

Operator: Ladies and gentlemen, good day and welcome to the Voltas Limited Q3 FY26 earnings conference call hosted by Philip Capital. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star and then zero on your touch-tone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Natasha Jain from Philip Capital. Thank you and over to you, ma'am.

Natasha Jain – Philip Capital: Thank you, Sagar, and good evening, everyone. On behalf of Philip Capital, I welcome all of you to the third quarter FY26 earnings conference call of Voltas India Limited. From the management today, we have Mr. Mukundan Menon, Managing Director; K. V. Sridhar, Chief Financial Officer; Nikhil R. Chandrana, Head of Corporate Finance; Sumana Tripathi, Head of SP&A; and Vaibhav Vohra, Head of Commercial. I would request the management to give their opening remarks, after which we will open the floor for Q&A.; Thank you and over to you, sir.

Management: Thank you, Natasha. Good evening, all. I am glad to connect again for the quarterly call. To give you a brief overview, Voltas strengthened its leadership in Q3, backed by room air conditioner recovery and sustained performance from other verticals. Global conditions in 2025 remain unsettled with geopolitical tensions, new tariff actions, and periodic supply chain disruptions creating volatility across input categories such as energy, base metals, and select electrical components. At the same time, uneven global growth, currency and commodity fluctuations, and persistent policy uncertainty tempered sentiment across several markets, even as emerging economies, most notably India, continued to demonstrate relative resilience driven by steady consumption and sustained public investment.

This environment shaped a mixed demand backdrop for consumer-facing categories and infrastructure-linked sectors, forming the macro context in which Voltas' consumer and project businesses operated during the quarter. Voltas Limited announced its financial results for the quarter and 9 months ending December 31, 2025. Through this quarter, the company's performance was anchored by the room air conditioning business, driven by healthier channel activity following the GST rate cut and buying ahead of the BEE star label transition as customers anticipated price hikes on the new table. The projects business continued to lend stability through consistent execution and a strong order pipeline, reinforcing the strength of Voltas' diverse portfolio. Management remains focused on market leadership in the cooling segment, regulatory preparedness, and disciplined performance across businesses.

At an overall level for the quarter, total income was 3,130 crores against 3,164 crores last year. Profit before tax was 116 crores after factoring in the labor code impact versus 191 crores in Q3 FY25. Net profit was 84 crores against 131 crores last year. For the 9 months ending December 2025, the total income was 9,552 crores compared to 10,890 crores during the same period last year. Profit before tax was 373 crores versus 418 crores in the corresponding period last year. Net profit was 257 crores compared to 599 crores last year during the same period.

In terms of segment performance, the Unitary Cooling Products (UCP) segment delivered a relatively steady performance in both volume and revenue despite inherent seasonality and the

Report is AI-generated and may contain inaccuracies.

impact of a shortened second summer. The room air conditioner business continued to anchor the segment, maintaining Voltas' leadership position with a 17.9% year-to-date market share and benefiting from strong channel activity following the GST reduction and buying ahead of the upcoming BEE star label transition. Growth during the quarter was driven by structured network expansion with micro-level targeting, improved channel readiness, and sharper retail and digital activation across priority markets. These changes are expected to drive consumer upgrades in the coming quarter, providing a positive fillip to demand and product mix improvement.

Complementary categories such as air coolers, water heaters, and fans, though facing some headwinds due to inventory overhang, continued to build revenues through refreshed lineups, wider retail reach, and sharper digital activation, reinforcing Voltas' comfort solution positioning and broadening the non-seasonal share of cooling products. Within Segment A, commercial air conditioning continued to act as a growth contributor, supported by corporate, commercial, and industrial demand with healthy traction across product categories and the EMC business. Commercial refrigeration delivered a softer quarter amid lower product offtake and competitive intensity. The focus remained on sharpening the offer in priority segments and stabilizing the mix to support sequential improvement.

Segment A margins in Q3 reflected the seasonal profile of the quarter and the competitive environment, with profitability shaped by higher channel and customer support. In the coming quarter, management remains focused on mix improvement, cost optimization, and structured network expansion to support sequential recovery. The company is fully ready and realigned for the new BEE efficiency table with refreshed lineups and calibrated pricing architecture in place and is geared to meet seasonal demand with aligned production plans across Pantnagar and the new Chennai factory. Production capacity utilization, operational efficiency improvements, and supply chain actions have been geared to support a faster ramp-up into the season and improved availability of priority SKUs.

Regarding Voltas Home Appliances, Voltas delivered a solid Q3, sustaining broad-based momentum across washing machines and refrigerators, led by the dominant semi-automatic segment and a clear step-up in fully automatic top-load machines, alongside a stronger showing in the frost-free segment through an expanded energy-efficient, locally manufactured lineup. In manufacturing refrigerators, Voltas' overall market share stands at 6.2% year-to-date and in washing machines at 8.2% year-to-date, reflecting improved portfolio relevance and tighter in-store execution. Voltas will sustain momentum through a focused brand-led premiumization strategy, combining high-impact consumer engagement and an expanded energy-efficient portfolio to deepen preference and conversion while steadily broadening the franchise towards a full-scale home appliance platform.

Segment B, Electromechanical Projects and Services: The domestic projects business continued to book and execute orders across all verticals, underscoring engineering depth and multi-vertical presence. Prudent selection of projects backed by on-time handovers, tighter project governance, and cash conversion facilitated margin expansion. The international environment remained competitive for fresh wins, but delivery momentum was supported by a mix of ongoing projects and disciplined project engagement. During CY25 year-to-date, Voltas secured new orders and lifted the order bank, and the international project business reported sequential reduction in

Report is AI-generated and may contain inaccuracies.

exposure reflecting tighter commercial controls and collection. There is a robust consolidated order book of approximately 6,100 crores and a healthy order pipeline.

Segment C, Engineering Products and Services: The mining and construction equipment division delivered steady top-line growth supported by continuity in operations and maintenance contracts and sustained demand for crushing and screening machinery. Going forward, the mining and construction equipment service annuities and a healthy inquiry funnel provide performance visibility. The textile machinery division business was adversely impacted by the macro backdrop, notably the 50% US tariff imposition on certain textile products, which weighed on MSMEs and led to production cuts and softer domestic demand for yarns and fabrics. Execution of pending orders and after-sales momentum helped cushion the effect.

Working capital was tightly managed in Q3 with improved inventory and receivables ahead of the upcoming season. Commercial controls, selective order intake, and export exposure reduction further supported a stable position. Overall, the company exited the quarter with a balanced working capital profile. Voltas enters Q4 focused on execution and seasonal readiness. The priority is to boost all demand sources—core retail, organized trade, and institutional—while optimizing resources across manufacturing, supply chain, and channel. In terms of margins, we are committed to further optimizing costs through value engineering and better inventory planning, while remaining cautious about the impact of commodity and currency fluctuations. Thank you.

Operator: Should we open the floor for questions?

Management: Yes, please.

Operator: Thank you very much. We will now begin the question and answer session. Anyone who wishes to ask a question may press star and then one on your touch-tone phone. Participants are requested to limit their questions to only one question per participant. Our first question comes from the line of Aditya Bhartia from Investec. Please go ahead.

Aditya Bhartia - Investec: Hi, good evening, sir. My question is regarding raw material inflation and rupee depreciation impact. What kind of price increases do you think are warranted, and given that we are coming from a fairly weak season, do you think the industry will be in a position to pass on these price hikes, or will part of that need to be absorbed? Also, what cost optimization measures can you undertake to partly offset this impact?

Management: Thanks for the question. This quarter will be slightly mixed as we navigate old table sales and new table sales. We will maintain a balanced approach regarding pricing. Will commodity and currency fluctuations have an impact? Definitely, yes. However, the exact quantum and timing of passing this on is a dynamic decision we examine almost daily. It is difficult to give a clear-cut number right now. The new table norms will also take some time for pricing to stabilize, likely over the next few months.

Operator: Thank you. Our next question comes from the line of Manan Goyal from ICICI Securities. Please go ahead.

Aniruddha Joshi – ICICI Securities: Hello, this is Aniruddha Joshi. My question is, what was the exit market share at the end of December? You shared the year-to-date share, but I am looking for the exit. Secondly, was there any excess trade discount given to clear inventory at the end of December? Finally, regarding Voltas Beko, while market share is strong, profitability remains in the red. Do you expect it to be profitable by the end of FY26?

Management: Thanks, Aniruddha. Our exit market share for the month of December is also 17.9%, which coincides with our year-to-date share. When we began the calendar year in the January to March quarter, our share was 15.8%, so we have gained roughly 2.1% over the last 12 months. Regarding schemes, many channel partners had inventory, and it was imperative for us to help them clear stock ahead of the season. Discounts were offered in Q3, which is reflected in our margin profile. On Voltas Beko, our focus is gaining market share. In refrigerators, we are at 6.2% year-to-date, but the exit November number was 6.8%. In washing machines, year-to-date is 8.2%, but the exit November number was a healthy 10.2%. The scale is slowly bringing us to a point where we will see break-even in the very near future.

Aniruddha Joshi – ICICI Securities: Okay, sure. This is very helpful. Many thanks.

Operator: Thank you. Our next question comes from the line of Natasha Jain. Please go ahead.

Natasha Jain: Thank you. Given that we have high assembly capabilities and the season for calendar 2025 was difficult, I assume we were left with higher inventory. Is the channel sitting with larger inventory of Voltas, and if and once summer picks up, will market share growth for Voltas in Q4 be sharper than peers?

Management: Natasha, the market share will indeed see a positive trend because the primary billings we have done are significant. Regarding channel inventory, we believe there is approximately 5–6 weeks of inventory. It is just a matter of time. By mid-March, we expect that inventory to be cleared as the summer season picks up, starting from Kerala and moving through the southern and western regions.

Operator: Thank you. Our next question comes from the line of Girish Achhipalia from Morgan Stanley. Please go ahead.

Girish Achhipalia – Morgan Stanley: Hi sir. I had a question on the price hikes needed due to copper, aluminum, and the rupee. My estimate suggests a requirement of 12–14% based on commodity moves and new norms. Is that a fair assessment of the price increases needed for new inventory, and how much has already been taken in January?

Management: This quarter is a mix between the old table and the new table. By the time prices stabilize for the new norms, it will take a couple of months. We must wait and watch, but there is certainly an impact from commodities and currency. The table change impact is different for the three-star and five-star models. Three-star is lesser, but the five-star increase is significant. The overall number will be a summation of the table change, copper, and currency impacts. We are unable to quantify the exact number you mentioned yet, but these are not small impacts.

Operator: Thank you. Our next question comes from the line of Naushad Chaudhary from Aditya Birla Mutual Funds. Please go ahead.

Naushad Chaudhary – Aditya Birla Mutual Funds: Hi, thanks. Regarding the projects business, the order book has been consistently declining. When do you expect this slide to stop and growth to resume? Does this business have the potential to reach 10,000 crores in scale?

Management: Naushad, we have been very prudent in selecting projects over the last 12 months. We focus on client credentials, payment terms, and margin profiles rather than just size. The health of the current order book is much better than it was a year ago. In the domestic market, we are focusing on manufacturing and data centers in the MEP segment because they are fast-track projects with quick turnarounds. We are not overly concerned with the size of the order book; we prioritize health and quality.

Operator: Our next question comes from the line of Akshay from Fidelity. Please go ahead.

Akshay – Fidelity: Hi sir. How should we think about margins in the unitary business? Normative margins used to be 8–10%. Given cost pressures, should we expect a return to that level in the next year or two, or is the focus purely on top-line growth right now?

Management: We cannot give an "either-or" answer. We must balance both. While we do not want to lose market leadership, we are focusing on cost reduction, pricing opportunities, and product mix improvements. The intent is to see sequential improvement. There are many moving parts like commodity inflation and the table change, so quantifying the exact timing is difficult, but the intent is to get closer to historical expectations.

Akshay – Fidelity: Just a clarification—should our expectations for that recovery be immediate or over a longer period?

Management: It will be a sequential improvement. Because of the moving parts like currency and commodities, we cannot give a specific timeline, but we are definitely working to get better.

Operator: Thank you. Our next question comes from the line of Renu from IISL Capital. Please go ahead.

Renu – IISL Capital: Hi. What is your strategy for the domestic MEP portfolio, specifically the core HVAC segment? How do you plan to bring Voltas back to leading margins and market share in this area?

Management: We are focusing heavily on manufacturing and data centers rather than just commercial buildings or water projects. Data centers and industrial manufacturing projects are fast-track, typically completing in 9–12 months. We are also targeting infrastructure like metros and airports, which have price variation clauses that limit risk. This mix, combined with being highly selective in water and electrical segments, is our strategy.

Renu – IISL Capital: And what is the current market share of the MEP portfolio?

Management: This market doesn't track share in the same way retail does. It is based on bids won versus lost. It is difficult to quantify because many projects are not publicly bid, but our internal assessment is positive.

Operator: Thank you. Our next question comes from the line of Pulkit Patni from Goldman Sachs. Please go ahead.

Pulkit Patni – Goldman Sachs: Thank you for taking my question. Some peers interpret the BEE norm changes as allowing them to sell old inventory for a longer period. Will Voltas be selling higher-cost inventory in Q4 while others benefit from old inventory?

Management: Pulkit, the rules allow brands and channel partners to sell old table products until the end of June. Like our competitors, we have stocks of old table products. As these stocks deplete, new table products will be introduced. All brands are on a level playing field regarding the availability of old versus new stock. Our focus is to liquidate the old table stock first.

Operator: Thank you. Our next question comes from the line of Umang Mehta from Kotak Securities. Please go ahead.

Umang Mehta – Kotak Securities: Hi, thanks for the opportunity. You mentioned micro-targeting markets. Have you added any new accounts in the institutional segment or regional retail?

Management: We are tracking approximately 29,000 counters across 19,000 pin codes. We have added a decent number of channel partners through our distribution network. In modern trade, we have a presence in major chains like Reliance, D-Mart, and Vijay Sales, but our focus is now on gaining a higher share of their wallet. We are also making progress with approximately 85 regional retailers, especially in the south and west markets. We are also seeing good progress in institutional sales to banks and builders.

Operator: Thank you. Our next question comes from the line of Ravi Shri Mehta from ICICI Prudential Mutual Funds. Please go ahead.

Ravi Shri Mehta – ICICI Prudential Mutual Funds: Hi sir. Due to commodity price rises, the cost as a percentage of the bill of materials is increasing significantly. How does Voltas plan to pass this on, and what impact will the BEE norms have on costs?

Management: The BEE norm impact varies; the five-star models have a much sharper cost increase. Commodity costs, especially copper and the dollar, are on an upward trend. This will require price increases, which will be passed through to consumers. We are also working on a cost-optimization program to offset some of this. A price increase is a reality; we are just determining the exact quantum and timing as the new models hit the market.

Management: Yes, there will be an element of price increase. It is a reality.

Operator: Thank you. Our next question comes from the line of Bala Subramanian from Arihant Capital. Please go ahead.

Bala Subramanian – Arihant Capital: Good evening, sir. In MEP, your data center share is currently low but you're targeting 30%. What specific titles or tenders are you pursuing, and how does district cooling fit into the strategy?

Management: Data centers are just opening up for us. We are currently doing a couple of projects and the funnel is healthy. We are using two levers: energy-efficient chillers—where we have a new technology alliance for screw and centrifugal chillers—and our MEP division's ability to act as a single-source vendor. District cooling is also an opportunity because it requires the centrifugal chillers where we are now very competitive against the major American brands.

Operator: Thank you. Our next question comes from the line of Akshay Gattani from UBS. Please go ahead.

Akshay Gattani – UBS: Hi sir. Given the in-house capacity, what will be the strategy for the upcoming season between insourcing and outsourcing, and will the backward integration in Chennai improve margins?

Management: The backward integration in Chennai is already playing out. We now handle sheet metal, powder coating, and plastic injection molding in-house, which we didn't do at Pantnagar. Regarding sourcing, window air conditioners remain outsourced from local OEMs. For split air conditioners, we handle the core steady volume in-house and use OEMs to cater to seasonal spikes. This is a very judicious blend.

Operator: Thank you. Our next question comes from the line of Dhruv Jain from HDFC Capital. Please go ahead.

Dhruv Jain – HDFC Capital: Hi, what is the capacity utilization of the Chennai plant, and what level do you expect it to run at this season?

Management: Pantnagar is operating at nearly 100%. At Chennai, we built a 1 million unit capacity and are expanding it to 1.5 million units within the next two months. We expect to reach 85–90% utilization there this summer.

Operator: Thank you. We will take the last question from the line of Sunny Gupta, an individual investor. Please go ahead.

Sunny Gupta – Individual Investor: Sir, was there pre-buying in the December quarter that might affect sales in January 2026?

Management: The pre-buying in December was positive for us. We haven't seen any decline in January numbers so far. It seems to be laying a runway for a strong quarter through March.

Operator: Ladies and gentlemen, I now hand the conference over to Ms. Natasha Jain for closing remarks.

Management: Actually, our CFO, Mr. K. V. Sridhar, will provide the final remarks.

Management: Thanks to all for participating. These priorities position Voltas to enter the season with sharper readiness and a more efficient operating base. As cost optimization efforts take effect,

Report is AI-generated and may contain inaccuracies.

Voltas

29 January 2026

we expect to strengthen margin resilience. Voltas remains well-placed to enhance its leadership in the cooling segment while expanding its portfolio as a diversified home appliances and engineering solutions provider. Thank you.

Operator: Participants can disconnect their lines. Thank you so much. On behalf of Philip Capital, that concludes this conference. Thank you all for joining and you may now disconnect.

Management: Thank you.

Report is AI-generated and may contain inaccuracies.