

September 22, 2025

Analyst Meet Update

■ Change in Estimates | ☒ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	HOLD		HOLD	
Target Price	1,441		1,268	
Sales (Rs.m)	1,57,372	1,82,968	1,57,372	1,82,968
% Chng.	-	-	-	-
EBITDA (Rs.m)	9,807	13,906	9,807	13,906
% Chng.	-	-	-	-
EPS (Rs.)	23.4	33.4	23.4	33.4
% Chng.	-	-	-	-

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	1,54,129	1,57,372	1,82,968	2,03,473
EBITDA (Rs. m)	11,163	9,807	13,906	15,464
Margin (%)	7.2	6.2	7.6	7.6
PAT (Rs. m)	8,415	7,746	11,056	12,764
EPS (Rs.)	25.4	23.4	33.4	38.6
Gr. (%)	233.9	(8.0)	42.7	15.5
DPS (Rs.)	7.0	7.0	7.0	7.0
Yield (%)	0.5	0.5	0.5	0.5
RoE (%)	13.6	11.4	14.8	15.1
RoCE (%)	19.8	16.0	19.2	19.4
EV/Sales (x)	3.0	3.0	2.5	2.3
EV/EBITDA (x)	41.9	47.3	33.4	29.7
PE (x)	55.8	60.6	42.5	36.8
P/BV (x)	7.2	6.7	5.9	5.2

Key Data

VOLT.BO | VOLT IN

52-W High / Low	Rs.1,946 / Rs.1,135
Sensex / Nifty	82,626 / 25,327
Market Cap	Rs.470bn/ \$ 5,334m
Shares Outstanding	331m
3M Avg. Daily Value	Rs.1714.05m

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	3.0	(5.0)	(26.4)
Relative	1.8	(13.3)	(25.9)

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Moderate quarter ahead for RAC segment

We attended VOLT's analyst conference call wherein the management highlighted its focus on regaining sales momentum in cooling products, diversifying into a full-stack appliances portfolio, and driving cost saving measures across the value chain to ensure sustainable margins. VOLT anticipates a softer recovery in RAC demand with GST rationalization and festive demand due to inventory accumulation in Q1FY26. VOLT maintains the top position in RAC segment (18% market share) and aims to be the top player in air coolers from current #2 spot. Price hikes are anticipated in Jan'26 in 3 and 5 star RAC products. We introduce FY28 numbers and estimate revenue/EBITDA/PAT CAGR at 9.7%/11.5%/14.9% over FY25-28E. The stock is currently trading at 42x/37x of FY27/FY28E. There is no change in our estimates and roll forward to Sep'27E, revise SOTP-based TP to Rs1,441 (earlier Rs1,268), implying PE of 40x Sep'27E earnings. Maintain 'HOLD'.

Key takeaways:

Muted revenue due to channel inventory & GST window

- Both primary as well as secondary sales have been impacted in Q2FY26. Primary because of the overhang of the inventory in the channel, and secondary because of the 5-week window which has created due to GST.
- Channel inventory stands at 2–3 months between industry and distribution channels.

Outlook on GST 2.0 and upcoming festive demand

- Recent GST reduction from 28% to 18% on RACs and dishwashers is expected to be a strong demand catalyst.
- The management highlighted that while Q2FY26 faced pressure due to channel inventory build-up and deferred purchases in anticipation of the GST cut, the festive season is expected to drive sequential recovery during Q3-Q4FY26.

Growth trajectory across cooling sub-segments

- VOLT continues to be #1 player in the RAC category with ~18% market share.
- The company will focus on its core 3 star products while expanding the premium portfolio, aiming to widen the gap with #2 player in the RAC segment.
- Its Air Coolers segment holds the 2nd spot in the industry and the company aims to reach the top position by Q4FY26.
- Commercial air conditioning business is expected to be a key growth driver from FY26–28, growing 15–20% annually with an expanding channel network across 150 cities.

- Commercial refrigeration segment saw a soft Q1FY26 and is expected to grow 15–18% in the coming quarters.

Price hikes in 3 and 5 star AC

- The company indicated a likely price hike in Jan'26, with 3 star AC prices rising by 3–5%. Further, primary sales are anticipated to increase in Q3FY26.
- A higher increase is anticipated in the 5 star category, with specific details currently under assessment.

Project business update

- Earlier, certain domestic projects, especially electrical and water related, faced temporary labor shortages, leading to higher labor costs.
- This challenge has now been resolved, and workforce availability is no longer a concern for ongoing and upcoming projects.

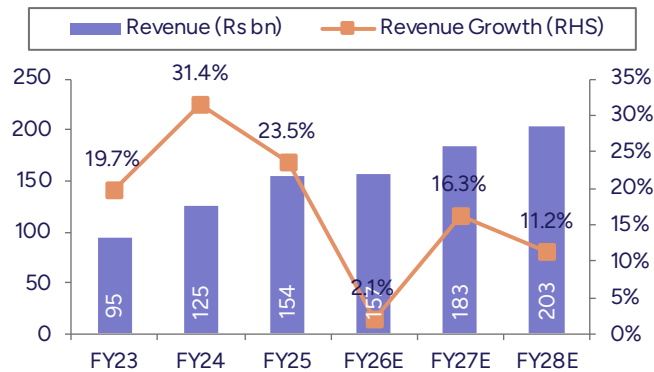
Strategic cost optimization and outsourcing of key sub-assemblies

- The company is aggressively implementing cost-saving initiatives, with benefits expected from Q4FY26 and Q1FY27 to enhance margins.
- The company will not prioritize in-house production of key sub-assemblies such as compressors, copper and aluminum components, DC motors and drives, and PCB drives, which together account for ~70% of total costs. Instead, it will rely on specialized contract manufacturers to supply these critical components.

Expanding reach across key sales channels

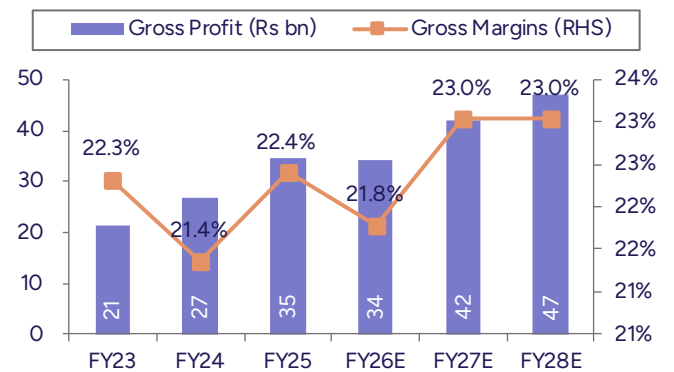
- The company is focusing on retaining its strong position in the traditional channel.
- Expansion in modern trade, regional retail, and e-commerce is expected to drive incremental market share gains.

Exhibit 1: Revenue to clock CAGR 9.7% over FY25-28E



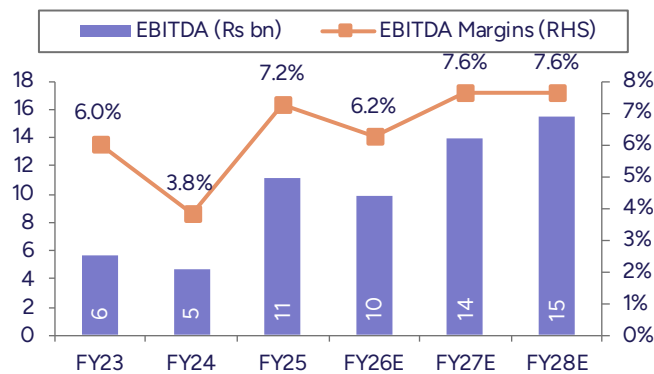
Source: Company, PL

Exhibit 2: Gross margins to expand by 60bps by FY28



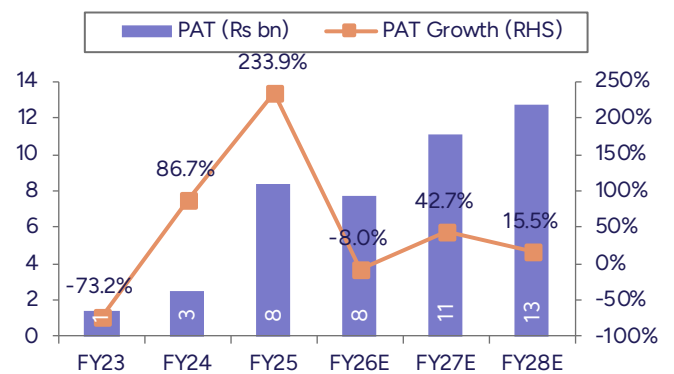
Source: Company, PL

Exhibit 3: EBITDA to grow at 11.5% CAGR over FY25-28E



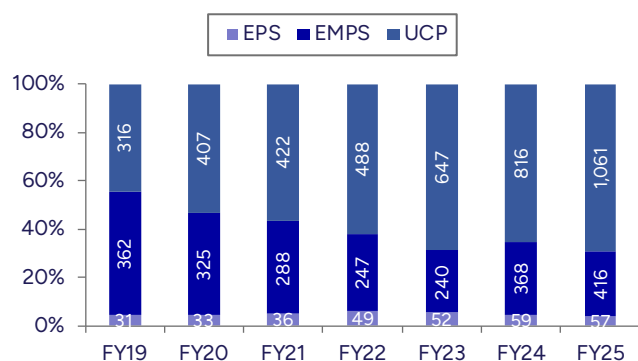
Source: Company, PL

Exhibit 4: PAT to grow at 14.9% CAGR over FY25-28E



Source: Company, PL

Exhibit 5: UCP revenue clocks 22.4% CAGR over FY19-25



Source: Company, PL

Exhibit 6: Manufacturing capacity

Particulars	FY25
Pantnagar Plant	2.00
RAC (Mn Units)	1.50
Commercial Refrigerators (Mn Units)	0.50
Waghodia Plant	1.17
Commercial AC (Mn Units)	0.50
Commercial Refrigerators (Mn Units)	0.67
Chennai Plant - RAC (Mn Units)	1.00
Sanand Plant (Voltbek) - Household Appliances(Mn Units)	1.60

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	1,54,129	1,57,372	1,82,968	2,03,473
YoY gr. (%)	23.5	2.1	16.3	11.2
Cost of Goods Sold	1,19,604	1,23,096	1,40,831	1,56,614
Gross Profit	34,525	34,276	42,138	46,860
Margin (%)	22.4	21.8	23.0	23.0
Employee Cost	8,901	9,285	9,514	10,581
Other Expenses	12,971	13,170	16,559	18,414
EBITDA	11,163	9,807	13,906	15,464
YoY gr. (%)	135.2	(12.1)	41.8	11.2
Margin (%)	7.2	6.2	7.6	7.6
Depreciation and Amortization	618	743	836	945
EBIT	10,545	9,064	13,069	14,519
Margin (%)	6.8	5.8	7.1	7.1
Net Interest	621	659	686	735
Other Income	3,245	3,151	3,087	3,701
Profit Before Tax	13,169	11,556	15,470	17,485
Margin (%)	8.5	7.3	8.5	8.6
Total Tax	3,565	2,982	3,894	4,401
Effective tax rate (%)	27.1	25.8	25.2	25.2
Profit after tax	9,604	8,575	11,576	13,084
Minority interest	(71)	(53)	(53)	(53)
Share Profit from Associate	(1,260)	(882)	(573)	(373)
Adjusted PAT	8,415	7,746	11,056	12,764
YoY gr. (%)	233.9	(8.0)	42.7	15.5
Margin (%)	5.5	4.9	6.0	6.3
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	8,415	7,746	11,056	12,764
YoY gr. (%)	233.9	(8.0)	42.7	15.5
Margin (%)	5.5	4.9	6.0	6.3
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	8,415	7,746	11,056	12,764
Equity Shares O/s (m)	331	331	331	331
EPS (Rs)	25.4	23.4	33.4	38.6

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Non-Current Assets				
Gross Block	13,559	15,830	18,013	20,170
Tangibles	12,840	15,055	17,188	19,294
Intangibles	719	776	826	876
Acc: Dep / Amortization	4,547	5,290	6,126	7,071
Tangibles	3,863	4,581	5,391	6,308
Intangibles	685	709	735	763
Net fixed assets	9,012	10,540	11,887	13,098
Tangibles	8,978	10,474	11,797	12,986
Intangibles	34	66	90	112
Capital Work In Progress	824	824	824	824
Goodwill	723	723	723	723
Non-Current Investments	30,819	31,710	34,532	35,583
Net Deferred tax assets	(140)	(140)	(140)	(140)
Other Non-Current Assets	921	952	986	1,020
Current Assets				
Investments	3,987	4,070	4,733	5,263
Inventories	27,148	25,869	30,077	33,448
Trade receivables	25,115	25,752	29,940	33,296
Cash & Bank Balance	6,782	10,147	10,313	15,518
Other Current Assets	17,312	17,491	20,320	22,586
Total Assets	1,31,520	1,36,887	1,54,501	1,72,721
Equity				
Equity Share Capital	331	331	331	331
Other Equity	64,802	70,226	78,966	89,414
Total Networth	65,133	70,556	79,296	89,745
Non-Current Liabilities				
Long Term borrowings	3,823	3,823	3,823	3,823
Provisions	952	972	1,130	1,257
Other non current liabilities	107	107	107	107
Current Liabilities				
ST Debt / Current of LT Debt	4,810	4,911	5,489	6,104
Trade payables	38,928	39,458	45,143	50,202
Other current liabilities	16,317	15,649	18,056	20,000
Total Equity & Liabilities	1,31,520	1,36,887	1,54,501	1,72,721

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	11,908	11,556	15,470	17,485
Add. Depreciation	618	743	836	945
Add. Interest	621	659	686	735
Less Financial Other Income	3,245	3,151	3,087	3,701
Add. Other	(1,349)	(931)	(744)	(516)
Op. profit before WC changes	11,797	12,027	16,248	18,649
Net Changes-WC	(10,932)	497	(3,914)	(2,570)
Direct tax	(3,107)	(2,982)	(3,894)	(4,401)
Net cash from Op. activities	(2,241)	9,542	8,440	11,678
Capital expenditures	11,396	(2,271)	(2,183)	(2,157)
Interest / Dividend Income	168	-	-	-
Others	(9,984)	(925)	(3,090)	(1,266)
Net Cash from Invst. activities	1,579	(3,196)	(5,273)	(3,422)
Issue of share cap. / premium	-	-	-	-
Debt changes	1,358	-	-	-
Dividend paid	(1,820)	(2,316)	(2,316)	(2,316)
Interest paid	(535)	(659)	(686)	(735)
Others	-	-	-	-
Net cash from Fin. activities	(997)	(2,975)	(3,002)	(3,050)
Net change in cash	(1,659)	3,371	165	5,205
Free Cash Flow	(4,323)	7,271	6,257	9,521

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Per Share(Rs)				
EPS	25.4	23.4	33.4	38.6
CEPS	27.3	25.7	35.9	41.4
BVPS	196.9	213.3	239.7	271.3
FCF	(13.1)	22.0	18.9	28.8
DPS	7.0	7.0	7.0	7.0
Return Ratio(%)				
RoCE	19.8	16.0	19.2	19.4
ROIC	13.1	10.8	14.2	14.8
RoE	13.6	11.4	14.8	15.1
Balance Sheet				
Net Debt : Equity (x)	0.0	(0.1)	(0.1)	(0.1)
Net Working Capital (Days)	32	28	30	30
Valuation(x)				
PER	55.8	60.6	42.5	36.8
P/B	7.2	6.7	5.9	5.2
P/CEPS	52.0	55.3	39.5	34.3
EV/EBITDA	41.9	47.3	33.4	29.7
EV/Sales	3.0	3.0	2.5	2.3
Dividend Yield (%)	0.5	0.5	0.5	0.5

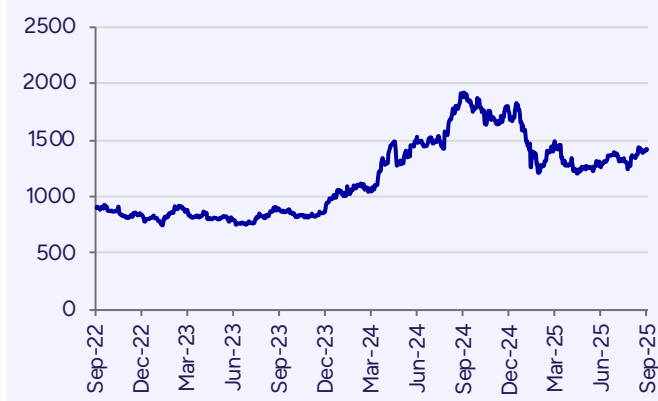
Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Net Revenue	26,191	31,051	47,676	39,386
YoY gr. (%)	14.2	18.3	13.4	(20.0)
Raw Material Expenses	19,421	23,807	37,454	30,796
Gross Profit	6,770	7,244	10,222	8,590
Margin (%)	25.8	23.3	21.4	21.8
EBITDA	1,622	1,974	3,328	1,785
YoY gr. (%)	130.8	594.5	74.6	(57.9)
Margin (%)	6.2	6.4	7.0	4.5
Depreciation / Depletion	164	179	141	185
EBIT	1,458	1,795	3,187	1,601
Margin (%)	5.6	5.8	6.7	4.1
Net Interest	136	155	233	135
Other Income	1,055	591	797	821
Profit before Tax	2,377	2,231	3,751	2,286
Margin (%)	9.1	7.2	7.9	5.8
Total Tax	726	599	1,075	621
Effective tax rate (%)	30.5	26.8	28.7	27.2
Profit after Tax	1,651	1,632	2,677	1,665
Minority interest	(12)	(14)	(53)	2
Share Profit from Associates	(323)	(324)	(320)	(259)
Adjusted PAT	1,340	1,321	2,410	1,405
YoY gr. (%)	265.3	(534.5)	107.0	(58.0)
Margin (%)	5.1	4.3	5.1	3.6
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	1,340	1,321	2,410	1,405
YoY gr. (%)	265.3	(534.5)	107.0	(58.0)
Margin (%)	5.1	4.3	5.1	3.6
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	1,340	1,321	2,410	1,405
Avg. Shares O/s (m)	331	331	331	331
EPS (Rs)	4.1	4.0	7.3	4.2

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	09-Aug-25	Hold	1,268	1,305
2	04-Jul-25	Hold	1,350	1,367
3	08-May-25	BUY	1,516	1,223
4	03-Apr-25	BUY	1,593	1,345
5	21-Mar-25	Accumulate	1,593	1,470
6	31-Jan-25	BUY	1,593	1,261
7	08-Jan-25	Accumulate	1,980	1,780
8	30-Oct-24	Accumulate	1,980	1,698
9	08-Oct-24	Accumulate	1,945	1,801

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Amber Enterprises India	BUY	9,782	7,254
2	Astral Ltd.	BUY	1,503	1,269
3	Avalon Technologies	Accumulate	943	878
4	Bajaj Electricals	Accumulate	664	572
5	Cello World	BUY	678	563
6	Century Plyboard (I)	Hold	702	738
7	Cera Sanitaryware	Accumulate	7,178	6,244
8	Crompton Greaves Consumer Electricals	BUY	430	319
9	Cyient DLM	Accumulate	540	480
10	Finolex Industries	Accumulate	228	203
11	Greenpanel Industries	BUY	374	280
12	Havells India	Accumulate	1,645	1,532
13	Kajaria Ceramics	Hold	1,192	1,242
14	Kaynes Technology India	Hold	6,367	6,326
15	KEI Industries	BUY	4,527	3,970
16	Polycab India	BUY	8,091	6,926
17	R R Kabel	Accumulate	1,516	1,337
18	Supreme Industries	Hold	4,346	4,243
19	Syrma SGS Technology	Hold	705	706
20	Voltas	Hold	1,268	1,305

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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