

March 31, 2026

## Voltas Limited: Ratings reaffirmed; Rated amount enhanced

### Summary of rating action

Instrument*	Current Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action <sup>1</sup>
Long term / Short term, fund based and non fund based limits	2,666.15	3,066.15	[ICRA]AA+ (Stable)/ [ICRA]A1+; reaffirmed/assigned for enhanced amount
Long term / Short term, Unallocated	333.85	433.85	[ICRA]AA+ (Stable)/ [ICRA]A1+; reaffirmed/assigned for enhanced amount
Long term- Fund based-Term loans	500.00	500.00	[ICRA]AA+ (Stable); reaffirmed
<b>Total</b>	<b>3,500.00</b>	<b>4,000.00</b>	

\*Instrument details are provided in Annexure-I

### Rationale

ICRA has taken a consolidated view of Voltas Limited (Voltas) along with its 100% subsidiary, Universal MEP Projects & Engineering Services Limited (UMPESL), given that UMPESL is an integral entity for Voltas. The domestic projects segment and the engineering products business segment (comprising the textile machinery and mining equipment segments) are housed under UMPESL, aimed at bringing greater focus to the projects business, which accounted for 18% of the consolidated revenues of Voltas in FY2025. Further, ICRA expects the linkages between Voltas and UMPESL to remain strong across various dimensions, including business ties, financial aspects, and management support, thereby reinforcing the application of the consolidated view approach.

Further, for arriving at the ratings, ICRA has considered the consolidated financials of Voltas, including full consolidation<sup>2</sup> of its joint venture (JV) – Voltas Beko Home Appliances Private Limited (Voltbeko), as against the earlier approach of consolidating Voltbeko using the equity method. This change reflects the continued financial support being extended by Voltas, along with its JV partner, to Voltbeko to fund its losses and working capital requirements, contrary to earlier expectations of no support premised on the JV achieving EBITDA breakeven. Going forward, Voltas, along with its JV partner, is expected to continue to support Voltbeko towards its growth plans and for funding any cash flow mismatches.

The ratings reaffirmation considers Voltas' strong credit profile and the expectation of its continuation, supported by its established market position in the domestic RAC segment and a strong business risk profile across consumer and projects divisions. Being a part of the Tata Group, Voltas continues to enjoy strong financial flexibility, complemented by professional management and prudent financial policies. The ratings remain underpinned by Voltas' leadership position in the domestic unitary products business group (UPBG), a strong execution track record in the projects business, and a robust financial profile marked by its large scale of operations, healthy return and debt protection metrics, and superior liquidity position. Voltas' revenues from operations grew by 23.5% in FY2025 on a YoY basis, led by healthy demand in the room air-conditioning (RAC) segment with revenue growth of 30% and healthy order execution in the projects business, which increased by 13% in FY2025. However, in 9M FY2026, the company reported a revenue decline of 12.1% YoY owing to challenges faced in the UPBG segment due to weak retail demand, mainly caused by weak summers and an early monsoon in Q1 FY2026, which shortened the peak

<sup>1</sup> Complete definitions of the ratings assigned are available at [www.icra.in](http://www.icra.in).

<sup>2</sup> For analytical purpose, ICRA has made certain adjustments to the consolidated financials of Voltas, specifically line-by-line consolidating Voltbeko with Voltas. This document, however, presents the consolidated financials of Voltas, as reported by the company, whereby Voltbeko is consolidated with Voltas as per the equity method of consolidation.

selling season for air conditioners and related products. The decline was also on account of the high base of 9M FY2025, when Voltas' UPBG segment witnessed 38% YoY revenue growth amid an intense summer season. The electromechanical projects and services (EMPS) segment also witnessed a revenue decline of 5.2% in 9M FY2026 on a YoY basis, due to the company's cautious approach towards fresh order intake, with a selective bidding strategy being followed. Overall, the company is expected to register mid-single-digit revenue growth in FY2027, largely driven by healthy sales from the UPBG segment, supported by a favourable summer season, calibrated price increases, and a low base effect. Additionally, revenue growth in the near term is expected to be supported by a healthy order book of around Rs. 6,100 crore in the EMPS segment as on December 31, 2025.

Voltas' operating profit margin<sup>3</sup> (OPM) improved to 7.3% in FY2025 from 3.8% in FY2024, owing to lower provisions compared to FY2024 related to delayed collection of receivables in the international projects business. However, the OPM declined to 4.6% in 9M FY2026 (7.4% in 9M FY2025), primarily due to challenges faced in the UPBG segment, reflecting high overheads, commodity price fluctuations, and pressure on realisations due to competition amid the necessity of supporting channel partners during industry-wide inventory liquidation. The OPM in the near term shall remain exposed to competitive pressures in the company's UPBG segment. The management has indicated its focus on growing volumes, revenues, and absolute profits.

The ratings factor in the seasonal nature of the UPBG segment, which is susceptible to climatic conditions, primarily the intensity of summers, along with stiff competition from several other established players in the field. ICRA notes the company's high reliance on the UPBG business as part of its business strategy, owing to increasing demand for these products. Voltas witnessed an improvement in its domestic RAC market share to 18.9% in FY2025 from 18.7% in FY2024, supported by healthy tie-ups with general trade, modern trade, and organised channels, as well as a growing network of exclusive brand outlets, including experience zones at strategic locations. However, its market share declined to 17.9% in 9M FY2026 owing to intense competition, although it maintained its leadership position. ICRA notes that the company is also present in other product segments such as commercial refrigeration, water coolers, water heaters, commercial air conditioners, air coolers, water heaters, etc; however, the revenue share from the same remains low at present.

The ratings also take into account the company's exposure to challenges in the EMPS project business, primarily in the international market, where it has witnessed delays in certifications and slow collections, leading to higher debtor provisioning in the past. However, ICRA notes that the company has already tightened its risk management framework for project bidding and has adopted a more conservative approach towards client selection which has reduced the exposure of international project business in FY2025 and H1 FY2026 over FY2024. Further, supported by prudent risk management strategies and minimal provisioning in FY2025, the segment reported healthy profit before interest and tax (PBIT) margins of 4.1% in FY2025 and 7.8% in 9M FY2026. These efforts are expected to continue to support profitability improvement for the segment going forward. Around 12% of Voltas' consolidated revenues are contributed by the West Asia region, primarily in its EMPS business. As per management indication, the company has not faced any material issues in terms of project execution, receivable collections, or fresh order inflows despite the ongoing conflicts in the region. Nevertheless, given the evolving situation, it remains a key monitorable.

Despite Voltbeko reporting healthy revenues of Rs. 2,236 crore in FY2025, a YoY growth of 40%, it reported a net loss of Rs. 241.9 crore, marginally lower than Rs. 267.1 crore in FY2024, due to elevated marketing and warehousing costs and a higher share of lower-margin traded goods. With improving operating leverage and stabilising costs, the JV is expected to achieve EBITDA breakeven by FY2027, which remains a key monitorable.

Voltas has a strong capital structure, reflected in its gearing of 0.1 times and Total Debt/OPBDITA of 0.8 times as on March 31, 2025. It also has a superior liquidity position, evident from its free cash and bank balances as well as liquid investments (including non-current MF investments) worth Rs. 4,344 crore as on March 31, 2025. The debt protection metrics also continue to be robust, with interest coverage at 18.2 times and DSCR at 8.7 times in FY2025. Although the coverage indicators are expected to moderate in FY2026 owing to pressure on OPM, they remain comfortable and are expected to improve in FY2027.

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<sup>3</sup> Operating profit before depreciation, interest, taxes and amortisation / Operating income

The Stable outlook reflects the company's leadership position in the domestic RAC segment, resulting in healthy cash flows and superior liquidity levels, which, along with a strong order book position in its projects business, will continue to support its robust credit profile.

## Key rating drivers and their description

### Credit strengths

**Financial flexibility for being a part of the Tata Group** - Voltas is a part of the Tata Group, which holds a 30.30% stake in the company. This lends it considerable financial flexibility in accessing financial markets and the banking system, in case of any funding requirements.

**Strong business risk profile with significant contribution from EMPS and UPBG verticals** – Voltas is present in the mechanical, electrical and plumbing (MEP) as well as the heating, ventilation and air conditioning (HVAC) segments in domestic and overseas (mainly West Asian) markets, in addition to the RAC business in the domestic market. These two businesses, i.e., UPBG and EMPS, accounted for 96% of Voltas' consolidated revenues in FY2025. However, its revenues are fairly diversified within each of these segments in terms of geographies served and products or services offered. Through its engineering products business group (EPBG) vertical, Voltas operates as an authorised distributor in the textile machinery (domestic) market as well as in operations and maintenance contracts in mining and construction equipment (India and Mozambique) markets. The EPBG segment accounted for around 4% of its revenues in FY2025, supporting the company's profitability.

**Leadership position in the domestic RAC and commercial refrigeration and AC businesses** – The company has a dominant market position in the domestic RAC segment, with presence in both window and split ACs. While the company witnessed an improvement in its market share in the domestic RAC segment to 18.9% in FY2025 from 18.7% in FY2024, it declined to 17.9% in 9M FY2026 owing to stiff competition and aggressive pricing by competitors. However, the same has witnessed a sequential improvement from 15.8% in Q4 FY2025 to 17.9% in Q3 FY2026. Further, as per management, Voltas has maintained its leadership position in the domestic freezers, water coolers and water dispenser categories.

### Credit Challenges

**Projects business exposed to time and cost overruns along with competition from established players** - The company's EMPS business remains exposed to time and cost overruns with a longer gestation period for most of its orders. The tenure for international and domestic projects generally ranges from one to three years. The company continues to face competition from established players in the business. The EMPS segment had witnessed PBIT losses in the past, primarily on account of delays in certifications and slow receivable collections in the international project business, which necessitated prudent debtor provisioning. However, with some reversal of provisions and healthy order execution, the segment's PBIT margin improved to 7.8% in 9M FY2026, as compared to 5.6% in 9M FY2025. The company has already tightened its risk management framework for project bidding, particularly in the international market, and has adopted a more conservative approach towards client selection. While this has led to a moderation in the international projects order book, it is expected to support better execution quality and risk-adjusted returns.

**Ongoing losses in the new appliances business under its JV, VoltBeko, impacting the consolidated earnings of the company** - Voltas (including Tata Investment Corporation Limited) has a 50-50 JV with Arçelik Anonim Sirketi (Arçelik), a Turkish consumer brand, called Voltas Beko Home Appliances Private Limited (Voltbeko), for home appliances such as refrigerators, washing machines, dishwashers and microwave ovens. The JV reported a net loss of Rs. 241.9 crore in FY2025, marginally lower than Rs. 267.1 crore in FY2024. This was against an expectation of EBITDA breakeven in FY2025, which could not be achieved due to elevated marketing and warehousing expenses, along with a higher contribution from lower-margin traded-goods sales. However, with improving operating leverage and stabilisation in the cost structure, the entity is now expected to achieve EBITDA breakeven by FY2027. The ability of the company to turn around the business and profitably scale up the segment remains critical for its product and earnings diversification.

**UPBG segment susceptible to climatic vagaries, changing technologies and intense competition** - Voltas' RACs (window and split) business performance remains susceptible to climatic vagaries. In 9M FY2026, the UPBG business faced weak retail demand mainly due to weak summers and an early monsoon in Q1 FY2026, which shortened the peak selling season for air conditioners and related products. This resulted in 16% YoY decline in revenues in 9M FY2026, which was also on account of high base of 9M FY2025, when the segment witnessed 38% YoY revenue growth amid an intense summer season. With stiff competition among RAC players, the segment remains susceptible to pricing pressures. The ability of the company to maintain adequate profitability levels and its leadership position, remains critical for this division.

## Environmental and Social Risks

**Environmental considerations:** AC manufacturers are increasingly required to address environmental risks arising from the use of refrigerants with high global warming potential and ozone-depleting characteristics. A vital component of sustainable operations is the transition to eco-friendly refrigerants with lower global warming potential and which have a minimal effect on the ozone layer. Moreover, strict compliance with continually evolving national and international environmental regulations is necessary to maintain operations and protect corporate reputation. Collectively, these environmental requirements, along with adherence to regulatory standards, will inevitably lead to higher operational costs for companies, who must allocate significant resources towards new technologies, process improvements, employee training, and ongoing compliance measures to meet these heightened expectations.

**Social considerations:** Voltas is exposed to social risks primarily relating to compliance with stringent health and safety standards across its manufacturing facilities and project sites, as well as the need to continuously align its product offerings and service quality with evolving consumer preferences and usage patterns. Addressing these risks necessitates ongoing investments in employee health and safety training, regular safety audits, and the implementation of robust safety protocols across operations.

## Liquidity position: Superior

The company's liquidity position remains superior, supported by sizeable free cash and bank balances and liquid and non-current mutual fund investments of Rs. 4,344 crore as on March 31, 2025 and Rs. 3,274 crore as on September 30, 2025, against the consolidated total debt (including lease liabilities) of Rs. 892 crore and Rs. 1,755.0 crore as on March 31, 2025 and September 30, 2025, respectively. In addition, the company has sizeable fund-based facilities of Rs. 1,545 crore, which are sparingly utilised. The company is expected to continue to generate robust cash flow from operations. The company's capex plan of around Rs. 600-700 crore over FY2026 and FY2027 towards value engineering and process improvement across all product categories are expected to be funded through available free cash and bank balances. Further, the company's debt repayment at the consolidated level (including short-term loans of subsidiaries) remains moderate at Rs. 458 crore in FY2026 and Rs. 135 crore in FY2027.

## Rating sensitivities

**Positive factors** – ICRA could upgrade the long-term rating if the company demonstrates sustained improvement in its revenues and profitability, coupled with its ability to achieve business diversification while maintaining its leading position in the UPBG segment and improving its new appliances business. The ability to improve margins in the EMPS segment on a sustained basis, while maintaining a favourable working capital cycle along with superior liquidity, may lead to a rating upgrade.

**Negative factors** – Pressure on the ratings could arise from significant contraction in earnings and liquidity on a sustained basis. Any large debt-funded capex or inorganic acquisitions materially impacting the debt indicators may also trigger ratings downgrade.

## Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a>
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of Voltas Limited. Details of the entities considered for consolidation have been enlisted in Annexure-II.

## About the company

Voltas Limited is a part of the Tata Group, which holds a 30.30% stake in the company. Voltas operates in three main business segments—UPBG, EMPS and EPBG. The UPBG business markets RACs, air coolers, water coolers and other commercial refrigeration products and is also present in the centralised air-conditioning and refrigeration market. The EMPS business provides engineering solutions for MEP projects, HVAC applications, water management services, electrification and solar projects in domestic and overseas markets. The EPBG business markets and trades in mining and construction equipment as well as textile machinery, besides providing after-sales services.

### Key financial indicators (audited)

Consolidated <sup>^</sup>	FY2024	FY2025	9M FY2026*
Operating income	12,481.2	15,412.8	9,356.7
PAT	386.7	960.3	351.1
OPBDIT/OI	3.8%	7.3%	4.6%
PAT/OI	3.1%	6.2%	3.8%
Total outside liabilities/Tangible net worth (times)	1.0	1.0	-
Total debt/OPBDIT (times)	1.6	0.8	-
Interest coverage (times)	8.5	18.2	6.6

Source: Company, ICRA Research; All ratios as per ICRA's calculations/adjustments; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation, \*Limited review, <sup>^</sup>For analytical purpose, ICRA has made certain adjustments to the consolidated financials of Voltas, specifically line-by-line consolidating Voltbeko with Voltas. This document, however, presents the consolidated financials of Voltas, as reported by the company, whereby Voltbeko is consolidated with Voltas as per the equity method of consolidation.

### Status of non-cooperation with previous CRA: Not applicable

### Any other information: None

### Rating history for past three years

Instrument	Current (FY2026)			Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
	Type	Amount Rated (Rs. crore)	Mar 31, 2026	Date	Rating	Date	Rating	Date	Rating
<b>Fund/non-fund based Limits</b>	Long Term/Short term	3,066.15	[ICRA]AA+ (Stable)/ [ICRA]A1+	Feb 17, 2025	[ICRA]AA+ (Stable)/ [ICRA]A1+	12-Jan-24	[ICRA]AA+ (Stable)/ [ICRA]A1+	24-Aug-22	[ICRA]AA+ (Stable)/ [ICRA]A1+
				Jan 10, 2025	[ICRA]AA+ (Stable)/ [ICRA]A1+	04-Oct-23	[ICRA]AA+ (Stable)/ [ICRA]A1+		
<b>Unallocated</b>	Long Term/Short term	433.85	[ICRA]AA+ (Stable)/ [ICRA]A1+	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)/ [ICRA]A1+	12-Jan-24	[ICRA]AA+ (Stable)/ [ICRA]A1+	24-Aug-22	[ICRA]AA+ (Stable)/ [ICRA]A1+
				[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)/ [ICRA]A1+	04-Oct-23	[ICRA]AA+ (Stable)/ [ICRA]A1+		
<b>Proposed Non-convertible debentures</b>	Long Term	-	-	-	-	12-Jan-24	[ICRA]AA+ (Stable); withdrawn	24-Aug-22	-
				-	-	04-Oct-23	[ICRA]AA+ (Stable)		
<b>Term loans</b>	Long Term	500.00	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	12-Jan-24	[ICRA]AA+ (Stable)	24-Aug-22	-
				[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	04-Oct-23	-		

## Complexity level of the rated instruments

Instrument	Complexity Indicator
Long term / Short term, fund based and non-fund based limits	Simple
Long term / Short term, Unallocated	Not Applicable
Long term- Fund based-Term loans	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

### Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Fund/Non Fund based Limits	NA	NA	NA	3,066.15	[ICRA]AA+ (Stable)/ [ICRA]A1+
NA	Unallocated	NA	NA	NA	433.85	[ICRA]AA+ (Stable)/ [ICRA]A1+
NA	Term Loans	FY2024	NA	FY2029	500.00	[ICRA]AA+ (Stable)

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

### Annexure II: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Voltas Components Private Limited (formerly Hi-Volt Enterprises Private Limited)	100.00%	Full Consolidation
Universal MEP Projects & Engineering Services Limited	100.00%	Full Consolidation
Universal MEP Projects Pte Limited	100.00%	Full Consolidation
Voltas Social Development Foundation	100.00%	Full Consolidation
Weathermaker FZE (WMF)	100.00%	Full Consolidation
Saudi Ensas Company for Engineering Services & Trading W.L.L. (Saudi Ensas)	100.00%	Full Consolidation
Voltas Oman SPC	100.00%	Full Consolidation
Lalbuksh Voltas Engineering Services & Trading L.L.C.	60.00%	Full Consolidation
Voltas Qatar W.L.L.*	49.00%	Full Consolidation
Voltas Netherlands B.V.	100.00%	Full Consolidation
Universal MEP Contracting L.L.C	100.00%	Full Consolidation
Voltbek Home Appliances Private Limited	49.00%	Full Consolidation
Universal Voltas LLC	49.00%	Equity Method
Olayan Voltas Contracting Company LLC	50.00%	Equity Method
Naba Diganta Water Management Limited	26.00%	Equity Method
Brihat Trading Private Limited	33.23%	Equity Method

Source: Annual report FY2025, \*Full consolidation due to control on composition of Board of Directors

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ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit [www.icra.in](http://www.icra.in)

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