

Stock Discussion – Virtuoso Optoelectronics

Capex is Done — Can the CapEx Translate into Revenue?

Presented by

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SECTION 1

About the Company

History, business model, products and market position

About the Company

History & Background

- Incorporated in 2015 at Nashik, Maharashtra; started as an LED lighting / EMS contract manufacturer
- Entered AC assembly (IDU) in 2018 for Voltas — the pivot that defined the business
- Listed on the BSE SME platform in 2022; migrating to the Main Board (BSE & NSE) in 2026

What the Company Does

- OEM/ODM contract manufacturer — designs and builds products for other brands to sell under their own name
- Six manufacturing verticals: air conditioners, LED lighting & EMS, commercial refrigeration, compressors, washing machines, components

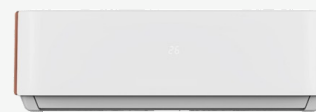
Customers

- Anchor customers: Voltas (air conditioners, since 2018) and Panasonic (LED lighting)
- AC customer base has broadened to 4–5 accounts; compressor customers span 8–9 manufacturers industry-wide

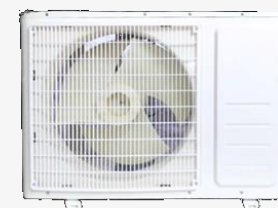
Factory Locations

- 10 manufacturing facilities across Nashik (HQ), Chennai and Sanand

Product Profile



Air Conditioner (IDU)



Air Conditioner (ODU)



LED Lighting



LED Downlight



Deep Freezer



Water Dispenser



Compressor



Washing Machine



Control Board (PCB)

Key Timelines for the Company

Detailed milestone history, as disclosed in the company's investor presentations and Annual Report

2015–2017

- Incorporation
- **Commenced production of electronic products (Unit 1)**
- Started production of lighting products for a leading Japanese company
- Acquired ISO certification

2018–2019

- Launched **Emergency Lighting Range** & ventured into appliances segment
- **Established 40,000 sq.ft. facility (Unit 2) for IDU (AC); started manufacturing for a leading Indian brand**

2020

- UL Certification received for export to USA
- **Added EMS and LED facility of 48,000 sq.ft.; increased IDU unit to 100,000 sq.ft.**

2021

- Added **in-house Heat Exchanger & Plastic Injection Moulding lines**
- Developed **Remote & Electronic Parts for ACs**

2022

- Listed on BSE with IPO fully subscribed
- Set up of **Unit 6 — ODU line**

2023

- Set up Unit 3 for copper tubing systems
- Set up **Unit 4 for Cross Flow Fans and Plastic Components**
- Granted ESOPs under “VOEPL Employee Stock Option Plan–2023”
- Set up **Unit 5 for pressure die casting and CNC operations**

2024–2025

- Started new products: **Water Dispenser & Commercial Refrigeration**
- **New facility for Commercial Refrigeration commenced operations (Q4 FY25);** scaling capacity to 400,000 units p.a.
- Started pilot production for electronics & controllers for EV chargers
- Virtuoso Polymers (Chennai) commenced operations (Q4 FY25) for components
- Formation of **Virtuoso Compressors, a step-down subsidiary**
- Started new Polymer Plant unit in Sanand
- Tied up with a **Chinese partner for reciprocating compressor manufacturing**

2025–2026

- Started **commercial production of compressors**
- Signed an MoU with the Maharashtra government for investment in compressors
- Became an ODM in AC manufacturing; added a new marquee AC customer
- Addition of AC unit in Chennai
- Started in-house mould manufacturing & tool room
- 22 acres of land acquired for compressor expansion (under VCPL)

Financial Performance — Revenue, EBITDA & PAT

Year	Revenue (₹cr)	YoY Growth over PY	EBITDA (₹cr)	EBITDA %	PAT (₹cr)	PAT %
FY18	49.7	— (base year)	2.2	4.3%	0.6	1.2%
FY19	55.3	+11.3%	2.9	5.2%	0.5	1.0%
FY20	68.4	+23.7%	8.1	11.9%	1.4	2.0%
FY21	115.5	+68.9%	12.5	10.8%	2.0	1.7%
FY22	200.3	+73.4%	19.9	9.9%	3.9	2.0%
FY23	338.1	+68.8%	34.3	10.1%	7.8	2.3%
FY24	532.3	+57.4%	52.6	9.9%	10.1	1.9%
FY25	702.2	+31.9%	60.3	8.6%	12.6	1.8%
FY26	838.3	+19.4%	84.8	10.1%	15.8	1.9%
Q1 FY27	375.47	86%	31.90	8.50%	8.39	2.23%

Revenue = Total Income from Operations. Growth decelerated every year since FY23 (+68.8% → +19.4%) even as the absolute base kept expanding.
Source: Jun 2023, Jun 2024, Jun 2025, Jun 2026 & Aug 2026 investor presentations (multi-year income statement tables).

SECTION 2

Recent Developments Worth Noting

Product mix, customer additions, capacity, backward integration, regulation and the ODM transition

Recent Developments — Product Mix Diversification

Three years ago AC was ~80% of revenue; the freed-up share is being absorbed by four other segments

Segment Revenue Mix Over Time

Segment	FY24	FY25	FY26	FY27 (co. estimate)
Air Conditioners	~79%	~75%	~60%	~60%
EMS & LED Lighting	~15%*	~15%*	~15%	~10%
Refrigeration	small	~3–5%	~10%	~10%
Compressors	—	—	~8%	~15%
Components, Washing Machines & Other	small	small	~7%	~5%

* Early decks lumped lighting & other products together at ~20–21%; figures are management's own rounded, spoken estimates, not audited segment accounts.

“Till last year, it was more of a single product company that we were... AC was almost contributing till last year to about 70%, 75% of our revenues. From there, dependence on AC has gone down to about 60% roughly.”

— Sajid Shaikh, CFO — Q4 & H2 FY26 Call, 1 Jul 2026

Why the Mix Shift Matters: Realization & Margin by Product

Product	Realization / unit	EBITDA margin
Air Conditioner (set)	₹18,000–20,000	6–8%
Deep Freezer	₹13,000	10–15%
Water Dispenser	₹5,000	10–15%
Compressor	₹1,400–1,500	5–10% now; targeting 11–12% in 4–5 yrs
Washing Machine	₹6,000	~6–8% (similar to AC)
LED Lighting (blended)	₹30 / lamp-equiv.	10–15%

THE MARGIN LOGIC

AC is VOEPL's largest business but its lowest-margin one. Every point of mix that shifts toward refrigeration, EMS, or backward-integrated compressors is mix-driven margin expansion — management's own framing: “non-AC growth is a margin lever, not just a revenue lever.”

Source: FY23–FY26 investor presentations (Business/Revenue Mix slides); Jun 2026 & Aug 2026 concall transcripts; presenter notes Section 2 (“How the Product Mix Has Shifted,” “Pricing & Margins by Product”).

Recent Developments — Customer Addition Over Time

From near-total dependence on one AC customer to a broadening base across every segment

Voltas' Share of AC Revenue — the Core De-Risking Story

Period	Voltas / AC Revenue	Context
FY 25	≈100%	“Close to 100%” — pre-ODM baseline
FY26 (full year)	>60%	First full year after ODM launch
FY27 (guided, Nov 2025)	40–60%	Initial post-ODM guidance
FY27 (updated, Aug 2026)	25–35%	Actual Q1 FY27 update — better than guided

“Now, of course, it’s close to 100%. Next year, we anticipate somewhere between 40% and 60%.”
— Sukrit Bharati, MD — Q2 & H1 FY26 Call, 18 Nov 2025

THE TOTAL-COMPANY-REVENUE MATH
If AC is ~55–60% of total revenue in FY27 and Voltas is 25–35% of AC revenue specifically, Voltas works out to roughly 14–21% of VOEPL's TOTAL revenue — down from an estimated 75–80% as recently as FY25. Genuine, substantial de-risking — but still a real concentration risk, not a solved problem.

Customer Depth by Segment

Segment	Customer Detail
Air Conditioners	4–5 customers — Voltas plus 3–4 new since the ODM launch (late 2025)
Compressors	8–9 manufacturers industry-wide; no single customer expected >20–23% by FY-end
Deep Freezers	3 primary + 2–3 smaller; two anchor multinationals plus a third in the pipeline
Water Dispensers	Sold via Vijay Sales under its “Vise” brand
Washing Machines	One marquee customer finalized as of mid-2026, ahead of mass-production launch
EMS & Lighting	Panasonic (historical anchor) plus recent additions GreatWhite and Gold Medal

Source: Nov 2025, Jun 2026 & Aug 2026 concall transcripts; presenter notes Section 2 (“Who Buys It: The Customer Story”). Export revenue remains ~1–1.5% of sales — this is a near-100% domestic customer base.

Recent Developments — Capacity Addition

Capacity is expanding across every segment simultaneously

Segment	Base Capacity	Target Capacity	Timeline	% Increase
EMS	4 lakh CPH	8 lakh CPH (Phase 1) → 12 lakh CPH (Phase 2)	Phase 1: Sep 2026 · Phase 2: by FY27 end	+200%
Air Conditioners	1.0 million sets	1.3 million (pre-season) → 1.8 million	Within FY27, before next AC season	+80%
Deep Freezers	1.5 lakh units	2.5 lakh (Phase 1) → 4 lakh (Phase 2)	Phase 1: mid/end Q3 FY27 · Phase 2: FY28	+167%
Compressors	2.8 million units	6 million units	Dec 2026 / Jan 2027	+114%

“EMS, from the current 4 lakh CPH, we are moving to 8 lakh in the first phase and 12 lakh in the second phase. AC as a set, we are currently sitting on a capacity of about a million, and we look to take it to about 1.8 million by the end of this year... And in compressors, the current capacity is 2.8 million. We want to take it to 6 million before the end of this financial year.”

— Sajid Shaikh, CFO — Q4 & H2 FY26 Post-Earnings Call, 1 Jul 2026

Source: Jun 2026 (Q4 & H2 FY26) and Aug 2026 (Q1 FY27) concall transcripts; Feb 2026, Jun 2026 & Aug 2026 investor presentations (Capacity Expansion slides).

Recent Developments — Backward Integration

Turning bought-out components into in-house margin — the company's oldest, most repeated strategic theme

Where It Stands Today, Product by Product

Product / Area	In-House Today	Target	Timing / Notes
Indoor AC Unit (IDU)	75–80%	80%+	Heat exchanger, injection moulding, sheet metal, cross-flow fan already in-house
Outdoor AC Unit (ODU)	60%	70–75%	Rising as EMS capacity expansion completes (controller boards being brought in-house)
Company blended (all products)	60%	75%+	No committed date
Compressors	5–10% (value add)	~60%	Explicit 5-year horizon; Phase 2 starts only once capacity targets are hit

The Compressor Case Study — Numbers on Both Ends

Phase	Value Add	EBITDA Margin	Asset Turns	Key Condition
Phase 1 (now–FY27)	5–10%	6–7%	3.5–4x	Fill volume first; mostly assembly on bought-in Chinese components
Phase 2 (≈FY28 onward)	→~60% (target)	6–7% → poss. 11–12%	—	Needs BOTH further QCO import tightening AND the backward integration — neither guaranteed alone

“The value addition as of now is between 5% and 10%. It will remain at the same levels till the time that we are able to hit the capacity target... The idea is to take it to maybe about 60% odd in the next five years.”

— Sukrit Bharati, MD — Q4 & H2 FY26 Call, 1 Jul 2026

HAS THIS MOVED THE NUMBER YET?

Standalone EBITDA margin has stayed in an 8.6–11.9% band for nine years — FY26's 10.1% isn't meaningfully above FY20's 11.9%. The honest read: backward integration has mostly defended margin against dilution from ODU/compressor mix growth, not yet expanded it.

THE TENSION: MARGIN VS. CAPITAL EFFICIENCY

Backward integration means owning more plant/tooling — more capital employed per unit of output, not less. Plausibly part of why ROE fell 18.53% → 3.46% even as margins held: trading capital intensity for margin per unit is a trade, not a free lever.

Recent Developments — Backward Integration: Track Record

Concrete, completed steps — not just the forward-looking compressor story

Where It Started: A Specific, Quantified Problem

On the company's very first earnings call (Jun 2023), management diagnosed why outdoor AC units (ODU) earned lower margins than indoor units: the compressor and controller board — both bought-out at the time — together made up almost 45% of an ODU's cost. Backward integration exists to close exactly that gap.

Completed Milestones — Component by Component

Year	Component / Area	What Happened
2021	Heat Exchangers & Plastic Injection Moulding	In-house lines added — previously bought out
2021	Remotes & Electronic Parts for ACs	Developed in-house
2023	Copper Tubing Systems	Unit 3 set up
2023	Cross Flow Fans & Plastic Components	Unit 4 set up
2023	Pressure Die Casting & CNC Operations	Unit 5 set up
2025–2026	In-house Mould Manufacturing & Tool Room	Started — faster product-development turnaround

“Component business, for us, we are actually working at multiple... plastic moulding, EMS, copper tubing, heat exchangers. So we are looking at components, not just for the AC market, but also for other products... we have started recently doing some parts for the toy industry also, because it uses our existing infrastructure and we can do it without any additional CapEx.”

— Sukrit Bharati, MD — H1 & FY24 Call, 20 Nov 2023

THE FLYWHEEL EFFECT — ALREADY WORKING, ON A SMALL SCALE

By late 2023, plastic moulding, EMS, copper tubing and heat exchanger capacity built for ACs was already being cross-leveraged into an entirely different category — components for the toy industry — at no additional CapEx, lifting utilization by an estimated 2–4% a year for that manufacturing segment. This is the clearest real (not projected) example of backward integration paying off operationally.

Reading This Alongside the Compressor Story

The pattern is consistent across nearly a decade: identify a bought-out, low-value-add component, build in-house capacity, then look for adjacent categories to spread that capacity across. Compressors are the same playbook at a much larger scale — see previous slide for how that's progressing.

Source: Jun 2023 & Nov 2023 concalls; VOEPL Aug 2026 investor presentation (“Our Milestones”); FY26 Annual Report.

Recent Developments — OEM to ODM Transition

The AC business is shifting from pure contract manufacturing to design-led manufacturing

What Changed

- FY26 was the first year VOEPL moved from being a pure OEM (manufacturing to a customer's own design/spec) to an ODM (Original Design Manufacturer) in the AC segment.
- Under an ODM model, VOEPL designs the product itself and offers it to brands — management says this has directly helped in acquiring additional customers.
- Revenue from ODM reached 40–50% of AC revenue within roughly a year of launch — a fast ramp for a genuinely new capability.

What It Means for Margins — So Far, Modest

Despite the strategic significance, management has been explicit that the margin uplift from ODM has been modest, not transformative — consistent with the broader pattern of operational progress running ahead of the margin numbers it was expected to deliver (see Section 4.4 of the presenter notes).

“Last year was a significant year for us because of the fact that in the AC segment specifically, we moved from being an OEM to an ODM. This is what has helped us in acquiring additional customers.”

— Sajid Shaikh, CFO — Q4 & H2 FY26 Post-Earnings Call, 1 Jul 2026

“I do not have the exact percentage number, but I believe this year, revenue from ODM was between 40% and 50% out of the AC revenue.”

— Sukrit Bharati, MD — Q4 & H2 FY26 Post-Earnings Call, 1 Jul 2026

“Not significant, but maybe a percent, a percent and a half.”

— Sukrit Bharati, MD — on the OEM vs. ODM margin gap, Q1 FY27 Post-Earnings Call, 17 Aug 2026

Source: Jun 2026 (Q4 & H2 FY26) and Aug 2026 (Q1 FY27) post-earnings concall transcripts. Cross-referenced against Section 4.4 (“The OEM-to-ODM Transition”) of the presenter notes.

SECTION 3

Competitive Landscape

Key competitors and a working-capital benchmark against them

Key Competition

Listed OEM/ODM peers in appliance contract manufacturing — FY26 (year ended Mar 2026), consolidated

Company	Key Products	Revenue (₹cr)	EBITDA (₹cr)	EBITDA %	PAT (₹cr)	PAT %	ROCE	EV/Sales
VOEPL	AC, LED/EMS, Refrigeration, Compressors, Washing Machines	824	84	10.2%	15	1.8%	9.5%	2.06x
Amber Enterprises	AC OEM/ODM, AC Components, Electronics (PCB)	12,186	865	7.1%	226	1.9%	10.3%	2.12x
PG Electroplast	AC/Washing Machine ODM, EMS, Plastic Moulding	5,288	387	7.3%	197	3.7%	10.3%	2.59x
EPACK Durable	AC ODM/OEM, Small Appliances	1,894	107	5.6%	3	0.2%	4.5%	1.16x
Dixon Technologies	Mobile/EMS, Consumer Electronics, Home Appliances, Lighting	48,873	1,873	3.8%	1,644	3.4%	29.2%	1.70x

KEY OBSERVATIONS

- VOEPL is the smallest of the five by revenue (~15x smaller than Dixon, ~15x smaller than Amber) and trades at the lowest ROCE alongside EPACK Durable — both still working through recent capacity/product-mix transitions.
- PG Electroplast has the best combination of margin and profitability at scale (7.3% EBITDA, 3.7% PAT) among the AC-focused OEM/ODMs, while Dixon's much larger, more diversified base (90% mobile/EMS) delivers by far the highest ROCE (29.2%) despite the thinnest EBITDA margin.
- EPACK Durable is the clearest cautionary comparison — similarly AC-concentrated, but FY26 PAT collapsed to near-zero (0.2% margin, 4.5% ROCE), illustrating how quickly this business model can turn.
- VOEPL's EV/Sales (2.06x) sits mid-pack — above Dixon and EPACK, below PG Electroplast

Source: screener.in, consolidated FY26 (year ended 31 Mar 2026) figures and live market data as of 25 Sep 2026. EV = Market Cap + Total Borrowings (gross; not netted for cash/investments — a simplified, consistently-applied proxy across all five names).

Working Capital Profile — Peer Comparison

Listed OEM/ODM peers — FY26 (year ended Mar 2026), consolidated — screener.in

Company	Debtor Days	Inventory Days	Payable Days	Cash Conversion Cycle	ROCE
VOEPL	33	120	81	72	9.5%
Amber Enterprises	67	90	104	53	10.3%
PG Electroplast	82	134	147	69	10.3%
EPACK Durable	68	190	162	96	4.5%
Dixon Technologies	49	31	86	-7	29.2%

KEY OBSERVATIONS

- VOEPL's Debtor Days (33) is the lowest of the group — but this figure nearly tripled from FY25's ~16-17 days (see Section 5.6 of the notes), so “lowest” reflects a recent, deteriorating trend, not a structural strength.
- VOEPL's Inventory Days (120) is the second-highest after EPACK Durable (190) — both are AC-heavy, seasonal businesses that stock up ahead of summer, inflating inventory versus more diversified peers like Dixon (31) or even Amber (90) despite similar AC concentration.
- Dixon is the clear outlier on efficiency — a negative Cash Conversion Cycle (-7 days), meaning it effectively gets paid before it pays its own suppliers, a scale/bargaining-power effect from its 90% mobile/EMS mix and large clients like Samsung.
- PG Electroplast has the weakest working-capital profile among the AC-focused peers (69-day CCC, driven by both slow receivables and slow inventory) despite having the best margin/ROCE combination — a useful counterpoint if PGEL comes up as the “best in class” comparison elsewhere.

Source: screener.in, consolidated FY26 (year ended 31 Mar 2026) ratios, as of 25 Sep 2026.

Revenue Scenario — The 60–70% Utilization Case

Management's own numbers for this scenario, and their own timing on when it becomes achievable

Segment	Utilization Case	Revenue at This Case	Timing, Per Management
Air Conditioners	60%	~₹2,000cr	50–60% targeted for the FY28 ('27–'28) season, once expanded capacity is fully live
Compressors	80%	~₹750cr	>75% targeted “by next year” (FY28); needs 12–24 months post-expansion for customer validation
Commercial Refrigeration	60–70%	₹360–420cr	Called “a more realistic number” for a seasonal product — no specific date given
EMS & Other	(blended)	~₹400–500cr*	Combined with refrigeration in management's own peak-revenue framing
TOTAL (all segments)	~60–70% blended	₹3,500–4,000cr	“With the ongoing expansion... conclude in the next 12 months” (from Aug 2026 ~ FY28)

*EMS + Commercial Refrigeration combined were framed together as ₹400–500cr by management — not separately split.

“With an increased capacity, let us say for AC at a 60% utilization, we are looking at a peak revenue of close to INR2,000 crores. For compressor, we are looking at a 80% utilization... close to INR750-odd crores. For the other products... INR400 crores to INR500 crores. So, with the ongoing expansion... we are looking at a peak revenue of about INR3,500 crores to INR4,000 crores.”

— Sukrit Bharati, MD — Q1 FY27 Call, 17 Aug 2026

“Immediate capacity utilization of more than 60%, 65% in the AC and refrigeration segment is difficult, it will happen over time... compressor, we can look at a capacity utilization of more than 75% by next year... any capacity that we add, we need between 12 months and 24 months to be able to reach the desired level of utilization, because there is customer validation cycle and there is multiple approvals that we have to go through.”

— Sukrit Bharati, MD — Q1 FY27 Call, 17 Aug 2026

Past Track Record – VOEPL had expanded its gross block ~ 8x from 2020-23. Growth in revenues from 2020-24 was ~8x i.e from 68cr to 531cr.

SECTION 4

Revenue, EBITDA & Valuation Scenarios

Utilization-based revenue paths, and probable IRR across EV/Sales and EV/EBITDA bases

Probable Valuation & IRR possibilities — The ₹2,500cr Revenue Case

IRR at management's own more conservative revenue anchor, across timing and multiple scenarios

Timeline	Years	EV/Sales	EV (₹cr)	Equity Value (₹cr)	MOIC	IRR
On indicated timeline (~FY28)	1.5	2.0x	5,000	4,400	2.44x	81.5%
	1.5	1.8x	4,500	3,900	2.17x	67.4%
	1.5	1.5x	3,750	3,150	1.75x	45.2%
1-year delay (~FY29)	2.5	2.0x	5,000	4,400	2.44x	43.0%
	2.5	1.8x	4,500	3,900	2.17x	36.2%
	2.5	1.5x	3,750	3,150	1.75x	25.1%
2-year delay (~FY30)	3.5	2.0x	5,000	4,400	2.44x	29.1%
	3.5	1.8x	4,500	3,900	2.17x	24.7%
	3.5	1.5x	3,750	3,150	1.75x	17.3%

ASSUMPTIONS & HOW TO READ THIS

Revenue held flat at ₹2,500cr (CFO's own stated anchor) across all cases. Equity Value = EV – ₹600cr (assumed future net debt, up from ~₹350cr today). Current market cap: ₹1,800cr. Even the most conservative cell (2-year delay, 1.5x EV/Sales) still shows 17.3% IRR — this is management's floor case, not their aspiration (₹3,500–4,000cr, see previous slide).

Source: Q4 & H2 FY26 (Jun 2026) concall transcript for the ₹2,500cr revenue anchor. IRR/EV calculations are the author's own modelling, not company guidance.

Probable Valuation and IRR possibilities — EV/EBITDA Basis

Same ₹2,500cr revenue case, cross-checked on an EV/EBITDA multiple instead of EV/Sales

Assumptions

Input	Value
Revenue	₹2,500cr (same conservative anchor as the EV/Sales case)
EBITDA Margin	8.5% → EBITDA = ₹212.5cr
EV/EBITDA Multiple	20x → EV = ₹4,250cr
Less: Debt	₹600cr (same assumption as the EV/Sales case, up from ~₹350cr today)
Equity Value	₹3,650cr

Resulting IRR by Timeline

Timeline	Years	MOIC	IRR
On indicated timeline (~FY28)	1.5	2.03x	60.2%
1-year delay (~FY29)	2.5	2.03x	32.7%
2-year delay (~FY30)	3.5	2.03x	22.4%

CROSS-CHECK AGAINST THE EV/SALES VERSION

20x EBITDA at an 8.5% margin is arithmetically equivalent to ~1.7x EV/Sales (20×0.085) — just under the 1.8x EV/Sales case on the previous slide, which produced 67.4%/36.2%/24.7% IRR across the same three timelines. The two methodologies land within a few points of each other, which is a reassuring internal-consistency check, not an independent confirmation of either.

Note: IRR/EV calculations are the author's own modelling, not company guidance. No dilution is modeled.

What Could Go Wrong

Seven risks worth holding alongside the growth story

1. Overcapacity

Capacity being built across AC, EMS, refrigeration and compressors simultaneously, well ahead of demonstrated demand. Management itself has said it may not utilize more than 50–60% of some capacity through FY28.

2. Low Entry Barriers

A fragmented, contestable industry with no moat other than relationships and scale. VOEPL ranks only #4 by AC capacity, behind Amber, PG Electroplast and EPACK Durable.

3. Larger Players Executing Faster

Amber Enterprises is pursuing the same backward-integration playbook via acquisition (Ascent Circuits, AmberPR Technoplast) rather than greenfield capex — a real execution-speed disadvantage for VOEPL's organic approach.

4. Regulatory Risk — PLI & QCO

This is the last year of PLI coverage, with no confirmed renewal roadmap. The QCO's 40% compressor-import allowance is extended only through March 2027 — it could tighten further or loosen back under pressure.

5. AC Seasonality

A highly seasonal, AC-driven business that has already posted an actual quarterly loss (Q2 FY26) when a weak season, high channel inventory and a BEE regulatory transition collided.

6. Dependency on Chinese Tech Partners

Compressor technology is licensed from two Chinese partners (Huayi and Jiaxipera). Any deterioration in the India-China trade or diplomatic relationship is a direct risk to this growth driver.

7. Raw Material Price Volatility

Copper rose to ~USD 12,000/tonne in FY26 against a normal ~USD 8,000/tonne average. Pass-through pricing has a lag, squeezing margins in volatile quarters.



Thanks & Regards

Looking forward to your thoughts

