

FIRST LIGHT

19 December 2025

RESEARCH

VOLTAS | TARGET: Rs 1,510 | +8% | HOLD

Analyst meet key takeaways

SUMMARY

VOLTAS

- Pre-buying by the channel on – 1) BEE rating change, 2) existing discounts and 3) inflationary trend (currency depreciation)
- Improving utilization levels in Q3 (vs H1) to partially offset cost pressures; channel inventory easing in Q3
- Marginally revise estimates; maintain HOLD with Dec-26TP of Rs 1510 (vs Rs 1440 for Sept-26)

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HOLD

TP: Rs 1,510 | ▲ 8%

VOLTAS

| Consumer Durables

| 18 December 2025

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BEE rating change leading to pre-buying by the channel: Q3, a seasonally weak quarter, witnessed improvement in industry volumes driven by channel pre-buying ahead of the revised BEE star-rating norms. Management indicated that, apart from the rating change, earlier pricing support extended to the channel and prevailing inflationary trends also supported advance purchases. Looking ahead, management expects industry performance to improve further in Q4, with the extent of industry decline in Q3 moderating meaningfully compared with H1.

Cost headwinds persisted, partly mitigated by improving fixed cost

absorption: Cost pressures persisted, driven by pricing support extended to the channel through schemes and discounts to offset H1 demand weakness, along with currency depreciation, given ~20–30% of raw materials are imported. These factors continued to weigh on margins. However, sequential improvement in capacity utilisation is expected to result in better absorption of fixed costs, an element that was largely absent in Q2 thereby partially offsetting the underlying cost pressures.

Channel inventory easing; market share focus intact: Channel inventory has moderated to ~45 days and continues to trend down (vs sub-20 days a year ago), with Q3 largely reflecting sell-out of old BEE table products and Q4 set to fully transition to new-table products with embedded price hikes, while Voltas expects a gradual improvement in market share through Q4, aided by ongoing initiatives and incremental contribution from the new South facility, with management reiterating that market share gains remain non-negotiable.

Emerging growth drivers in the project business: Voltas is seeing early signs of renewed momentum in its projects business, led by healthier order book and improving execution cycles. The project segment also witnesses renewed growth in drivers such as demand for cooling from data centers and district cooling centers, however it remains small in the overall order book (current 2-5%, potential to reach 30% of the order book).

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	VOLT IN/Rs 1,402
Market cap	US\$ 5.1bn
Free float	70%
3M ADV	US\$ 15.9mn
52wk high/low	Rs 1,859/Rs 1,135
Promoter/FPI/DII	30%/21%/33%

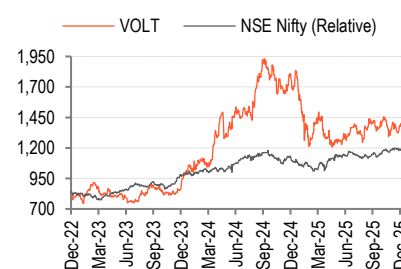
Source: NSE | Price as of 18 Dec 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	1,54,128	1,48,482	1,71,673
EBITDA (Rs mn)	11,162	9,087	12,317
Adj. net profit (Rs mn)	8,414	6,657	9,074
Adj. EPS (Rs)	25.4	20.1	27.4
Consensus EPS (Rs)	24.5	31.0	39.0
Adj. ROAE (%)	13.6	9.9	12.4
Adj. P/E (x)	55.1	69.7	51.1
EV/EBITDA (x)	41.6	51.0	37.7
Adj. EPS growth (%)	233.9	(20.9)	36.3

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



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BUY – Expected return >+15%

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SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

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