

February 17, 2025 (Revised)

Voltas Limited: Update on material event

Summary of rating action

Instrument*	Current Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action ¹
Long term / Short term, fund based and non fund based limits	2,666.15	2,666.15	[ICRA]AA+ (Stable)/ [ICRA]A1+; outstanding
Long term / Short term, Unallocated	333.85	333.85	[ICRA]AA+ (Stable)/ [ICRA]A1+; outstanding
Long term- Fund based-Term loans	500.0	500.0	[ICRA]AA+ (Stable); outstanding
Total	3,500.00	3,500.00	

*Instrument details are provided in Annexure-I

Description of material event

On February 6, 2025, Voltas Limited (Voltas) released an update on a pending material litigation pertaining to Sidra. The Main Contract of Sidra Project was entered between Main Client, and OHL & Contrack JV (OHL JV), the Main Contractor. OHL JV had subcontracted the MEP Works to Kentz – Voltas Consortium (KVC), through its branch in Qatar in the year 2010. The Main Contract between the Main Client and the Main Contractor was terminated closer to the completion of the contract in 2014 citing delays and defects in execution and non-compliance of contractual terms by the Main Client. In Q1 FY2024, the Bank received an invocation of bank guarantees (BG's) (given by Voltas) from the main contractor. Due to certain anomalies, the Bank did not accede to the request for liquidation of the BGs. OHL&C had filed a case against the Bank. Voltas and Qatar Kentz also filed cases against Main Contractor all three cases have been clubbed together. The Investment and Trade Court, Qatar has now passed an order and advised the Bank to pay QAR 167.7 million (~Rs. 402 crore) to OHL & Contrack towards the encashment of bank guarantees of Voltas, which will be challenged before the Court of Appeal in Qatar.

Impact of the Material Event

Based on Voltas' disclosure and discussions with the management, ICRA understands that the Bank has not called upon Voltas to pay the amount under the bank guarantee of Voltas, hence, Voltas is not liable to pay any amount as of now. Considering the aforementioned fact, it does not anticipate any cash outflow related to the above-mentioned material event. Voltas is in the process of filing an appeal in the Court of Appeal to challenge this decision. While the above matter has continuously been disclosed as part of contingent liabilities in Voltas' financial statements for the prior periods and also for period ended March 31, 2024, depending on the outcome of the appeal, Voltas will take appropriate action.

ICRA would continue to monitor closely for any such developments related to this event and take appropriate rating action, if necessary. ICRA takes comfort from the superior liquidity position of the Company with more than Rs. 2,500 crore of cash and liquid investments, as on date. In addition, the Company has sizeable fund-based facilities of Rs. 1,545 crore, which are sparingly utilised. Being a part of the Tata Group, Voltas continues to enjoy strong financial stability and is complemented by a professional management and strong financial policies.

Please refer to the following link for the previous detailed rationale that captures the key rating drivers and their description, liquidity position, rating sensitivities: [Click here](#).

¹ Complete definitions of the ratings assigned are available at www.icra.in.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of Voltas. As on March 31, 2024, the company had ten subsidiaries, three joint ventures and two associate companies.

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 market of centralised air-conditioning and refrigeration. The EMPS business provides engineering solutions for MEP projects, HVAC applications, water management services, electrification and solar jobs 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	FY2023	FY2024	H1 FY2025*
Operating income	9,498.8	12,481.2	7,540.1
PAT	256.9	386.7	529.4
OPBDIT/OI	6.0%	3.8%	7.8%
PAT/OI	2.7%	3.1%	7.0%
Total outside liabilities/Tangible net worth (times)	0.9	1.0	0.9
Total debt/OPBDIT (times)	1.1	1.6	0.7
Interest coverage (times)	19.4	8.5	25.1

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

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current (FY2025)			Chronology of rating history for the past 3 years					
		Amount Rated (Rs Crore)	Feb 17, 2025	Jan 10, 2025	FY2024		FY2023		FY2022	
					Date	Rating	Date	Rating	Date	Rating
Fund/non-fund based Limits	Long Term/Short term	2,666.15	[ICRA]AA+ (Stable)/ [ICRA]A1+	[ICRA]AA+ (Stable)/ [ICRA]A1+	12-Jan-24	[ICRA]AA+ (Stable)/ [ICRA]A1+	24-Aug-22	[ICRA]AA+ (Stable)/ [ICRA]A1+	26-Aug-21	[ICRA]AA+ (Stable)/ [ICRA]A1+
					04-Oct-23	[ICRA]AA+ (Stable)/ [ICRA]A1+				
Unallocated	Long Term/Short term	333.85	[ICRA]AA+ (Stable)/ [ICRA]A1+	[ICRA]AA+ (Stable)/ [ICRA]A1+	12-Jan-24	[ICRA]AA+ (Stable)/ [ICRA]A1+	24-Aug-22	[ICRA]AA+ (Stable)/ [ICRA]A1+	26-Aug-21	[ICRA]AA+ (Stable)/ [ICRA]A1+
					04-Oct-23	[ICRA]AA+ (Stable)/ [ICRA]A1+				
Proposed Non-convertible debentures	Long Term	-	-	-	12-Jan-24	[ICRA]AA+ (Stable); withdrawn	24-Aug-22	-	26-Aug-21	-
					04-Oct-23	[ICRA]AA+ (Stable)				
Term loans	Long Term	500.00	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	12-Jan-24	[ICRA]AA+ (Stable)	24-Aug-22	-	26-Aug-21	-
					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	2,666.15	[ICRA]AA+ (Stable)/ [ICRA]A1+
NA	Unallocated	NA	NA	NA	333.85	[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	VL Ownership	Consolidation Approach
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
Voltbek Home Appliances Private Limited	49.00%	Equity Method
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 FY2024, *Full consolidation due to control on composition of Board of Directors

Corrigendum

Document dated February 17, 2025, has been corrected with revisions as detailed below:

The number of subsidiaries, joint ventures and associates in table 'Analytical approach' section on page No. 2 is revised.

ANALYST CONTACTS

Shamsher Dewan
+91 124 4545328
shamsherd@icraindia.com

Kinjal Shah
+91 22-6114 3442
kinjal.shah@icraindia.com

Sakshi Suneja
+91 22-6169 3349
sakshi.suneja@icraindia.com

Karan Gupta
+91 22 6114 3416
karan.gupta@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

ABOUT ICRA LIMITED

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

ICRA Limited



Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



© Copyright, 2025 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.