



“Voltas Limited Quarter 4 and Financial Year 2024  
Earnings Conference Call”

**May 08, 2024**



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**MODERATOR:** **MS. BHOOMIKA NAIR – DAM CAPITAL ADVISORS LIMITED**

**Moderator:** Ladies and gentlemen, good day and welcome to Voltas Quarter 4 and Financial Year Ending 31st March 2024 Earnings Call, hosted by DAM Capital Advisors 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 “\*” then “0” on your touch tone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Bhoomika Nair from DAM Capital. Thank you and over to you ma'am.

**Bhoomika Nair:** Thanks Sagar. Good afternoon, everyone, and a warm welcome to the Q4 and Financial Year Ending 31 March 2024 Earnings Call of Voltas Limited.

We have the Management today being represented by Mr. Pradeep Bakshi – Managing Director and CEO; Mr. Jitender Verma, CFO; Mr. Nikhil R. Chandarana – Head Corporate Finance; and Mr. Vaibhav Vora – Manager Corporate Finance.

Without any further delay, I'll hand over the call to Mr. Pradeep Bakshi for his “Opening Remarks”. Post which will open up the floor for Q&A. Over to you, sir.

**Jitender Verma:** Hi, this is Jitender Verma – CFO with our MD & CEO Mr. Bakshi is also here. And I will be opening the session with a quick intro on our Results. And then we will take up the question answers Mr. Bakshi and along with me.

So, good afternoon, everyone. As we know that the Financial Year '24 remained an eventful year, starting with supply chain disruptions in the aftermath of Russia-Ukraine, Israel-Hamas conflicts, and the Red Sea crisis. All of these have led to a sharp jump in shipping rates. Crude prices have also soared post Iran-Israel war, spiraling into a considerable surge in inflation. Tightening of globally synchronized monetary policy has also caused unwarranted pressures on businesses. Despite many unfavorable situations, the world avoided a recession and the banking system proved largely resilient.

At an overall level, global growth remains buoyant in spite of the aforesaid circumstances, and the growth bottomed at 2.3%. For 2024, the IMF has estimated global growth at around 3.2% in 2024, which is at the same pace as in 2023.

Back home in India, despite multiple global headwinds, India's monthly economic indicators like PMI, services index, GST and direct tax collections supported robust business activity. Uptick in India's growth would continue to be driven by the Government's “Make in India” thrust, and high infrastructure spends. Also, narrowing of trade deficit and a lower CAD would support growth. The IMF has estimated India's growth at 6.8% in FY '25 and 6.5% in FY '26.

The Company has seen record-breaking top line growth over the last year with the sale of over 2 million ACs in FY '24, indicating a strong market demand for the Company's products, registering

a quarterly growth of 72% and an annual growth of 35% in volumes. The volume growth was also driven by split air conditioner, sales of which doubled in Q4 and grew over 50% for the full year. With this incredible volume growth, the Company reported consolidated total income for the year ended 31st March 2024, which was higher by 32% at Rs. 12,734 crores as compared to Rs. 9,667 crores last year. Profit before tax was higher. by 58% at Rs. 486 crores as compared to Rs. 307 crores last year. Net profit after tax was at Rs. 248 crores as compared to Rs. 136 crores last year. Earnings per share for face value per share of Rs. 1 for the year ended 31st March 2024, was at Rs. 7.62 as compared to Rs. 4.08 in the same period previous year.

For the quarter ended March 2024, the consolidated total income grew by 42% at Rs. 4,257 crores as compared to Rs. 3,003 crores in the corresponding quarter last year. Profit before tax was at Rs. 174 crores as compared to Rs. 214 crores in the corresponding quarter last year. Net profit after tax was at Rs. 111 crores as compared to Rs. 143 crores in the corresponding quarter last year. Earnings per share, not annualized for the quarter ended was at Rs. 3.52 as compared to Rs. 4.35 in the same period previous year.

The corporate balance sheet continues to remain healthy with the cash and cash equivalents at Rs. 2,835 crores as at 31st March 2024.

You all have seen our Results, so I am not repeating the snapshot, which is there, I go straight to the Segment:

**Segment A – Unitary Cooling Products:**

The year 2023-2024 set a new landmark for the Company and helped us set our dominance in the air conditioning industry. [We ended the year with a record sales of 2 million Air Conditioner, first by any brand in the India AC Market. The drivers for the growth have been – focus on Modern trade and xx ] The split inverter category of air conditioners is in high demand, driven by consumers' desired to have products with advanced features and its long-term advantages of savings in energy cost. The expanded product portfolio of Voltas with newer SKUs designed in-house and competitive pricing has resulted in increased share of the inverter AC category to over 80% during the year. Based on the success of the inverter split category, the Company has expanded its inverter portfolio in the window air conditional category as well at strategic price points during the year.

Further, during the year, there were strong demand for premium category of products, that is 4 Star and 5 Star rated products. And the overall sales mix for Voltas for these products has also improved.

Strong brand positioning, distribution reach, leverage on the supply chain helped us retain our leadership position for the year with the YTD March market share of 18.7%. We continue to leverage our strength in traditional channels and increase our concentration in modern trade and organized channels, as we continue to build an extensive network of Exclusive Brand Outlets or

EBOs. Including Experience Zones at strategic locations, all of which will help in strengthening the market share.

Voltas has maintained its leadership position in the air conditioner category for more than a decade and has maintained its lead over the competition. The brand is geared to further expand its retail and distribution network, grow product portfolio and gain an additional edge over the competition. The Company also registered a significant growth in volume in other cooling products including air cooler and commercial refrigeration products.

The commercial refrigeration industry witnessed low traction throughout the year on account of reduced investment by the brands, more particularly in chocolate category, the growth of the commercial refrigerator category has remained tepid. However, channel push and anticipated demand for cold beverages, ice creams from across the industry helped us clock positive results for the business. Nevertheless, the outlook for this category is promising and growth drivers are visible in the current financial year.

The Air Cooler vertical has emerged as a crucial extension of Voltas' product line, providing an impetus to the Company's position in the cooling products industry. The acceptance of our high end product portfolio, expansion of the channel and tactical distributor schemes supported the primary delivery to the channel partners, which helped in registering growth during the quarter. Voltas Water Heaters continued to gain good acceptance across the distributors and customers.

The Commercial Air Conditioning vertical also contributed to the growth journey for the UCP segment. The performance of VRF, Light Commercial Air Conditioners, Packaged Air Conditioners Ducted ACs reported notable growth across sectors. However, input price escalations and inability to pass on the same to the customers owing to stiff competition have impacted the margins for the business. Increased commercial activity across the country coupled with focus on customer retention, and after sales service supported the overall growth for the category. However, competitive intensity has lagged the business' ability to garner margin accretive deals, especially in AMC jobs.

For the year, varied consumer centric finance schemes have also contributed significantly to increase in sales during current financial year and would eventually help grow the market share going forward.

Further, on the cost front, commodity prices have started to accelerate upwards, even USD-INR has depreciated over a period of time. Both of these have been detrimental to the profitability of the business. Nonetheless, various value engineering, and cost austerity drives have kept the profits in balance.

To summarize, for the quarter ended March 2024, UCP segment registered revenue of Rs. 2,955 crores, a 44% growth in turnover from Rs. 2,049 crores in Q4 FY '23. Segment reported an EBIT of Rs. 270 crores in Q4 FY '24 as compared to Rs. 206 crores in Q4 FY '23, a growth of 31%. For the year ended March 2024, UCP segment registered revenue of Rs 8,160 crores, which is a 29%

growth in turnover from Rs. 6,475 crores in FY '23. Segment result was Rs. 693 crores in FY '24 as against Rs. 538 crores in FY '23, which is a growth of 29%.

On Capex front, we are happy to announce that our expansion plan for both our factories in Chennai and Waghodia are in line with our targets, and we would gear up for commercial production to be ready for second summer/ festive sales. Both our upcoming plants will have strategic advantage of the location and help us cater to South and West markets. This will enable us to meet growing demand for the underpenetrated refrigeration products which would in-turn help us deliver a powerful performance to give our consumers comfort and convenience. With our story of volume growth, we are optimistic on utilization of our factories to the optimum scale and get a cost leverage on the business going forward.

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

The segment revenue for the quarter was Rs. 1,098 crores as compared to the previous corresponding quarter revenue of Rs. 746 crores, which is a growth of 47%. The segment result for the quarter reported a loss of Rs. 108 crores on account of delayed collection in certain overseas projects.

Healthy opening order book, quality PQE, more focused management after the transfer of business has translated into healthy business performance of the domestic project business. The domestic project business recorded a growth of 38% for the quarter and 73% for the year ended March 2024. The business continues to focus on governance, working capital management and high productivity to translate the orders into profits and in-turn into better cash inflow. The order pad for the domestic project business stands at Rs. 5,024 crores respectively.

For international project business, projects in Saudi continued to deliver good performance and drive the revenue growth for the business. Based on past experience, we reassessed our exposure especially in Qatar where we continued to face unreasonable delays in release of due receivables and prolongation of execution timelines. We judiciously took provisions due to slow recoverability of receivables resulting in a loss for the quarter for this segment. While the region impacted the business result and the Company has made the necessary provisions throughout the year, we are fairly optimistic to not have further set-backs from the geography and the international business should be on its way to deliver positive results in the next fiscal year.

The carry forward order book for International business as at 31 March 2024, stood at Rs. 3,030 crores largely in UAE and Saudi Arabia region. Total carry forward order book of the segment stood at Rs. 8,054 crores vis-a-vis Rs 7,414 crores of carry forward orders as at 31 March 2023.

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

Segment revenue and results continued to report improved performance for the quarter registering healthy growth over the previous year. Segment revenue for the quarter was Rs. 156 crores and

EBIT for the quarter was Rs. 48 crores, respectively. Segment revenue for the year was Rs. 588 crores and the segment result for the year was Rs. 206 crores.

Mining and Construction Equipment vertical has achieved its targeted numbers despite facing pressure for margin reductions. India's infrastructure projects and the revival of the mining sector present growth opportunities for the business. M&CE focused on enhancing its market share in its power screen business and had a healthy supply of its machines. The recent allowance for commercial mining of coal and the relaxation of FDI norms in the mining sector by the government are positive developments for the business. These initiatives are expected to boost business for this vertical in the coming years.

The Textile Industry experienced volatility characterised by fluctuations in cotton and yarn prices. The textile market remained sluggish due to highly subdued export demand for yarn. As a result, capex within the industry was decreased across the sector which led to reduced utilization levels of spinners. Despite the aforesaid factors, the business performance of our textile machinery vertical, or TMD, reached all-time high levels due to its healthy order book and through continued focus on after-sales business.

**Voltas Beko:**

The home appliances industry in India has witnessed a healthy growth, fuelled by a surge in demand for both large and small appliances. Voltbek, leveraging Arçelik's technical expertise and Voltas' strong brand presence, expanded its footprint in Indian households by manufacturing Made in India products in Sanand, Gujarat, and focusing on enhancing its distribution network, particularly in South and West India. In the ensuing year, Voltas Beko achieved significant milestones, becoming the fastest growing Indian consumer durable brand in just five years, selling over 5 million appliances, despite multiple headwinds of COVID.

Voltas Beko has solidified its position among the top brands in semi-automatic washing Machines for 2023-'24. Voltbek has also seen growth in the market share of refrigerators, washing machines, and semi-automatic table-top dishwashers. Voltbek has delivered a volume growth of over 50% in revenue and quantity compared to last year, largely due to new product development and increase in billing locations. Voltbek is dedicated to expanding its market presence across various product categories by deploying customized approaches for market penetration and growth. These initiatives will involve prioritizing top retailers, adopting channel-specific tactics to enhance market reach in key regions through retail and distribution channels, and maintaining a strong focus on boosting e-commerce and omni-channel development. New product launches, including larger capacity refrigerators and enhanced features, will help us in our growth trajectory to attain targets for breakeven and 10% market share.

**Outlook:**

At the Board Meeting held on 7 May 2024, for adoption of accounts for the year ended 31 March, 2024, the Board declared a dividend of 550%, despite various provisions taken by the Company

in its international projects business over last two years. The Board deliberated the importance of higher volume growth in its UCP business which delivered healthy segment results and its commitment to pass on the share of profits to its shareholders. At a consolidated results level, this distribution of dividends amounts to a 72% payout of its profits during the year by way of dividend.

Cooling products being a weather dependent and seasonal product, the summer period becomes critical for the industry and Company for growth. The current weather forecast and increased footfall projects towards sustainable growth. The Company is adequately prepared to secure the opportunity both on the supply and consumer demand front and will continue to pursue its aggressive strategy to strengthen market share in a profitable way. For projects business, we will continue to follow cautious and adopt risk mitigated approach while selecting new orders. The execution of the orders in hand is paramount to ensure timely completion of the project with tendered margin.

Thanks. We can open for question and answers.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. Our first question is from the line of Ankur Sharma from HDFC Life. Please go ahead.

**Ankur Sharma:** The first question was on the room AC business. If you could share your market share as of end of March '24, and also where do you think you can take this number to in the current year? We understand you have taken a lot of initiatives, especially on the modern trade side tie-ups with a lot of large national retail brands. So, if you could just help us, where do you see your market share in current year?

**Management:** First is about the market share. I think my colleague shared with you our market share as of financial year end on this thing is 18.7%. So, year-to-date basis, it is at 18.7% on the room AC category.

**Ankur Sharma:** Is it possible to share the market number, and also where do you see this number going?

**Management:** So, see, if you look at our market share for last about a year or so, it's been hovering around 20-odd-percent. And also if you look at, this is the syndicated research numbers which we talk about here, and there is always a lag in these numbers on account of secondary sales reported by them. But if you look at the primary sales basis, we have done about more than 2 million air conditioners and industry size has been rated as about 10 million. So, we are about 20% as per primary sales reports, as well estimates also. So, this is the market share numbers as of now.

But if you look at the strategy, as to how we will take it forward. As you would have heard us saying that we have been trying to probably capture market share extraction from each of the channel now. We have been focusing on besides the conventional channel i.e. distributors, modern trade, exclusive outlets and also the e-commerce platforms. So, everywhere we have got a strong presence, and it is going to continue as we go forward also, so that all these channels give us a

proper market share. And our endeavor would be to continue to maintain and sustain this leadership position as well as market.

If you look at the growth which we have spelled out, in the Quarter 4 it's more than 70%, about 72% or so. And even if you look at the annualized or the total YTD financial year growth on the room AC front is more than 35%. And if you look at this another segment, which is the split category, which is dominant in the total room AC, roughly around 95% sales is coming from this split category. There have been able to double up our number in this fiscal.

And also, if you look at even in the Quarter 4, growth in split category also have been about 54%, more than 50%. So, from this you can look at as to how we have been widening the gap with other brand. Also, whatever we have pumped, whatever material has gone into the market in the last quarter, because secondary shares as I said there is a lag. So, now in the coming months you'll get to see ideally growth in the market share, as reported by the syndicated research should also go up. So, I am expecting that to go.

But see, we are actually confident that we are doing well for ourselves and for our shareholders in terms of giving them, providing them with the growth on both revenue front, and also on the volume front. So, this is what I say. And going forward also our strategy is going to continue to strengthen in the other channels, which we have started focusing on in the last 1-1.5 half years, the -other allied channels like ecommerce and also the exclusive outlets we continue to grow. We have been present in more than 350 exclusive outlets, more than 26,000 channel partners across the length and breadth of the country. So, I think this shows the might of the brand. I am sure I have been able to answer your query, sir.

**Moderator:** Thank you so much. The next question is from the line of Rahul Gajare from Haitong Securities India Private limited. Please go ahead.

**Rahul Gajare:** I have got two questions. The first one is on the project business. Sir, in the project business, is it possible you could share with us the provision that was booked in the fourth quarter? And whether all of this was specifically from the Qatar project? And if this is the last of the provision that we have seen over the last two years in Qatar and how are the projects in the other regions? And your outlook for FY '25 as far as the project business is concerned?

**Management:** So, Rahul, I'd like to answer it in two-fold. If you look at the overall project business, it is twofold, one is a domestic project business and another one is international piece. So, if you look at our domestic project segment which is Universal MEP which is our wholly owned subsidiary. There you would have seen we have done pretty well. And you would have seen our growth in the revenue and also the profitability has grown by over 70% in the revenue and the profitability also it's been about more than 60% growth in this thing also.



And also, if you look at it there are three segments into it- MEP, Water and Electrical. All three segments have done well. All these cylinders have continued to deliver in these last two years if you look at, and they have continued to outperform the industry.

So, coming back to international piece, yes, of course it has given us some headwinds in the last few quarters. And you will recollect we had met you very recently, Rahul, and there also I had projected to you that it is largely coming in from on geography which is Qatar. Some small pieces had happened, but that is almost about a year back. But off late whatever has come through is coming from the Qatar region only. And we have proactively taken whatever we thought probably in delayed payments etc. We have taken this into account, and we have already provided for. So, going forward, hopefully we are reasonably confident there will not be any further provisions. Except for one contingent liability which we have already shared with all of all along, which is one in Qatar in the one hospital case, Sidra, which I am sure all of that. So, except for that, I think we are all good to go from here.

And if you look at the two major projects which are containing, two in KSA Saudi Arabia, one water theme park and another one hospital project which is doing well. We are continuously delivering, executing it well and we are recovering our dues. Then another one in Dubai. So, everything is going on well on the current projects which are being executed, the large projects we have been doing reasonably well. So, I am confident as we go forward this will all be a path for us, international whatever issues we had. And it should be a healthy proposition in international business also as we go forward.

**Management:** In fact, to add to that, I would say that whatever provisions we have taken, if we are able to collect in the near future, that would give us an opportunity to write back these provisions.

**Moderator:** Thank you. The next question is from the line of Pulkit Patni from Goldman Sachs. Please go ahead.

**Pulkit Patni:** The first one is just an observation. The first time you released a number in terms of volumes right at the end of the quarter, is it a practice that you are going to be continuing going forward as well? Every quarter we would get to know the volume number immediately thereafter?

**Management:** Pulkit, See, this was a very, I would say, extraordinary achievement where we achieved 2 million. And that is why immediately after the quarter end we had reported.

Yes, of course. Also, whenever we get an opportunity, whenever such milestone achievements will continue to happen which we foresee happening, as many of our businesses have been doing pretty well. So, we will continue to inform our shareholders and investors and all the stakeholders, so that they are apprised of whatever developments have been happening at our end. That will be our endeavor.

**Pulkit Patni:** So, I am assuming this is not going to be every quarter, but only if there's a milestone. So, now my question is, as I look at your revenue for this year for this segment, Rs. 8,000 crores, historically

when you were doing Rs. 4,000 crores revenue you were reporting 13%, 14%, 15% margin. This time around we are at a much lower margin number. Now while Mr. Bakshi, you spoke about how growth focused you are, how should we look at this margin going forward? Because with such strong volumes, at least we were expecting some bit of operating leverage to reflect in your margins a lot better. That would be my question number one.

**Management:** So, you see, if you remember when I talked to you last time also, we are looking at growing the businesses. And our primarily focus is on increasing the volume and the revenue. And at the same time, last time also we said that we will continue to deliver high-single-digit margin. And I am sure you will all appreciate that we have continued to deliver. And actually, over the last time what we reported, we have done slightly better on that also.

But when you go from Rs. 4,000 crores to Rs. 8,000 crores, you please appreciate that we cannot continue to make. 12% and 13% margins. So, I think probably we have been doing reasonably well in delivering to the expectations of the shareholders and we'll continue to do so as we go forward.

**Management:** See the point here is that with our increased volumes the rupee profit, or the rupee EBIT is on a much higher trajectory, and that is which adds to the earning per share, which is the important thing for the shareholders. So, if we are focusing on higher volumes and delivering higher margins in rupee terms, that is the goal and the growth.

**Management:** And also in line with that we have also given the dividend also, 550% this time as against 425% last year. So, I think you will understand our intentions to pay more to the shareholders, that's how we are looking at.

**Pulkit Patni:** Sir, completely understand, I think clearly the volume focus is visible in every way. Sir my second question is on CAPEX. Now, obviously volume being such a big focus, you are doing some CAPEX. Can you just talk about where we stand in terms of capacity? And obviously, India is a growing market, how do we intend doing CAPEX to build that capacity even further?

**Management:** Yes. So, a very good and important question at this juncture, specially. You see, I was going through a couple of reports, news items wherein it is shown that across the Asia Pacific region, the heat wave is quite intense. And coming back to India, which is our main primary focused market, there also climate is very hot and humid at the moment, temperature is unbearable and hovering around more than 40, 45 degrees in several places. And therefore, there is a great demand of cooling products. So, much so, if you look at my growth in the last two or three months, it's been more than 70%, 75%, which is unprecedented. And I am sure, howsoever good a planner you may be as a brand or as an organization or as a person individual also, I don't think this kind of growth would have been planned by anybody and would have expected.

So, as a result, what has happened is the stocks have started to disappear from our warehouses. Factories are augmenting their production capabilities, but that is getting outpaced by the sales demand. And therefore, ingly we are trying to invest a lot of CAPEX into augmenting our facilities

and gearing up to cater to those rising demands. So, we are, as you would know had announced earlier, we bought out a very large land parcel of about 150 acre. In my opinion, probably, this is going to be the India's largest manufacturing plant, which I am going to set up in Chennai. Which is going to be go live by the end of this month. And this will take my manufacturing to almost another 2 million as we go forward.

So, immediately 1 million will catch up from this year itself, will start from May, June onwards of at least 1 million to our production capability. Currently our manufacturing plant at Pantnagar is giving us a capacity between 1.2 million. So, I would be able to reach about 2.2 million, which will suffice my requirement for the current year. And we can ramp-up another 1 in Chennai. So, I am trying to catch up with the game in the next two to three years when I hit about 3 million, 3.5 million would be safe in able to cater to these rising demands.

So, we are spending amount on product developments, we are spending amount on augmenting production facility. Not only in the room AC, but also in the other product categories, our commercial refrigerator products in Waghodia, our Commercial Air Conditioning in Waghodia that is near Vadodara. We have set up a plant wherein also we have invested lot of CAPEX and we are augmenting capacities in both these plants as well. And then also at Sanand in our Voltbek range of appliances also, there also if you look at our numbers, we have done almost touching 1 million each refrigerator and washing machines. So, there also we are gaining grounds, our market shares are increasing, our volumes are increasing. And therefore, we need to augment all these capacities to be able to live up to the consumer.

**Moderator:** Thank you so much, sir. Our next question is from the line of Nikhil Kale from Invesco. Please go ahead.

**Management:** Yes, RAC definitely increased. There was a slight bit of headwind on the commercial refrigeration and CAC. But as Mr. Bakshi has already mentioned, we still continue to maintain according to our guidance which we have given to the investor community of high-single-digit margins, and we are within that. Quarterly ups and downs notwithstanding.

**Nikhil Kale:** So, fair to say that even on a full year basis you would be northwards of, say 9% for the UCP segment?

**Management:** On a, I would say, yearly guidance basis, I would still maintain the same thing of a high-single-digit growth.

**Nikhil Kale:** No, sir, I am saying for FY '24.

**Management:** For the Full Year '24 the numbers would be down closer to 9%, I would say, which we have already reported.

**Nikhil Kale:** And just on the projects business, we have seen very strong growth in the domestic side of things. So, now what portion of our total revenues is coming from the domestic side? And again, there would it be possible to highlight what kind of margin levels are we seeing?

**Management:** For the total project business, our guidance on the project business, I would say domestic as well as international has been between 4% to 5%. And we would continue to maintain that. As we have seen in the last two years, we had to take certain provisions in the international business. So, if we exclude that, as we expect that majority of the problems are behind us and we should be looking at a better future in international business also. So, we expect that our domestic business has continuously been doing good, especially doing much better after the business transfer agreement was complete. And that has been a very positive thing to do the same.

**Management:** So, if want to answer on your basic question what you said is, the domestic businesses contribution in the project business. If you have looked at my order book, domestic business is double then the international business, it is Rs. 5,000 crores plus, and there it is Rs. 3,000 crores. So, we are definitely more focused on the domestic side of our project business where we have got better handle and control. And therefore, and also this business has been doing well reasonably for last couple of years, you would have seen it is growing, it has shown reasonably good growth. Our water projects as well as electrical projects, besides the MEP which used to be our mainstay earlier on, we have been doing well in all these segments. And there the margin is also slightly better and therefore we will continue to focus more on this.

And if you look at this business, the beauty is the return on capital employed. And if you look at this business, return on capital employed on only the infrastructure piece is about over 40%. So, I think this is what we have been focusing upon. And you rightly noticed that we want to focus on domestic piece more than the international piece.

**Moderator:** Thank you so much. The next question is from the line of Bhavin Vithlani from SBI Mutual Funds. Please go ahead.

**Bhavin Vithlani:** Sir, I have a couple of questions. First is, as you mentioned, the very strong growth in industry, industry stocked out, and even then you are guiding for high-single-digit margins. So, we are not seeing margin expansion. So, if not now then when? That is the question.

Second is, if you could maybe take out, I mean, if you could just help us with what is the provision that you made in the overseas project? Because we are seeing a big quantity in it, what actually is the provision? And taking that provision out, what is the EBIT margin in the projects business for the quarter as well for the year? You gave some return on capital number; it will be helpful to understand the absolute you get in this.

Third is, in Beko you had earlier guided for breakeven in FY '25 and positive trajectory on the margins from thereon, and you get to a high-single-digit margins in Beko as well. If you could just help us where are we in that journey so that?

**Management:** So, I will answer some of your questions. So, first of all if you ask about the growth, see, industry growth has been as per the syndicated research is about 20-odd-percent, if you look at. And I shared with you our growth in Quarter 4 has been 72% and on an annual basis it's been more than 35% in the AC category. And if you look at all Unitary Cooling products also, it's been more than

the 30% growth which we have registered. So, that's one piece, and we are growing faster than the industry.

Secondly, during the peak season, when you say if not now, when will the margin expansion happen? Suddenly during the course of the season, it becomes very difficult because dealers and your customers have already placed orders on you and you have already given them pricing, etc., and suddenly you cannot go back to them that I am increasing my prices with immediate effect, and therefore start making more margins. So, that becomes a little difficult at the moment. But of course, we will keep our eyes and ears closer to the ground and see if whenever, as and when there are opportunities and there are other challenges like demand, supply gaps, etc., that time we will see as to how do we move forward in that direction

And the second question is about the margins on the project business, project business margins we've already shared with you, it's been hovering around 4%, 4.5%, 5% at the EBIT level. And coming back to Voltbek and the breakeven, we answered you on that also. See, Voltbek also is continually showing growth. Our growth this year has been more than 50%, on the entire consumer durable category, refrigerator, washing machine, microwaves and dishwashers.

So, coming back to, yes, of course we did talk last time when we spoke about breakeven at EBITDA level we said it will be by the end of the financial year '25. Yes, of course we still maintain that, and our endeavor is in that direction. Secondly, we talked about, yes, after that, post that from next-to-next year onwards when we move after '25 we will start generating profit out of this category. But yes, of course we said that our journey has begun, off late we are a bit late entrants in this category. So, yes of course we will start rising profit. But for a high-single-digit, it will take a couple of years to reach. But of course, as we go forward, our endeavor would be to definitely generate profit from this business.

And market share, of course we are saying we plan to take it to 10%. If you look at some of the categories, if you look at the refrigerators as of last March report, market share is 5.3%. Washing machine, all washing machines put together is 8.3%, or 8.5% rather. And if you look at the semi automatic washing machines alone, we have already are at 15% market share. So, I am sure you will appreciate the effort which the team has put in to take us to this level. And as volumes get built up, the profitability will automatically start falling in place.

**Moderator:** Thank you. The next question is from the line of Girish from MS. Please go ahead.

**Girish:** I just had a couple of bookkeeping questions. If you could help us on Voltbek, your revenue for FY '24, and of the 26,000 touch points that you have on AC, how much is Voltbek right now selling at? And if you can give the billing points as well from the dealer perspective. And the second question was on AC, if you can just break us through the UCP on commercial refrigeration, commercial AC and air coolers for FY '24 year-ending, percentage. Thank you.

**Management:** So, I will give you two whole answers to this. One is when you say, how many dealers or touch points we have? We have got more than 11,400-odd channel partners who are selling refrigerators

and washing machines for our Voltbek range of appliances. You talked about the turnover, turnover is Rs. 1,500 crores, as against Rs. 1,000 crores in the last financial year. So, this is the answer number two to your questions.

**Girish:** Just wanted for FY '24 UCP breakup around how much of percentage is coming from commercial refrigeration and air coolers?

**Management:** In terms of revenue, sir, if you are asking me, so we had done about Rs. 1,000-odd crores in commercial preparation. We had done about Rs. 1,300-odd crores in Commercial Air Conditioning. This is how it is. And you can calculate the rest.

**Management:** I just want to highlight on the Voltbek. When you asked us the revenue, we have told you the numbers. But these are not consolidated in the Voltas numbers. Voltbek being a 50:50 joint venture, we take only the profit and loss numbers, not the revenue numbers. So, these are not included within our top line, just for your information.

**Girish:** Sir, can you give us the guidance on CAPEX? I may have missed it for fiscal '25-'26 how much are we expecting to incur on capital expenditure?

**Management:** '25-'26 is little farther, sir. I would like to answer limited to this year itself, because we have not budgeted for next year the CAPEX probably. '25-'26 is a little distant, so I think I will be able to answer a couple of months later when you ask me this question.

**Girish:** Sir, '25 would be happened, sir?

**Management:** '25 CAPEX budget?

**Girish:** Yes, sir.

**Management:** See, we had already announced that we will do a CAPEX of Rs. 500 for our Chennai factory. So, you can take that, approximately half of that was capitalized, rather capital work in progress for last year and roughly about half will be within this year FY '25, including for our Waghodia plants and other things. So, Yes, roughly about that much. But besides this, we are also augmenting our Waghodia plants, both the commercial AC, commercial refrigeration, there also we are spending monies almost to the tune of additional more than Rs. 200 crores, Rs. 250 crores during this year. And also to augment further on the Chennai plant, besides what we spent about Rs. 220 crores, Rs. 230 crores, balance part of the Rs. 550 crores will get spend during this year.

**Moderator:** Thank you. Ladies and gentlemen, we will take that as our last question for today. I would now like to hand the conference over to Ms Bhoomika Nair for closing comments.

**Bhoomika Nair:** Thank you for giving an opportunity to host the call and wish you all the very best for the upcoming years. Thank you very much. Any closing comments from your side, sir?

**Management:** Yes. I think we have made our intentions very clear that we will focus on growth and fire on all cylinders in all our business segments where we operate we want to retain the leadership position. And this is clearly evident from the fact that while maintaining our volume growth, we have also been maintaining our margin leadership, which is a crucial thing. And I hope that the investor community and shareholder community will be happy with our results. I would say that should continue.

**Management:** And we look forward to your continued support and confidence in brand Voltas and in us. And we will continue to deliver on whatever commitments we have been making to you. Thank you.

**Moderator:** Thank you. On behalf of DAM Capital Advisors Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.