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Generating Wealth

Q1FY27 Result update
17th Aug 2026

Voltas Ltd

Recovery momentum is expected to continue with market share.

CMP: INR 1,267

Rating: HOLD

Target Price: INR 1,351

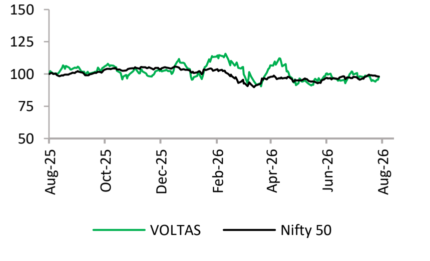
Stock Info	
BSE	500575
NSE	VOLTAS
Bloomberg	VOLT:IN
Reuters	VOLT.NS
Sector	Consumer Durables
Face Value (INR)	1
Equity Capital (INR cr)	33.1
Mkt Cap (INR cr)	41,912
52w H/L (INR)	1,582/1,187
Avg Yearly Volume (in 000')	1,019.9

Shareholding Pattern %
(As on Jun, 2026)

Promoters	30.30
DII	38.93
FII	16.94
Public & Others	13.72

Stock Performance (%)	3m	6m	12m
VOLTAS	-0.4	-5.8	-2.1
NIFTY	2.1	0.6	-2.1

Voltas vs Nifty



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Voltas Ltd reported Q1FY27 revenue grew 18.7% YoY (-4.4% QoQ) to INR 4,674cr, above our estimates of INR 4,532cr, supported by UCP. Gross Profit stood at INR 1,023cr (+19% YoY/+1.6% QoQ), above our estimates of INR 991cr. Gross margins were flat YoY (+129 bps QoQ) at 21.9% in Q1FY27, despite ~10-12% cost inflation, supported by price hikes, cost takeout programs, and factory efficiencies. EBITDA stood at INR 266cr (+48.7% YoY/+20.3% QoQ), above our estimates of INR 217cr. EBITDA margin improved 115 bps YoY (+177 bps QoQ) to 5.7% in Q1FY27, supported by strong operating leverage and cost absorption, despite significant commodity headwinds. PAT stood at INR 213cr (+51.3% YoY/+87.6% YoY), in line with our estimates of INR 178cr, and PAT margin improved 98 bps YoY (+223 bps QoQ) to 4.6% in Q1FY27.

Key Highlights

Market leadership with scalable growth in RAC: The company is the market leader in RAC with a market share of 17.3% and widening its lead over the nearest competitor by 400bps. RAC volume growth of 45%, outpaced the industry's 20%-22% growth shows strong execution. The growth was driven by a refreshed AI-powered product portfolio, aggressive brand investments, and deep channel penetration into tier 2/3 markets. The milestone of selling 1mn RACs in just 81 days underscores the strength of its brand equity, distribution reach, and manufacturing readiness. With a 75:25 mix of in-house to OEM production and high capacity utilization at its Chennai and Pantnagar plants, the company is well-positioned to capture further market share as RAC penetration in India.

Strategic diversification and balanced portfolio through Voltas Beko: The company is transitioning into a home appliances and engineering solutions, reducing its dependence on the seasonal RAC business. The Voltas Beko JV is a key growth lever and gaining market share in washing machines (9.4%) and refrigerators (7.4%). The Engineering Products & Services delivered high double-digit growth in mining, construction, and textile machinery, while the Projects business maintains a robust domestic order book of INR 6,345cr. This diversified portfolio provides multiple revenue streams and balances the cyclicality of the consumer durables business.

Margin expansion through strategic investments: UCP margin improved to 5.3% (168bps YoY/+33bps QoQ) driven by cost absorption from uninterrupted factory operations, a cost-optimization program, and operating leverage from higher volumes. The company's aspiration to achieve 7-8% margins over the medium term is supported by strategic initiatives including the landmark 50:50 compressor JV with Atomberg (capacity of 2.8mn units) to secure supply chain and reduce import dependency, increasing localization, and ongoing product design improvements.

Outlook & Valuation: Voltas is focusing on consolidating its dominant 17.3% market share through product innovation, premiumization, and deeper channel penetration, while navigating the traditionally lean Q2 season. The Voltas Beko JV is expected to continue its strong growth trajectory, with EBITDA breakeven anticipated over the next few quarters despite near-term commodity headwinds. The landmark compressor JV with Atomberg, targeting 2.8mn units capacity and commercial production in 18 months, will secure long-term supply chain resilience and reduce import dependency. The Projects business will maintain selective order booking, with recovery in execution expected from Q3FY27E, while Engineering Products & Services will build on its high double-digit growth. Despite cost inflation, the margin improved through its cost-optimization programs, localization efforts, and strong liquidity. The company's aspiration to achieve 7-8% UCP margins over the medium term, backed by operating leverage and scale benefits. At CMP INR 1,267, we are upgrading to a "HOLD" (earlier "NEUTRAL") rating at a TP of INR 1,351 per share; valued based on SOTP; upside of 6.6%.

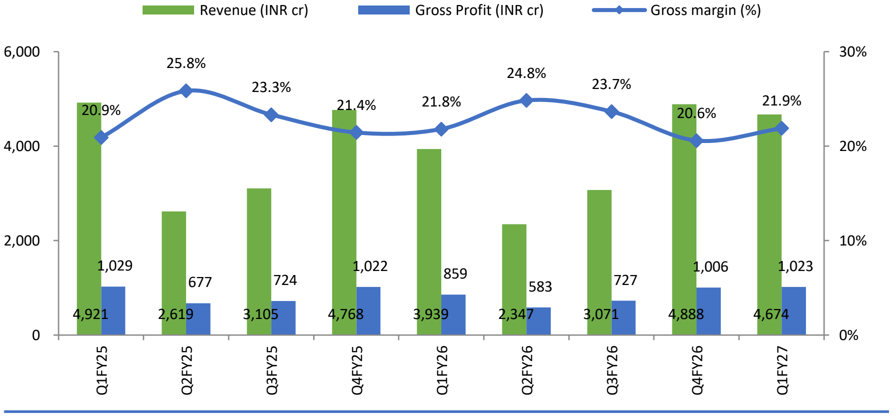
Q1FY27 Results

Exhibit 1: Income statement summary

Particular (INR cr)	Q1FY26	Q4FY26	Q1FY27	YoY (%)	QoQ (%)
Revenue	**3,939**	**4,888**	**4,674**	**18.7%**	**-4.4%**
Net Raw Materials	3,080	3,882	3,651	18.6%	-5.9%
Gross Profit	**859**	**1,006**	**1,023**	**19.0%**	**1.6%**
Gross Margin (%)	**21.8%**	**20.6%**	**21.9%**	**+7 bps**	**+129 bps**
Employee Cost	231	243	258	12.0%	6.4%
Other Expenses	450	543	499	10.9%	-8.1%
EBITDA	**179**	**221**	**266**	**48.7%**	**20.3%**
EBITDA Margin (%)	**4.5%**	**4.5%**	**5.7%**	**+115 bps**	**+117 bps**
Depreciation	18	21	21		
Interest expense	14	22	13		
Other income	82	43	91		
Exceptional Items	-	-	-		
Share of profits associate & JV	(26)	(36)	(37)		
Profit before tax	**203**	**185**	**285**	**40.8%**	**54.7%**
Taxes	62	71	73		
PAT	**141**	**113**	**213**	**51.3%**	**87.6%**
PAT Margin (%)	**3.6%**	**2.3%**	**4.6%**	**+98 bps**	**+223 bps**
EPS (INR)	**4.3**	**3.4**	**6.4**		

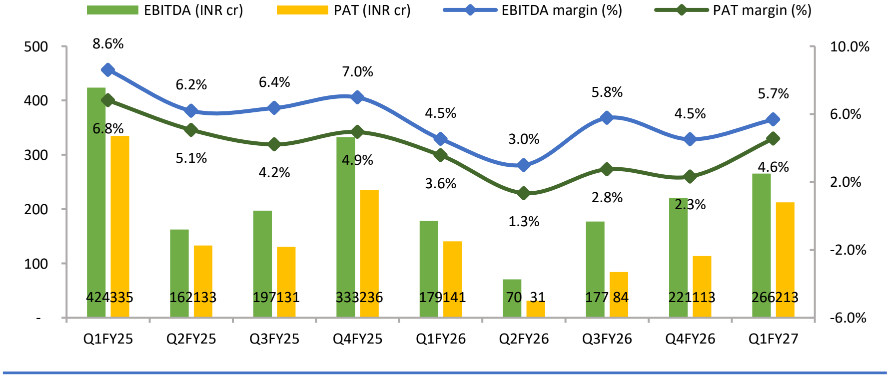
Source: Company Reports, Arihant Capital Research

Exhibit 2: Gross margins flat YoY (+129 bps QoQ) to 21.9% in Q1FY27, despite cost inflation of 10-12% from BEE table changes, commodities, rupee depreciation, and freight. The margin mitigated via progressive price increases, localized sourcing, and using lower-cost inventory.



Source: Company Reports, Arihant Capital Research

Exhibit 3: EBITDA margin improved by 115 bps YoY (+177 bps QoQ) to 5.7% in Q1FY27 due to strong operating leverage from higher volumes, cost takeout projects, and better fixed-cost absorption.



Source: Company Reports, Arihant Capital Research

Quarterly Results and Segments

Exhibit 4: Revenue growth driven by UCP segment (+32.3% YoY revenue growth, 45% YoY volume growth). Partially offset by muted performance in commercial refrigeration and softness in international projects execution.

Particular (INR cr)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Q1FY27	YoY (%)	QoQ (%)
Revenue	**4,921**	**2,619**	**3,105**	**4,768**	**3,939**	**2,347**	**3,071**	**4,888**	**4,674**	**18.7%**	**-4.4%**
Net Raw Materials	3,892	1,942	2,381	3,745	3,080	1,764	2,344	3,882	3,651	18.6%	-5.9%
Gross Profit	**1,029**	**677**	**724**	**1,022**	**859**	**583**	**727**	**1,006**	**1,023**	**19.04%**	**1.6%**
Gross Margin (%)	**20.9%**	**25.8%**	**23.3%**	**21.4%**	**21.8%**	**24.8%**	**23.7%**	**20.6%**	**21.9%**	**+7 bps**	**+129 bps**
Employee Cost	202	238	231	219	231	241	225	243	258	12.0%	6.4%
Other Expenses	403	277	296	471	450	272	325	543	499	10.9%	-8.1%
EBITDA	**424**	**162**	**197**	**333**	**179**	**70**	**177**	**221**	**266**	**48.7%**	**20.3%**
EBITDA Margin (%)	**8.6%**	**6.2%**	**6.4%**	**7.0%**	**4.5%**	**3.0%**	**5.8%**	**4.5%**	**5.7%**	**+115 bps**	**+117 bps**
Depreciation	13	16	18	14	18	24	21	21	21		
Interest expense	10	14	16	23	14	20	31	22	13		
Other income	80	105	59	80	82	65	49	43	91		
Exceptional Items	-	-	-	-	-	-	(26)	-	-		
Share of profits associate & JV	(29)	(32)	(32)	(32)	(26)	(37)	(32)	(36)	(37)		
Profit before tax	**452**	**205**	**191**	**343**	**203**	**54**	**116**	**185**	**285**	**40.8%**	**54.7%**
Taxes	117	73	60	107	62	23	31	71	73		
PAT	**335**	**133**	**131**	**236**	**141**	**31**	**84**	**113**	**213**	**51.3%**	**87.6%**
PAT Margin (%)	**6.8%**	**5.1%**	**4.2%**	**4.9%**	**3.6%**	**1.3%**	**2.8%**	**2.3%**	**4.6%**	**+98 bps**	**+223 bps**
EPS (INR)	**10.1**	**4.0**	**4.0**	**7.1**	**4.3**	**1.0**	**2.6**	**3.4**	**6.4**		

Source: Company Reports, Arihant Capital Research

Exhibit 5: In UCP, RAC volumes grew 45% YoY vs industry ~20-22% YoY; market share leadership widened to 17.3%. Margins improved 168bps YoY despite ~10-12% cost inflation, supported by price hikes, cost takeout programs, and factory efficiencies. Commercial refrigeration and air coolers were muted. In EMP, domestic projects saw strong momentum; international projects faced headwinds including cancellation of INR 433cr bank guarantees. The company focused on selective, fast-gestation projects in private sector. In EPS, Mining & Construction and Textile Machinery divisions delivered strong growth with focus on higher-margin aftermarket revenues.

Segment Revenue (INR cr)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Q1FY27	YoY (%)	QoQ (%)
Unitary Cooling Products	3,802	1,582	1,771	3,458	2,868	1,215	1,924	3,493	3,794	32.3%	8.6%
Electro Mechanical Projects and Services	949	880	1,190	1,138	922	966	974	1,190	672	-27.1%	-43.6%
Engineering Products and Services	161	147	130	132	135	139	157	168	159	17.3%	-5.7%
Integsegment revenue	(8)	(8)	(4)	-	-	(6)	(2)	(9)	(1)		
Revenue from operations	**4,904**	**2,601**	**3,087**	**4,728**	**3,925**	**2,314**	**3,053**	**4,844**	**4,623**	**17.8%**	**-4.5%**
Other operating income	17	18	18	40	26	33	18	44	50	90.9%	13.3%
Total Revenue	**4,921**	**2,619**	**3,105**	**4,768**	**3,951**	**2,347**	**3,071**	**4,888**	**4,674**	**18.3%**	**-4.4%**

Segment Revenue breakup (%)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Q1FY27	YoY (%)	QoQ (%)
Unitary Cooling Products	77.5%	60.8%	57.4%	73.1%	73.1%	52.5%	63.0%	72.1%	82.1%		
Electro Mechanical Projects and Services	19.4%	33.8%	38.6%	24.1%	23.5%	41.7%	31.9%	24.6%	14.5%		
Engineering Products and Services	3.3%	5.6%	4.2%	2.8%	3.5%	6.0%	5.1%	3.5%	3.4%		
Integsegment revenue	-0.2%	-0.3%	-0.1%	0.0%	0.0%	-0.3%	-0.1%	-0.2%	0.0%		
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**		

Segment EBIT (INR cr)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Q1FY27	YoY (%)	QoQ (%)
Unitary Cooling Products	327	116	104	345	104	(46)	73	174	202	93.2%	15.8%
Electro Mechanical Projects and Services	67	46	57	(2)	49	92	82	76	38	-23.3%	-50.1%
Engineering Products and Services	45	40	37	34	40	44	37	38	41	2.7%	9.5%
Total	**439**	**202**	**198**	**377**	**194**	**90**	**191**	**287**	**281**	**44.8%**	**-2.3%**

Segment EBIT Margin (%)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Q1FY27	YoY (%)	QoQ (%)
Unitary Cooling Products	8.6%	7.3%	5.9%	10.0%	3.6%	-3.8%	3.8%	5.0%	5.3%	+168 bps	+33 bps
Electro Mechanical Projects and Services	7.1%	5.2%	4.8%	-0.2%	5.3%	9.5%	8.4%	6.4%	5.6%	+28 bps	-73 bps
Engineering Products and Services	27.9%	27.0%	28.4%	25.8%	29.6%	31.6%	23.5%	22.3%	25.9%	-368 bps	+360 bps
Total	**9.0%**	**7.8%**	**6.4%**	**8.0%**	**4.9%**	**3.9%**	**6.3%**	**5.9%**	**6.1%**	**1.13%**	**0.14%**

Source: Company Reports, Arihant Capital Research

Q1FY27 Concall Highlights

Market Share
- The company maintained its leadership in the cooling segment and achieved 17.3% secondary market share in RAC, widening its lead over the nearest competitor to 400bps.

Margins
- The company achieved a UCP margin of 5.3% (+168 bps YoY/+33 bps QoQ) in Q1FY27, despite significant cost inflation of 10-12% YoY, driven by a BEE energy table change (5% for 3-star, 15% for 5-star, weighted average ~7%-8%), rising commodity prices, rupee depreciation, and increased freight costs (4%-5%).
- The company was able to pass on most of this inflation to the market.
- The margins were supported by strong cost absorption due to uninterrupted factory operations and higher sales volume.
- The management remain aspired to achieve 7%-8% margins for its UCP segment over the medium-long term, driven by scale, localization, and cost efficiencies.

UCP
- UCP segment driven by RAC business (+33% YoY). RAC volume grew 45% YoY, which is higher than industry growth of 20%-22%. The volume growth was supported by a sharpened brand and marketing strategy, including the "True 1.5 Ton" campaign, etc. The refreshed product portfolio was led by the AI-powered Vertis Split AC series featuring AI Adaptive Cooling, Geo Fencing, and an Energy Manager.
- The company achieved a significant milestone by selling 1mn RACs in just 81 days, demonstrating strong brand equity, distribution reach, and execution capabilities.
- The product mix between self-manufactured and OEM for split ACs is ~75:25.

Voltas Beko
- Voltas Beko outgrew the industry in terms of revenue and volumes, supported by a sharper product and premiumization strategy, expanded retail footprint, and deeper channel penetration.
- The washing machine market share stood at 9.4% and 7.4% in refrigerators.
- The company is maintaining 2nd position in the semi-automatic machine category with a market share of 15.6%.
- EBITDA breakeven was initially planned in FY27E, however pushed back by a few quarters due to commodity inflation and currency depreciation stemming from the West Asia crisis.

Q1FY27 Concall Highlights

EMP

- The order book stood at INR 63.45bn.
- The domestic projects business maintained strong order momentum, securing strategic wins in industrial infrastructure, electronics manufacturing, metro projects, and data centers.
- The international projects business faced challenges, including the cancellation of bank guarantees of INR 433cr due to geopolitical tensions in the Middle East.
- The company is focusing on selective pursuit of opportunities, tight project controls, and disciplined risk management.
- Q2FY27E may remain soft; a recovery is expected in Q3FY27E and Q4FY27E.

Engineering Products and Services

- The Mining and Construction Equipment division improved due to sustained demand for crushing and screening equipment and stable operations from Mozambique.
- The Textile Machinery division delivered double-digit growth despite a challenging environment, with early signs of a gradual revival in order booking levels.
- The company is focusing on strengthening its higher-margin aftermarket and service annuity businesses.

Compressor JV

- The company entered a binding term sheet with Atomberg Innovation for a 50:50 JV to manufacture high-efficiency RAC compressors in India.
- The proposed plant will have an initial capacity of 2.8 mn compressors to secure the supply chain, reduce import dependency, and mitigate risks associated with QCO restrictions.
- The JV leverages Atomberg's expertise in motor technology, a critical component of compressors.
- Commercial production is expected to commence in 18 months, with the majority of the capex likely to occur in FY28E & FY29E.
- The JV is expected to be cost-competitive with imports and strategic move to ensure long-term supply security rather than a short-term cost-saving initiative.

Channel Inventory and Demand

- Channel inventory maintained at 4 weeks, consistent with historical levels.
- The demand for cooling products remained steady, supported by the summer season, increased penetration, and expanding demand across tier 2 and tier 3 markets.
- RAC penetration in rural and semi-urban markets remains relatively low, presenting significant growth opportunities.

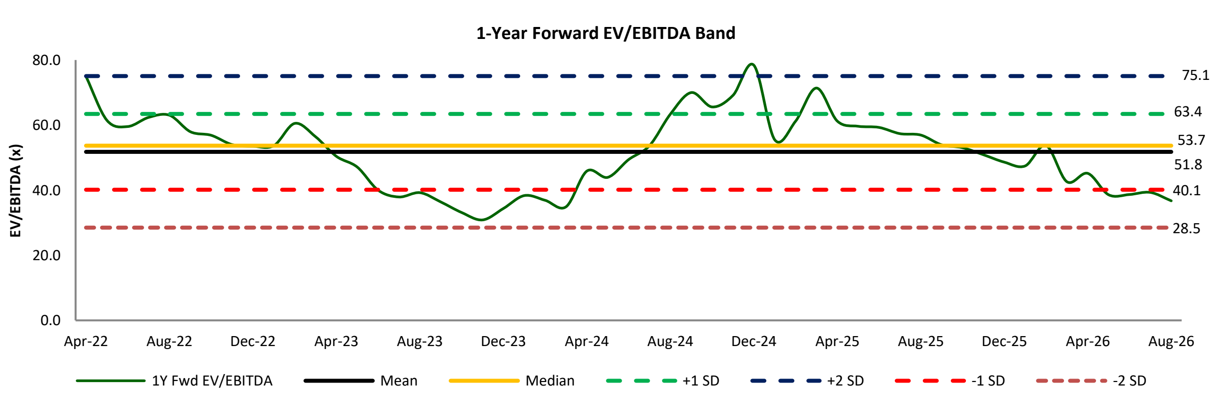
Outlook & Valuation: **Voltas is focusing on consolidating its dominant 17.3% market share through product innovation, premiumization, and deeper channel penetration, while navigating the traditionally lean Q2 season. The Voltas Beko JV is expected to continue its strong growth trajectory, with EBITDA breakeven anticipated over the next few quarters despite near-term commodity headwinds. The landmark compressor JV with Atomberg, targeting 2.8mn units capacity and commercial production in 18 months, will secure long-term supply chain resilience and reduce import dependency. The Projects business will maintain selective order booking, with recovery in execution expected from Q3FY27E, while Engineering Products & Services will build on its high double-digit growth. Despite cost inflation, the margin improved through its cost-optimization programs, localization efforts, and strong liquidity. The company's aspiration to achieve 7-8% UCP margins over the medium term, backed by operating leverage and scale benefits. At CMP INR 1,267, we are upgrading to a "HOLD" (earlier "NEUTRAL") rating at a TP of INR 1,351 per share; valued based on SOTP; upside of 6.6%.**

Exhibit 6: Voltas FY29E based implied valuation

Particular (INR cr)	Electro Mechanical Projects	Engineering Products and Services	Unitary Cooling Products	Overall
FY29E EBITDA (INR cr)	407	247	1,322	
EV/EBITDA (x)	10.0x	10.0x	30.0x	
EV (INR cr)	4,068	2,469	39,650	46,188
Net Debt/(cash) (INR cr) - FY29 end				1,507
Market Cap (INR cr)				44,681
Share outstanding (cr)				33
Value per share (INR)				**1,351**
CMP (INR)				**1,267**
Upside/Downside (%)				**6.6%**
Rating				**HOLD**

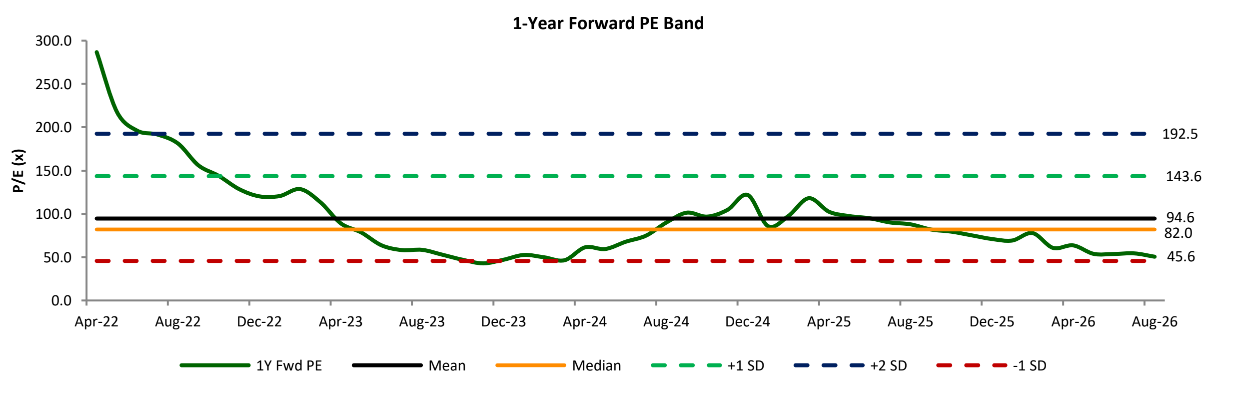
Source: Company Reports, Arihant Capital Research

Exhibit 7: 1-year forward EV/EBITDA



Source: Arihant Capital Research

Exhibit 8: 1-year forward PE



Source: Arihant Capital Research

Sensitivity Analysis

Exhibit 9: Changes in revenue & EBITDA margin impact on PAT & EPS.

FY29E PAT (INR cr)

Revenue (INR cr)	EBITDA Margin (%)						
1,265	6.5%	7.0%	7.5%	8.0%	8.5%	9.0%	9.5%
21,000	1,034	1,112	1,189	1,267	1,344	1,422	1,499
22,000	1,082	1,164	1,245	1,326	1,407	1,488	1,570
23,000	1,130	1,215	1,300	1,385	1,470	1,555	1,640
24,000	1,178	1,267	1,356	1,444	1,533	1,621	1,710
25,000	1,226	1,319	1,411	1,503	1,595	1,688	1,780
26,000	1,274	1,370	1,466	1,562	1,658	1,754	1,850
27,000	1,322	1,422	1,522	1,621	1,721	1,820	1,920

FY29E EPS (INR)

Revenue (INR cr)	EBITDA Margin (%)						
38.2	6.5%	7.0%	7.5%	8.0%	8.5%	9.0%	9.5%
21,000	31.3	33.6	36.0	38.3	40.6	43.0	45.3
22,000	32.7	35.2	37.6	40.1	42.5	45.0	47.4
23,000	34.2	36.7	39.3	41.9	44.4	47.0	49.6
24,000	35.6	38.3	41.0	43.7	46.3	49.0	51.7
25,000	37.1	39.9	42.7	45.4	48.2	51.0	53.8
26,000	38.5	41.4	44.3	47.2	50.1	53.0	55.9
27,000	40.0	43.0	46.0	49.0	52.0	55.0	58.0

Source: Company Reports, Arihant Capital Research

Exhibit 10: Changes in PE & EPS impact on TP and EBITDA & EV/EBITDA impact on TP.

FY29E Target Price (INR)

EPS (INR)	PE (x)						
	25.0x	30.0x	35.0x	40.0x	45.0x	50.0x	55.0x
34.0	850	1,020	1,190	1,360	1,530	1,700	1,870
36.0	900	1,080	1,260	1,440	1,620	1,800	1,980
38.0	950	1,140	1,330	1,520	1,710	1,900	2,090
40.0	1,000	1,200	1,400	1,600	1,800	2,000	2,200
42.0	1,050	1,260	1,470	1,680	1,890	2,100	2,310
44.0	1,100	1,320	1,540	1,760	1,980	2,200	2,420
46.0	1,150	1,380	1,610	1,840	2,070	2,300	2,530

FY29E Target Price (INR)

EBITDA (INR cr)	EV/EBITDA (x)						
	20.0x	25.0x	30.0x	35.0x	40.0x	45.0x	50.0x
1,400	894	1,106	1,317	1,529	1,741	1,952	2,164
1,500	955	1,181	1,408	1,635	1,862	2,088	2,315
1,600	1,015	1,257	1,499	1,741	1,982	2,224	2,466
1,700	1,076	1,333	1,589	1,846	2,103	2,360	2,617
1,800	1,136	1,408	1,680	1,952	2,224	2,496	2,768
1,900	1,196	1,484	1,771	2,058	2,345	2,632	2,920
2,000	1,257	1,559	1,862	2,164	2,466	2,768	3,071

Source: Company Reports, Arihant Capital Research

Financial Statements

Income statement summary

Y/e 31 Mar (INR cr)	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Revenue	**9,499**	**12,481**	**15,413**	**14,245**	**16,820**	**19,796**	**23,029**
Net Raw Materials	7,378	9,814	11,960	11,070	13,044	15,312	17,790
Employee Cost	667	779	890	939	1,068	1,237	1,417
Other Expenses	881	1,414	1,446	1,589	1,659	1,894	2,145
EBITDA	**572**	**475**	**1,116**	**647**	**1,048**	**1,353**	**1,677**
EBITDA Margin (%)	**6.0%**	**3.8%**	**7.2%**	**4.5%**	**6.2%**	**6.8%**	**7.3%**
Depreciation	(40)	(48)	(62)	(84)	(98)	(116)	(134)
Interest expense	(30)	(56)	(62)	(87)	(96)	(105)	(117)
Other income	168	253	324	238	242	277	313
Exceptional Items	(244)	-	-	(26)	-	-	-
Share of profits associate & JV	(121)	(139)	(126)	(131)	(120)	(82)	(26)
Profit before tax	**307**	**486**	**1,191**	**557**	**976**	**1,327**	**1,714**
Taxes	(171)	(238)	(356)	(187)	(254)	(348)	(449)
PAT	**136**	**248**	**834**	**370**	**722**	**980**	**1,265**
PAT Margin (%)	**1.4%**	**2.0%**	**5.4%**	**2.6%**	**4.3%**	**4.9%**	**5.5%**
EPS (INR)	4.1	7.5	25.2	11.2	21.8	29.6	38.2

Source: Company Reports, Arihant Capital Research

Balance sheet summary

Y/e 31 Mar (INR cr)	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Equity capital	33	33	33	33	33	33	33
Reserves	5,419	5,787	6,480	6,343	6,824	7,475	8,316
Net worth	**5,452**	**5,821**	**6,513**	**6,376**	**6,857**	**7,508**	**8,349**
Minority Interest	42	34	27	23	23	23	23
Provisions	258	310	335	388	106	125	145
Debt	1,288	982	1,298	1,503	1,603	1,783	1,983
Other non-current liabilities	9	69	69	24	50	59	69
Total Liabilities	**7,049**	**7,215**	**8,243**	**8,314**	**8,639**	**9,498**	**10,570**
Fixed assets	361	390	820	935	1,109	1,294	1,470
Capital Work In Progress	98	368	82	22	51	60	69
Other Intangible assets	6	6	3	4	4	4	4
Goodwill	72	72	72	72	72	72	72
Investments	3,123	3,324	3,126	2,976	3,028	3,464	3,915
Other non current assets	172	152	170	171	202	238	276
Net working capital	**1,848**	**907**	**2,049**	**2,612**	**2,724**	**2,793**	**2,977**
Inventories	1,592	2,135	2,715	3,433	3,502	3,901	4,387
Sundry debtors	2,192	2,533	2,511	3,035	3,134	3,580	4,038
Loans & Advances	1	1	1	1	5	6	7
Other current assets	1,294	1,059	1,731	2,338	1,843	1,898	1,893
Sundry creditors	(3,013)	(3,856)	(3,893)	(5,228)	(4,667)	(5,306)	(5,850)
Other current liabilities & Prov	(218)	(965)	(1,017)	(968)	(1,093)	(1,287)	(1,497)
Cash	708	852	678	781	441	386	404
Other Financial Assets	660	1,144	1,241	741	1,009	1,188	1,382
Total Assets	**7,049**	**7,215**	**8,243**	**8,314**	**8,639**	**9,498**	**10,570**

Source: Company Reports, Arihant Capital Research

Du-Pont Analysis

Y/e 31 Mar	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Tax burden (x)	0.4	0.5	0.7	0.7	0.7	0.7	0.7
Interest burden (x)	0.6	1.1	1.1	1.0	1.0	1.1	1.1
EBIT margin (x)	0.1	0.0	0.1	0.0	0.1	0.1	0.1
Asset turnover (x)	1.6	1.8	1.9	1.5	1.6	1.8	1.9
Financial leverage (x)	1.1	1.2	1.3	1.5	1.6	1.5	1.5
RoE (%)	**2%**	**4%**	**14%**	**6%**	**11%**	**13.6%**	**16.0%**

Financial Statements

Cashflow summary

Y/e 31 Mar (INR cr)	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Profit before tax	307	486	1,191	557	976	1,327	1,714
Depreciation	40	48	62	84	98	116	134
Tax paid	(171)	(238)	(356)	(187)	(254)	(348)	(449)
Working capital Δ	(500)	941	(1,142)	(562)	(113)	(69)	(185)
Operating cashflow	**(324)**	**1,236**	**(246)**	**(108)**	**708**	**1,027**	**1,214**
Capital expenditure	(209)	(346)	(206)	(139)	(301)	(310)	(319)
Free cash flow	**(533)**	**890**	**(452)**	**(248)**	**407**	**717**	**895**
Equity raised	(1)	264	40	(275)	-	(0)	(0)
Investments	216	(201)	198	150	(52)	(437)	(451)
Others	(157)	(463)	(114)	499	(298)	(214)	(233)
Debt financing/disposal	812	(314)	310	201	100	180	200
Dividends paid	(183)	(143)	(182)	(232)	(242)	(328)	(424)
Other items	(17)	112	25	8	(256)	28	30
Net Δ in cash	**137**	**144**	**(174)**	**103**	**(340)**	**(54)**	**18**
Opening Cash Flow	**572**	**708**	**852**	**678**	**781**	**441**	**386**
Closing Cash Flow	**708**	**852**	**678**	**781**	**441**	**386**	**404**

Source: Company Reports, Arihant Capital Research

Ratio analysis

Y/e 31 Mar	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Growth matrix (%)							
Revenue growth	19.7%	31.4%	23.5%	-7.6%	18.1%	17.7%	16.3%
Op profit growth	-16.0%	-17.1%	135.2%	-42.0%	62.1%	29.0%	24.0%
Profitability ratios (%)							
OPM	6.0%	3.8%	7.2%	4.5%	6.2%	6.8%	7.3%
Net profit margin	1.4%	2.0%	5.4%	2.6%	4.3%	4.9%	5.5%
RoCE	4.7%	4.9%	12.7%	6.5%	10.5%	12.4%	13.8%
RoNW	2.5%	4.4%	13.5%	5.7%	10.9%	13.6%	16.0%
RoA	1.9%	3.4%	10.1%	4.5%	8.4%	10.3%	12.0%
Per share ratios (INR)							
EPS	3.0	15.2	26.2	2.8	21.8	29.6	38.2
Dividend per share	5.5	4.3	5.5	7.0	7.3	9.9	12.8
Cash EPS	5.3	8.9	27.1	13.7	24.8	33.1	42.3
Book value per share	164.8	176.0	196.9	192.8	207.3	227.0	252.4
Valuation ratios (x)							
P/E	428.5	83.3	48.3	460.2	58.0	42.8	33.1
P/CEPS	238.4	141.7	46.8	92.3	51.1	38.3	30.0
P/B	7.7	7.2	6.4	6.6	6.1	5.6	5.0
EV/EBITDA	74.2	88.6	38.1	65.9	41.1	32.0	25.9
Payout (%)							
Dividend payout	134.2%	57.7%	21.8%	62.7%	33.5%	33.5%	33.5%
Tax payout	55.6%	48.9%	29.9%	33.6%	26.0%	26.2%	26.2%
Liquidity ratios							
Debtor days	83	69	60	71	67	62	60
Inventory days	80	69	74	101	97	88	85
Creditor days	122	104	99	122	114	99	95
WC Days	41	34	35	50	49	51	50
Leverage ratios (x)							
Interest coverage	18.0	7.6	17.0	6.5	9.9	11.8	13.2
Net debt / equity	0.1	0.0	0.1	0.1	0.2	0.2	0.2
Net debt / op. profit	1.0	0.3	0.6	1.1	1.1	1.0	0.9

Source: Company Reports, Arihant Capital Research

Story in Charts

Exhibit 11: Revenue is expected to grow at a CAGR of 17.4% over the period of FY26-29E.

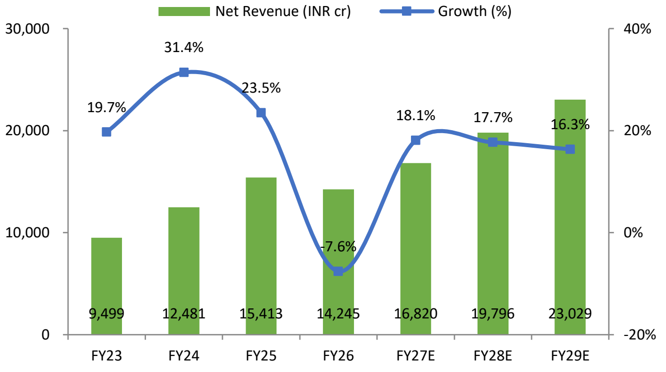


Exhibit 12: Stabilising raw material prices will improve gross margins.

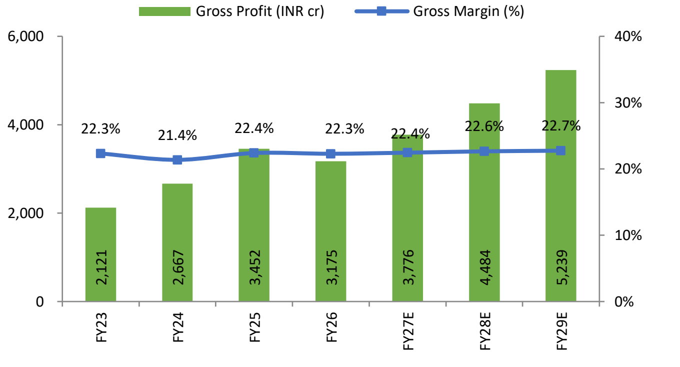


Exhibit 13: EBITDA and PAT margin is expected to improve from FY27E onwards.

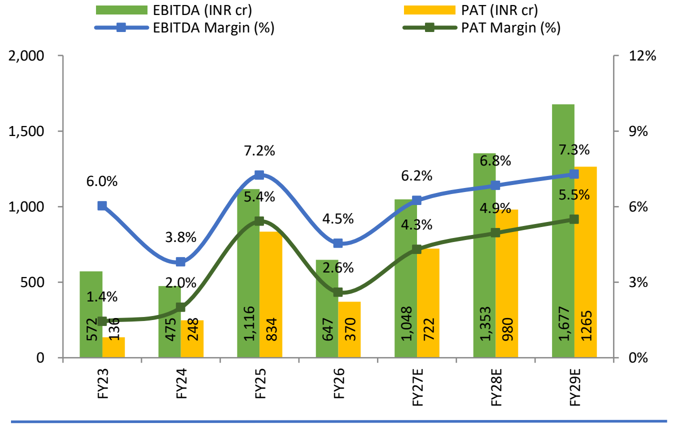


Exhibit 14: Return ratios is expected to improve from FY27E onwards.

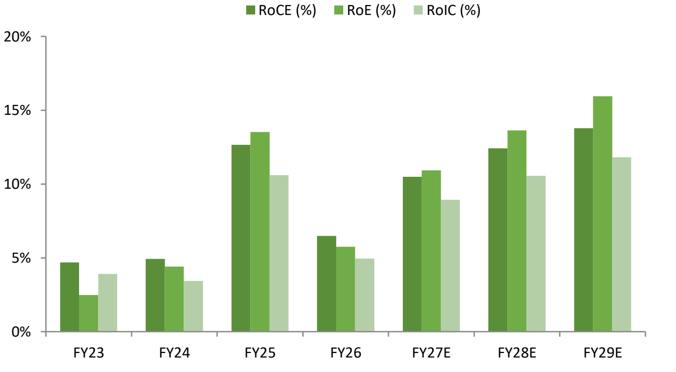


Exhibit 15: Working capital days to be improve

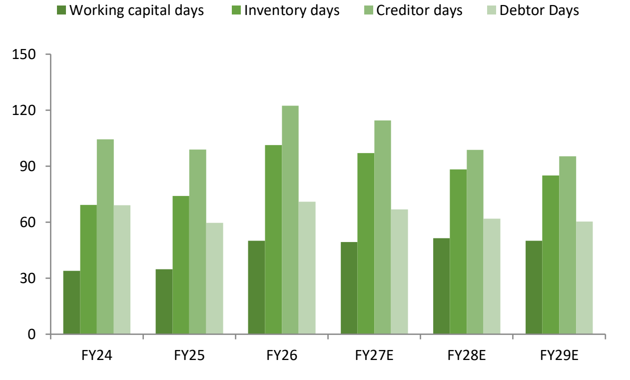
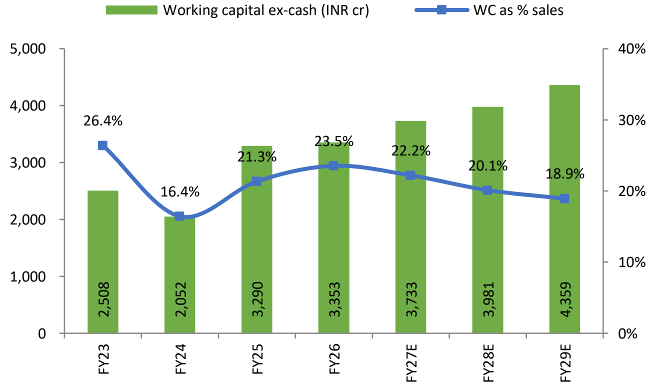


Exhibit 16: Working capital as % of sales is expected to reduce from FY27E onwards.



Source: Company Reports, Arihant Capital Research

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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