

30th January, 2025

BSE Limited
Department of Corporate Services
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai 400 001
Scrip Code: 500575

National Stock Exchange of India Limited
Listing Department
Exchange Plaza
Bandra-Kurla Complex
Bandra (East), Mumbai 400 051
NSE Symbol: VOLTAS

Re: Q3 FY25 Results Conference Call

Dear Sirs,

Further to our letter dated 27th January, 2025 and pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the document titled 'Analysis of Results – Quarter and Nine Months Ended 31 December 2024' to be used for the Q3 FY25 Results Conference Call scheduled today, i.e., 30th January, 2025 at 4:00 p.m.

Kindly take the same on record.

Thanking you,

Yours faithfully,
For **VOLTAS LIMITED**

Ratnesh Rukhariyar
Company Secretary and Compliance Officer

Encl.

VOLTAS LIMITED

Corporate Management Office

Registered Office Voltas House 'A' Dr Babasaheb Ambedkar Road Chinchpokli Mumbai 400 033 India

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Corporate Identity Number L29308MH1954PLC009371

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ANALYSIS OF RESULTS

QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2024

From October to December 2024, the global economy experienced stable but subdued growth, with a projected annual growth rate of 3.1%. The United States saw upgrades in its economic forecast, other advanced economies, particularly in Europe, faced downgrades due to geopolitical tensions and financial market volatility. In India, the economy continued to grow, driven by strong performance in the services and agricultural sectors. However, inflationary pressures, particularly in food prices, posed challenges, leading to a cautious monetary policy stance by the Reserve Bank of India. Despite global uncertainties, India's economic fundamentals remain strong, positioning it as a key player in the global economic landscape.

October to December period is traditionally a lean period for cooling products. Demand during this period is primarily driven by festive season or a second summer in the country. In this backdrop, during the quarter ended 31st December 2024, the Consolidated Total Income grew by 18%, aggregating ₹ 3,164 crores, compared to Rs. 2,684 crores in the same quarter last year. Profit before tax (PBT) soared by 699%, to ₹191 crores from ₹24 crores. Net Profit (after tax) also saw a substantial increase, climbing to ₹131 crores from an after-tax loss of ₹28 crores in the corresponding quarter last year. Earnings per Share (Face Value per share of Re. 1) (not annualized) for the quarter ended 31 December 2024 was at ₹3.99 compared to ₹(0.92) last year.

The Company performance for nine months continues to remain robust. The company reported a 28% increase in Consolidated Total Income, reaching ₹10,890 crores, up from ₹8,477 crores in the same period last year. Profit before tax surged by 172%, hitting ₹848 crores compared to ₹312 crores previously. Net Profit (after tax) also experience a significant rise at ₹599 crores, up from ₹137 crores in the corresponding nine months of last year. This marks the highest ever nine-month profit in the company's history. Earnings per share (face value per share of Re. 1) for the nine months ended 31st December 2024, was ₹18.14, compared to ₹4.10 in the same period the previous year.

A snapshot of our results for this quarter and for the financial year is presented herewith: -

Segment reporting (₹Crores)	Q3 FY25	Q3 FY24	% to Total Revenue	
			Q3 FY25	Q3 FY24
1. Revenue				
Segment A : Unitary Cooling	1771	1476	57%	56%
Segment B : Eng. Projects	1190	982	39%	38%
Segment C : Eng. Products	130	155	4%	6%
Less : Inter segment revenue	4			
Income from Operations	3087	2612	100%	100%

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2. Profit / (loss) before exceptional items and tax

Segment A : Unitary Cooling	104	123
Segment B : Eng. Projects	57	(120)
Segment C : Eng. Products	37	50
Unallocated	(7)	(29)
Profit before Tax	191	24

Results to Revenue	
6%	8%
5%	-12%
28%	32%
6%	1%

Segment reporting (₹ Crores)	FY25	FY24
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1. Revenue

Segment A : Unitary Cooling	7155	5198
Segment B : Eng. Projects	3019	2585
Segment C : Eng. Products	437	432
Less : Inter segment revenue	20	
Income from Operations	10592	8215

% to Total Revenue	
FY25	FY24

68%	63%
29%	31%
4%	5%
100%	100%

2. Profit / (loss) before exceptional items and tax

Segment A : Unitary Cooling	548	423
Segment B : Eng. Projects	170	(221)
Segment C : Eng. Products	121	158
Unallocated	8	(48)
Profit before Tax	848	312

Results to Revenue	
8%	8%
6%	-9%
28%	37%
8%	4%

Segment A – Unitary Cooling Products (UCP)

Considering the seasonality of the cooling products business, the Segment has given strong performance reporting both volume and revenue growth, despite a shorter festive window due to two major festivals falling in a single month. The Segment reported a revenue growth of 20% and 42% compared with Q3 FY24 and 9m FY24, respectively.

An anticipated strong summer demand and support from our In-shop demonstrators (ISD) helped us achieve better performance for all products with the room air-conditioner category experiencing good demand. Both window and split air conditioners saw reasonable growth during the quarter. Voltas continues to remain the market leader in both Split and Window Air-conditioners, recording an exit market share of 20.5% as of December 2024.

The commercial refrigeration (CR) segment faced some headwinds. While all the CR product categories reported moderate growth, sales push to liquidate inventory and challenges in the market—stemming from reduced capital expenditures by customers—have led to a decline in margins during the year and the quarter. Growth in the current quarter was driven by higher sales in Visi coolers, Combo and glass top freezers. Our product portfolio especially for cold room is garnering attention with a healthy pipeline of orders. With a slowdown during the year, ramp-up of production in our new factory remained low, the impact of which added to our cost.



However, with fresh orders in pipeline for our CR products, we envisage favorable outcome from this category in next few months.

Like air conditioners, the air cooler segment also witnessed a strong quarter, inspite of low season. Quantity tie-ups with distributors & sub dealer scheme for season supported placement of both Air cooler and Water heaters. Market share in the Air cooler category was reported at 11.1% exit September, positioning Voltas as the No. 2 brand in September 2024. In the water heater segment, partnerships with distributors and sub-dealers have also contributed to strong performance.

The commercial air conditioning (CAC) vertical recorded constant steady performance during the quarter, driven by sales of VRF and ducted ACs. The higher volume of margin-accretive product sales, value engineering initiatives, and the current mix of AMC jobs have positively impacted our bottom line. With a positive conversion of product sales to AMC jobs and high order pipeline of retrofit jobs, the vertical is expected to continuously deliver consistent growth in the business.

Elevated commodity prices and a steep depreciation of USD-INR exchange rate had an impact on profitability. Our planned consistent investments in BTL advertising costs continue to deliver anticipated results. Consumer-centric financing schemes significantly contributed to sales growth this season. Simultaneously, various value engineering initiatives and cost control measures have contributed to stable margins.

In conclusion, UPBG Segment Revenue for the nine-month period grew by a remarkable 38%, reaching ₹7,155 crores, up from ₹5,198 crores in the same period last year. Segment Result also saw a significant increase of 30%, amounting to ₹548 crores compared to ₹423 crores in the corresponding nine months of the previous year. For the quarter ending December 2024, Segment Revenue grew by 20%, totaling ₹1,771 crores, compared to ₹1,476 crores in the same quarter last year. Segment Result for the quarter was ₹104 crores against ₹123 crores in the corresponding quarter last year.

Our newly established Air Conditioner facility in Chennai, continues to ramp up as planned and is gearing up for the season and we anticipate operational efficiency to boost our business in coming months.

Segment B – Electro-Mechanical Projects and Services

The segment revenue for the quarter was ₹1190 crores, compared to ₹982 crores in the previous year's corresponding quarter. The segment result for the quarter stood at a positive ₹57 crores, a significant improvement from a loss of ₹120 crores during the same period last year. Over the nine-month period, segment revenue increased by 17%, reaching ₹3,019 crores, compared to ₹2,585 crores in the same timeframe last year. The segment result for the nine months was a strong , amounting to ₹170 crores, a substantial turnaround from a loss of ₹221 crores last year, primarily due to provisions made on receivables in last corresponding period.

During the current quarter, project execution across verticals and geographies was sturdy. Focus on completion certification and various project management initiatives continues to boost bottom-line growth. The Domestic Projects continue to expand their order book and maintain a

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positive outlook. For the domestic project segment, we secured an order of ₹1,438 crores during nine months, with the current order book standing at ₹4,862 crores.

In the international projects sector, operations in the UAE and Saudi Arabia continued to perform well, contributing positively to both revenue and profits.

We continue to remain vigilant towards collections as part of our approach to do the business. As of 31st December 2024, the carry-forward order book for international business stood at ₹1,956 crores, predominantly in the UAE and Saudi regions. The total carried forward order book for the segment was ₹6,818 crores as of the same date.

Segment C – Engineering Products and Services

For the segment, the revenue increased to ₹437 crores from ₹431 crores the previous year, segment results were ₹121 crores against ₹158 crores during the same period last year. For the quarter, segment revenue was ₹130 crores compared to ₹155 crores in the corresponding quarter last year. The segment result for the quarter was ₹37 crores, down from ₹50 crores the previous year.

The mining and construction vertical showed positive momentum on the top line, ensuring continuity in operations and maintenance jobs, as well as sales of power screen machines. However, revenue mix and challenges in job renewals at healthy margins limited the ability to translate top-line growth into bottom line growth. Extended and certain new contracts in Mozambique continue to provide strong and optimal performance from the vertical.

Fluctuations in cotton and yarn exports, low off-take in capital expenditure across the sector continued an underperformance for the industry and resulted in a revenue decline for the vertical. Demand and margins for our agency business remained under pressure through the year. However, our after-sales and post-spinning business showed positive performance.

Voltas Beko

Voltbek Home Appliances Private Limited, our international JV, continued to outshine with a consistent growth month-over-month. During the current period ended the industry reported only a single digit growth in washing machine and a negligible growth in Refrigerators. However, performance of products across Voltbek remained remarkable. Business reported a volume growth of 59% in the quarter and 56% in the nine months of the financial year. Steady and a robust growth resulted in an improvement in market share across categories, with the latter surpassing the 10% mark during the quarter. This growth was further complemented by a significant increase in market share during the quarter. As of YTD November 2024, our market share improved to 8.3% for washing machines and 5.1% for refrigerators. We are further delighted to share that our performance in semi-automatic washing machines superseded our expectation and has become second largest player in the product category with an exit market share of 16.7%. Further, as per third party report, our dishwasher category also has been recognized as a market leader in this category in E-commerce.

Leaning on our manufacturing prowess, we endeavor to localize all refrigerator manufacturing in India and become a fully Made-in-India brand. With a premiumization of technology across all

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product categories we would be able to drive the growth ahead. Our washing machine category, with a wide range of products, categories and SKUs would help us increase our market share towards our goals and targets.

In terms of profitability, increased volume, and various value engineering measures helped us improve our margins and minimise losses. Voltbek continues to work towards minimizing loss per unit, aiming for EBITDA breakeven in the near future.

Voltbek remains committed to enhancing its market presence across various product categories through customized market penetration strategies and growth initiatives. These efforts include expanding distribution reach, adopting channel-specific tactics to enhance market presence in key regions, and maintaining a strong focus on boosting e-commerce and omnichannel development. Our JV has also initiated engagements with Quick commerce platforms, which will aid to the growth for our products. On the cost front, localizing production for a larger portion of its product portfolio, implementing product efficiencies, value engineering, and optimizing the product mix have contributed to a positive outlook for the company.

Outlook

With the summers around the corner, we remain optimistic and expect robust demand for all our product categories, and we hope that the demand will remain strong and positive consumer sentiments will further support volume. The various strategic initiatives and new product launches planned for the season across categories will help us further improve our performance in the market and shall support us in strengthening market share in a more sustainable and profitable manner. Optimisation of our manufacturing facilities and cost efficiencies will remain key driver of profitability during the ensuing period.

For project business, we will continue to remain diligent and cautious for tendering the jobs.

During the year, as informed earlier, as a part of internal restructuring, Company's direct investment in existing subsidiaries is being transferred to a step down wholly owned subsidiary of the Company. Post transfer of these investments, the economic interest of the Company in the aforesaid overseas subsidiary companies continue to remain intact.

We will continue to monitor the market cautiously and are optimistic in our performance across all businesses we operate in.

Cautionary Statement:

Statements in this release describing the Company's objectives, projections, estimates and expectations may be forward-looking statements within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and other incidental factors.

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