

Recovery momentum is expected to continue with market share gain.

**CMP: INR 1,349**

**Rating: NEUTRAL**

**Target Price: INR 1,369**

**Stock Info**

BSE	500575
NSE	VOLTAS
Bloomberg	VOLT:IN
Reuters	VOLT.NS
Sector	Consumer Durables
Face Value (INR)	1
Equity Capital (INR cr)	33.1
Mkt Cap (INR cr)	44,625
52w H/L (INR)	1,531/1,135
Avg Yearly Volume (in 000')	1,455.6

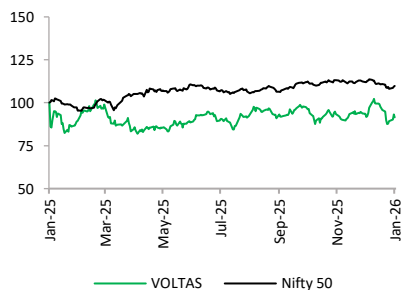
**Shareholding Pattern %**

(As on Dec, 2025)

Promoters	30.30
DII	37.74
FII	18.41
Public & Others	13.40

Stock Performance (%)	3m	6m	12m
VOLTAS	-2.0	-1.8	-8.5
NIFTY	-3.0	3.2	9.7

**Voltas vs Nifty**



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**Voltas Ltd** reported numbers, Q3FY26 revenue de-grew by 1.1% YoY (+30.8% QoQ) to INR 3,071cr; above our estimates of INR 2,991cr, supported by healthier activity following the GST rate cut and buying ahead of the BEE star label transition and price hikes on the new table. Gross Profit stood at INR 727cr (+0.3% YoY/+24.7% QoQ); above our estimates of INR 701cr; Gross improved by 33 bps YoY (down by 117 bps QoQ) to 23.7% in Q3FY26; supported by mitigated commodity prices (copper, etc). EBITDA stood at INR 177cr (-10.2% YoY/+151.8% QoQ); above our estimates of INR 136cr. EBITDA contracted by 58 bps YoY (up by 277 bps QoQ) to 5.8% in Q3FY26, due to seasonality, competitive intensity, and higher channel support. PAT stood at INR 84cr (-35.4% YoY/+168.1% YoY); in line with our estimates of INR 86cr, and PAT margin contracted by 146 bps YoY (up by 141 bps QoQ) to 2.8% in Q3FY26.

**Key Highlights**

**Operational readiness for Regulatory and Seasonal catalysts:** The company is fully prepared for the transition to new BEE norms with refreshed product lineups and calibrated pricing already in place. This readiness, combined with an expanded and backward-integrated manufacturing footprint in Pantnagar and Chennai, will enable us to capitalize on the upcoming summer season efficiently. The strategic initiatives like cost optimization, value engineering, and inventory management, are expected to improve margins as volume scales.

**Focusing on data centers and manufacturing in EMP:** the order book stood at INR 6,100cr provides multi-year revenue visibility, while the tightened commercial controls aim to improve cash flows. The company is prioritizing health and profitability of the order book over size, and focusing on faster turnaround, lower risk segments like manufacturing and data centers, etc.

**Voltas Beko continues on growth momentum and market share gain:** The Voltas Beko is gaining meaningful traction, with market share in refrigerators and washing machines rising to 6.2% and 8.2% respectfully. Voltas Beko is still loss-making due to upfront investments and scaling efforts. The increasing scale and ongoing pricing and cost optimization initiatives are expected to drive breakeven in the near term.

**Outlook & Valuation:** Voltas is maintaining a dominant market share in RAC (17.9% YTD) and successfully diversifying into consumer durables through Voltas Beko, which is gaining traction in refrigerators and washing machines. The company prioritizes profitable, low-risk orders in segments like manufacturing and datacenters, and the order book of INR 6,100cr provides execution visibility in the coming years. The company is fully prepared for the summer season and new BEE efficiency norms, with refreshed products. The strong market share gain is expected in Q4FY26E, driven by healthy primary billing and depletion of an estimated 5-6 weeks channel inventory as seasonal demand picks up across regions from Feb-26 onward. The company faces headwinds from commodity inflation (copper), currency depreciation, cost impact of the new BEE standards, and navigating through price hikes, cost optimizations like value engineering, and better inventory planning. At CMP INR 1,349, we are upgrading to a "NEUTRAL" (earlier "REDUCE") rating at a TP of INR 1,369 per share; valued based on SOTP; upside of 1.5%.

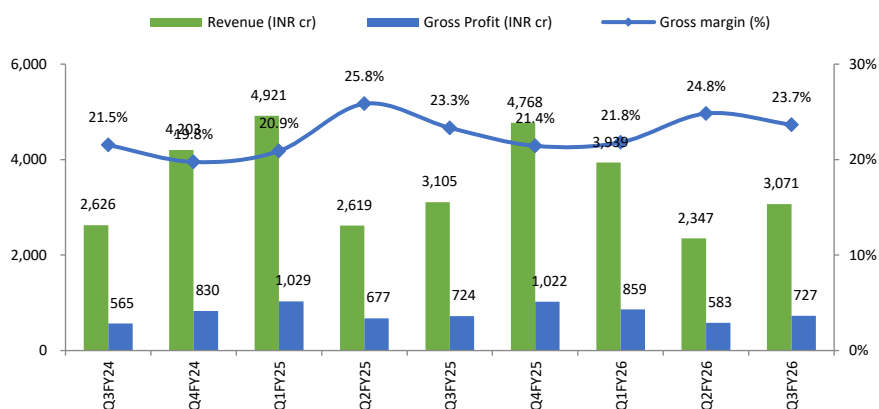
Q3FY26 Results

Income statement summary

Particular (INR cr)	Q3FY25	Q2FY26	Q3FY26	YoY (%)	QoQ (%)
Revenue	3,105	2,347	3,071	-1.1%	30.8%
Net Raw Materials	2,381	1,764	2,344	-1.5%	32.9%
<b>Gross Profit</b>	<b>724</b>	<b>583</b>	<b>727</b>	<b>0.3%</b>	<b>24.7%</b>
<b>Gross Margin (%)</b>	<b>23.3%</b>	<b>24.8%</b>	<b>23.7%</b>	<b>+33 bps</b>	<b>-117 bps</b>
Employee Cost	231	241	225	-2.8%	-6.7%
Other Expenses	296	272	325	9.7%	19.5%
<b>EBITDA</b>	<b>197</b>	<b>70</b>	<b>177</b>	<b>-10.2%</b>	<b>151.8%</b>
<b>EBITDA Margin (%)</b>	<b>6.4%</b>	<b>3.0%</b>	<b>5.8%</b>	<b>-58 bps</b>	<b>+277 bps</b>
Depreciation	18	24	21		
Interest expense	16	20	31		
Other income	59	65	49		
Exceptional Items	-	-	(26)		
Share of profits associate & JV	(32)	(37)	(32)		
<b>Profit before tax</b>	<b>191</b>	<b>54</b>	<b>116</b>	<b>-39.3%</b>	<b>113.9%</b>
Taxes	60	23	31		
Minorities and other	-	-	-		
<b>PAT</b>	<b>131</b>	<b>31</b>	<b>84</b>	<b>-35.4%</b>	<b>168.1%</b>
<b>PAT Margin</b>	<b>4.2%</b>	<b>1.3%</b>	<b>2.8%</b>	<b>-146 bps</b>	<b>+141 bps</b>
<b>EPS (INR)</b>	<b>4.0</b>	<b>1.0</b>	<b>2.6</b>		

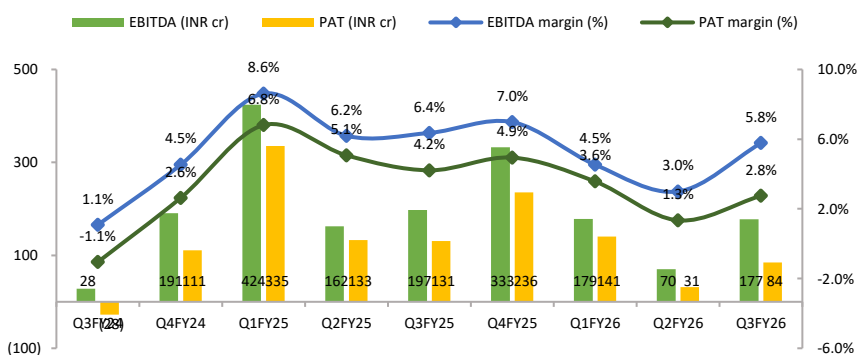
Source: Company Reports, Arianth Capital Research

Exhibit 1: Gross margins improved by 33 bps YoY (down by 177 bps QoQ) to 23.7% in Q3FY26 due to lower RM costs.



Source: Company Reports, Arianth Capital Research

Exhibit 2: EBITDA margin contracted by 58 bps YoY (up by 277 bps QoQ) to 5.8% in Q3FY26 due to higher other expenses in-terms of sales.



Source: Company Reports, Arianth Capital Research

## Quarterly Results and Segments

Exhibit 3: Quarterly improvement supported by healthier activity following the GST rate cut and buying ahead of the BEE star label transition and price hikes on the new table. The margin pressure, due to seasonality, competitive intensity, and higher channel support.

Particular (INR cr)	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	FY25	Q1FY26	Q2FY26	Q3FY26	YoY (%)	QoQ (%)
Revenue	2,626	4,203	4,921	2,619	3,105	4,768	15,413	3,939	2,347	3,071	-1.1%	30.8%
Net Raw Materials	2,060	3,373	3,892	1,942	2,381	3,745	11,960	3,080	1,764	2,344	-1.5%	32.9%
<b>Gross Profit</b>	<b>565</b>	<b>830</b>	<b>1,029</b>	<b>677</b>	<b>724</b>	<b>1,022</b>	<b>3,452</b>	<b>859</b>	<b>583</b>	<b>727</b>	<b>0.30%</b>	<b>24.7%</b>
<b>Gross Margin (%)</b>	<b>21.5%</b>	<b>19.8%</b>	<b>20.9%</b>	<b>25.8%</b>	<b>23.3%</b>	<b>21.4%</b>	<b>22.4%</b>	<b>21.8%</b>	<b>24.8%</b>	<b>23.7%</b>	<b>+33 bps</b>	<b>-117 bps</b>
Employee Cost	205	199	202	238	231	219	890	231	241	225	-2.8%	-6.7%
Other Expenses	332	440	403	277	296	471	1,446	450	272	325	9.7%	19.5%
<b>EBITDA</b>	<b>28</b>	<b>191</b>	<b>424</b>	<b>162</b>	<b>197</b>	<b>333</b>	<b>1,116</b>	<b>179</b>	<b>70</b>	<b>177</b>	<b>-10.2%</b>	<b>151.8%</b>
<b>EBITDA Margin (%)</b>	<b>1.1%</b>	<b>4.5%</b>	<b>8.6%</b>	<b>6.2%</b>	<b>6.4%</b>	<b>7.0%</b>	<b>7.2%</b>	<b>4.5%</b>	<b>3.0%</b>	<b>5.8%</b>	<b>-58 bps</b>	<b>+277 bps</b>
Depreciation	13	12	13	16	18	14	62	18	24	21		
Interest expense	14	21	10	14	16	23	62	14	20	31		
Other income	58	54	80	105	59	80	324	82	65	49		
Exceptional Items	-	-	-	-	-	-	-	-	-	(26)		
Share of profits associate & JV	(36)	(38)	(29)	(32)	(32)	(32)	(126)	(26)	(37)	(32)		
<b>Profit before tax</b>	<b>24</b>	<b>174</b>	<b>452</b>	<b>205</b>	<b>191</b>	<b>343</b>	<b>1,191</b>	<b>203</b>	<b>54</b>	<b>116</b>	<b>-39.3%</b>	<b>113.9%</b>
Taxes	51	63	117	73	60	107	356	62	23	31	0.0%	0.0%
<b>PAT</b>	<b>(28)</b>	<b>111</b>	<b>335</b>	<b>133</b>	<b>131</b>	<b>236</b>	<b>834</b>	<b>141</b>	<b>31</b>	<b>84</b>	<b>-35.4%</b>	<b>168.1%</b>
<b>PAT Margin (%)</b>	<b>-1.1%</b>	<b>2.6%</b>	<b>6.8%</b>	<b>5.1%</b>	<b>4.2%</b>	<b>4.9%</b>	<b>5.4%</b>	<b>3.6%</b>	<b>1.3%</b>	<b>2.8%</b>	<b>-146 bps</b>	<b>+141 bps</b>
<b>EPS (INR)</b>	<b>(0.8)</b>	<b>3.3</b>	<b>10.1</b>	<b>4.0</b>	<b>4.0</b>	<b>7.1</b>	<b>25.2</b>	<b>4.3</b>	<b>1.0</b>	<b>2.6</b>		

Source: Company Reports, Arianth Capital Research

Exhibit 4: Unitary Cooling Products (UCP) revenue stood at INR 1,924cr (+8.6% YoY/+58.4% QoQ); driven by GST cut, pre-BEE buying, network expansion, and digital activation. EBIT Stood at INR 73cr (-30.4% YoY); EBIT margin stood at 3.8% (-212 bps YoY) in Q3FY26. Electro-Mechanical Projects and Services revenue stood at INR 974cr (-18.2% YoY/+0.8% QoQ); EBIT Stood at INR 82cr (+44.1% YoY/-11.2% QoQ). EBIT margin improved by 362 bps YoY (down by 114 bps QoQ) to 8.4% in Q3FY26. Domestic projects execution are on-time and international projects exposure reduced via tighter controls. Engineering Products and Services revenue stood at INR 157cr (+20.7% YoY/+12.6% QoQ); EBIT Stood at INR 37cr (-0.1% YoY/-16.2% QoQ). EBIT margin contracted by 489 bps YoY (down by 809 bps QoQ) to 23.5% in Q3FY26. The demand remain steady in after-sales, however textiles has been impacted by tariffs.

Segment Revenue (INR cr)	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	FY25	Q1FY26	Q2FY26	Q3FY26	YoY (%)	QoQ (%)
Unitary Cooling Products	1,476	2,955	3,802	1,582	1,771	3,458	10,614	2,868	1,215	1,924	8.6%	58.4%
Electro Mechanical Projects and Services	982	1,098	949	880	1,190	1,138	4,157	922	966	974	-18.2%	0.8%
Engineering Products and Services	155	156	161	147	130	132	569	135	139	157	20.7%	12.6%
Integsegment revenue	-	(17)	(8)	(8)	(4)	-	(20)	-	(6)	(2)	-40.6%	-63.4%
<b>Revenue from operations</b>	<b>2,612</b>	<b>4,192</b>	<b>4,904</b>	<b>2,601</b>	<b>3,087</b>	<b>4,728</b>	<b>15,320</b>	<b>3,925</b>	<b>2,314</b>	<b>3,053</b>	<b>-1.1%</b>	<b>31.9%</b>
Other operating income	13	11	17	18	18	40	92	26	33	18	1.4%	-45.3%
<b>Total Revenue</b>	<b>2,626</b>	<b>4,203</b>	<b>4,921</b>	<b>2,619</b>	<b>3,105</b>	<b>4,768</b>	<b>15,413</b>	<b>3,951</b>	<b>2,347</b>	<b>3,071</b>	<b>-1.1%</b>	<b>30.8%</b>

Segment Revenue breakup (%)	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	FY25	Q1FY26	Q2FY26	Q3FY26	YoY (%)	QoQ (%)
Unitary Cooling Products	56.5%	70.5%	77.5%	60.8%	57.4%	73.1%	69.3%	73.1%	52.5%	63.0%		
Electro Mechanical Projects and Services	37.6%	26.2%	19.4%	33.8%	38.6%	24.1%	27.1%	23.5%	41.7%	31.9%		
Engineering Products and Services	5.9%	3.7%	3.3%	5.6%	4.2%	2.8%	3.7%	3.5%	6.0%	5.1%		
Integsegment revenue	0.0%	-0.4%	-0.2%	-0.3%	-0.1%	0.0%	-0.1%	0.0%	-0.3%	-0.1%		
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>		

Segment EBIT (INR cr)	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	FY25	Q1FY26	Q2FY26	Q3FY26	YoY (%)	QoQ (%)
Unitary Cooling Products	123	270	327	116	104	345	892	104	(46)	73	-30.4%	-258.4%
Electro Mechanical Projects and Services	(120)	(108)	67	46	57	(2)	169	49	92	82	44.1%	-11.2%
Engineering Products and Services	50	48	45	40	37	34	155	40	44	37	-0.1%	-16.2%
<b>Total</b>	<b>53</b>	<b>211</b>	<b>439</b>	<b>202</b>	<b>198</b>	<b>377</b>	<b>1,216</b>	<b>194</b>	<b>90</b>	<b>191</b>	<b>-3.4%</b>	<b>111.9%</b>

Segment EBIT Margin (%)	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	FY25	Q1FY26	Q2FY26	Q3FY26	YoY (%)	QoQ (%)
Unitary Cooling Products	8.3%	9.2%	8.6%	7.3%	5.9%	10.0%	8.4%	3.6%	-3.8%	3.8%	-212 bps	
Electro Mechanical Projects and Services	-12.2%	-9.8%	7.1%	5.2%	4.8%	-0.2%	4.1%	5.3%	9.5%	8.4%	+362 bps	-114 bps
Engineering Products and Services	32.2%	30.6%	27.9%	27.0%	28.4%	25.8%	27.3%	29.6%	31.6%	23.5%	-489 bps	-809 bps
<b>Total</b>	<b>2.0%</b>	<b>5.0%</b>	<b>9.0%</b>	<b>7.8%</b>	<b>6.4%</b>	<b>8.0%</b>	<b>7.9%</b>	<b>4.9%</b>	<b>3.9%</b>	<b>6.3%</b>	<b>-15 bps</b>	<b>+236 bps</b>

Source: Company Reports, Arianth Capital Research

## Exhibit 5: Key comments and outlook in segment/product-wise

Segment / Product	Key Comments & Outlook
RAC - UCP Segment	<ol style="list-style-type: none"> <li>1) The company maintained leadership with 17.9% YTD market share, exit Dec also 17.9%.</li> <li>2) Growth driven by GST cut, pre-BEE buying, network expansion, and digital activation.</li> <li>3) Channel inventory at 5-6 weeks, expected to clear by mid-Mar 2026.</li> <li>4) New BEE lineup ready; price hikes expected due to commodity/currency inflation.</li> </ol>
Commercial AC	<ol style="list-style-type: none"> <li>1) it acted as a growth contributor supported by corporate, commercial, and industrial demand.</li> <li>2) Healthy traction across product categories and AMC business.</li> </ol>
Commercial Refrigeration	<ol style="list-style-type: none"> <li>1) Softer quarter due to lower product offtake and competitive intensity.</li> <li>2) Focus on sharpening offers in priority segments and stabilizing the mix.</li> </ol>
Air Coolers, Fans, Water Heaters	<ol style="list-style-type: none"> <li>1) Faced headwinds due to inventory overhang.</li> <li>2) Building relevance through refreshed lineups, wider retail reach, and digital activation to support non-seasonal share.</li> </ol>
Voltas Beko (Home Appliances)	<ol style="list-style-type: none"> <li>1) Refrigerator market share: 6.2% YTD, exit Nov at 6.8%.</li> <li>2) Washing machine share: 8.2% YTD, exit Nov at 10.2%.</li> <li>3) Focus on premiumization, energy-efficient portfolio.</li> <li>4) Path to profitability as scale builds; near-term aim is break-even.</li> </ol>
Electromechanical Projects & Services	<ol style="list-style-type: none"> <li>1) Domestic: Prudent project selection, on-time execution, margin expansion.</li> <li>2) International: Competitive, but exposure reduced via tighter controls.</li> <li>3) Order book stood at INR 6,100 cr, healthy pipeline.</li> <li>4) Focus on MEP, data centers, manufacturing; selective in water &amp; electrical/solar.</li> </ol>
Engineering Products & Services	<ol style="list-style-type: none"> <li>1) Mining &amp; Construction Equipment: Steady growth from O&amp;M contracts, demand for crushing/screening machinery. Healthy inquiry funnel.</li> <li>2) Textile Machinery: Impacted by US tariffs, softer domestic demand.</li> <li>3) Cushioned by pending order execution and after-sales focus.</li> </ol>
MEP (Domestic Projects)	<ol style="list-style-type: none"> <li>1) Focus on data centers, manufacturing, metros, airports. Less emphasis on commercial real estate.</li> <li>2) Targeting higher wallet share with energy-efficient chiller technology.</li> <li>3) Aim to raise data center project share to ~30% medium-term.</li> </ol>
Data Center Cooling	<ol style="list-style-type: none"> <li>1) Leveraging energy-efficient screw &amp; centrifugal chillers (including oil-free).</li> <li>2) Cross-divisional approach to offer single-source vendor solution.</li> <li>3) Healthy bid pipeline; competing with global players like York, Trane.</li> </ol>
District Cooling	<ol style="list-style-type: none"> <li>1) Opportunity linked to centrifugal chiller capability.</li> <li>2) Competing with international brands; strong positioning due to energy-efficient product portfolio.</li> </ol>
New Product Launches / BEE Transition	<ol style="list-style-type: none"> <li>1) Fully aligned with new BEE table; refreshed RAC lineup with calibrated pricing.</li> <li>2) Production plans synced across Pantnagar and Chennai plants.</li> <li>3) Pricing will reflect new norms + commodity/currency impact, especially for 5-star models.</li> </ol>
Capacity & Backward Integration	<ol style="list-style-type: none"> <li>1) Chennai plant ~90% utilized, scaling to 1.5M units. Pantnagar at full capacity.</li> <li>2) Chennai adds backward integration in sheet metal, painting, injection molding, coil &amp; fin shop, aiding margin potential.</li> </ol>

Source: Company Reports, Arianth Capital Research

**Q3FY26 Concall Highlights****RAC**

- RAC market share stood at 17.9% YTD (15.8% in Q4FY25).
- RAC recovery supported by GST rate cuts and pre-BEE transition buying.

**EMP**

- EMP order book stood at INR 6,100cr and the pipeline remains healthy. The international project share is reducing due to tighter control.
- In EMP, the company is focusing on data centers, manufacturing, and infrastructure, while being selective in water and electrical/solar projects.
- The company is targeting data center projects with energy-efficient chillers and district cooling solutions. The company has partnered with international technology providers to enhance its offerings in centrifugal and screw chillers.

**Margins**

- The margin was impacted by seasonality, competitive intensity, and higher channel support. The ongoing cost optimization initiatives include value engineering, better inventory planning, and operational efficiencies.
- Commodity inflation, currency depreciation, and BEE transition impacts are key margin risks.

**BEE transition**

- The company has refreshed its product line-up and calibrated pricing architecture.
- The impact of new norms varies by star rating, with 5-star models witnessing a cost increase. The pricing is dynamic and based on commodity costs, currency fluctuations, and market demand.

**Inventory**

- Channel inventory for RAC is around 5-6 weeks and expected to clear by mid of Mar-26. The company gains market share in Q4FY26 due to healthy primary billing.

**Utilization**

- The Chennai plant capacity utilization stood at 90%, and is expected to reach 1.5mn units soon. The Pantnagar plant is running at full capacity.
- The company is balancing in-house production and outsourcing to manage demand spikes.

**Q3FY26 Concall Highlights****Voltas Beko**

- Voltas beko market share stood at 6.2% (+100bps YoY) YTD.
- Refrigerators' market share stood at 6.2% YTD, and washing machines' market share stood at 8.2% YTD. The focus remains on premiumisation and energy-efficient portfolios.
- In refrigerators, Voltbek has strengthened its position in the frost-free segment through an expanded energy-efficient, locally manufactured lineup.
- Voltas Beko is still loss-making due to upfront investments and scaling efforts. The increasing scale and ongoing pricing and cost optimization initiatives are expected to drive breakeven in the near term.

**Engineering Products and Services**

- In Engineering Products and Services, mining and construction witnessed steady growth, supported by aftermarket service contracts.
- The textile machinery division faced challenges due to US tariffs and softer domestic demand. After-sales services and execution of pending orders supported growth.

**Other highlights**

- Complement categories like air coolers, water heaters, and fans faced inventory headwinds; however, the company improved reach and digital activation.
- The demand is expected to be driven by seasonal recovery, retail activation, and institutional sales.

**Outlook & Valuation:** Voltas is maintaining a dominant market share in RAC (17.9% YTD) and successfully diversifying into consumer durables through Voltas Beko, which is gaining traction in refrigerators and washing machines. The company prioritizes profitable, low-risk orders in segments like manufacturing and datacenters, and the order book of INR 6,100cr provides execution visibility in the coming years. The company is fully prepared for the summer season and new BEE efficiency norms, with refreshed products. The strong market share gain is expected in Q4FY26E, driven by healthy primary billing and depletion of an estimated 5-6 weeks channel inventory as seasonal demand picks up across regions from Feb-26 onward. The company faces headwinds from commodity inflation (copper), currency depreciation, cost impact of the new BEE standards, and navigating through price hikes, cost optimizations like value engineering, and better inventory planning. At CMP INR 1,349, we are upgrading to a "NEUTRAL" (earlier "REDUCE") rating at a TP of INR 1,369 per share; valued based on SOTP; upside of 1.5%.

#### Voltas FY28E based implied valuation

	Electro Mechanical Projects	Engineering Products and Services	Unitary Cooling Products	Overall
FY28E EBITDA (INR cr)	459	224	1,035	
EV/EBITDA (x)	<b>5.0x</b>	<b>10.0x</b>	<b>30.0x</b>	
EV (INR cr)	2,295	2,237	41,385	45,917
Net Debt/(cash) (INR cr) - FY28E				628
Market Cap (INR cr)				45,289
Share outstanding (cr)				33
<b>Value per share (INR)</b>				<b>1,369</b>
<b>CMP (INR)</b>				<b>1,349</b>
<b>Upside/Downside (%)</b>				<b>1.5%</b>

**Rating**

**NEUTRAL**

Source: Company Reports, Arihant Capital Research

## Financial Statements

## Income statement summary

Y/e 31 Mar (INR cr)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenue	7,934	9,499	12,481	15,413	14,578	16,756	19,446
Net Raw Materials	5,897	7,378	9,814	11,960	11,274	12,792	14,806
Employee Cost	618	667	779	890	987	1,118	1,278
Other Expenses	739	881	1,414	1,446	1,546	1,727	1,965
<b>EBITDA</b>	<b>682</b>	<b>572</b>	<b>475</b>	<b>1,116</b>	<b>770</b>	<b>1,120</b>	<b>1,397</b>
<b>EBITDA Margin (%)</b>	<b>8.6%</b>	<b>6.0%</b>	<b>3.8%</b>	<b>7.2%</b>	<b>5.3%</b>	<b>6.7%</b>	<b>7.2%</b>
Depreciation	(37)	(40)	(48)	(62)	(86)	(103)	(120)
Interest expense	(26)	(30)	(56)	(62)	(93)	(99)	(105)
Other income	189	168	253	324	262	241	280
Exceptional Items	-	(244)	-	-	(26)	-	-
Share of profits associate & JV	(110)	(121)	(139)	(126)	(124)	(109)	(69)
<b>Profit before tax</b>	<b>697</b>	<b>307</b>	<b>486</b>	<b>1,191</b>	<b>703</b>	<b>1,049</b>	<b>1,384</b>
Taxes	(191)	(171)	(238)	(356)	(203)	(275)	(363)
<b>PAT</b>	<b>506</b>	<b>136</b>	<b>248</b>	<b>834</b>	<b>500</b>	<b>774</b>	<b>1,021</b>
<b>PAT Margin (%)</b>	<b>6.4%</b>	<b>1.4%</b>	<b>2.0%</b>	<b>5.4%</b>	<b>3.4%</b>	<b>4.6%</b>	<b>5.3%</b>
Other Comprehensive income	170	(38)	255	34	-	-	-
<b>Total Comprehensive income</b>	<b>676</b>	<b>98</b>	<b>503</b>	<b>868</b>	<b>500</b>	<b>774</b>	<b>1,021</b>
EPS (INR)	20.4	3.0	15.2	26.2	15.1	23.4	30.9

Source: Company Reports, Aриhant Capital Research

## Balance sheet summary

Y/e 31 Mar (INR cr)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity capital	33	33	33	33	33	33	33
Reserves	5,466	5,419	5,787	6,480	6,813	7,328	8,007
<b>Net worth</b>	<b>5,500</b>	<b>5,452</b>	<b>5,821</b>	<b>6,513</b>	<b>6,846</b>	<b>7,361</b>	<b>8,040</b>
Minority Interest	38	42	34	27	27	27	27
Provisions	262	258	310	335	88	101	117
Debt	479	1,288	982	1,298	1,548	1,508	1,708
Other non-current liabilities	22	9	69	69	58	67	78
<b>Total Liabilities</b>	<b>6,301</b>	<b>7,049</b>	<b>7,215</b>	<b>8,243</b>	<b>8,568</b>	<b>9,064</b>	<b>9,970</b>
Fixed assets	230	361	390	820	1,066	1,276	1,462
Capital Work In Progress	59	98	368	82	62	56	65
Other Intangible assets	7	6	6	3	3	3	3
Goodwill	72	72	72	72	72	72	72
Investments	3,338	3,123	3,324	3,126	2,916	3,016	3,500
Other non current assets	160	172	152	170	175	201	233
<b>Net working capital</b>	<b>1,348</b>	<b>1,848</b>	<b>907</b>	<b>2,049</b>	<b>2,230</b>	<b>2,403</b>	<b>2,293</b>
Inventories	1,661	1,592	2,135	2,715	3,089	3,329	3,448
Sundry debtors	2,110	2,192	2,533	2,511	2,596	2,938	3,410
Loans & Advances	3	1	1	1	4	5	6
Other current assets	1,019	1,294	1,059	1,731	1,198	1,377	1,492
Sundry creditors	(2,942)	(3,013)	(3,856)	(3,893)	(3,783)	(4,241)	(4,896)
Other current liabilities & Prov	(503)	(218)	(965)	(1,017)	(875)	(1,005)	(1,167)
Cash	572	708	852	678	848	696	921
Other Financial Assets	514	660	1,144	1,241	1,195	1,341	1,420
<b>Total Assets</b>	<b>6,301</b>	<b>7,049</b>	<b>7,215</b>	<b>8,243</b>	<b>8,568</b>	<b>9,064</b>	<b>9,970</b>

Source: Company Reports, Aриhant Capital Research

## Financial Statements

## Cashflow summary

Y/e 31 Mar (INR cr)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Profit before tax	697	307	486	1,191	703	1,049	1,384
Depreciation	37	40	48	62	86	103	120
Tax paid	(191)	(171)	(238)	(356)	(203)	(275)	(363)
Working capital Δ	(11)	(500)	941	(1,142)	(181)	(173)	110
<b>Operating cashflow</b>	<b>533</b>	<b>(324)</b>	<b>1,236</b>	<b>(246)</b>	<b>406</b>	<b>704</b>	<b>1,251</b>
Capital expenditure	(80)	(209)	(346)	(206)	(312)	(306)	(315)
<b>Free cash flow</b>	<b>453</b>	<b>(533)</b>	<b>890</b>	<b>(452)</b>	<b>93</b>	<b>398</b>	<b>936</b>
Equity raised	168	(1)	264	40	-	(0)	-
Investments	(376)	216	(201)	198	210	(101)	(484)
Others	(138)	(157)	(463)	(114)	41	(171)	(111)
Debt financing/disposal	107	812	(314)	310	250	(40)	200
Dividends paid	(168)	(183)	(143)	(182)	(168)	(259)	(342)
Other items	68	(17)	112	25	(258)	22	27
<b>Net Δ in cash</b>	<b>113</b>	<b>137</b>	<b>144</b>	<b>(174)</b>	<b>169</b>	<b>(152)</b>	<b>225</b>
<b>Opening Cash Flow</b>	<b>459</b>	<b>572</b>	<b>708</b>	<b>852</b>	<b>678</b>	<b>848</b>	<b>696</b>
<b>Closing Cash Flow</b>	<b>572</b>	<b>708</b>	<b>852</b>	<b>678</b>	<b>848</b>	<b>696</b>	<b>921</b>

Source: Company Reports, Arianth Capital Research

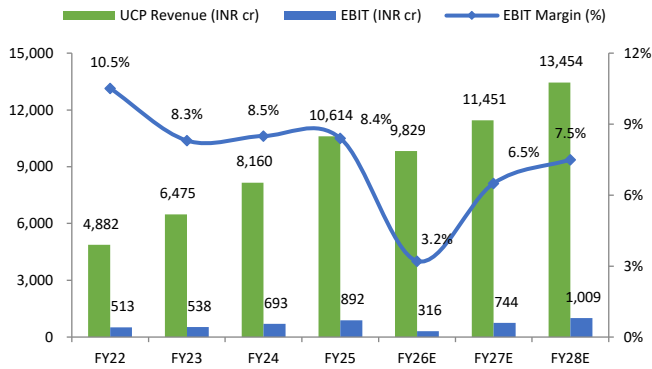
## Ratio analysis

Y/e 31 Mar	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Growth matrix (%)</b>							
Revenue growth	5.0%	19.7%	31.4%	23.5%	-5.4%	14.9%	16.1%
Op profit growth	6.3%	-16.0%	-17.1%	135.2%	-31.0%	45.4%	24.7%
<b>Profitability ratios (%)</b>							
OPM	8.6%	6.0%	3.8%	7.2%	5.3%	6.7%	7.2%
Net profit margin	6.4%	1.4%	2.0%	5.4%	3.4%	4.6%	5.3%
RoCE	10.2%	4.7%	4.9%	12.7%	8.1%	10.6%	12.2%
RoNW	9.6%	2.5%	4.4%	13.5%	7.5%	10.9%	13.3%
RoA	8.0%	1.9%	3.4%	10.1%	5.8%	8.5%	10.2%
<b>Per share ratios (INR)</b>							
EPS	20.4	3.0	15.2	26.2	15.1	23.4	30.9
Dividend per share	5.1	5.5	4.3	5.5	5.1	7.8	10.3
Cash EPS	16.4	5.3	8.9	27.1	17.7	26.5	34.5
Book value per share	166.3	164.8	176.0	196.9	207.0	222.5	243.0
<b>Valuation ratios (x)</b>							
P/E	66.0	456.2	88.7	51.4	89.2	57.6	43.7
P/CEPS	82.1	253.8	150.9	49.8	76.1	50.9	39.1
P/B	8.1	8.2	7.7	6.9	6.5	6.1	5.6
EV/EBITDA	60.4	73.5	87.3	37.7	55.1	37.9	30.0
<b>Payout (%)</b>							
Dividend payout	33.1%	134.2%	57.7%	21.8%	33.5%	33.5%	33.5%
Tax payout	27.4%	55.6%	48.9%	29.9%	28.8%	26.2%	26.2%
<b>Liquidity ratios</b>							
Debtor days	90	83	69	60	64	60	60
Inventory days	91	80	69	74	94	92	84
Creditor days	136	122	104	99	101	94	92
WC Days	45	41	34	35	56	58	51
<b>Leverage ratios (x)</b>							
Interest coverage	24.9	18.0	7.6	17.0	7.4	10.2	12.2
Net debt / equity	-0.0	0.1	0.0	0.1	0.1	0.1	0.1
Net debt / op. profit	-0.1	1.0	0.3	0.6	0.9	0.7	0.6

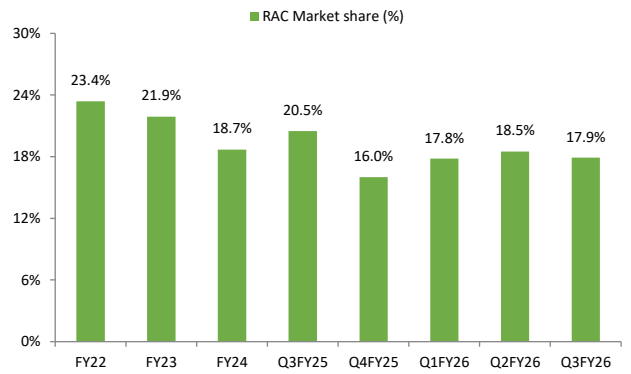
Source: Company Reports, Arianth Capital Research

**Story in Charts**

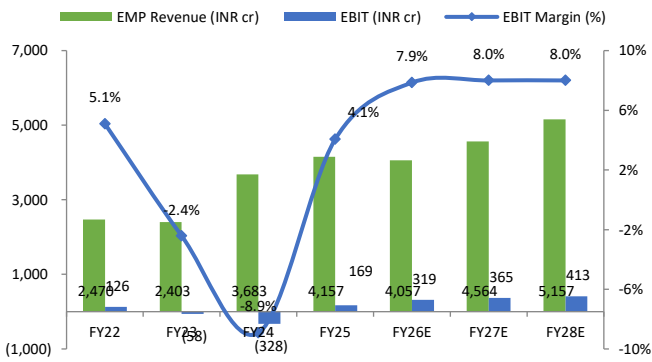
**Exhibit 6: UCP is expected to grow at a CAGR of 8.2% over the period of FY25-FY28E.**



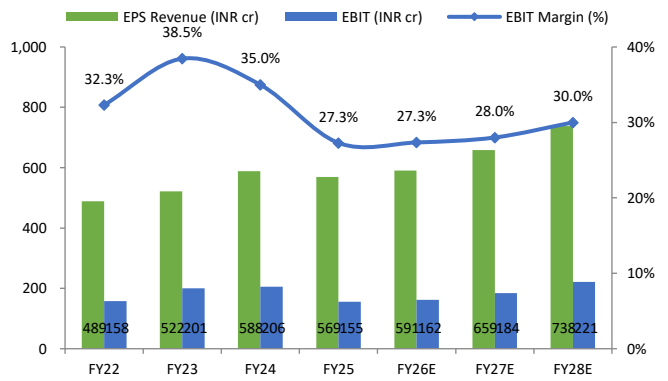
**Exhibit 7: RAC market share stood at ~17.9% as of Q3FY26.**



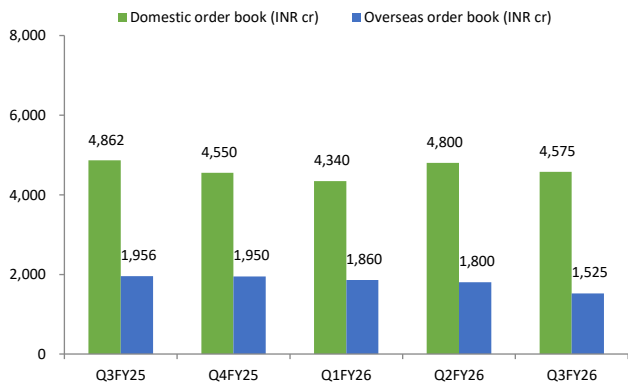
**Exhibit 8: Projects Margins are expected above 5% going forward. The company is focusing on Data center projects.**



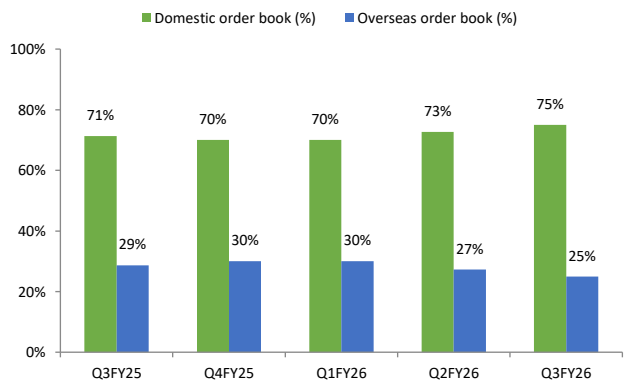
**Exhibit 9: EPS growth driven by after-sales, and recovery is expected in textiles, construction and mining equipment's.**



**Exhibit 10: EMP order book stood around INR 6,100cr as of Q3FY26. Data center project share is < 5% and expected 30% over medium term.**



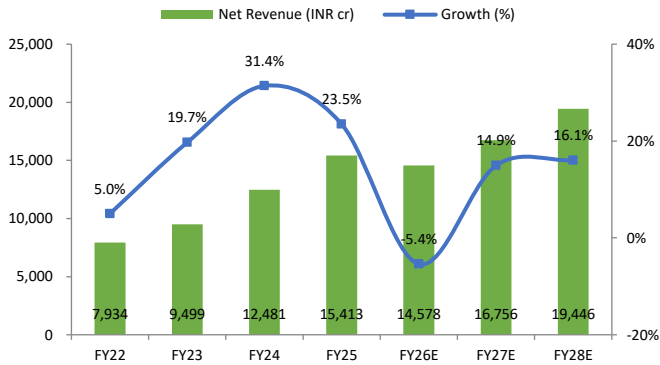
**Exhibit 11: Domestic and International order book mix estimated at 75:25 as of Q3FY26.**



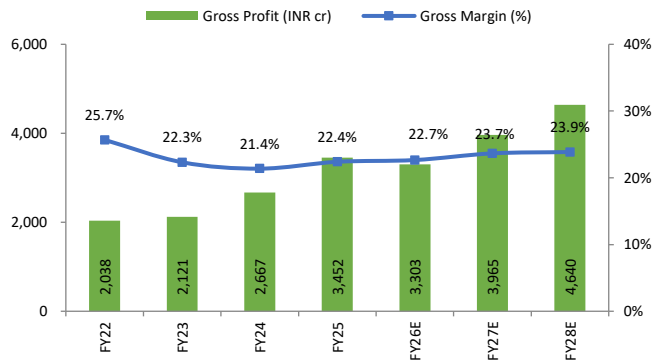
Source: Company Reports, Arianth Capital Research

**Story in Charts**

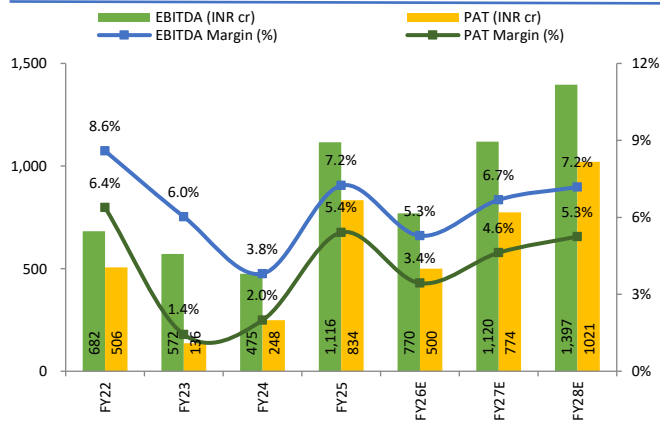
**Exhibit 12: Recovery is expected continue from Q4FY26E onwards, supported by GST reduction, ramping-up production and pent-up demand.**



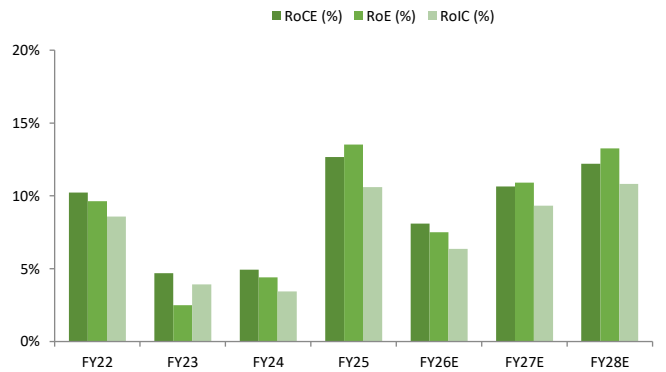
**Exhibit 13: Stabilising raw material prices will improve gross margins.**



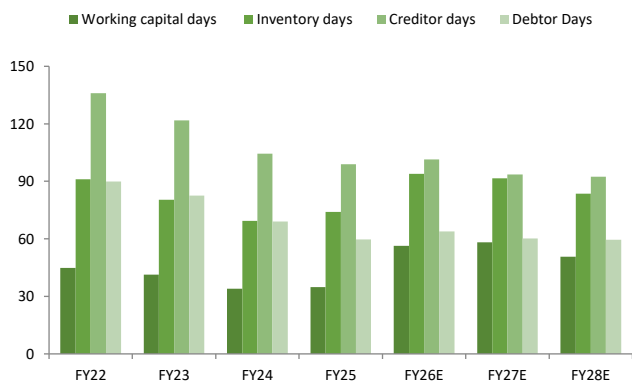
**Exhibit 14: EBITDA and PAT margin is expected to improve from FY27E onwards.**



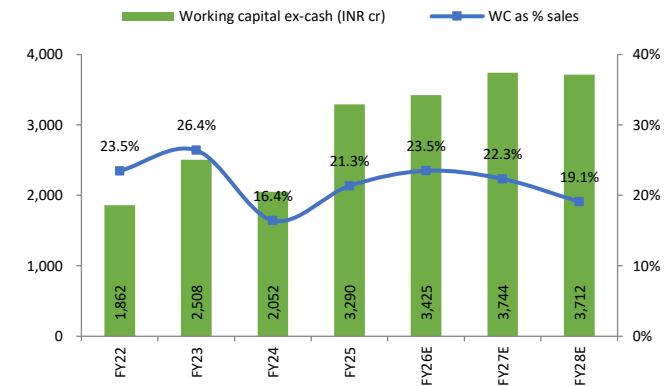
**Exhibit 15: Return ratios is expected to improve from FY27E onwards.**



**Exhibit 16: Working capital days to be improve**



**Exhibit 17: Working capital as % of sales is expected to reduce from FY27E onwards.**



Source: Company Reports, Arianth Capital Research

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ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

**Absolute Return**

**Research Analyst  
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