulate	1653	1514
6	Cello World	Accumulate	410	360
7	Century Plyboard (I)	Accumulate	878	770
8	Cera Sanitaryware	BUY	7221	6049
9	Crompton Greaves Consumer Electricals	Buy	330	252
10	Cyient DLM	HOLD	875	889
11	Finolex Industries	Accumulate	197	164
12	Greenpanel Industries	BUY	284	184
13	Havells India	Accumulate	1319	1187
14	Kajaria Ceramics	BUY	1403	1198
15	Kaynes Technology India	Accumulate	4390	3856
16	KEI Industries	Accumulate	6001	5500
17	LG Electronics India	HOLD	1723	1730
18	Polycab India	BUY	10764	8808
19	Premier Energies	Accumulate	1131	1047
20	R R Kabel	HOLD	2596	2525
21	Supreme Industries	BUY	4610	3395
22	Syrma SGS Technology	HOLD	1409	1378
23	Vikram Solar	Accumulate	173	157
24	Voltas	HOLD	1308	1321
25	Waaree Energies	BUY	3280	2625

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

ANALYST CERTIFICATION

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We/I Mr. Praveen Sahay MBA Finance, Mr. Shivam Patel CA Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

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