



## **ANALYSIS OF RESULTS**

### **QUARTER AND YEAR ENDED 31 MARCH, 2022**

Start of Q4 was anticipated to give glimmers of prosperity and growth, however, the beginning of new year came up with its own challenges. As India and the World were accelerating vaccination drive to overcome pandemic, another variant came up as a surprise, dithering the efforts with the apprehension of more severity than earlier variants and caused impact on the economy and health. The extended vaccination had reduced impact of 3<sup>rd</sup> wave considerably both on the health and economy across Countries.

As the economic activities were returning to normalization, the World economy received another jolt caused by geo-political tensions between Russia and Ukraine causing disturbance in economic activities. The invasion has a spiral impact on the commodity prices. Global economic prospects have worsened amid disruption in supply chain and due to imposition of various sanctions on Russia.

Global economy now is on the edge of uncertainties arising from the ongoing geopolitical conflicts reflected in global commodity prices (including crude prices), differential pace of monetary policy normalization amid persistence of inflation at higher levels globally. Supply disruptions emanating from China's zero Covid policy and resultant restrictions on activities will be weighing on prices and growth of the Global Economy. For India, all these factors have paused a speedy economic recovery and caused worry given the elevated trade deficit. The Balance of Payments is also expected to shift given the global monetary policies especially that of the US Fed. IMF under the said unsettling issues has revised its growth forecast from 4.4% to 3.6% for the World and from 9% to 8.2% for India.

Early months of Covid wave, extended winter and increased input cost have impacted Financial results during this quarter. Unitary Cooling Products (UCP) segment reported a revenue of Rs 1818 crs, while project business reported revenue of Rs 692 crs and Eng. Product reported a turnover of Rs 124 crs. Our Consolidated Total Income for Q4FY22 was Rs 2704 crores as against Rs 2683 crores in Q4FY21. Profit before tax (PBT) was Rs. 247 crores as compared to Rs. 321 crores in the corresponding quarter last year. Profit after tax (PAT) was Rs. 183 crores vs Rs. 239 crores in the previous year. Earnings per Share (EPS) (Face Value per share of Re. 1) (not annualized) for the quarter ended 31st March, 2022 was at Rs. 5.52 against Rs. 7.18 reported last year.

For the year ended 31st March 2022 the Consolidated Total Income was higher by 5%, at Rs. 8,124 crores as compared to Rs. 7,745 crores. PBT was at Rs. 697 crores as compared to Rs. 709 crores in the corresponding period last year. PAT was reported at Rs. 506 crores as compared to Rs 529 crores in the corresponding period last year. EPS (Face Value per share of Re. 1) for the financial year ended 31st March, 2022 was Rs. 15.23 as compared to Rs. 15.87 last year.

### **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

The Corporate Balance Sheet continues to remain healthy with minimal borrowings for our overseas operations. While operational cash flow during the initial part of the year had been relatively weak due to loss of cooling product sale given the Covid induced lockdown, however, revival of economy thereafter and pent-up demand for the cooling product towards the end of the quarter helped generate surplus cash on our Balance sheet. As at the year end, cash and cash equivalents in our books stood at Rs 2,835 crs as against Rs 2,465 crs in the previous year.

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

Segment reporting (Rs. Crores)	Q4 FY22	Q4 FY21	% of Total Revenue	
			Q4 FY22	Q4 FY21
<b>1. Revenue</b>				
Segment A : Unitary Cooling	1818	1655	69%	63%
Segment B : Eng. Projects	692	875	26%	33%
Segment C : Eng. Products	124	98	5%	4%
<b>Income from Operations</b>	<b>2634</b>	<b>2628</b>	<b>100%</b>	<b>100%</b>
<b>2. Profit before tax</b>				
Segment A : Unitary Cooling	192	261		
Segment B : Eng. Projects	48	57		
Segment C : Eng. Products	41	34		
Unallocated	(33)	(31)		
<b>Profit before Tax</b>	<b>247</b>	<b>321</b>	<b>9.39%</b>	<b>12.21%</b>
<b>Results to Revenue</b>				
			10.55%	15.77%
			6.88%	6.46%
			33.03%	34.60%
			<b>9.39%</b>	<b>12.21%</b>
<b>% of Total Revenue</b>				
	FY22	FY21	FY22	FY21
<b>1. Revenue</b>				
Segment A : Unitary Cooling	4882	4218	62%	57%
Segment B : Eng. Projects	2470	2879	32%	39%
Segment C : Eng. Products	489	359	6%	5%
<b>Income from Operations</b>	<b>7841</b>	<b>7457</b>	<b>100%</b>	<b>100%</b>
<b>2. Profit before tax</b>				
Segment A : Unitary Cooling	513	584		
Segment B : Eng. Projects	126	27		
Segment C : Eng. Products	158	114		
Unallocated	(100)	(16)		
<b>Profit before Tax</b>	<b>697</b>	<b>709</b>	<b>8.89%</b>	<b>9.51%</b>
<b>Results to Revenue</b>				
			10.52%	13.84%
			5.09%	0.94%
			32.31%	31.80%
			<b>8.89%</b>	<b>9.51%</b>

## Segment A – Unitary Cooling Products (UCP)

For UCP segment, Q4 and Q1 of a financial year are considered to be the strongest quarter for the year. However, the segment/ industry witnessed lockdowns and restrictions for



operations since past 2 years. Despite the fact and the hopes that this year would be clear of Covid and industry would be able to bank on full season, Omicron in the start of the year, dampened the hopes amongst the trade. Extended winters in the initial months of the quarter and increased price of cooling products has further impacted sentiments of the channel partners and thereby primary sales.

Under the shadows of dampened demand and high inflation owing to geo-political conflict, a start of severe summers across length and breadth of the Country brought cooling products in high demand. Riding on this demand, the quarter has seen improved value growth over the previous year resulting into restricted de-growth for the Q4. Unitary Cooling segment reported a revenue of Rs 1818 crores as against Rs 1655 crores, representing a 10% increase over the corresponding quarter of the previous year. However, divisional bottom line has been impacted amidst increasing input cost, disruptive pricing by the competition and resistance by the trade on price increase. These factors resulted for decline in Segment EBIT by 26% from Rs. 261 crs to Rs. 192 crs. Nevertheless, our focus on product placement, trust amongst the Channel partners and value proposition has helped us register overall volume growth for the full year.

Our focus on the Inverter sub-category with competitive pricing and larger number of SKUs continue to favour us. Inverter category witnessed a good traction with the customers and now contributes over 75% of all ACs sold, compared to 70% for the similar period in the previous year. Voltas continued its leadership in RAC category with the YTD market share of 23.4% as of March 22 at Multi brand outlets.

To enhance our reach and to provide a customer first experience, Experience Zone for Voltas and Voltas Beko products has been launched in Mumbai during the quarter. In addition to it, we have continued with our expansion in Exclusive Brand Outlets (EBO), which has reached over 200 outlets and we aim to expand further by additional 50 outlets during the year. These will provide an enriched experience to our consumers with the complete product range along with attractive and differentiated consumer offer.

The commercial refrigeration (CR) vertical has delivered yet another year of growth and even surpassed volume of pre-covid period. Growth in Commercial Ref. Products was driven by expansion of Mom & Pop stores, change in food habits largely driven by beverages and ice cream products in tier 3 & 4 cities and higher participation from OEM engaged in chocolate, beverages and Ice cream products.

In Air Cooler (AR) category, limited window of sale and wash out of season in the early months of the year resulted in piling of inventories at the channel partner end. However, a heat wave during Q4 has picked up demand for this economical cooling product. The presence in all sub categories of the Air Cooler, balanced SKUs with competitive consumer pricing and expansion of channel network has resulted in brand increasing its YTD Jan 2022 market share to 12%.

We are happy to report that the Commercial Air Conditioning (CAC) business has done well even in these uncertain times. Opening of commercial place and focus on retrofit job along with retention of the customer with attractive after sale offering has resulted in the overall value growth for the quarter and full year under review. Business took various cost reduction initiatives and value engineering processes to offset increased input cost and thereby mitigated risk, albeit partially, on the margin.

**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

## **Segment B – Electro-Mechanical Projects and Services**

Segment Revenue for the quarter reduced to Rs. 692 crores as compared to the previous corresponding quarter of Rs. 875 crores primarily owing to a low carry forward order book and reaching to the completion stage for major projects during the year. Segment Results during the quarter showed a positive momentum, the EBIT percentage to revenue increased from 6.46% to 6.88%. Carry forward order book of the Segment stood at Rs. 5360 crores.

Over Rs. 2000 crores of fresh orders were added across both Domestic and International markets. The carry forward order book for Domestic projects at Rs. 3638 crores contained a bouquet of orders across Water, HVAC, Rural Electrification and Urban infra activities. The International order book was Rs. 1722 crores.

Better and timely execution of projects coupled with a healthy project mix has driven performance of project business during the quarter. The division has not been spared by the increased commodity prices, however, a sensible negotiation with the customer and suppliers have mitigated the impact to certain extent. The focus on the work certification and collection has improved cash flow and thereby return on capital employed while comparing with previous year.

Meanwhile, the increase in global Oil price, lifting of Covid related restrictions and focus of the Government on the Infrastructure development should improve business sentiment and open up further opportunities in our operating markets. We will continue with our strategy of picking up healthy orders which will help in delivering a consistent and sustainable performance with minimal risk.

## **Segment C – Engineering Products and Services**

Segment Revenue and Results for the quarter were at Rs. 124 crores and Rs. 41 crores, respectively.

Both Mozambique and India operations have contributed towards improved performance on the back of the revival of the Crushing & Screening equipment and renewal of the Maintenance & Repair contracts (MARC) with Customers.

Growing yarn exports, high demand for Capital machinery both in spinning and post-spinning and a well-defined approach on improving after sales business resulted in positive performance during the period. Price increase by principals and supply chain related disruptions continue to pose challenges. Overall, Textile sector is expected to perform better given the PLI announcement and various other initiatives directed towards growth for this sector.

## **Voltas Beko**

In the short tenure of close to 3 years, the Voltbek brand has crossed an important milestone of 1 Mn units in the year and thereby becoming one of the first brand to reach to this landmark. Cumulatively the brand has sold 2 Mn units wherein the first Mn units took 2 years and next 1 Mn has been achieved in 12 months.

**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



The product enhancement is based on consumer insights delivering a quality product at an affordable price. With the objective of localization, manufacturing facility has been expanded to frost free refrigerator and fully automatic top loaded washing machine at Sanand factory during the year. The production at the factory has also crossed 1 Mn units with better productivity and high quality. This initiative of in-house manufacturing has helped the brand to introduce more customer centric products, overcome supply chain disruptions, optimising working capital and other cost savings associated with it.

The brand continues its journey towards better market share and it bodes well for its target of reaching market share of 10% by the year 2025. The recently conducted brand track study shows the improved score in brand awareness among consumers and higher recommendation as compared to few incumbent players in the Industry. Lower penetration in the market, strength of the joint venture partners and accelerated expansion of reach will favour brand to achieve its twin objectives in a time bound manner.

### **Outlook:**

A hot weather will certainly help cooling products to have an exponential growth after two seasons of wash out. Amidst the positive demand, an increased input cost, fragmented market and disruptive pricing by the competition will have its impact on the margin. However, presence of the largest SKUs in the growing inverter category, focus on the weak market, improving weighted average distribution and sensible price management shall help the brand to perform better than Industry and thereby gain market share. In case of projects business, completion of most of the running projects and internal policy of margin recognition in the initial phase of the project will affect the financials in the near term. However, a completion of business transition, a higher allocation towards Infrastructure spend in domestic market and improved opportunities in the overseas should help us in overall performance for the year as we move forward.

In difficult times such as these, the resilience of our brand, the strength of our Balance Sheet, the competence of our time-tested systems and the capability of our people, provides a definite measure of confidence. We remain 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.*

7 May 2022

### **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