



ANALYSIS OF RESULTS

QUARTER ENDED 30 JUNE 2021

At the end of Q4 2021, on the lower base of the previous years, Economists and Corporates alike, projected for robust growth given the visibility of multiple green shoots in forthcoming quarters. However, the pandemic re-erupted like a tsunami wave in several countries across the globe. Albeit, pace of vaccinations assisted in controlling the casualty, the anticipated growth in recoveries does not seem to be a surety even in geographies where infections seem to be under control.

To add fuel to the pandemic woes, the commodity prices have seen unabated increase quarter on quarter, which is causing inflation inching towards pre-pandemic level. In addition, the container freight rates have seen a sharp escalation amid the global trade disruptions widening supply-demand gap owing to pandemic.

Considering the above facts, the Global economy is projected to grow 6.0 percent in 2021 and 4.9 percent in 2022. However, prospects for emerging market and developing economies have been downgraded for 2021, especially for Asia amid the severity of second wave impacting the economic recovery.

Back home in India, impact of second Covid wave was more severe and resulted in loss of life, and slowed down the economic activities at unprecedented level. Consequences of the same has been witnessed in the fall of PMI and rising of inflation given the supply-chain disruption and cost increases. Unlike the nation-wide lockdown imposed by the Center in previous year, continuation of business activity this year was governed by the states given the spread of virus. These regional lockdowns had mixed impact to demand and supply of consumer durables. Optimism was evident across Equity markets, in contrast to real economy, and Sensex touched new high, supported by significant FII inflows and a growing number of retail participants.

In this overall context, we continued our growth journey and recorded a 39% growth revenue from operations at Rs 1767 crs as compared to previous quarter. The Profit before tax saw even a higher growth over 56% from Rs 108 crs to Rs 168 crs in current quarter. Non annualized Earnings per Share (Face Value per share of Re. 1) for the Qtr. was consequently higher at Rs. 3.68 ahead of the previous year (Rs 2.45).

VOLTAS LIMITED

Finance and MIS Department

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

Tel 91 22 66656290 66656891 Fax 91 22 66656311 e-mail manishdesai@voltas.com mprabhu@voltas.com website www.voltas.com

Corporate Identity Number L29308MH1954PLC009371

A **TATA** Enterprise

A snapshot of our results this quarter is presented herewith: -

Segment reporting (Rs. Crores)	Q1 FY22	Q1 FY21
-----------------------------------	---------	---------

1. Revenue

Segment A : Unitary Cooling *	963	811
Segment B : Eng. Projects	688	412
Segment C : Eng. Products	115	48
Income from Operations	1767	1271

2. Profit before tax

Segment A : Unitary Cooling	118	114
Segment B : Eng. Projects	31	(44)
Segment C : Eng. Products	38	20
Unallocated	(18)	18
Profit before Tax	168	108

Results to Revenue	
12.3%	14.0%
4.4%	-10.6%
32.9%	41.3%
9.5%	8.5%

* restated

Segment A – Unitary Cooling Products

Limited operational hours/days imposed as part of regional lockdowns by various States and Local Authorities throughout the quarter took its toll on the consumer durables industry as a whole, especially for cooling products market, during the period that has traditionally been the peak season for sales. Quick and nimble to respond, aided by strong 22,000 touch points across the country, team Voltas grabbed the opportunity and managed to grow even in such unprecedented times. Meanwhile, patchy summers in South and East regions continued to be a challenge, but robust sales in North and Central regions helped balance the performance.

Focus on the Inverter sub-category with competitive pricing and larger number of SKUs yielded a favourable outcome – Inverter sales growth was 18%, well ahead of the previous year. Overall, in the AC segment, Voltas continues to retain undisputed leadership with an exit June market share of 26.7% at multi-brand outlets.

Continued leverage with trade & distribution, contribution from exports, healthier model mix from B2B accounts helped a stellar growth in the Commercial Refrigeration vertical in Q1. Launch of new SKUs, increased number of touch points and acceptance of products resulted in higher growth in the current quarter despite availability of limited time window of sales for Air Cooler category.

Effective 1st April, 2021, the Group has re-organised the reporting of Commercial Air Conditioning and customer care business from Segment - B (Electro - Mechanical Projects and Services) to Segment - A (Unitary Cooling Products for Comfort and Commercial use) to align with business objectives.

VOLTAS LIMITED

Finance and MIS Department

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

Tel 91 22 66656290 66656891 Fax 91 22 66656311 e-mail manishdesai@voltas.com mprabhu@voltas.com website www.voltas.com

Corporate Identity Number L29308MH1954PLC009371

A TATA Enterprise



Commercial Air Conditioning business includes sales of VRF systems, Chillers, Ducted units, Vapor Absorption Machines, etc. and Customer care and retrofit business. Performance from this vertical also improved during the quarter. With this re-statement, all product sales will henceforth be reported under Segment – A (Unitary Cooling Products for Comfort and Commercial use).

Better product mix, coupled with planned procurement of inventories helped to partially mitigate the increased cost of commodity prices and higher logistics costs. We have continued with various cost austerity measures, however, certain customer centric sales promotional expenses were incurred during the quarter, leading to higher selling & distribution expenses. As a result, Turnover grew by about 19% in current quarter and the Segment EBIT was Rs. 118 crores as compared to Rs. 114 crores in previous year.

Segment B – Electro-Mechanical Projects and Services

Construction activities were allowed in the current quarter, unlike national lockdown in previous year. This provided relatively easier access to the project sites resulting in higher progress in execution of projects in both domestic and international markets, leading to a 67% growth in Segment Revenue for the quarter to Rs. 688 crores as compared to the previous corresponding quarter of Rs. 412 crores. Progress of the projects and a centrally driven focus on the collection, helped to restrict ECL provisions, resulting in improvement in Segment profit of Rs 31 crs as compared to loss of Rs 44 crs in previous year.

That said, weakened sentiments of delay in announcement of Capex plans by potential clients across the operational geographies coupled with diligent choice of orders has translated into subdued but high-quality order booking during the quarter. Nevertheless, total carry forward order book at Rs. 6149 crores as on 30 June 2021 provides an adequate level of forward revenue visibility. The carry forward order book for Domestic projects at Rs. 3702 crores contained a mix of orders across Water, HVAC, Rural Electrification, Solar and Urban infra-activities. The International order book of Rs. 2447 crores represented MEP work, mainly in UAE and Qatar.

Segment C – Engineering Products and Services

Segment Revenue and Results for the quarter were at Rs. 115 crores and Rs. 38 crores, depicting growth of 142% and 93% respectively.

Both Mozambique and India operations have contributed to this performance backed by renewal of the contracts as well as strong order book of Crushing & Screening equipment's.

VOLTAS LIMITED

Finance and MIS Department

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

Tel 91 22 66656290 66656891 Fax 91 22 66656311 e-mail manishdesai@voltas.com mprabhu@voltas.com website www.voltas.com

Corporate Identity Number L29308MH1954PLC009371

A **TATA** Enterprise



After Sales support and renewed demand for Capital machinery both in spinning and post-spinning has contributed significantly to the bottom line for this vertical. Announcement of much awaited PLI scheme will boost the sentiments for capital machinery industry, however supply-chain disruption may pose some interim challenges.

Voltas Beko

Production at Sanand factory surpassed milestone of 5 lac units since its opening and cumulative sales since inception crossed 1 million units. Voltbek products continue to be accepted well in the market, and we are happy to witness significant demand pull from the Trade. We are also happy to inform that Voltbek's market share in the highly competitive segment of Refrigerators and Washing Machines has improved to 3.1% and 2.7% YTD respectively.

In terms of distribution, billing points have been scaled up to exceed 1200 numbers. Accelerated opening of exclusive brand shops & Experience zones along with cost effective digital marketing should help in increasing reach and augmenting brand visibility. Distribution and other synergies with Voltas continue to be aggressively leveraged to achieve the overall objective of break-even and targeted market share.

Outlook:

Although Q2 is a lean period for Cooling products, the start of festival period may witness a spurt in demand. It will be interesting to see the impact of myriad of factors such as anticipated third Covid wave, pace of vaccination and opening up of economy at large. We continue our sharper focus on working capital management and conservation of cash while remaining cautiously optimistic.

Cautionary Statement:

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

9 August 2021

VOLTAS LIMITED

Finance and MIS Department

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

Tel 91 22 66656290 66656891 Fax 91 22 66656311 e-mail manishdesai@voltas.com mprabhu@voltas.com website www.voltas.com

Corporate Identity Number L29308MH1954PLC009371

A **TATA** Enterprise