



A STUDY ON ANALYSIS OF FINANCIAL PERFORMANCE OF VOLTAS COMPANY

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Abstract: Voltas Limited is one of India's leading air conditioning and engineering solutions companies and a part of the renowned Tata Group. It's established on 1954. Voltas operates through various business segments, including Unitary Cooling Products, Electro-Mechanical Projects and Services, and Engineering Products and Services. The company is widely recognized for its energy-efficient air conditioners and cooling appliances, catering to residential, commercial, and industrial sectors. Voltas has expanded its market presence both domestically and internationally, leveraging innovation, strategic partnerships, and sustainable practices. The company has also entered the home appliances segment through a joint venture with Arçelik, strengthening its product portfolio.

Keywords: Revenue growth, profitability, liquidity, Return on Equity (ROE), Return on Assets (ROA), retail sector, operational efficiency, Financial Analysis and Ratio analysis, etc.

I. INTRODUCTION

Voltas Limited is a leading Indian company specializing in cooling technologies and engineering services. Operating under the well-known Tata Group, the company has developed a strong market presence through decades of operational excellence. Since its establishment in 1954, Voltas has focused on delivering reliable and energy-efficient air conditioning solutions to households, businesses, and large industries. The company's activities extend beyond consumer cooling products to include large-scale electro-mechanical and infrastructure projects. Through continuous innovation and adoption of modern technology, Voltas has strengthened its position in both domestic and overseas markets. Its wide distribution network, dedicated service support, and emphasis on sustainability have contributed to consistent growth.

OBJECTIVE OF THE STUDY

- To assess trend analysis of Voltas company.
- To evaluate the financial efficiency of Voltas company.
- To analyse the liquidity and profitability of Voltas company.
- To identify the strength, weakness, opportunities and trends of Voltas company.

II. STATEMENT OF THE PROBLEM

Despite being India's leading air conditioning and engineering solutions company, Voltas Limited faces several challenges in sustaining its market leadership and expanding globally. The primary problem lies in the intensifying competition from both domestic and international brands in the consumer appliances sector. With companies like LG, Samsung, Daikin, and Blue Star offering technologically advanced and competitively priced products, Voltas must continuously innovate to retain its dominant position in the Indian market.

III. RESEARCH METHODOLOGY

The system and procedure for conducting an exploration study are indicated by the exploration design. In performance of objects stated above, the following exploration design is used for conducting the study. The term "secondary data" refers to information that has been gathered and made public by someone else, such as in financial statements, annual reports, and trade publications. The company's financial statements, annual reports, and other financial publications. tools used for analysis: Ratio Analysis, Cash flow statement and Trend Analysis.

IV. REVIEW OF LITERATURE

Sharm & Iyer (2025) Analyze the financial performance of 5 years with electronic products. The authors highlight how innovation and sustainability initiatives have strengthened the company’s competitive position. **Mishra (2015)** Mishra examines Voltas Limited’s revenue composition across business segments. The study highlights diversification benefits. Engineering services complemented consumer durables revenue. Financial risk was relatively low. Voltas showed balanced growth. **Thomas (2015)** Thomas analyses Voltas’ market presence and distribution strategy. The study finds strong dealer relationships nationwide. Improved accessibility increased sales volume. Brand trust played a major role in customer retention. Voltas strengthened its market reach.

V. OVERVIEW OF VOLTAS COMPANY

Voltas Limited is a prominent Indian enterprise specializing in climate control systems and engineering services, operating under the respected Tata Group. Established in 1954, the company has steadily evolved by combining technical expertise with customer-oriented solutions. It serves diverse sectors by delivering advanced cooling technologies and undertaking complex industrial projects. Voltas is known for integrating innovation with energy efficiency to meet modern environmental standards.

VI. DATA ANALYSIS AND INTERPRETATION

CURRENT RATIO

Current Ratio = Current Assets / Current Liabilities

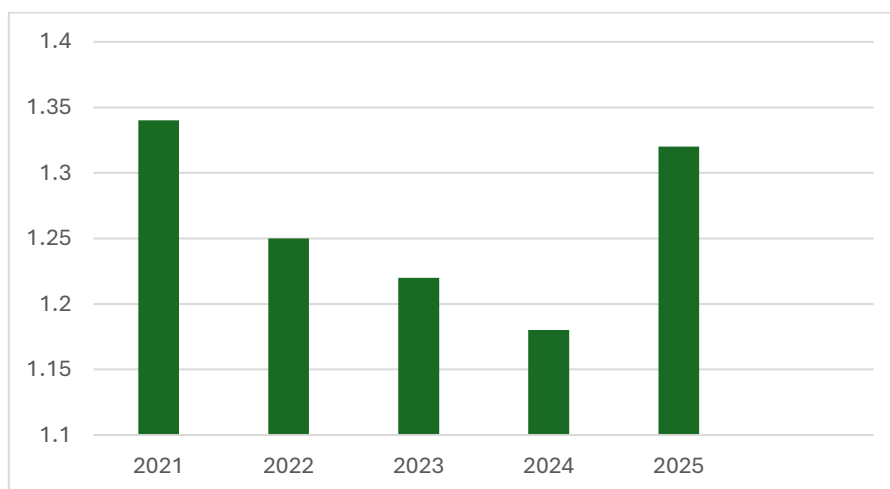
SHOWING THE VALUES OF CURRENT RATIO

year	2021	2022	2023	2024	2025
Current assets	31120.24	30342.01	21103.44	35670.67	22655.94
Current liability	10145.95	11434.09	11115.62	12345.61	12322.14
Total	1.34	1.25	1.22	1.18	1.32

SOURCE: Secondary Data

INTERPRETATION

The company’s current assets showed considerable fluctuations. They slightly declined in 2022 and dropped sharply in 2023, indicating a reduction in short-term resources. In 2024, current assets increased significantly, reflecting improved working capital management. However, they again declined in 2025, showing inconsistency in maintaining liquidity.



PROPRIETARY RATIO

Proprietary Ratio= Shareholders' Funds / Total assets.

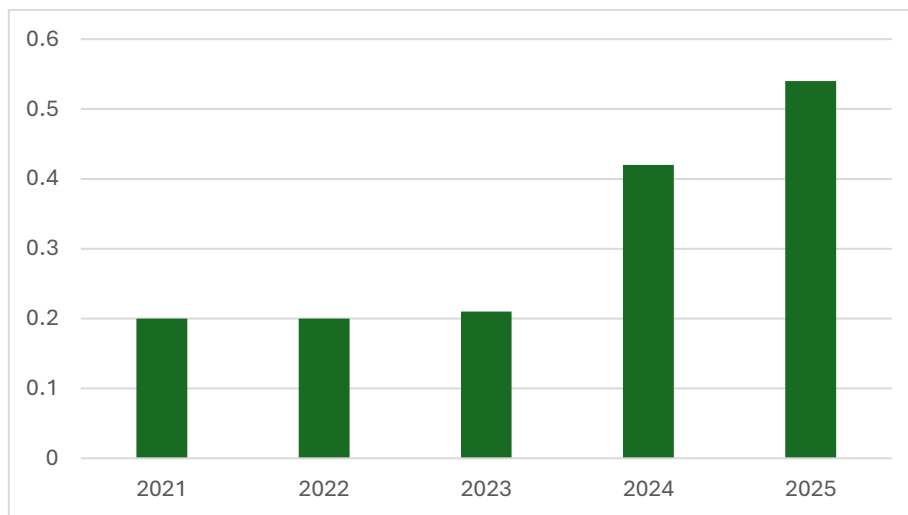
SHOWING THE VALUES OF PROPRIETARY RATIO

year	2021	2022	2023	2024	2025
Shareholders fund	52398.1	45083.24	63342.35	78975.71	64560.14
Total asstes	77680.36	78992.50	85661.74	87677.60	84679.14
Total	0.20	0.20	0.21	0.42	0.54

SOURCE: Secondary Data

INTERPRETATION

The shareholders' fund and total assets of the company showed noticeable variations. Shareholders' funds declined in 2022 but increased significantly in 2023 and 2024, before slightly decreasing again in 2025. Total assets steadily increased from 2021 to 2024, followed by a marginal decline in 2025. The ratio improved gradually from 0.20 in 2021 and 2022 to 0.21 in 2023, then rose sharply to 0.42 in 2024 and 0.54 in 2025.

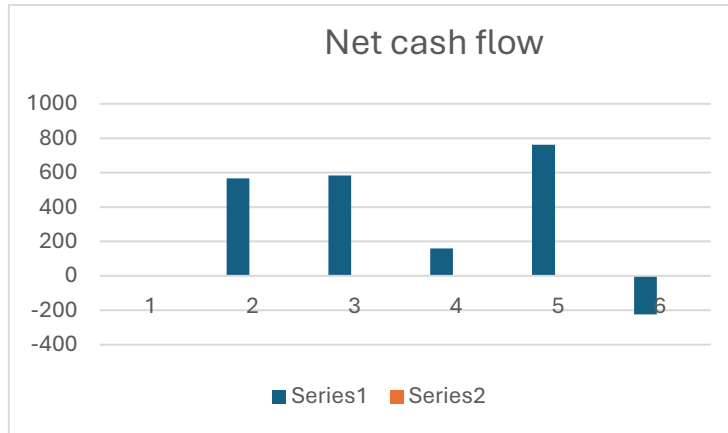


CASH FLOW ANALYSIS

Cash flow of ITC limited (Rs.Cr)	2021	2022	2023	2024	2025
Net profit\loss before extraordinary items and tax	709.21	697.30	307.14	485.80	119.75
Net cash flow from operating activities	566.11	584.23	159.38	761.51	-224.11
Net cash used in investing activities	-255.91	-364.63	-81.60	-522.36	-157.94
Net cash used from financing activities	-121.95	-107.04	55.05	-116.32	-99.71
Net increase\decrease in cash and cash equivalents	178.69	112.56	132.83	122.83	-163.88
Cash and cash equivalents (start of the year)	269.28	447.97	560.63	693.36	816.19
Cash and cash equivalents (end of the year)	447.97	560.63	693.36	816.19	650.31

SOURCE: Secondary Data

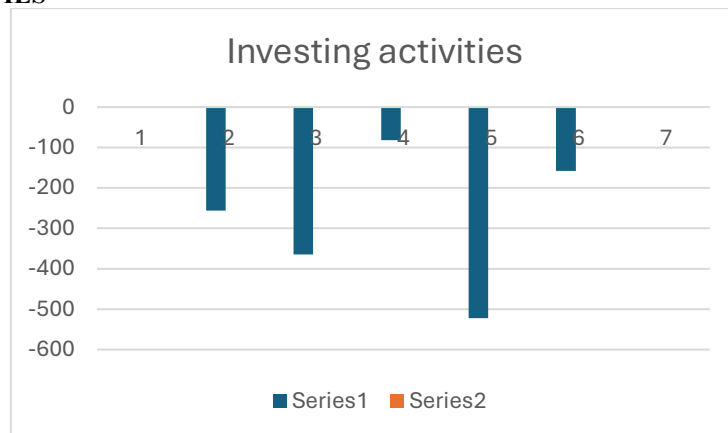
OPERATING ACTIVITIES



INTERPRETATION

The net cash flow from operating activities over the five-year period shows significant fluctuations. In the first two years, the company generated positive cash flows of 566.11 and 584.23, indicating strong operational performance and effective cash management. However, in the third year, the cash flow declined sharply to 159.38, suggesting possible operational difficulties such as reduced sales, increased expenses, or higher working capital requirements. The fourth year shows a remarkable improvement with cash flow rising to 761.51, reflecting better efficiency in core business operations.

INVESTING ACTIVITIES



INTERPRETATION

The net cash used in investing activities remains negative throughout the five-year period, indicating continuous investment by the company in long-term assets such as property, plant, equipment, or other investments. In the first year, the cash outflow was -255.91, which increased to -364.63 in the second year, showing higher capital expenditure. In the third year, the outflow reduced significantly to -81.60, suggesting lower investment activity during that period. However, in the fourth year, the company again made substantial investments, reflected by a higher outflow of -522.36. In the final year, the cash outflow decreased to -157.94, indicating a moderation in investment spending.

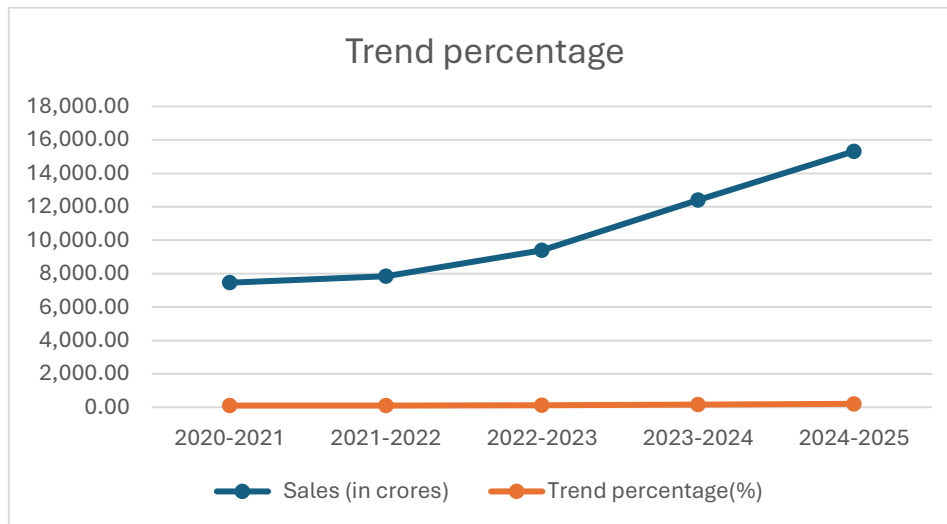
TREND ANALYSIS OF VOLTAS COMPANY

Years	Sales (in crores)	Trend percentage(%)
2020-2021	7,456.55	100
2021-2022	7,841.07	105
2022-2023	9,399.37	126
2023-2024	12,407.36	166
2024-2025	15,320.45	205

SOURCE: Secondary Data

INTERPRETATION

The trend analysis of sales over the five-year period shows a strong and consistent growth pattern. During 2020–2021, sales stood at ₹7,456.55 crores, which is taken as the base year (100%). In 2021–2022, sales increased to ₹7,841.07 crores, reflecting a 5% growth over the base year. The upward momentum continued in 2022–2023, with sales rising significantly to ₹9,399.37 crores, representing 126% of the base year. A substantial increase is observed in 2023–2024, where sales reached ₹12,407.36 crores (166%), indicating rapid expansion in business operations. The growth trend further strengthened in 2024–2025, with sales climbing to ₹15,320.45 crores, accounting for 205% of the base year.

**FINDING OF THE STUDY**

- The current ratio indicates that the company was able to meet its short-term obligations, though liquidity levels fluctuated during the period.
- The rise in the proprietary ratio shows improvement in long-term financial strength and reduced dependence on external borrowings.
- Cash flow and sales trends reveal overall business growth, despite some year-to-year variations in operational performance.

SUGGESTION OF THE STUDY

- The company can further strengthen its research and development activities to introduce more technologically advanced and energy-efficient products.
- Voltas may expand its presence in rural and semi-urban markets to increase market share.
- Greater focus on digital marketing and e-commerce platforms can help attract younger and online customers.

VII. CONCLUSION

Voltas Limited has established itself as a leading player in India's air conditioning and engineering industry. Backed by the strong reputation of the Tata Group, the company has built a solid foundation based on quality, innovation, and customer satisfaction. Its diversified operations in consumer cooling products and electro-mechanical projects provide business stability and growth opportunities. The company's focus on energy-efficient technologies, expanding distribution network, and strategic partnerships has strengthened its competitive position in the market.

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