VOLTAS

12th November, 2026

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

Sub: Transcript of the Q2 FY27 Earnings Conference Call

Dear Sirs,

Further to our letters dated 3rd November, 2026 and 6th November, 2026, we enclose herewith a copy of the transcript of the Q2 FY27 Earnings Conference Call held on 6th November, 2026.

The same is also being made available on the Company's website at:

https://www.voltas.in/storage/schedule-of-analysts-iim/Voltas-Q2-FY27-Earnings-Call-Transcript.pdf

Thanking You,

Yours faithfully,
For **VOLTAS LIMITED**

RATNESH P RUKHARIYAR
Digitally signed by RATNESH P RUKHARIYAR
Date: 2026.11.12 21:47:17 +05'30'

Ratnesh Rukhariyar
Company Secretary & Compliance Officer

Encl: as above

"Voltas Limited

Q2 FY 2027 Earnings Conference Call"

November 06, 2026

MANAGEMENT: **MR. MUKUNDAN MENON – MANAGING DIRECTOR – VOLTAS LIMITED**
MR. JAYANT BALAN – MANAGING DIRECTOR DESIGNATE – VOLTAS LIMITED
MR. K.V. SRIDHAR – CHIEF FINANCIAL OFFICER – VOLTAS LIMITED
MR. NIKHIL R. CHANDARANA – HEAD, CORPORATE FINANCE – VOLTAS LIMITED
MS. SUMANA TRIPATHY – HEAD FINANCIAL PLANNING AND ANALYSIS – VOLTAS LIMITED
MR. MANISH SOMANI – HEAD, FINANCE CONTROLLING – VOLTAS LIMITED
MR. ANUJ BANSAL – HEAD, FINANCE CONTROLLING – VOLTAS LIMITED

MODERATOR: **MS. DEVANSHI KAMDAR – AXIS CAPITAL LIMITED**

Moderator: Ladies and gentlemen, good day and Welcome to the Voltas Limited Q2 FY 2027 Earnings Conference Call hosted by Axis Capital Limited. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. I now hand the conference over to Ms. Devanshi Kamdar from Axis Capital Limited. Thank you, and over to you, ma'am.

Devanshi Kamdar: Yes, hi. Good evening, everyone. I am Devanshi Kamdar. On behalf of Axis Capital, I welcome all of you to the Q2 FY 2027 earnings conference call of Voltas Limited. From the management, we have Mr. Mukundan Menon, Managing Director, Mr. Jayant Balan, MD Designate, Mr. K.V. Sridhar, CFO, Mr. Nikhil R. Chandarana, Head Corporate Finance, Ms. Sumana Tripathy, Head FP&A, Mr. Manish Somani and Mr. Anuj Bansal as Heads Finance Controlling. I now request the management to give their opening remarks, following which we will open the floor for Q and A. Thank you, and over to you, sir.

Mukundan Menon: Good evening, everyone, and happy to host this session for you after quarter two results. My name is Mukundan Menon, and as you would have seen in the press release that came out, the board has announced that Jayant Balan will succeed me on my retirement on 24th of May 2027. To ensure a continuity and a seamless leadership transition, Jayant has been redesignated as Head of Room Air Conditioner Business as well as Managing Director Designate until his appointment as Managing Director, which will come into effect on 25th of May 2027.

On behalf of the board and all of us at Voltas, we extend a very warm welcome to Jayant, and he is also participating in this session. Before we start the session with the opening remarks by K.V. Sridhar, I thought it is important for me to introduce Jayant, who is also on this call. Welcome, Jayant, and we look forward to the session. Over to you, Devanshi. I think K.V. Sridhar will do the opening remarks, and I think-

K.V. Sridhar: Yes. Yes. Good evening, all. Glad to connect as part of the earnings call for the Q2 FY 2027. Thank you, Mr. Menon. Sridhar here. Voltas delivers a steady Q2 FY 2027 performance on the back of market leadership and execution excellence. Voltas continued to strengthen its competitive position during Q2 FY 2027, supported by market leadership in Room Air Conditioners, continued expansion of its home appliances business, and disciplined execution across its projects and engineering businesses.

The quarter was characterized by moderate global economic growth, continued geopolitical uncertainties, commodity inflation, and currency volatility. These developments created cost pressures across manufacturing and supply chain. Against this backdrop, the Indian consumer durables industry benefited from relatively stable domestic demand, with an extended summer providing additional support to the cooling category during a traditionally lean quarter.

Voltas recorded 32% volume growth in its Room Air Conditioning business, materially outperforming the broader industry. The company further consolidated its position as India's number one Room Air Conditioner brand, achieving a market share of 17.4% for the year-to-date ended September 2026, representing an increase of approximately 1.5 percentage points over the previous year.

Its lead over the nearest competitor stood at 4.2%. The Unitary Cooling Products business recorded 29% revenue growth, accompanied by improved profitability despite commodity and currency-related pressures. Voltbek achieved its highest quarterly sales in both value and volume, while the Projects business maintained a carry-forward order book exceeding INR6,800 crores.

Engineering Products and Services recorded high double-digit revenue growth, reflecting the contribution of the company's diversified business portfolio. The performance reflects Voltas' continued focus on translating market leadership into business growth, improving operational efficiencies, and strengthening the foundations for sustainable profitability.

For the quarter ended 30th September 2026, consolidated total income was INR2,746 crores compared to INR2,412 crores for the same period last year. Profit before tax was INR83 crores versus INR54crores last year. Net profit INR48 crores compared to INR32 crores last year. The Company's operating priorities continue to center on market competitiveness, profitable growth, working capital discipline, and investment in capabilities that support its long-term strategic objectives.

Segment A, Room Air Conditioners. The Unitary Cooling Products recorded 29% revenue growth during Q2 FY 2027, driven primarily by the room air conditioning business, which achieved 32% volume growth during the quarter. The performance reflects Voltas' ability to capture market opportunities through its established brand franchise, comprehensive product portfolio, distribution strength, and effective execution across channels and geographies.

Voltas maintained its leadership position in the Room Air Conditioner, number one Room Air Conditioner brand, achieving a 17.4% market share for the year-to-date ended September 2026, an improvement of approximately 1.5 percentage points over the corresponding period. The Company maintained 4.2 percentage points lead over the nearest competitor, reinforcing its competitive position in the Indian RAC market.

The combination of value and volume growth reflects the strength for the consumer demand for Voltas products, supported by improved product positioning, portfolio competitiveness, and sustained investments in distribution and consumer engagement. The Company continued to respond to evolving consumer preferences through a sharper product portfolio across capacities, energy efficiency ratings, technology, and price points.

Greater emphasis on product differentiation, energy efficiency, and consumer-relevant features supported the competitiveness of the portfolio. Distribution expansion remains a key priority, particularly in emerging consumption centers and markets where RAC penetration continues to remain relatively low.

The Company continued to strengthen its channel partnerships, improve product availability, and expand market coverage to capture opportunities arising from increasing adoption of air conditioning across India. Voltas remains focused on building upon its established leadership through sustained investments in product innovation, brand development, distribution reach, and customer experience.

Commercial Air Conditioning and complementary cooling business. The Commercial Air Conditioning business continued to record stable growth supported by demand across commercial real estate, healthcare, hospitality, retail, manufacturing, and data centers. The business benefits from a diversified customer base and lower seasonal dependence compared with Room Air Conditioners provided greater balance to the overall cooling portfolio.

Continued investments in infrastructure and institution development alongside demand for energy-efficient and technology-advanced cooling solutions provided opportunities for further expansion. Home Comfort Products comprising air coolers, water heaters, and fans recorded healthy growth during the quarter, while Commercial Refrigeration remained relatively flat, reflecting softer demand.

The Company continues to focus on expanding key account relationships, strengthening institutional sales, improving channel penetration, and introducing relevant product innovations to support growth across these businesses. Together, these categories complement the RAC business and contribute to the breadth, diversification, and resilience of the Unitary Cooling Products portfolio.

Recent global developments have contributed to higher input cost and currency volatility, creating challenges for broader consumer durables industry. Voltas continues to address these pressures through calibrated pricing actions and structured cost optimization initiatives undertaken since FY 2026.

These include strategic sourcing, greater localization, product redesign, manufacturing productivity improvements, and tighter operating cost management. The benefits of these initiatives, together with revenue growth and operational efficiencies, contributed to improved segment profitability compared with the corresponding period of the previous year.

The Company's focus remains on strengthening cost competitiveness while preserving its market position, investing in innovation, and improving absolute profitability. With an established brand franchise, industry-leading market position, healthy inventory levels, and expanding distribution network, Voltas remains focused on sustaining market share gains and translating market business growth into improved profitability.

Strategic manufacturing and localization initiatives. Voltas continues to strengthen its manufacturing and supply chain capabilities through localization, strategic sourcing, product engineering, and operational efficiency initiatives. Greater localization of critical components, including opportunities relating to compressor sourcing and manufacturing, remains an important strategic priority for improving supply chain resilience, reducing import dependence, and enhancing long-term cost and competitiveness.

The Company continues to evaluate opportunities for strengthening its manufacturing ecosystem and developing partnerships that can support product innovation, technology access, and future growth. These initiatives form part of a broader strategy to build a more competitive, efficient, and resilient operating model while supporting sustainable profitability. Voltbek Home Appliances.

Voltbek continued its expansion during Q2 FY 2027, recording its highest Q2 sales in both value and volume, supported by expanding product portfolio, increasing consumer acceptance, and deeper distribution penetration. The business continued to outperform the broader home appliances market and strengthened its position across key product categories.

As at YTD September 2026, Voltbek achieved market share of approximately 8.8% in washing machines and 7% in refrigerators. The business also maintained its number two position in the semi-automatic washing machine category, with a market share of approximately 14.9%.

These gains reflect continued progress in building brand consideration, expanding retail presence, and expanding product portfolio. Voltbek continued to strengthen its offerings across higher value segments through refreshed product lines, improved product architecture, higher capacity models, and sharper consumer segmentation.

The business also launched its new campaign, "Voltas Beko Sense Toh Banta Hai," supported by the refreshed product offerings and enhanced consumer engagement aimed at strengthening brand awareness and market penetration. Distribution expansion, retail visibility, and product availability remains key priorities as Voltbek works towards increasing its presence across established and emerging consumption markets.

In parallel, sourcing efficiencies and manufacturing productivity initiatives are expected to support improved cost competitiveness and profitability as the business continues to scale. With its expanding market presence, increasing product relevance, and sustained investments in brand building, Voltbek is emerging as an important growth pillar for Voltas.

The business continues to enhance Voltas' channel relevance, complementing the company's established leadership in cooling products while strengthening its position as an all-season, full-stack consumer durables brand.

Segment B: Electro-Mechanical Projects and Services. The Electro-Mechanical Projects and Services business continued to provide diversification and revenue visibility to the Voltas portfolio, supported by its established engineering capabilities, project execution expertise, and presence across domestic and international markets.

The Domestic Projects Business maintained order momentum during Q2 FY 2027, securing projects across industrial infrastructure, electronics manufacturing, metro and tunnel projects, and data centers. The business continued to prioritize selective order booking, focusing on projects that align with its engineering capabilities, execution strength, and profitability objectives.

Greater emphasis on project selection, contractual discipline, working capital management, and execution efficiencies remain central to improving the quality of the order book and supporting sustainable profitability. The company continues to pursue opportunities in infrastructure and industrial development while maintaining a disciplined approach to risk and capital deployment. International projects.

The International Projects Business continued to focus on operational stability, disciplined execution, and prudent risk management against the backdrop of the geopolitical uncertainties in the Middle East. During Q1 FY 2027, Sidra Bank guarantees aggregating to QAR167 million, equivalent to approximately INR438 crores, were canceled pursuant to a favorable court award.

The subsequent appeal filed by the main contractor before the Court of Cassation was dismissed, upholding the earlier judgment and bringing further clarity to the matter. The resolution remains an important development in reducing contingent exposure and strengthening the risk profile of the International Projects business.

The Company continues to maintain business continuity across key projects and customer relationships while prioritizing tighter project control, selective bidding, and working capital discipline. As of 30th September 2026, the total order book for Segment B stood over INR6,800 crores, providing revenue visibility across domestic and international projects.

The business remains focused on converting its order book through its disciplined execution, improved cash flow, and maintaining a selective approach to new opportunities.

Segment C, Engineering Products and Services. The Engineering Products and Services segment delivered robust revenue growth during Q2 FY 2027, supported by performance across mining and construction equipment and textile machinery.

The segment continues to provide diversification to Voltas' portfolio through its presence across industrial equipment, aftermarket services, and long-standing customer relationships. Its relatively lower seasonal dependency and growing contribution from service business provides additional balance to the company's earning profile.

The Mining and Construction Equipment business recorded revenue growth led by demand for crushing and screening equipment, continued execution of operations and maintenance contracts, and stable performance from the African operations. Aftermarket services and recurring maintenance activities continued to contribute to the business, supporting customer engagement and improving the quality of revenue.

The business remains focused on expanding equipment opportunities, strengthening service capabilities, and increasing the contribution from aftermarket and recurring service streams. The Textile Machinery business continued to record strong growth despite challenges arising from geopolitical uncertainties and international trade developments. Growth was supported by spinning and post-spinning solutions, after-sales service, spinning accessories, and customer support offerings.

The division continued to leverage its established customer relationships and technical capabilities to strengthen its market presence and expanding opportunities across products and services. The Engineering Products and Services segment remains focused on expanding its customer base, improving operational efficiencies, and enhancing the contribution of services and aftermarket businesses to support sustainable growth and profitability.

Balance sheet, liquidity, and working capital. Voltas maintained a healthy liquidity position and disciplined approach to working capital management during the quarter. The Company continued to focus on cash flow generation, inventory management, receivables, and prudent capital allocation across its business.

Working capital discipline and operational efficiencies remain important priorities, particularly in the projects business, where selective order booking and execution controls support improved cash flow management. The Company's financial position continues to support investments in brand building, product innovation, distribution expansion, manufacturing capabilities, and strategic growth initiatives.

Voltas remains focused on balancing investments for future growth with financial discipline and sustainable returnsVoltas enters the festive season of FY 2027 with continued momentum across its businesses, supported by its established market leadership in Room Air Conditioners and the expanding scale of Voltbek and diversified portfolio for projects and engineering business.

The Company's strategic priorities remain centered on sustaining market leadership, improving absolute profitability, strengthening cost competitiveness, and building capabilities for long-term growth. In Room Air Conditioners, Voltas will continue to focus on consolidating and extending its market leadership through product innovation, sharper portfolio management, sustained brand investments, and deeper distribution penetration.

The Company will also maintain its focus on premiumization, energy-efficient products, and technology-led differentiation while addressing commodity and currency-related cost pressures through calibrated pricing and structural cost optimization initiatives. Commercial Air Conditioning, Commercial Refrigeration, and Home Comfort Products will continue to complement the RAC business and contribute to the diversification of the cooling portfolio.

Voltbek remains focused on accelerating scale, strengthening its position across washing machine and refrigerators, and improving profitability through new line of frost-free refrigerators and fully automatic washing machines and distribution expansion. In the Projects business, the emphasis will remain on selective and value-accretive order booking, disciplined execution, working capital efficiency, and sustainable profitability. Engineering Products and Services will continue to pursue growth opportunities through its diversified product portfolio, established customer relationships, and expanding aftermarket and service capabilities. Thank you. Over to you.

Mukundan Menon: Over to you, Devanshi.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin the question-and-answer session. First question is from the line of Natasha Jain from PhillipCapital. Please go ahead.

Natasha Jain: Thank you for the opportunity. My question is on EBITDA margin. If I adjust for PLI and EMPS one-offs, then gross margin has actually improved, but EBITDA has declined by 40%. This decline is coming despite the fact that we have clocked in strong volumes in RAC as well as CAC. When should we start seeing meaningful operating leverage in UCP rather than just

revenue growth? Or rather, are strategies only tilting towards protecting market share, which is probably coming at the cost of profitability? Could you please explain that?

K.V. Sridhar: Okay. Natasha, just to clarify, yes, there are a couple of notes which sort of clarify the impact of the Sidra reversal and the PLI. But if you see, there are other normal reversals or the debits that also sort of included in the operations. If you compare versus last year in the same quarter, for example, there has been improvement in terms of the profitability across verticals, including, Segment A.

The broad thought process that we have always conveyed is, for the same quarter last year, we should try and improve the profitability and get the growth momentum going. If you want to look at sequential, for example, Q2 is generally the softer quarter.

Generally, even in earlier years also, the Q2 has always been lower than what it has been Q1, while it gets better in Q3 and Q4. We expect the same trend to continue in Q3 and Q4. The operational leverage should definitely come better in terms of EBIT expectations going forward. Thank you.

Natasha Jain: Understood, sir. If I may just ask one more question. If I adjust for the provision write-back on EMPS also, the fundamental organic margin in EMPS is 1.4%. I just want to understand, I mean, I understand top-line growth is not coming because we are being selective in terms of high-quality order bookings, but aren't those executions supposed to lead us to better profitability? Therefore, what is the outlook here in terms of margins for EMPS?

K.V. Sridhar: Okay. As far as the Segment B- Electro-Mechanical Projects and Services is concerned, we have maintained that we would, on a longer-term basis, maintain margins closer to the 4%-6% which has been the range that we have been talking. This quarter, obviously, we have had the one-off impact, but there are some other debits also that is considered in the P&L. If you see the net impact, for example, it will be around 2.5%-3%. But on a longer-term basis, the expectation is that the margins will be closer to anywhere between 4%-6%. That is a sustainable percentage that we will maintain.

Natasha Jain: Understood, sir. Thank you so much. I will get back to you.

Moderator: Thank you. Next question is from the line of Aditya Bhartia from Investec. Please go ahead.

Aditya Bhartia: Hi, good evening, sir. My first question is on the Room AC margins and profitability. In first half of this fiscal, we have had fairly strong growth, of course, on a weak base, almost like a 30% growth. But despite that, it seems that pretty much the entire industry struggled to pass on increased costs. I just want to understand why exactly has this been happening? What really has changed in terms of industry structure that it became so difficult that margins have taken a complete beating despite strong growth?

Mukundan Menon: Aditya, Yes. So, Aditya, this has been actually, the last six months have been actually very difficult, very volatile with respect to the cost increases with all the West Asia crisis. The kind of changes in the pricing that came in during this last six months was phenomenal, both on the

currency front, the ocean and freight, plastics, copper, and most of the items that we use in our air conditioner, aluminum, controllers, so on and so forth.

And the unpredictability of this and the volatility of this price increase is what makes the management of the margin so very difficult. As all of you know, the season starts from the month of March and then goes on till the primary buying ends in sometime in July, August. And many of the places, especially the organized trade and the regional retailers who are the bulk buyers of this, and so is the case with the e-com players, the commitment on the price is generally done on a long-term basis because we like to lock in quantities and lock in the price, and they would like to lock in the prices.

So when you have such a volatile upward movement in material prices, but your prices are locked in, that is where this kind of pressure that you rightly said, Aditya, it's not only Voltas, almost all brands had to sort of handle this kind of erosion on the margin front. So, this is a very rare, I would say, it's like a black swan event.

This kind of volatility we have never seen in the last many years where during the season, starting from February, going right up to July, August, things have gone so completely haywire. I think the way to look at it is on a long-term basis, is an improvement in this margin possible? The answer is a very much yes, because when things do settle down and prices do come back, the pressure on us on the margin front will certainly ease.

So, it is just a temporary phenomenon that the industry has gone through this year. And the timing of all this volatility has been just timed with the summer months when the prices got locked in with all the channel partners, especially the large channel partners, and we had very little room for us to maneuver on that, actually.

K.V. Sridhar: Just to add to what Mr. Menon said, I think we are also sensitive in terms of from a consumer expectation also in terms of how much the pass-on can happen. So, we are also very conscious and sensitive in terms of a consumer sentiment. I think you would have seen it in multiple categories and also in our categories, for example, the price increases have been significant. So obviously, we have to be conscious about how much we can pass on and sort of balance the overall profitability. So, that is the way how we have been able to navigate it.

Aditya Bhartia: Just to follow up on that, when you say that prices get locked in, typically what is the duration of this kind of a lock-in in pricing? And that will hold true only for, I guess, modern trade and e-commerce channels, which is not very large for us, at least versus the industry, as per my understanding.

Also, Sir, over here, while this kind of a cost inflation has been there for certain industries, like maybe auto components, paints, tires, multiple industries saw this kind of a cost inflation, we saw different levels of pass-through that was possible. And durables, particularly ACs, appears to be really, really lagging over there. Just wanting to kind of understand, why was it so difficult?

Mukundan Menon: I agree with you, Aditya. The analysis is spot on, what you said about this industry versus when you compare the other industries like the auto industry, where the pass-through is far more

nimble-footed and it goes through much faster. To answer your first question, how long this thing is, normally for the season we lock it in.

We decide the prices sometime in February and lock it in till four, five, six months, which means almost for the full season. And that is the duration. And the organized trade, which is the 70-odd regional retailers, as well as the modern trade partners which constitutes 35% of our volume, that is where this thing happens, where the prices get locked in.

There is not too much of a room for us to sort of maneuver when the prices go a little haywire, you know? So that is the thing. The comparison to the auto industry and the stark difference that I can think about, Aditya, is the seasonality of this. For us, 70% of the calendar years' sale for the Room Air Conditioners takes place between January and June. That means the first half of the calendar year.

When you have a seasonality so much focused on this six months, so heavily, and 30% only happening in the H2 of the calendar year, and when you have the kind of instability in pricing, the volatility of the pricing starting perfectly at the right time in February, I think this is just an outcome of that is the way I see it, actually.

So, unlike in the automobile industry where the seasonality factor does not happen, so the industry has learned to pass through as much as they feel the consumers will take, you know? So, this industry somehow is, in a way, constrained by the fact that most of the actions of the sell-in happens during this very short window, and deals have to be struck for the season for that period, Aditya.

Aditya Bhartia: Yes, Sir. That is very, very interesting. Thank you so much for this explanation. If you could just mention what would be the lag that we are still facing? What kind of a price increase is required to completely pass on the cost impact, and how much price increase would have been taken until now? Thank you so much, sir.

Mukundan Menon: Yes. So thanks, Aditya. Just essentially, see, we had done a bunch of price increases to the tune of almost like 14% this year, out of which some of it was because of the table change, energy label change, and then there was an impact of something else for the currency and the commodity. Totally, I think our 18% cost inflation has happened. Price increase passed on is around 14%., We have also announced further 5-7% price increase to cater the same and for further anticipated cost increases.

Aditya Bhartia Perfect, Sir. Thank you so much.

Moderator: Sorry to interrupt. Thank you.

Mukundan Menon: Yes, thank you. Thank you. Yes.

Moderator: Next question is from the line of Mr. Achal Lohade from Nuvama Institutional Equities. Please go ahead.

Achal Lohade: Yes. Good evening, team. Thank you for the opportunity. The question is with respect to the market share. Now, where we have reached to the kind of lead what we have, is it fair to say now from here on we should look at just slightly higher than the industry growth and improving the profitability, or you think the focus is to maintain that large lead as we have got so far?

Mukundan Menon: Yes. Mr. Lohade, what you mentioned is right. The lead is indeed, like between us and the number two brand, the lead was 1.2% September last year, and now YTD September, this has increased to 4.2% lead between us and the number two brand. In value terms also, we have opened up a significant lead with the number two brand.

So, we remain committed to the fact that market share growth has to happen for sure. The way we are looking at it is the overall quantum of gross margin that we generate. So, our approach is market share, very, very important from a long-term perspective because that is something which is very easy to lose and very difficult to gain back.

The quantum of gross margin that we generate, if it is adequate, I think the direction will be towards that. We are a little less, I would say, besotted with that percentage gross margin. I know from analyst point of view what you're looking at the percentage, but we are very clear it's market share and quantum GM will be our focus, and this will take us a long way because this will establish ourselves as a leader with a very wide gap for anybody to come anywhere close to us. So, the long-term strength of the story is very, very clear to us.

Achal Lohade: Got it. Just one clarification on Voltbek, in terms of how do you see the losses? How soon, how fast can we expect a break-even? Those are my two questions.

Mukundan Menon: So Voltbek, Yes. So Voltbek, quickly I will just explain to you, Mr. Lohade, what had happened was, this was another thing where the commodity price increase also hit us because there is a lot of plastics, there is a lot of metal that goes into it, and these got affected very badly during, including insulation material and so on and so forth.

This war completely disrupted the pricing due to the cost structure. So, this was a year or this was the first, the six months where we were supposed to start that recovery journey in a very significant way. I think this, what has happened in the last six months has certainly put us back. Our idea is to get an EBITDA break-even sometime by next financial year, and I think directionally we are going towards that.

Achal Lohade: Got it, Sir. Thank you so much.

Mukundan Menon: Thank you, Mr. Lohade. Yes.

Moderator: Thank you. Next question is from the line of Keyur Pandya from ICICI Prudential Life Insurance. Please go ahead.

Keyur Pandya: Thank you for the opportunity. On the profitability side, I think you need the absolute margin to cover the profitability. Here, the operating leverage becomes key. In that backdrop, what do you guide for, or whatever you can share in terms, say, this year's profitability for UCP as well as for next year, since you have passed on large part of price hikes, either in absolute terms, gross

margin, or just as a derivative based on current prices, what percentage margin we can see this year?

K.V. Sridhar: Okay. I think we have been sort of consistent in the communication or the thought process that we have, as Mr. Menon, I think, mentioned, in terms of the fact that we want to continue to focus on market share and the absolute margin. Intent would be to sort of continue to do better than the same quarter previous year. We continue to sort of follow that principle.

Keyur Pandya: You mean in terms of, sorry, just you mean in terms of profitability doing better versus last year, the corresponding quarters? That is what you are saying?

K.V. Sridhar: As you know, we are in a fairly seasonal business. On a sequential basis, it may not be practical, but the quarter- on- quarter, again, the same quarter last year is what the comparison should be, and I think that's the right way to sort of look at the progress.

Mukundan Menon: Yes. Mr. Pandya, you would have seen

K.V. Sridhar: Yes, yes.

Mukundan Menon: You would have seen in Q1 and Q2, whatever K.V. Sridhar mentioned, that exactly has happened in that direction, you know? Now, the significant jump in a situation which is so volatile becomes a little sort of challenging, you know? So the movement is in the right direction, and the movement is consistently in the right direction. It is just a matter of this uncertainty, this volatility, which has sort of made that journey a little slower than what we imagined.

Keyur Pandya: Understood, sir. Sir, just one follow-up on your last answer.

Mukundan Menon: Yes.

Keyur Pandya: I mean, last year was such a bad season. I mean, is it unfair to just benchmark margins versus last year low base? More steady state, where should we think of, say, Voltas in terms of profitability, absolute percentage, whichever you can share? Thank you.

K.V. Sridhar: Okay. I think while the Q1 and Q2 were fairly weak, and obviously we have done better as you would have seen, but if you remember, Q3 had the BEE table change because of which Q3 was fairly good, if you remember. The recovery did happen by Q3. And Q4 also, if you see from a category point of view, was a fairly decent quarter. From that angle, the base has been fairly high. Our intent would be to sort of do better than what we had done in terms of results for Q3 and Q4 last year, so that sequentially we are able to do better on a quarter-on-quarter basis.

Keyur Pandya: Understood, sir. Thanks a lot and happy Diwali.

K.V. Sridhar: Thank you, Mr. Pandya.

Moderator: Thank you. Next question is from the line of Sameer Gupta from IIFL Capital. Please go ahead.

Sameer Gupta: Hi, good evening everyone, and thanks for taking the question. Most of the questions have been answered. Just had certain follow-ups which have emerged during the course of the conversation

during this call. Lock-in of the prices in February, I understand, but even the commodities that you would have procured for making these products, which would be sold in the season, would be also procured before February, or if not, you would have also locked in the prices of those commodities. Is this a correct understanding? If not, would the industry then work towards that, so as to avoid this situation in future?

Mukundan Menon: Yes. Mr. Gupta, what generally happens is the rates get locked in. What changes is that the payment is done in the foreign currency, either in Dollars or Chinese RMB, and that is after that credit period and then after so many days from that thing, after the bill of lading. There is a gap between the time that price is finalized in a particular month and the time you really pay that out, the currency has moved significantly, you would have seen this year.

We also noticed that the ocean freight charges that we have factored in, that almost jumped to 2x of what it was. These are, as far as the long-term five important components are concerned, compressor, copper, aluminum, we call it the PCB assembly board, and motors. That's applicable for these five items, where the prices get locked in, but the currency and the ocean freight are completely volatile, and these are not small deltas, what we saw this year.

The second is, there are many items which don't have this long purchase cycles, like plastic, insulation. All this is almost like a month-on-month pricing, and it varies. The plastic polymer that we buy is almost like a monthly price it changes. That is where we get into a problem, actually.

Sameer Gupta: Got it, sir. Do we have plans to start hedging currency exposure in future, or it is just a black swan event and we forget it?

K.V. Sridhar: No, in terms of currency, we do currency exposure that we sort of periodically look at the rates. As you know, the rates have been fairly volatile from almost the last six to nine months, as you can see. We obviously monitor it in terms of what the rates are, and also the premiums. I think you would have also noticed that the forward premiums have also had certain upward movements that also we have to monitor. Obviously, we look at what the forward premiums are, the landed cost as we need it over the next sort of three to four months, and do hedging accordingly.

Sameer Gupta: Got it. Last question, if I may squeeze in. 14% price hike, does it include the 5%, 7% announced, or that is over and above that 14%?

K.V. Sridhar: Yes. The additional 5%-7% that Mr. Menon mentioned is what we have sort of implemented in Q3, starting October.

Sameer Gupta: And 14% is still Q2, the price hike?

K.V. Sridhar: Yes. But please understand, as he clarified, this includes the BEE change, which sort of took place in January of 2026. So, it just obviously percolates over a longer period, just to clarify that.

Moderator: Yes. I am sorry to interrupt, Mr. Gupta.

K.V. Sridhar: Yes.

Moderator: Mr. Gupta, may we request you to please rejoin the queue? The next question is from the line of Siddhartha Bera from Nomura. Please go ahead.

Siddhartha Bera: Thank you, sir. Sir, first question is on this PLI, which we have reported for the past eight years. The PLI for this, are we including it in current numbers, or that will again come as a lumpy item in the future? How does it work?

K.V. Sridhar: No. We will get it every quarter. I think, we've got the INR5 crores in this quarter, and we expect to get a similar amount going forward, at least for the next five quarters, five, six quarters. There will be no lump impact.

Siddhartha Bera: Okay. This price increase, what we have done in October, does it cover the entire cost inflation, or do we need to take more to offset the cost pressure?

Mukundan Menon: What we have done now certainly covers the cost increase. If the commodities and the ocean and freight and the dollar easing and all will only help us further, it will be a silver lining for us, actually. Yes.

Siddhartha Bera: Got it, sir. Thanks a lot, sir. I will come back in the queue.

Mukundan Menon: Thank you.

Moderator: Thank you. Next question is from the line of Tanay Shah from DAM Capital. Please go ahead.

Tanay Shah: Yes. Hi, sir. Good evening, and thank you for taking my question. Sir, just wanted to understand a little bit from a longer-term perspective. While we understand and appreciate the near-term RM inflation, which we have seen, and also appreciate our focus on maintaining market share, right?

And we have maintained that leadership as well and only expanded that over a period of time. My question is that at a 10% penetration, and with such strong volume growth as well, we are not being able to make adequate margins. What sort of gives us confidence over a period of two to three years to improve our margin profile back to where we were, let us say, in FY 2025?

Mukundan Menon: Yes, it's a very valid question, actually. Generally what happens is, there is always this A brand like ours with such a large volume and such a large market share, we build this on the strength of our distribution reach, the distribution reach that we have. There are brands which are the challenger brands, obviously.

The distribution reach for them to keep expanding the way we are doing it will, I think, over a period of time, will start eroding their overall sort of the kind of disruption that they've done on the price thing. I have a feeling the leaders that we are, we will only get into a position of strength over a period of time.

Our reach will only further increase because of the kind of muscle that we have in terms of with the channel. It also, at some point, will start differentiating because of the cost structure. When

you become such a large player and your nearest competitor is 5% to 9% below you, the procurement muscle will also start playing out.

It's just a matter of time before. As you rightly said, the penetration level is below 10%. We are the leaders in as far as market share. For the last many years, we had sizable volumes going into the market. Many of these machines which are seven, eight years, nine years old with the old energy labels will come up for a replacement.

When you have a replacement of an air conditioner, when your earlier machine was a Voltas, there is a very, very high probability that the replacement also will be a Voltas. This replacement cycle which will play out over the next few years, the reach muscle, and the procurement muscle, these three will give us a lot of confidence, coupled with the fact that 10% penetration is the only thing. I think we seem to be in the right direction. The margins will self-correct. We are very confident about that.

Tanay Shah: Sure, sir. Thank you so much for answering my question.

Mukundan Menon: Thank you.

Tanay Shah: Thanks.

Moderator: Thank you. Next question is from the line of Keshav Lahoti from HDFC Securities. Please go ahead.

Keshav Lahoti: Hi, thank you for the opportunity. I just want to understand in the quarterly number which you report of EBITDA of each segment, what is the non-operating income, any non-operating income included for PLI or whatever the write-back you have done?

K.V. Sridhar: It is, I think, mainly covered by the couple of notes that you can make out in terms of the Sidra and the PLI impact. I think that has been covered, in the notes. I think we have mentioned that.

Keshav Lahoti: Can you give a sense about the segmental note? I am talking maybe at the company level, I am able to get the impact, but note at segmental level to see the margin, I am talking. If we adjust for that.

K.V. Sridhar: The PLI would be from a Segment A point of view, but the Sidra would be referring to the Segment B. That is the two things to consider.

Keshav Lahoti: Got it. Thank you.

Moderator: Thank you. Next question is from the line of Umang Mehta from Kotak Securities. Please go ahead.

Umang Mehta: Hi, sir. Thanks for the opportunity. Sir, in context of your aspiration to grow profits year-over-year, it seems that the hikes which you have taken in this round are similar to what some of the other brands have also done. Just trying to think about the thought process. How do you determine how much hike you need to take at what point in time? Since you have covered the

entire inflation now, isn't the guidance still slightly conservative that if there are no incremental RM headwinds, why are we not talking about percentage margins? Thanks.

Mukundan Menon: Yes. So, see, essentially, , next large quarter for this is quarter four. Quarter three is, from an air conditioner point of view, is a little generally a quarter which is not very different from quarter two. As a percentage, when we look at the thing, this number, we do not want to give any forecast which looks for a base, for a small quarter like this, we do not want to do that.

But eventually, this will play out. Quarter four is a very large quarter. We also have the positive news about a very hotter than normal summer because of the El Niño. So, we expect that the channel will start stocking up in quarter four big time in the month of January, February, March for sure. January, February in the south, and March, April, May in the month of, in the north and east.

So, we are very hopeful that the last quarter will be a good quarter for all of us, and the things will pan out. But at this point in time, when there is no certainty about how the commodity prices are moving, how the currency thing is moving, whether the West Asia crisis will wind down. If the West Asia crisis were to clearly wind down, you will see a much faster softening of the challenges on the margin in quarter three itself, and things will look quite good in quarter four.

Umang Mehta: Understood sir.

Mukundan Menon: Yes.

Umang Mehta: Just to clarify, this hike of 14%, did it include the 5%-7% you have taken? I know someone else asked, you said it included BEE, but because you are now saying that you have covered the entire inflation of 18%, this is, I am assuming that the hikes, including BEE and the latest round, are more than it, around 18%. Is that correct?

Mukundan Menon: That is correct, Yes.

Umang Mehta: Okay, perfect. Thank you so much, sir. Thank you.

Mukundan Menon: Thanks, Umang. Thank you.

Moderator: Thank you. Next question is from the line of Keyur Pandya from ICICI Prudential Life Insurance. Please go ahead.

Keyur Pandya: Thank you for the opportunity. Again, just one question. Since, I mean, with your focus on market share and gaining the lead from here on as well, do you think, I mean, just because of the cost sensitiveness, you need to increase outsourcing, or how that mix will change going ahead once, say, south facility is ramped up over next two, three years?

K.V. Sridhar: Okay. Yes, so the way we sort of plan to do that, obviously, you know the south facility came in August of 2024.. And currently, we have a capacity of around 1.5 million units in the south. So intent that we plan to sort of do, I think we've given this thought process earlier also, is to intent is to sort of have a uniform production across our facilities throughout the year.

And depending on, I think that will sort of leave us a bit of a gap in terms of what we could need depending on our top-line requirement. To that extent, we will sort of lean over to the OEMs in terms of base requirement is required, whether in any of the centers, whether it's north, south, east, or west. So we will sort of depend accordingly. The intent is to maximize our own production and lean back on the OEMs wherever there is a gap.

Keyur Pandya: And this reduces the outsourcing percentage, or how does it change?

K.V. Sridhar: Percentage. I mean, broadly, you can say it again, depending on the quarter, it sort of changes. But maybe on an annualized level, maybe you can say around 75%-80% inhouse to around 20% Outsourced. Roughly in that range is where the percentage will vary. Yes.

Keyur Pandya: Understood, sir. Thanks a lot.

Moderator: Thank you.

K.V. Sridhar: Thank you.

Moderator: Next question is from the line of Ashish Jain from Macquarie Capital. Please go ahead.

Ashish Jain: Hi, sir. Good evening. Sir, I had a more industry question. The point which you made earlier comparing air conditioner with autos, and the seasonality angle that you spoke about. Now, a sector like cement, which also is heavily seasonal, has exhibited much more resilient margins.

My question is really that, with this market share focus, while I understand the operating leverage that market share brings in, from a longer-term perspective, have we seen a trend that a customer, when he buys a Voltas AC, the second or third AC, if and when he buys, he sticks to the brand, or whenever he replaces the same, he sticks to the brand? Have we seen any such trend which then gives confidence on longer-term buildup on this market share that we have built in the last, say, two, three years?

Mukundan Menon: Yes. As you mentioned, Ashish, actually the other industry, like cement and all, you know, it's just two brands which probably have such a big control on the overall, between the two of them, they control a very large percentage of the market. This is a little more fragmented kind of industry where there are quite, technically there are 60 brands, out of which at least 15 or 20 of them are serious brands who have a market share upwards of, say, 4%, 5%.

So, that way, it's little different from the cement industry. And this thing which we are very confident, we are seeing a clear trend where the first Air Conditioner is a Voltas. The next one, when it gets replaced, the second room happens to be Voltas, and the replacement also happens to be Voltas.

So we track, we have a customer data of almost like 20 million customers in our database, and we are seeing a clear trend in that. And we are also able to offer them some clear benefits, where when, as a loyalty thing, there is a campaign going out where anybody who has our product will get a special price on a product.

So, we are working that out because among all the brands, the brand which has the highest installed base in the country happens to be Voltas. And that loyalty bias, coupled with the fact that the Tata Trusts is there, and our lineup is also, we have moved from just having a good product to a better and a best category.

There are premium products. We have got products with artificial intelligence, which is doing extremely well. Vertis AI is the product. We are running campaigns for people to upgrade, both to save power, the machine to look more aesthetically beautiful, and have more features. All this is playing out well for us, and this will play out very well for us big time over the next many years. We are very confident of it, Ashish.

Ashish Jain: Sir, just if you can share, our installed base will be, I think, close to 10 million-12 million units today, or it will be significantly higher? Ballpark number I am looking for.

Mukundan Menon: Roughly 26 million.

Ashish Jain: 26 million is installed. When you say installed, this is what is currently operating in your best judgment?

Mukundan Menon: Yes.

Ashish Jain: Okay. Got it, sir. Thank you so much.

Mukundan Menon: Thanks, Ashish.

Moderator: Thank you. Next question is from the line of Dhruv Jain from Ambit Capital. Please go ahead.

Dhruv Jain: Hi, sir. Thank you for the opportunity. Just had one question. Given the fact that last year was also a weak season, I am guessing that there would be under-absorption of overheads with respect to Sri City facility. If you could just give us some sense of what that under-absorption is, it will help us figure out the margins when the season comes through in the next year when your utilization improves. That is the only question. Thanks.

K.V. Sridhar: Yes. I think I clarified that. I think our intent is to continue the production on a full-year basis so that we are able to utilize our facilities to the maximum, and to the extent that we would need from a sales side, we would take the help and support of the OEM. That's the thought process. While last year we had a bit of under-absorption because it was the first year of operations of the Chennai factory, but going forward, intent is to run the factory on a 12-month basis and not have any material under-absorption going forward. Hope that clarifies.

Dhruv Jain: No, sir, I was just checking if in the first half, if there is some number that you can give us with respect to what is the under-absorption, or in the first half that under-absorption has actually come off.

K.V. Sridhar: No, there was no material under-absorption in the first half.

Dhruv Jain: Okay. Thanks.

Moderator: Thank you. Next question is from the line of Deepak Agarwal from Axis Capital Limited. Please go ahead.

Deepak Agarwal: Hi, sir. Thank you so much for taking my question. I just want to understand on the inventory status. If you can help us how the inventory status on ground with the channel, and is it lower than last year or any number that will help us, sir? Thank you.

Mukundan Menon: Yes. What this year has been, actually has been a little extended summer. As you notice, it's very warm even in places like Mumbai, you would notice that temperatures are very uncomfortable. The second summer is also going very strong. We are seeing good traction across most parts of the country. The channel inventory is much lower than what it was last year. I would say roughly around three weeks of inventory is what I think the channel will be carrying and not more for sure.

Deepak Agarwal: And the similar number last time would be, last year same time would be how much, sir? Any number that you can put?

Mukundan Menon: Whether it's half of last year is what you're saying?

Deepak Agarwal: I just want to understand. This time Q2 end, you are saying that three weeks kind of inventory. The same number last year would be what?

Mukundan Menon: Last year would have been, say, four to six weeks. This time it's three weeks or so. We are seeing a very distinctly different kind of secondary sale happening. We are very confident that the channel inventory is really minimized, I would say. Yes.

Deepak Agarwal: Okay, sir. Thank you so much and all the best. Thanks.

Mukundan Menon: Thank you.

Moderator: Thank you. Ladies and gentlemen, that will be your last question for today, which is from the line of Manoj Gori from Equirus Capital. Please go ahead.

Manoj Gori: Yes. Thanks for the opportunity, sir. Sir, you have given some answers in bits and pieces. I just want to understand, if we look at the price hikes that we have taken in the Unitary Cooling Products, so by and large, we have covered most of the inflationary pressures plus the rating changes, and by and large, Unitary Cooling Products at large, our gross margin currently should be at normal levels. Now, we have some other investments in form of our south facility.

Second, if you look at, we were investing behind alternate channels where we were deploying more number of field promoters and further marketing activities. So if we look at considering all the factors, probably what would be the difference between that 8% or 9% our aspirational EBIT margin for Unitary Cooling Products at a yearly level, at an annualized level?

And probably the price hike that we have taken, so probably where we can see, like, what should be the difference between the 8%, 9% and currently the annualized number that we should be seeing?

Mukundan Menon: Yes, Manoj. Essentially, while the price increases were taken, as I had mentioned earlier, there was a lag between the price realization that we got because of the lock-in for 35% of the channel, and also the speed at which the price increases could be passed on in a continuously inflationary kind of trajectory.

There is always a gap between the cost increase and the selling price absorption. This is what gets affected. With this last increase of 5%-7% which we have passed on now, things have come back to normal. That is why it is not very visible in the quarter one, quarter two, because it was right at the time when the market had got that lock-in in pricing, but our costs went completely north. Going forward with this price increase, I think that gap of 3%, 4% which we probably had eroded will get corrected.

Manoj Gori: That should be visible from third quarter itself, right?

Mukundan Menon: That is correct.

Manoj Gori: Completely visible in fourth quarter.

Mukundan Menon: The third quarter, yes, and fourth quarter certainly better because of the sheer volume as a percentage, the overheads get absorbed better. Yes.

K.V. Sridhar: But obviously, I mean, just to clarify the point, obviously, during Q2, Q3 is when these commodity prices also soften if you go by historical trends, right? That has not been the situation this year. So obviously, we have to monitor. Intent is to obviously pass on the price increase as Mr. Menon mentioned. But in terms of, as I said, our thought process has been to sort of better the margins that we had same quarter, say, last year to sort of do better in this quarter also. That's thought process, and we hope to maintain that.

Manoj Gori: Sure. Thank you, and wish you all the best, and greetings for the festival.

Mukundan Menon: Yes. Thank you, everyone, and on behalf of Voltas, Diwali greetings to each one of you and your families. Have a great festival ahead. There is a closing remark by K.V. Sridhar, which he will just do now.

K.V. Sridhar: Yes. Thank you. Just a closing comment from our end. Voltas will continue to invest in product innovation, manufacturing readiness, localization, supply chain efficiencies, customer experience, and operational excellence. With its leadership in cooling, expanding consumer durables portfolio, established engineering capabilities, and disciplined approach to capital allocation, Voltas remains focused on translating market opportunities into sustainable growth and long-term shareholder value. Thank you.

Moderator: Thank you. Ladies and gentlemen, on behalf of Axis Capital Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.