

May 25, 2022

Q4FY22 Result Update

Change in Estimates | Target | Reco

Change in Estimates

	Current		Previous	
	FY23E	FY24E	FY23E	FY24E
Rating	ACCUMULATE		ACCUMULATE	
Target Price	2,220		2,215	
Sales (Rs. m)	11,913	14,145	11,850	13,715
% Chng.	0.5	3.1		
EBITDA (Rs. m)	1,367	1,717	1,356	1,652
% Chng.	0.8	3.9		
EPS (Rs.)	129.5	158.6	130.6	158.2
% Chng.	(0.8)	0.2		

Key Financials - Standalone

Y/e Mar	FY21	FY22	FY23E	FY24E
Sales (Rs. m)	6,923	11,272	11,913	14,145
EBITDA (Rs. m)	770	1,390	1,367	1,717
Margin (%)	11.1	12.3	11.5	12.1
PAT (Rs. m)	1,122	1,328	1,310	1,604
EPS (Rs.)	110.9	131.3	129.5	158.6
Gr. (%)	25.6	18.4	(1.4)	22.4
DPS (Rs.)	25.0	35.0	36.3	50.7
Yield (%)	1.3	1.8	1.8	2.5
RoE (%)	14.2	15.0	13.2	14.7
RoCE (%)	8.6	14.8	12.9	14.8
EV/Sales (x)	2.9	1.7	1.6	1.4
EV/EBITDA (x)	25.7	13.9	14.0	11.1
PE (x)	18.0	15.2	15.4	12.6
P/BV (x)	2.4	2.1	1.9	1.8

Key Data

VOTL.BO | VAMP IN

52-W High / Low	Rs.2,255 / Rs.1,115
Sensex / Nifty	53,749 / 16,026
Market Cap	Rs.20bn/ \$ 261m
Shares Outstanding	10m
3M Avg. Daily Value	Rs.23.56m

Shareholding Pattern (%)

Promoter's	50.00
Foreign	15.83
Domestic Institution	21.81
Public & Others	12.36
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	8.7	1.2	66.7
Relative	14.4	10.7	57.0

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Strong operating performance

Quick Pointers:

- Revenue growth (up 36.3% YoY) was primarily led higher realization and strategy to focus on short cycle executable order.
- Enquiry pipeline remains healthy, however order finalizations may get deferred owing to high commodity cost.

Voltamp Transformers (VAMP) reported a strong quarterly performance with revenue growth of 36.3% YoY and margin expansion of 559bps YoY to 17.2%, owing to gross margin expansion and lower employee cost. Order inflow came in at Rs3.4bn in Q4FY22 down ~14% YoY, owing to customer reluctance in placing orders amid higher commodity costs. FY22 order inflow came in highest ever at Rs13.5bn, translating to Order book of Rs6bn (down 7% YoY). Enquiry pipeline remains healthy thereby providing good order inflow visibility in medium term. However, higher commodity price, supply chain disruptions and overall inflationary environment is likely to defer corporate capex decisions in near term. Sectors such as Sugar, Ethanol, Datacenter, Wind, Solar, Chemical, Steel, Cement and Telecom to be main growth drivers going forward. Considering current challenging environment, management has reworked its short term strategy with focus on short cycle executable orders, with assured payments terms. However, competition intensity has increased, thereby impacting pricing, which will likely impact volumes in near term.

We remain positive on the company considering 1) its strong business model, 2) debt free balance sheet and 3) consistent free cash flow generation. We expect revenue/PAT CAGR of 12%/10% between FY22-FY24E. The stock is currently trading at PE of 15.4x/12.6x for FY23E/FY24E. Maintain 'Accumulate' rating on stock with revised TP of Rs2,220 (earlier Rs2,215), valuing at PE of 14x FY24E.

Strong operational performance: Sales grew 36.3% YoY to Rs3.9bn (PLe ~Rs2.9bn), owing to higher realization. EBITDA came 667mn (up 102% YoY) (PLe Rs292mn), with EBITDA margins expanding 559bps YoY to 17.2%, mainly led by higher gross margin (25.1% vs 21.8% in Q4FY21) and lower employee cost (down 10% YoY). PBT grew ~74% YoY to Rs721mn. Other income declined 27.6% YoY in Q4FY22. PAT grew 67% YoY to Rs519mn (PLe ~Rs275mn). Effective tax rate came in higher at 28% vs 25.1% in Q4FY21.

Highest ever order inflows in FY22: Order inflow came in at Rs3.4bn in Q4FY22, while FY22 order inflow came in at highest level of Rs13.5bn. Order book stands at Rs6bn (6,209 MVA), providing revenue visibility for next few quarters. Enquiry pipeline remains healthy though order finalization may be impacted due to higher commodity cost.

Exhibit 1: Strong performance (Rs mn)

Y/e March	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	YoY gr. (%)	QoQ gr. (%)	FY22	FY21	YoY gr. (%)
Revenue	2,840	1,619	2,632	3,150	3,872	36.3	22.9	11,272	6,923	62.8
Total Revenues	2,840	1,619	2,632	3,150	3,872	36.3	22.9	11,272	6,923	62.8
Consumption of RM	2,220	1,326	2,068	2,479	2,900	30.6	16.9	8,773	5,290	65.8
<i>as % of sales</i>	<i>78.2</i>	<i>81.9</i>	<i>78.6</i>	<i>78.7</i>	<i>74.9</i>			<i>77.8</i>	<i>76.4</i>	
Gross Profit	620	293	564	670	972	56.8	45.1	2,499	1,633	53.0
<i>Gross margins%</i>	<i>21.8</i>	<i>18.1</i>	<i>21.4</i>	<i>21.3</i>	<i>25.1</i>			<i>22.2</i>	<i>23.6</i>	
Employee Cost	92	84	90	132	83	(10.0)	(37.4)	389	332	17.0
<i>as % of sales</i>	<i>3.2</i>	<i>5.2</i>	<i>3.4</i>	<i>4.2</i>	<i>2.1</i>			<i>3.4</i>	<i>4.8</i>	
Other expenditure	198	142	161	194	223	12.5	14.6	720	531	35.7
<i>as % of sales</i>	<i>7.0</i>	<i>8.8</i>	<i>6.1</i>	<i>6.2</i>	<i>5.8</i>			<i>6.4</i>	<i>7.7</i>	
EBITDA	330	66	313	344	667	101.8	94.0	1,390	770	80.5
Depreciation	22	18	19	20	22	(0.4)	11.3	79	89	(10.3)
EBIT	308	48	294	324	645	109.2	99.0	1,311	682	92.2
Other Income	108	133	142	77	78	(27.6)	2.1	430	723	(40.6)
Interest	2	1	2	2	2		(3.2)	8	0	NA
PBT	415	180	433	398	721	73.9	81.0	1,732	1,405	23.3
Total Tax	104	22	83	97	202	94.6	108.2	404	282	42.9
Adjusted PAT	311	158	351	301	519	67.0	72.2	1,328	1,122	18.4
(Profit)/loss from JV's/Ass/MI	-	-	-	-	-	-	-	-	-	-
PAT after MI	311	158	351	301	519	67.0	72.2	1,328	1,122	18.4
Extra ordinary items	-	-	-	-	-	-	-	-	-	-
Reported PAT	311	158	351	301	519	67.0	72.2	1,328	1,122	18.4
Adjusted EPS	30.8	15.6	34.7	29.8	51.3	66.7	72.2	131.3	111.1	18.2
Margins (%)	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	bps	bps	FY22	FY21	bps
EBIDTA	11.6	4.1	11.9	10.9	17.2	559	631	12.3	11.1	121
EBIT	10.9	3.0	11.2	10.3	16.7	580	637	11.6	9.8	178
EBT	14.6	11.1	16.5	12.6	18.6	402	597	15.4	20.3	(492)
PAT	10.9	9.8	13.3	9.6	13.4	246	383	11.8	16.2	(442)
Effective Tax rate	25.1	12.1	19.1	24.4	28.0	299	367	23.3	20.1	320

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY21	FY22	FY23E	FY24E
Net Revenues	6,923	11,272	11,913	14,145
YoY gr. (%)	(19.4)	62.8	5.7	18.7
Cost of Goods Sold	5,290	8,773	9,262	10,903
Gross Profit	1,633	2,499	2,651	3,242
Margin (%)	23.6	22.2	22.3	22.9
Employee Cost	332	389	417	523
Other Expenses	220	255	369	410
EBITDA	770	1,390	1,367	1,717
YoY gr. (%)	(32.3)	80.5	(1.6)	25.6
Margin (%)	11.1	12.3	11.5	12.1
Depreciation and Amortization	89	79	96	102
EBIT	682	1,311	1,271	1,616
Margin (%)	9.8	11.6	10.7	11.4
Net Interest	-	8	-	-
Other Income	723	430	453	495
Profit Before Tax	1,405	1,732	1,724	2,111
Margin (%)	20.3	15.4	14.5	14.9
Total Tax	282	404	414	507
Effective tax rate (%)	20.1	23.3	24.0	24.0
Profit after tax	1,122	1,328	1,310	1,604
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	1,122	1,328	1,310	1,604
YoY gr. (%)	25.6	18.4	(1.4)	22.4
Margin (%)	16.2	11.8	11.0	11.3
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	1,122	1,328	1,310	1,604
YoY gr. (%)	25.6	18.4	(1.4)	22.4
Margin (%)	16.2	11.8	11.0	11.3
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	1,122	1,328	1,310	1,604
Equity Shares O/s (m)	10	10	10	10
EPS (Rs)	110.9	131.3	129.5	158.6

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY21	FY22	FY23E	FY24E
Non-Current Assets				
Gross Block	822	990	1,140	1,340
Tangibles	822	990	1,140	1,340
Intangibles	-	-	-	-
Acc: Dep / Amortization	300	379	475	577
Tangibles	300	379	475	577
Intangibles	-	-	-	-
Net fixed assets	523	611	665	763
Tangibles	523	611	665	763
Intangibles	-	-	-	-
Capital Work In Progress	87	82	82	82
Goodwill	-	-	-	-
Non-Current Investments	4,875	4,825	5,021	5,718
Net Deferred tax assets	4	-	-	-
Other Non-Current Assets	4	36	48	57
Current Assets				
Investments	234	817	817	817
Inventories	1,273	2,094	2,187	2,325
Trade receivables	1,707	1,904	2,177	2,331
Cash & Bank Balance	203	135	199	243
Other Current Assets	139	48	83	85
Total Assets	9,100	10,612	11,349	12,492
Equity				
Equity Share Capital	101	101	101	101
Other Equity	8,240	9,320	10,264	11,354
Total Networkth	8,341	9,421	10,365	11,456
Non-Current Liabilities				
Long Term borrowings	-	-	-	-
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	68	20	82	97
Other current liabilities	695	1,171	903	939
Total Equity & Liabilities	9,100	10,612	11,349	12,492

Source: Company Data, PL Research



Cash Flow (Rs m)

Y/e Mar	FY21	FY22	FY23E	FY24E
PBT	1,405	1,732	1,724	2,111
Add. Depreciation	89	79	96	102
Add. Interest	-	8	-	-
Less Financial Other Income	723	430	453	495
Add. Other	(712)	(408)	(453)	(495)
Op. profit before WC changes	782	1,412	1,367	1,717
Net Changes-WC	(363)	(368)	(779)	(355)
Direct tax	231	388	414	507
Net cash from Op. activities	188	656	174	856
Capital expenditures	(97)	(185)	(150)	(200)
Interest / Dividend Income	107	146	453	495
Others	197	(424)	(46)	(593)
Net Cash from Inv. activities	207	(463)	257	(298)
Issue of share cap. / premium	-	-	-	-
Debt changes	-	-	-	-
Dividend paid	(253)	(253)	(367)	(513)
Interest paid	-	(8)	-	-
Others	-	-	-	-
Net cash from Fin. activities	(253)	(261)	(367)	(513)
Net change in cash	142	(68)	64	44
Free Cash Flow	190	657	24	656

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY21	FY22	FY23E	FY24E
Per Share(Rs)				
EPS	110.9	131.3	129.5	158.6
CEPS	119.7	139.1	139.0	168.6
BVPS	824.5	931.2	1,024.5	1,132.3
FCF	18.8	65.0	2.4	64.8
DPS	25.0	35.0	36.3	50.7
Return Ratio(%)				
RoCE	8.6	14.8	12.9	14.8
ROIC	7.3	12.7	10.9	12.5
RoE	14.2	15.0	13.2	14.7
Balance Sheet				
Net Debt : Equity (x)	(0.1)	(0.1)	(0.1)	(0.1)
Net Working Capital (Days)	154	129	131	118
Valuation(x)				
PER	18.0	15.2	15.4	12.6
P/B	2.4	2.1	1.9	1.8
P/CEPS	16.7	14.4	14.4	11.8
EV/EBITDA	25.7	13.9	14.0	11.1
EV/Sales	2.9	1.7	1.6	1.4
Dividend Yield (%)	1.3	1.8	1.8	2.5

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q1FY22	Q2FY22	Q3FY22	Q4FY22
Net Revenue	1,619	2,632	3,150	3,872
YoY gr. (%)	123.8	64.2	79.2	36.3
Raw Material Expenses	1,326	2,068	2,479	2,900
Gross Profit	293	564	670	972
Margin (%)	18.1	21.4	21.3	25.1
EBITDA	66	313	344	667
YoY gr. (%)	111.7	41.2	81.0	101.8
Margin (%)	4.1	11.9	10.9	17.2
Depreciation / Depletion	18	19	20	22
EBIT	48	294	324	645
Margin (%)	3.0	11.2	10.3	16.7
Net Interest	1	2	2	2
Other Income	133	142	77	78
Profit before Tax	180	433	398	721
Margin (%)	11.1	16.5	12.6	18.6
Total Tax	22	83	97	202
Effective tax rate (%)	12.1	19.1	24.4	28.0
Profit after Tax	158	351	301	519
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	158	351	301	519
YoY gr. (%)	(18.1)	17.7	(6.1)	67.0
Margin (%)	9.8	13.3	9.6	13.4
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	158	351	301	519
YoY gr. (%)	(18.1)	17.7	(6.1)	67.0
Margin (%)	9.8	13.3	9.6	13.4
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	158	351	301	519
Avg. Shares O/s (m)	10	10	10	10
EPS (Rs)	15.6	34.7	29.8	51.3

Source: Company Data, PL Research

Price Chart
Recommendation History


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Apr-22	Accumulate	2,215	2,075
2	11-Jan-22	Accumulate	1,825	2,021
3	05-Oct-21	Accumulate	1,825	1,493
4	15-Aug-21	Accumulate	1,825	1,604
5	06-Jul-21	Accumulate	1,565	1,462
6	28-Jun-21	Accumulate	1,565	1,424

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	ABB India	Hold	2,293	2,221
2	Apar Industries	BUY	830	666
3	Bharat Electronics	BUY	265	232
4	BHEL	Sell	36	53
5	Cummins India	Accumulate	1,032	1,113
6	Engineers India	BUY	89	69
7	GE T&D India	Hold	102	100
8	Kalpataru Power Transmission	BUY	421	342
9	KEC International	Accumulate	451	367
10	Larsen & Toubro	BUY	2,091	1,526
11	Siemens	Accumulate	2,602	2,301
12	Thermax	Accumulate	2,181	2,025
13	Triveni Turbine	BUY	240	174
14	Voltamp Transformers	Accumulate	2,215	2,075

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly



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