




ACCUMULATE

Sector: Capital Goods

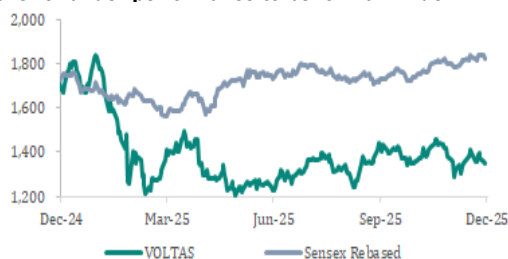
11th December, 2025

Key Changes		Target		Rating		Earnings		Target	Rs. 1,521
Stock Type	Bloomberg Code	Sensex		NSE Code		BSE Code	Time Frame	CMP	Rs. 1,355
Mid Cap	VOLT:IN	84,818		VOLTAS		500575	12 Months	Return	+12%

Data as of: 11-Dec-2025, 18:00 hrs

Company Data			
Market Cap (Rs.cr)	44,784		
52 Week High — Low (Rs.)	1,860 - 1,136		
Enterprise Value (Rs. cr)	45,081		
Outstanding Shares (cr)	33.1		
Free Float (%)	68.6		
Dividend Yield (%)	0.5		
6m average volume (cr)	0.1		
Beta	1.2		
Face value (Rs.)	1.0		
Shareholding (%)	Q4FY25	Q1FY26	Q2FY26
Promoters	30.3	30.3	30.3
FII's	22.0	21.2	20.3
MFs/Institutions	33.2	33.4	35.8
Public	12.3	12.8	11.6
Others	2.2	2.4	2.0
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil
Price Performance	3 Month	6 Month	1 Year
Absolute Return	-5.4%	3.8%	-24.3%
Absolute Sensex	4.4%	2.7%	3.9%
Relative Return	-9.8%	1.1%	-28.2%

*over or under performance to benchmark index



Y.E March (cr)	FY25A	FY26E	FY27E
Sales	15,320	14,899	17,623
Growth (%)	23.5	-2.8	18.3
EBITDA	1,116	842	1,313
EBITDA Margin (%)	7.3	5.7	7.5
PAT Adjusted	841	636	1,049
Growth (%)	233.9	-24.4	64.9
Adjusted EPS	25.4	19.2	31.7
Growth (%)	233.9	-24.4	64.9
P/E	57.4	69.4	42.1
P/B	7.4	6.4	5.8
EV/EBITDA	43.5	53.6	34.4
ROE (%)	12.8	9.1	13.5
D/E	0.1	0.3	0.2

GST boost sets up growth platform

Voltas is India's leading air conditioning and engineering services company. In Q2FY26, it derived ~53% of revenue from the unitary cooling products (UCP) segment and ~42% from electro-mechanical projects and services (EMPS).

- In Q2FY26, consolidated revenue decreased 11.0% YoY to Rs. 2,314cr due to a decline in the UCP and Engineering Products and Services (EPS) segments.
- UCP revenue declined 23.2% YoY to Rs. 1,215cr due to muted retail off-take during the lean season, deferred purchasing after the goods and services tax (GST) cut and higher channel inventory restricting primary billing, further impacted by under-absorption at new plants.
- The Engineering Products and Services segment declined 5.22% YoY to Rs. 139cr
- The EBITDA fell 56.6% YoY to Rs. 70cr, and the EBITDA margin contracted 320bps YoY to 3.0%, due to weak top-line growth, an extended monsoon and GST-driven demand deferment.
- As a result, reported profit after tax (PAT) decreased 76.3% YoY to Rs. 32cr.

Outlook & Valuation

Volitas delivered steady performance in Q2FY26, driven by its diversified portfolio, disciplined project execution and strengthening presence in commercial cooling and appliances. Overall performance remained subdued due to demand deferment, seasonal weakness and softer traction in core cooling. Management expects conditions to gradually improve, supported by GST-led affordability, the Bureau of Energy Efficiency transition, upcoming product refreshes, stronger channel activation and localisation-led efficiency gains. Expansion in Commercial Air Conditioning (CAC), refrigeration, Voltbek and infrastructure solutions should provide some medium-term cushioning despite near-term uncertainties and inventory pressures. Therefore, **we reiterate a ACCUMULATE rating on the stock, with a revised target price of Rs. 1,521, based on 48x FY27E adjusted earnings per share (EPS).**

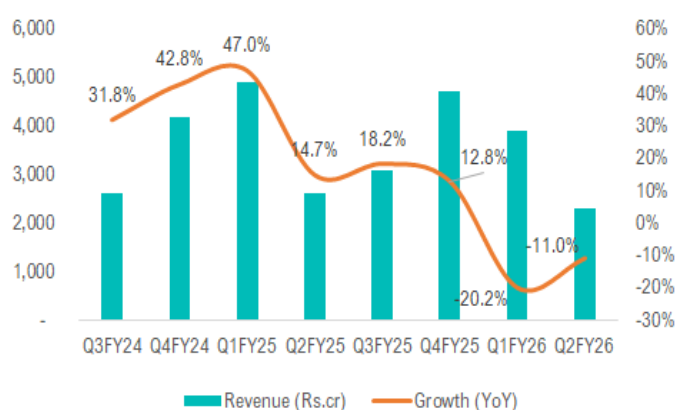
Quarterly Financial Consol.

Rs.cr	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	H1FY26	H1FY25	YoY (%)
Sales	2,314	2,601	-11.0	3,912	-40.8	6,227	7,505	-17.0
EBITDA	70	162	-56.6	179	-60.6	249	586	-57.5
Margin (%)	3.0	6.2	-320bps	4.6	-160bps	4.0	7.8	-380bps
EBIT	46	146	-68.5	160	-71.3	206	556	-63.0
PBT	54	205	-73.7	203	-73.3	257	657	-60.9
Rep. PAT	32	133	-76.3	141	-77.6	172	468	-63.2
Adj PAT	34	134	-74.4	140	-75.6	175	468	-62.7
Adj. EPS (Rs)	1.0	4.0	-74.4	4.2	-75.6	5.3	14.2	-62.7

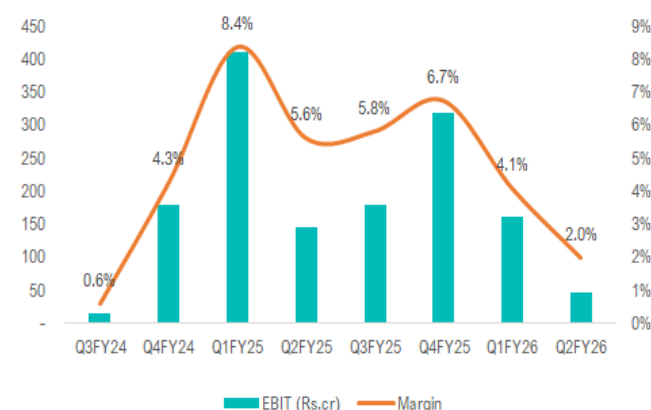
Key concall highlights

- Voltas reported market share progression in the Residential Air Conditioners segment from 16% in Q4FY25 to 17.8% in Q1FY26 to 18.5% in Q2FY26, signalling sequential share gains despite soft seasonality.
- The projects order book stands at Rs. 6,200cr, with domestic at Rs. 4,800cr and international ~Rs. 1,400cr, enabling a steady counter-cyclical revenue steam and healthy bit pipeline.
- Management is targeting a presence across ~19,000 counters with regards to the Voltbek expansion, aiming to scale modern trade, regional retail and online marketplaces to accelerate appliance market share.
- CAC is being scaled via new product categories—centrifugal chillers and VRF systems to capture large institutional and retail projects and reduce seasonality dependence.
- New manufacturing facilities at Chennai and Waghodia (Vadodara) were highlighted as strategic capacity investments; temporary under-absorption is expected to normalise as utilisation improves, delivering long-term scale benefits.
- Management reiterated selective project bidding in Infrastructure Solutions to protect the margin profile, preferring higher-quality, faster turnaround projects across the MEP, electrical solar and water verticals.

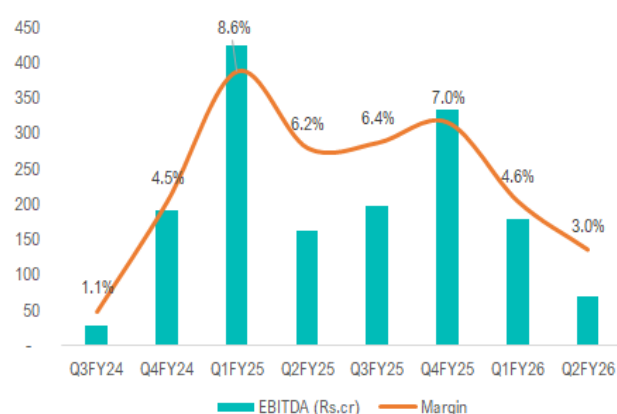
Revenue



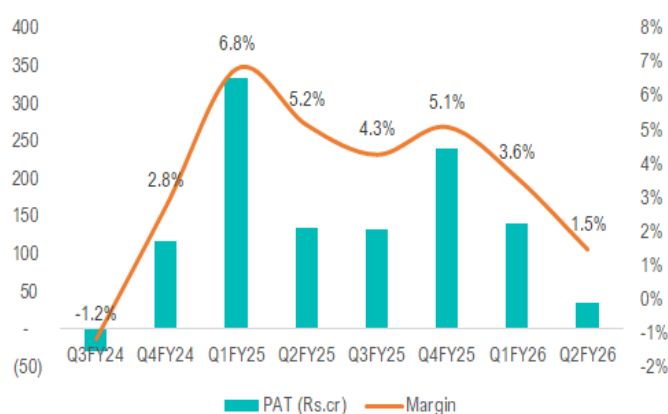
EBIT



EBITDA



PAT



Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	17,246	19,830	14,899	17,623	-13.6	-11.1
EBITDA	1,292	1,525	842	1,313	-34.8	-13.9
Margins (%)	7.5	7.7	5.7	7.5	-180bps	-20bps
Adj. PAT	1,067	1,212	636	1,049	-40.4	-13.5
EPS	32.2	36.6	19.2	31.7	-40.4	-13.5



Consolidated Financials

Profit & Loss

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Sales	9,399	12,407	15,320	14,899	17,623
% change	19.9	32.0	23.5	-2.8	18.3
EBITDA	572	475	1,116	842	1,313
% change	-16.0	-17.1	135.2	-24.6	56.0
Depreciation	40	48	62	83	96
EBIT	533	427	1,054	759	1,217
Interest	30	56	62	78	151
Other Income	-196	115	198	160	321
PBT	307	486	1,191	841	1,387
% change	-56.0	58.2	145.1	-29.4	64.9
Tax	171	238	356	210	347
Tax Rate (%)	55.6	48.9	29.9	25.0	25.0
Reported PAT	136	248	834	631	1,040
PAT att. to common shareholder-	135	252	841	636	1,049
Adj.*	244	-	-	-	-
Adj. PAT	379	252	841	636	1,049
% change	-24.8	-33.5	233.9	-24.4	64.9
No. of shares (cr)	33.1	33.1	33.1	33.1	33.1
Adj EPS (Rs.)	11.4	7.6	25.4	19.2	31.7
% change	-24.8	-33.5	233.9	-24.4	64.9
DPS (Rs.)	4.3	5.5	7.0	6.1	7.8

Cashflow

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Net inc. + Depn.	176	296	896	714	1,136
Non-cash adj.	121	798	-490	247	297
Other adjustments	-	-	-	-	-
Changes in W.C	-137	-332	-630	-507	-176
C.F. Operation	159	762	-224	454	1,258
Capital exp.	-177	-288	-191	-236	-289
Change in inv.	210	-318	218	-558	-658
Other invest.CF	-114	83	131	-	-
C.F - Investment	-82	-522	158	-794	-947
Issue of equity	-	-	-	-	-
Issue/repay debt	273	97	150	900	100
Dividends paid	-183	-143	-182	-228	-292
Other finance.CF	-35	-70	-68	-78	-151
C.F - Finance	55	-116	-100	594	-342
Chg. in cash	133	123	-166	254	-32
Closing Cash	693	815	650	904	872

Balance Sheet

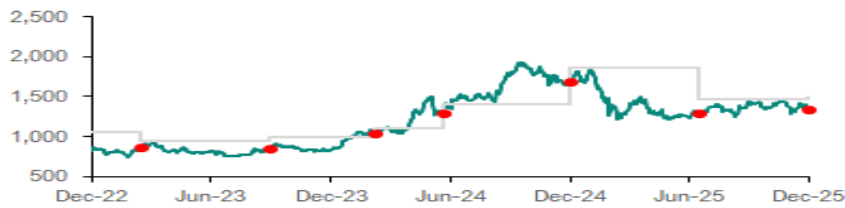
Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash	693	815	650	904	872
Accts. Receivable	2,192	2,400	2,232	2,265	2,644
Inventories	1,592	2,135	2,715	3,168	3,570
Other Cur. Assets	1,970	2,374	3,281	3,294	3,392
Investments	2,851	3,052	2,888	3,440	4,091
Gross Fixed As-sets	700	989	1,179	1,416	1,704
Net Fixed Assets	263	23	737	882	1,066
CWIP	98	368	82	91	100
Intangible Assets	114	113	110	112	114
Def. Tax -Net	36	41	44	53	62
Other Assets	471	715	412	406	396
Total Assets	10,279	12,036	13,152	14,614	16,307
Current Liabilities	4,016	5,262	5,514	5,711	6,545
Provisions	92	98	95	101	102
Debt Funds	662	744	892	1,792	1,892
Other Liabilities	16	78	111	67	77
Equity Capital	33	33	33	33	33
Res. & Surplus	5,419	5,787	6,480	6,888	7,646
Shareholder Funds	5,452	5,821	6,513	6,921	7,679
Minority Interest	42	34	27	22	13
Total Liabilities	10,279	12,036	13,152	14,614	16,307
BVPS	165	176	197	209	232

Ratio

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
Profitab. & Return					
EBITDA margin (%)	6.1	3.8	7.3	5.7	7.5
EBIT margin (%)	5.7	3.4	6.9	5.1	6.9
Net profit mgn.(%)	1.4	2.0	5.5	4.3	6.0
ROE (%)	2.5	4.3	12.8	9.1	13.5
ROCE (%)	8.7	6.5	14.2	8.7	12.7
W.C & Liquidity					
Receivables (days)	85.1	70.6	53.2	55.5	54.8
Inventory (days)	78.8	79.4	82.8	98.6	96.7
Payables (days)	149.0	140.4	118.8	120.5	121.3
Current ratio (x)	1.4	1.3	1.5	1.4	1.3
Quick ratio (x)	0.7	0.6	0.5	0.5	0.5
Turnover & Leverage					
Gross asset T.O (x)	15.4	14.7	14.1	11.5	11.3
Total asset T.O (x)	0.9	1.1	1.2	1.1	1.1
Int. covge. ratio (x)	18.0	7.6	17.0	9.8	8.1
Adj. debt/equity (x)	0.1	0.1	0.1	0.3	0.2
Valuation					
EV/Sales (x)	2.9	2.9	3.2	3.0	2.6
EV/EBITDA (x)	47.1	76.9	43.5	53.6	34.4
P/E (x)	71.1	144.9	57.4	69.4	42.1
P/BV (x)	4.9	6.3	7.4	6.4	5.8



Recommendation Summary (Last 3 years)



Dates	Rating	Target
12-Aug-22	HOLD	1,058
16-Feb-23	HOLD	938
30-Aug-23	BUY	991
07-Feb-24	HOLD	1,107
22-May-24	HOLD	1,405
03-Dec-24	HOLD	1,865
18-Jun-25	ACCUMULATE	1,465
11-Dec-25	ACCUMULATE	1,521




Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%

Not rated/Neutral

Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition:  Upgrade  No Change  Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

The recommendations are based on 12 month horizon, unless otherwise specified. The investment ratings are on absolute positive/negative return basis. It is possible that due to volatile price fluctuation in the near to medium term, there could be a temporary mismatch to rating. For reasons of valuations/ return/lack of clarity/event we may revisit rating at appropriate time. Please note that the stock always carries the risk of being upgraded to BUY or downgraded to a HOLD, REDUCE or SELL.

Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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