

July 30, 2024

Q1FY25 Result Update

☒ Change in Estimates | ☒ Target | ☒ Reco

Change in Estimates

	Current		Previous	
	FY25E	FY26E	FY25E	FY26E
Rating	ACCUMULATE		HOLD	
Target Price	14,922		10,041	
Sales (Rs. m)	19,227	22,781	19,035	21,872
% Chng.	1.0	4.2		
EBITDA (Rs. m)	3,586	4,333	3,236	3,801
% Chng.	10.8	14.0		
EPS (Rs.)	316.4	373.1	289.9	334.7
% Chng.	9.2	11.5		

Key Financials - Standalone

Y/e Mar	FY23	FY24	FY25E	FY26E
Sales (Rs. m)	13,851	16,162	19,227	22,781
EBITDA (Rs. m)	2,309	3,223	3,586	4,333
Margin (%)	16.7	19.9	18.7	19.0
PAT (Rs. m)	1,999	3,074	3,201	3,774
EPS (Rs.)	197.6	303.8	316.4	373.1
Gr. (%)	50.5	53.7	4.2	17.9
DPS (Rs.)	60.0	90.0	94.9	111.9
Yield (%)	0.4	0.6	0.7	0.8
RoE (%)	19.5	25.0	21.8	21.9
RoCE (%)	21.6	25.2	23.5	24.0
EV/Sales (x)	10.3	8.8	7.4	6.3
EV/EBITDA (x)	61.7	44.3	39.8	32.9
PE (x)	71.7	46.7	44.8	38.0
P/BV (x)	13.0	10.6	9.1	7.7

Key Data

VOTL.BO | VAMP IN

52-W High / Low	Rs.14,600 / Rs.4,208
Sensex / Nifty	81,356 / 24,836
Market Cap	Rs.143bn/ \$ 1,712m
Shares Outstanding	10m
3M Avg. Daily Value	Rs.329.17m

Shareholding Pattern (%)

Promoter's	38.00
Foreign	27.28
Domestic Institution	24.30
Public & Others	10.42
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	28.8	79.2	218.6
Relative	25.1	58.5	159.1

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Voltamp Transformers (VAMP IN)

Rating: ACCUMULATE | CMP: Rs14,174 | TP: Rs14,922

Stellar quarter; long-term outlook remains strong

Quick Pointers:

- YTD order inflows came in at Rs6.4bn (5,040 MVA).
- Sales volume grew 28% YoY to 3,526 MVA in Q1FY25.

We revise our FY25/26E EPS estimates by +9.2%/+11.5% factoring in strong volume growth & better margin profile and upgrade the rating to 'Accumulate' from Hold with a revised TP of Rs14,922 (Rs10,018 earlier). Voltamp Transformers (VAMP) reported robust quarterly performance with 32.9% YoY revenue growth and EBITDA margin expansion of 281bps YoY to 17.7%. Demand momentum is expected to sustain, driven by continued focus on infrastructure capex in the budget, with particular emphasis on energy security and transition to renewable energy. The enquiry pipeline remains healthy across sectors such as Data Centers, Metals & Steel, Cement, Commercial Real Estate, Green Energy, and Oil & Gas. The company has announced 6,000 MVA capacity expansion in power transformers to cater to growing transformer demand over the next 5-6 years, reinforcing the robust long-term outlook. However, rising industrial metal prices, supply chain constraints in CRGO material, and growing competitive intensity may impact margins in the near-to-medium term.

We remain positive on VAMP considering its 1) strong market position in industrial transformers, 2) healthy demand momentum, 3) debt-free balance sheet, 4) consistent free cash flow generation, and 5) growing high-margin service business. The stock is currently trading at a P/E of 44.8x/38.0x FY25/26E. We value the stock at a P/E of 40x FY26E (30x FY26E earlier) on account of a robust long-term demand outlook and improving profitability. Upgrade to 'Accumulate'.

Margins expand led by strong volume growth: Revenue rose 32.9% YoY to Rs4.3bn (PLe: Rs3.8bn) with sales volume growing 28.2% YoY to 3,526 MVA. Gross margin was flat YoY at 26.9% (PLe: 28.3%). EBITDA jumped 57.9% YoY to Rs758mn (PLe: Rs643bn). EBITDA margin expanded by 281bps YoY to 17.7% (PLe: 16.8%), owing to employee cost leverage (down 46bps YoY as a % of sales) and lower other expenses (-3.3% YoY to Rs259mn). PAT rose 56.5% YoY to Rs794mn (PLe: Rs603mn), aided by the strong operating performance, higher other income (+25.0% YoY to Rs288mn), and a lower effective tax rate at 21.6% (vs 25.8% in Q1FY24). Order inflows came in at Rs6.4bn (5,040 MVA) YTD in FY25.

Expanding power transformer capacity by 6,000 MVA: In order to cater to rising demand for electricity and transformers projected over the next 5-6 years, Voltamp's board has approved fresh capex of up to Rs2bn to build a new manufacturing facility for large power transformers (up to 250 MVA and 220 KV rating) near Vadodara. The proposed capacity addition is 6,000 MVA, taking total capacity of the company to 20,000 MVA. The plant is expected to be operational by Q1FY27. The investment will be funded through internal accruals.

**Exhibit 1: Strong volume growth and operating leverage drive robust improvement in profitability**

Y/e March (Rs mn)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	YoY gr. (%)	QoQ gr. (%)	FY24	FY23	YoY gr. (%)
Revenue	3,222	3,814	4,085	5,042	4,282	32.9	(15.1)	16,162	13,851	16.7
Total Revenue	3,222	3,814	4,085	5,042	4,282	32.9	(15.1)	16,162	13,851	16.7
Expenditure	2,742	3,126	3,036	4,034	3,524	28.5	(12.7)	12,939	11,542	12.1
<i>as % of sales</i>	<i>85.1</i>	<i>82.0</i>	<i>74.3</i>	<i>80.0</i>	<i>82.3</i>			<i>80.1</i>	<i>83.3</i>	
Consumption of RM	2,356	2,696	2,719	3,532	3,128	32.7	(11.5)	11,303	10,327	9.5
<i>as % of sales</i>	<i>73.1</i>	<i>70.7</i>	<i>66.6</i>	<i>70.1</i>	<i>73.1</i>			<i>69.9</i>	<i>74.6</i>	
Employee Cost	118	135	119	167	137	16.1	(17.9)	539	401	34.2
<i>as % of sales</i>	<i>3.7</i>	<i>3.5</i>	<i>2.9</i>	<i>3.3</i>	<i>3.2</i>			<i>3.3</i>	<i>2.9</i>	
Other expenditure	268	296	198	335	259	(3.3)	(22.7)	1,097	814	34.7
<i>as % of sales</i>	<i>8.3</i>	<i>7.8</i>	<i>4.9</i>	<i>6.6</i>	<i>6.0</i>			<i>6.8</i>	<i>5.9</i>	
EBITDA	480	688	1,048	1,007	758	57.9	(24.8)	3,223	2,309	39.6
Depreciation	23	27	30	33	30	28.2	(11.3)	114	97	17.3
EBIT	457	660	1,019	974	728	59.4	(25.2)	3,110	2,212	40.6
Other Income	230	179	248	232	288	25.0	23.9	890	401	122.0
Interest	2	3	3	13	3	42.0	(72.4)	21	9	133.8
Extra ordinary items	-	-	-	-	-	-	-	-	-	-
PBT	685	836	1,264	1,194	1,013	47.9	(15.2)	3,979	2,604	52.8
Total Tax	177	152	318	259	218	23.4	(15.6)	905	604	49.8
Reported PAT	508	684	946	935	794	56.5	(15.1)	3,074	1,999	53.7
Adjusted PAT	508	684	946	935	794	56.5	(15.1)	3,074	1,999	53.7
Adjusted EPS	50.2	67.6	93.5	92.4	78.5	56.5	(15.1)	303.8	197.6	53.7
Margins (%)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	bps	bps	FY24	FY23	bps
Gross	26.9	29.3	33.4	29.9	26.9	8	(299)	30.1	25.4	462
EBITDA	14.9	18.0	25.7	20.0	17.7	281	(228)	19.9	16.7	328
EBIT	14.2	17.3	24.9	19.3	17.0	283	(231)	19.2	16.0	327
EBT	21.2	21.9	30.9	23.7	23.7	240	(3)	24.6	18.8	582
PAT	15.8	17.9	23.2	18.6	18.6	279	0	19.0	14.4	458
Effective Tax rate	25.8	18.2	25.1	21.7	21.6	(428)	(10)	22.7	23.2	(46)

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY23	FY24	FY25E	FY26E
Net Revenues	13,851	16,162	19,227	22,781
YoY gr. (%)	22.9	16.7	19.0	18.5
Cost of Goods Sold	10,327	11,303	13,882	16,448
Gross Profit	3,524	4,859	5,345	6,333
Margin (%)	25.4	30.1	27.8	27.8
Employee Cost	401	539	586	672
Other Expenses	368	431	461	524
EBITDA	2,309	3,223	3,586	4,333
YoY gr. (%)	66.1	39.6	11.2	20.8
Margin (%)	16.7	19.9	18.7	19.0
Depreciation and Amortization	97	114	130	195
EBIT	2,212	3,110	3,455	4,138
Margin (%)	16.0	19.2	18.0	18.2
Net Interest	9	21	12	15
Other Income	401	890	769	843
Profit Before Tax	2,604	3,979	4,212	4,966
Margin (%)	18.8	24.6	21.9	21.8
Total Tax	604	905	1,011	1,192
Effective tax rate (%)	23.2	22.7	24.0	24.0
Profit after tax	1,999	3,074	3,201	3,774
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	1,999	3,074	3,201	3,774
YoY gr. (%)	50.5	53.7	4.2	17.9
Margin (%)	14.4	19.0	16.6	16.6
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	1,999	3,074	3,201	3,774
YoY gr. (%)	50.5	53.7	4.2	17.9
Margin (%)	14.4	19.0	16.6	16.6
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	1,999	3,074	3,201	3,774
Equity Shares O/s (m)	10	10	10	10
EPS (Rs)	197.6	303.8	316.4	373.1

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY23	FY24	FY25E	FY26E
Non-Current Assets				
Gross Block	1,131	1,323	1,449	2,788
Tangibles	1,131	1,323	1,449	2,788
Intangibles	-	-	-	-
Acc: Dep / Amortization	461	561	691	886
Tangibles	461	561	691	886
Intangibles	-	-	-	-
Net fixed assets	670	762	758	1,902
Tangibles	670	762	758	1,902
Intangibles	-	-	-	-
Capital Work In Progress	6	11	485	346
Goodwill	-	-	-	-
Non-Current Investments	6,513	8,921	9,895	10,870
Net Deferred tax assets	(17)	(57)	(57)	(57)
Other Non-Current Assets	38	56	67	80
Current Assets				
Investments	672	313	313	313
Inventories	1,748	2,262	2,687	3,152
Trade receivables	2,264	2,388	2,766	3,183
Cash & Bank Balance	179	294	441	588
Other Current Assets	70	93	96	114
Total Assets	12,225	15,211	17,607	20,655
Equity				
Equity Share Capital	101	101	101	101
Other Equity	10,971	13,435	15,726	18,540
Total Network	11,072	13,536	15,827	18,641
Non-Current Liabilities				
Long Term borrowings	-	17	17	17
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	-	16	16	16
Trade payables	30	85	79	94
Other current liabilities	1,107	1,501	1,612	1,832
Total Equity & Liabilities	12,225	15,211	17,607	20,655

Source: Company Data, PL Research



Cash Flow (Rs m)

Y/e Mar	FY23	FY24	FY25E	FY26E
PBT	2,604	3,979	4,212	4,966
Add. Depreciation	97	114	130	195
Add. Interest	9	21	12	15
Less Financial Other Income	401	890	769	843
Add. Other	(347)	(849)	(769)	(843)
Op. profit before WC changes	2,363	3,264	3,586	4,333
Net Changes-WC	(68)	(237)	(701)	(689)
Direct tax	616	865	1,011	1,192
Net cash from Op. activities	1,679	2,163	1,874	2,452
Capital expenditures	(74)	(177)	(600)	(1,200)
Interest / Dividend Income	157	170	769	843
Others	(1,355)	(1,408)	(973)	(972)
Net Cash from Invt. activities	(1,272)	(1,414)	(804)	(1,329)
Issue of share cap. / premium	-	-	-	-
Debt changes	-	(9)	-	-
Dividend paid	(354)	(607)	(911)	(960)
Interest paid	(9)	(18)	(12)	(15)
Others	-	-	-	-
Net cash from Fin. activities	(363)	(633)	(923)	(975)
Net change in cash	44	115	147	147
Free Cash Flow	1,687	2,179	1,874	2,452

Source: Company Data, PL Research

Key Financial Metrics

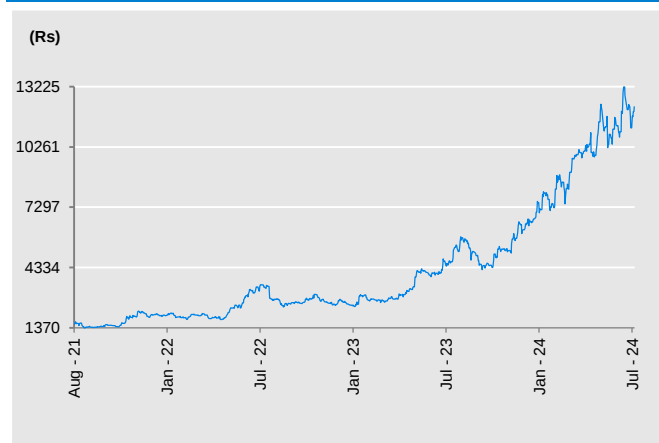
Y/e Mar	FY23	FY24	FY25E	FY26E
Per Share(Rs)				
EPS	197.6	303.8	316.4	373.1
CEPS	207.2	315.0	329.3	392.3
BVPS	1,094.4	1,337.9	1,564.4	1,842.5
FCF	166.8	215.4	185.2	242.4
DPS	60.0	90.0	94.9	111.9
Return Ratio(%)				
RoCE	21.6	25.2	23.5	24.0
ROIC	18.1	20.5	18.8	19.2
RoE	19.5	25.0	21.8	21.9
Balance Sheet				
Net Debt : Equity (x)	(0.1)	0.0	0.0	0.0
Net Working Capital (Days)	105	103	102	100
Valuation(x)				
PER	71.7	46.7	44.8	38.0
P/B	13.0	10.6	9.1	7.7
P/CEPS	68.4	45.0	43.0	36.1
EV/EBITDA	61.7	44.3	39.8	32.9
EV/Sales	10.3	8.8	7.4	6.3
Dividend Yield (%)	0.4	0.6	0.7	0.8

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q2FY24	Q3FY24	Q4FY24	Q1FY25
Net Revenue	3,814	4,085	5,042	4,282
YoY gr. (%)	20.1	14.3	14.6	32.9
Raw Material Expenses	2,696	2,719	3,532	3,128
Gross Profit	1,118	1,366	1,509	1,154
Margin (%)	29.3	33.4	29.9	26.9
EBITDA	688	1,048	1,007	758
YoY gr. (%)	48.3	89.2	8.5	57.9
Margin (%)	18.0	25.7	20.0	17.7
Depreciation / Depletion	27	30	33	30
EBIT	660	1,019	974	728
Margin (%)	17.3	24.9	19.3	17.0
Net Interest	3	3	13	3
Other Income	179	248	232	288
Profit before Tax	836	1,264	1,194	1,013
Margin (%)	21.9	30.9	23.7	23.7
Total Tax	152	318	259	218
Effective tax rate (%)	18.2	25.1	21.7	21.6
Profit after Tax	684	946	935	794
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	684	946	935	794
YoY gr. (%)	49.0	86.4	22.2	56.5
Margin (%)	17.9	23.2	18.6	18.6
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	684	946	935	794
YoY gr. (%)	49.0	86.4	22.2	56.5
Margin (%)	17.9	23.2	18.6	18.6
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	684	946	935	794
Avg. Shares O/s (m)	10	10	10	10
EPS (Rs)	67.8	93.7	92.6	78.7

Source: Company Data, PL Research

Price Chart

Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Jul-24	Hold	10,041	13,220
2	06-May-24	Hold	10,018	9,985
3	12-Apr-24	UR	-	10,000
4	30-Jan-24	Hold	7,619	7,910
5	09-Jan-24	Hold	5,079	6,538
6	28-Oct-23	Hold	5,079	4,989
7	05-Oct-23	Hold	4,611	4,413
8	09-Aug-23	Hold	4,611	4,802

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	ABB India	Accumulate	8,400	8,679
2	Apar Industries	Accumulate	8,872	8,862
3	BEML	Hold	4,520	5,060
4	Bharat Electronics	Hold	290	324
5	BHEL	Reduce	264	316
6	Carborundum Universal	Accumulate	1,631	1,690
7	Cummins India	Hold	3,719	4,134
8	Engineers India	Hold	264	268
9	GE T&D India	Reduce	1,100	1,690
10	Grindwell Norton	Accumulate	2,749	2,650
11	Harsha Engineers International	Hold	436	572
12	Hindustan Aeronautics	Hold	4,515	5,552
13	Kalpataru Projects International	Hold	1,211	1,228
14	KEC International	Hold	754	903
15	Larsen & Toubro	BUY	4,130	3,519
16	Praj Industries	BUY	815	733
17	Siemens	Accumulate	7,030	7,884
18	Thermax	Reduce	3,923	5,605
19	Triveni Turbine	Hold	653	633
20	Voltamp Transformers	Hold	10,041	13,220

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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We/I, Mr. Amit Anwani- MBA (Finance), Mr. Shirom Kapur- BSc, Passed CFA Level III, Mr. Prathmesh Salunkhe- MBA Finance Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

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