

January 31, 2025

Q3FY25 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	BUY		BUY	
Target Price	11,437		12,531	
Sales (Rs. m)	19,845	24,349	20,091	24,442
% Chng.	(1.2)	(0.4)		
EBITDA (Rs. m)	3,651	4,298	3,717	4,363
% Chng.	(1.8)	(1.5)		
EPS (Rs.)	333.9	380.8	333.7	382.4
% Chng.	0.1	(0.4)		

Key Financials - Standalone

Y/e Mar	FY24	FY25E	FY26E	FY27E
Sales (Rs. m)	16,162	18,284	19,845	24,349
EBITDA (Rs. m)	3,223	3,383	3,651	4,298
Margin (%)	19.9	18.5	18.4	17.7
PAT (Rs. m)	3,074	3,177	3,379	3,853
EPS (Rs.)	303.8	314.0	333.9	380.8
Gr. (%)	53.7	3.4	6.3	14.0
DPS (Rs.)	90.0	94.2	100.2	114.3
Yield (%)	1.1	1.1	1.2	1.4
RoE (%)	25.0	21.7	19.9	19.6
RoCE (%)	25.2	22.1	20.4	20.6
EV/Sales (x)	5.2	4.6	4.2	3.4
EV/EBITDA (x)	26.1	24.8	22.9	19.5
PE (x)	27.5	26.6	25.0	21.9
P/BV (x)	6.2	5.4	4.6	4.0

Key Data

52-W High / Low	Rs.14,800 / Rs.6,880
Sensex / Nifty	77,501 / 23,508
Market Cap	Rs.85bn / \$ 976m
Shares Outstanding	10m
3M Avg. Daily Value	Rs.410.26m

Shareholding Pattern (%)

Promoter's	38.00
Foreign	26.70
Domestic Institution	23.70
Public & Others	11.60
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(17.5)	(38.1)	3.8
Relative	(16.9)	(34.7)	(3.9)

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Healthy quarter; strong inquiry pipeline intact

Quick Pointers:

- YTD order inflows stood at Rs16.6bn up 19.6% YoY (13,581 MVA up 13.6% YoY) in Q3FY25.
- Sales volume grew 17.3% YoY to 3,846 MVA while realizations remained flat at Rs1.2/MVA.

Voltamp Transformers (VAMP) reported decent quarterly performance with 18.4 YoY revenue growth and Adj. EBITDA margin expansion of 44bps YoY to 20.5%. The domestic demand landscape remains conducive to growth, driven by strong retail orders, while the opportunity pipeline remains robust, with notable traction across oil & gas, cement, solar, automotive ancillaries, data centers, commercial real estate and green energy. However, increasing additional supplies from competitors may exert some pricing pressure, leading to expected margin normalization. The company continues to prioritize selective order booking while refraining from government contracts to maintain better cash flows. Additionally, the supplies of CRGO is on track for the company. The stock is currently trading at PE of 25.0x/21.9x on earnings of FY26/27E. We maintain 'BUY' rating and roll forward to Sep'26E with a revised TP of Rs11,437 (Rs12,531 earlier) valuing the stock at PE of 32x in Sep'26E earnings (35x Sep'26E earlier).

Higher volumes improve margins: Revenue rose 18.4% YoY to Rs4.8bn (PLe: Rs4.6bn) with sales volume up by 17.3% YoY to 3,846 MVA. Gross margins declined by 428bps YoY to Rs29.2% (PLe: 28.2%) against a high base of 33.4% in Q3FY24. EBITDA declined 5.5% YoY to Rs990mn (PLe: Rs840mn). EBITDA margins contracted by 518bps YoY to 20.5% (PLe: 18.4%), as improved gross margins were offset by higher other expenses (up 42.8% YoY to Rs283mn). Post adjusting base EBITDA for Q3FY24 against reversal of provisions Ad. EBITDA grew 21.0% YoY and Adj. EBITDA margins increased by 44bps YoY. PBT declined by 19.2% YoY to Rs1.0bn (PLe: 1.0bn). PAT declined by 22.4% YoY to Rs734mn (PLe: Rs762mn). Adj. PAT declined by 5.2% YoY, owing to lower other income (down 72.4% YoY to Rs69mn) and higher effective tax rate (28.2% vs 25.1% in Q3FY24).

Healthy order intake of Rs16.6bn (13,581 MVA) in 9MFY25: The company has booked new orders worth Rs16.6bn up 19.6% YoY (13,581 MVA up 13.6% YoY) till 9FY25 with a well-diversified mix. The current order book stands at Rs11.1bn (9,692 MVA) up 21.2% YoY. The demand pipeline remains healthy, supported by opportunities in Transcos-Utilities, Oil & Gas, petro-chem, auto ancillary, commercial real estate, data centers, oil & gas, and green energy. The management continues to remain selective about order booking with focus on healthy balance sheet and cash flow generation.

Exhibit 1: Lower other income (down 72.4% YoY to Rs69mn) drags Adj. PAT down 5.2% YoY

Rs mn	Q3FY25	Q3FY24	YoY gr. (%)	Q3FY25E	Var. (%)	Q2FY25	QoQ gr. (%)	9MFY25	9MFY24	YoY gr. (%)
Revenue	4,835	4,085	18.4%	4,577	5.6%	3,814	26.8%	13,094	11,121	17.7%
Gross Profit	1,410	1,366	3.2%	1,291	9.2%	1,118	26.1%	3,734	3,350	11.5%
Margin (%)	29.2	33.4	(428)	28.2	96.1	29.3	(16)	28.5	30.1	(161)
Employee Cost	136	119	14.3%	149	-8.5%	135	1.1%	416	372	11.8%
as % of sales	2.8	2.9	(10)	3.3	(43.6)	3.5	(71)	3.2	3.3	(17)
Other expenditure	283	428	-33.8%	302	-6.2%	296	-4.2%	820	991	-17.3%
as % of sales	5.9	10.5	(461)	6.6	(73.8)	7.8	(189)	6.3	8.9	(266)
EBITDA	990	819	21.0%	840	17.9%	688	44.0%	2,498	1,987	25.8%
Margin (%)	20.5	20.0	44	18.4	213.5	18.0	245	19.1	17.9	122
Depreciation	34	30	14.4%	34	-0.4%	27	23.7%	95	80	18.8%
EBIT	957	789	21.2%	806	18.7%	660	44.9%	2,403	1,906	26.0%
Margin (%)	19.8	19.3	46	17.6	217.7	17.3	247	18.4	17.1	121
Other Income	69	248	-72.4%	200	-65.7%	179	-61.7%	677	657	3.0%
Interest	3	3	20.8%	3	13.8%	3	11.7%	10	8	22.9%
PBT (ex. Extra-ordinaries)	1,022	1,034	-1.2%	1,003	1.9%	836	22.2%	3,070	2,555	20.1%
Margin (%)	21.1	25.3	(419)	21.9	(78.0)	21.9	(80)	23.4	23.0	46
Extraordinary Items	-	230	-	-	-	-	-	-	230	-
PBT	1,022	1,264	-19.2%	1,003	1.9%	836	22.2%	3,070	2,785	10.2%
Total Tax	288	318	-9.5%	241	-	152	89.3%	784	647	21.2%
Effective Tax Rate (%)	28.2	25.1	302	24.0	416.0	18.2	999	25.5	23.2	231
Adj. PAT	734	774	-5.2%	762	-3.7%	684	7.2%	2,286	1,967	16.2%
Margin (%)	15.2	19.0	(378)	16.7	(147.2)	17.9	(276)	17.5	17.7	(23)
Adj. EPS	72.6	76.5	-5.2%	75.3	-3.7%	67.6	7.2%	225.9	194.4	16.2%

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Net Revenues	16,162	18,284	19,845	24,349
YoY gr. (%)	16.7	13.1	8.5	22.7
Cost of Goods Sold	11,303	13,146	14,348	17,678
Gross Profit	4,859	5,138	5,497	6,672
Margin (%)	30.1	28.1	27.7	27.4
Employee Cost	539	585	625	743
Other Expenses	431	466	496	755
EBITDA	3,223	3,383	3,651	4,298
YoY gr. (%)	39.6	4.9	7.9	17.7
Margin (%)	19.9	18.5	18.4	17.7
Depreciation and Amortization	114	132	166	235
EBIT	3,110	3,251	3,486	4,063
Margin (%)	19.2	17.8	17.6	16.7
Net Interest	21	12	13	16
Other Income	890	969	972	1,023
Profit Before Tax	3,979	4,208	4,446	5,070
Margin (%)	24.6	23.0	22.4	20.8
Total Tax	905	1,031	1,067	1,217
Effective tax rate (%)	22.7	24.5	24.0	24.0
Profit after tax	3,074	3,177	3,379	3,853
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	3,074	3,177	3,379	3,853
YoY gr. (%)	53.7	3.4	6.3	14.0
Margin (%)	19.0	17.4	17.0	15.8
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	3,074	3,177	3,379	3,853
YoY gr. (%)	53.7	3.4	6.3	14.0
Margin (%)	19.0	17.4	17.0	15.8
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	3,074	3,177	3,379	3,853
Equity Shares O/s (m)	10	10	10	10
EPS (Rs)	303.8	314.0	333.9	380.8

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Non-Current Assets				
Gross Block	1,323	1,922	3,123	4,122
Tangibles	1,323	1,922	3,123	4,122
Intangibles	-	-	-	-
Acc: Dep / Amortization	561	693	858	1,093
Tangibles	561	693	858	1,093
Intangibles	-	-	-	-
Net fixed assets	762	1,230	2,265	3,029
Tangibles	762	1,230	2,265	3,029
Intangibles	-	-	-	-
Capital Work In Progress	11	12	11	12
Goodwill	-	-	-	-
Non-Current Investments	8,921	10,125	11,016	12,370
Net Deferred tax assets	(57)	(57)	(57)	(57)
Other Non-Current Assets	56	64	69	85
Current Assets				
Investments	313	313	313	313
Inventories	2,262	2,605	2,827	3,202
Trade receivables	2,388	2,705	2,936	3,469
Cash & Bank Balance	294	324	524	597
Other Current Assets	93	91	99	122
Total Assets	15,211	17,564	20,154	23,302
Equity				
Equity Share Capital	101	101	101	101
Other Equity	13,435	15,701	18,127	20,966
Total Network	13,536	15,803	18,228	21,067
Non-Current Liabilities				
Long Term borrowings	17	17	17	17
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	16	16	16	16
Trade payables	85	75	87	107
Other current liabilities	1,501	1,598	1,750	2,039
Total Equity & Liabilities	15,211	17,564	20,154	23,302

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
PBT	3,979	4,208	4,446	5,070
Add. Depreciation	114	132	166	235
Add. Interest	21	12	13	16
Less Financial Other Income	890	969	972	1,023
Add. Other	(849)	(969)	(972)	(1,023)
Op. profit before WC changes	3,264	3,383	3,651	4,298
Net Changes-WC	(237)	(564)	(302)	(650)
Direct tax	865	1,031	1,067	1,217
Net cash from Op. activities	2,163	1,788	2,283	2,430
Capital expenditures	(177)	(600)	(1,200)	(1,000)
Interest / Dividend Income	170	969	972	1,023
Others	(1,408)	(1,205)	(889)	(1,350)
Net Cash from Inv. activities	(1,414)	(836)	(1,117)	(1,328)
Issue of share cap. / premium	-	-	-	-
Debt changes	(9)	-	-	-
Dividend paid	(607)	(911)	(953)	(1,014)
Interest paid	(18)	(12)	(13)	(16)
Others	-	-	-	-
Net cash from Fin. activities	(633)	(922)	(966)	(1,029)
Net change in cash	115	30	200	74
Free Cash Flow	2,179	1,788	2,283	2,430

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25E	FY26E	FY27E
Per Share(Rs)				
EPS	303.8	314.0	333.9	380.8
CEPS	315.0	327.1	350.3	404.1
BVPS	1,337.9	1,562.0	1,801.7	2,082.4
FCF	215.4	176.7	225.6	240.2
DPS	90.0	94.2	100.2	114.3
Return Ratio(%)				
RoCE	25.2	22.1	20.4	20.6
ROIC	20.5	17.4	16.3	16.5
RoE	25.0	21.7	19.9	19.6
Balance Sheet				
Net Debt : Equity (x)	0.0	0.0	0.0	0.0
Net Working Capital (Days)	103	105	104	98
Valuation(x)				
PER	27.5	26.6	25.0	21.9
P/B	6.2	5.4	4.6	4.0
P/CEPS	26.5	25.6	23.9	20.7
EV/EBITDA	26.1	24.8	22.9	19.5
EV/Sales	5.2	4.6	4.2	3.4
Dividend Yield (%)	1.1	1.1	1.2	1.4

Source: Company Data, PL Research

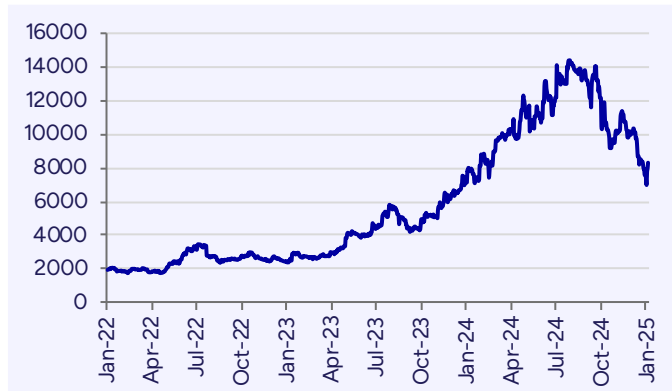
Quarterly Financials (Rs m)

Y/e Mar	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Net Revenue	5,042	4,282	3,977	4,835
YoY gr. (%)	14.6	32.9	4.3	18.4
Raw Material Expenses	3,532	3,128	2,808	3,425
Gross Profit	1,509	1,154	1,170	1,410
Margin (%)	29.9	26.9	29.4	29.2
EBITDA	1,007	758	750	990
YoY gr. (%)	8.5	57.9	9.0	21.0
Margin (%)	20.0	17.7	18.9	20.5
Depreciation / Depletion	33	30	32	34
EBIT	974	728	718	957
Margin (%)	19.3	17.0	18.1	19.8
Net Interest	13	3	3	3
Other Income	232	288	320	69
Profit before Tax	1,194	1,013	1,265	1,022
Margin (%)	23.7	23.7	31.8	21.1
Total Tax	259	218	278	288
Effective tax rate (%)	21.7	21.6	22.0	28.2
Profit after Tax	935	794	987	734
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	935	794	757	734
YoY gr. (%)	22.2	56.5	10.7	2.4
Margin (%)	18.6	18.6	19.0	15.2
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	935	794	757	734
YoY gr. (%)	22.2	56.5	10.7	2.4
Margin (%)	18.6	18.6	19.0	15.2
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	935	794	757	734
Avg. Shares O/s (m)	10	10	10	10
EPS (Rs)	92.6	78.7	75.0	72.7

Source: Company Data, PL Research

Price Chart

Recommendation History



No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	09-Jan-25	BUY	12,531	9,682
2	29-Oct-24	BUY	14,326	10,516
3	07-Oct-24	Accumulate	14,922	12,236
4	13-Aug-24	Accumulate	14,922	13,177
5	30-Jul-24	Accumulate	14,922	14,174
6	08-Jul-24	Hold	10,041	13,220
7	06-May-24	Hold	10,018	9,985
8	12-Apr-24	UR	-	10,000

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	ABB India	Accumulate	8,133	6,657
2	Apar Industries	Accumulate	8,219	7,179
3	BEML	Accumulate	4,332	3,733
4	Bharat Electronics	BUY	340	279
5	BHEL	Accumulate	226	200
6	Carborundum Universal	Accumulate	1,583	1,245
7	Cummins India	Accumulate	4,139	3,164
8	Elgi Equipments	Accumulate	607	548
9	Engineers India	BUY	247	182
10	GE Vernova T&D India	Accumulate	1,962	1,991
11	Grindwell Norton	BUY	2,511	1,850
12	Harsha Engineers International	Accumulate	561	493
13	Hindustan Aeronautics	Accumulate	4,692	4,110
14	Ingersoll-Rand (India)	BUY	4,467	3,800
15	Kalpataru Projects International	Accumulate	1,306	1,245
16	KEC International	Hold	997	1,049
17	Kirloskar Pneumatic Company	BUY	1,564	1,013
18	Larsen & Toubro	BUY	4,025	3,421
19	Praj Industries	BUY	804	800
20	Siemens	Accumulate	7,716	6,297
21	Thermax	Reduce	4,275	3,982
22	Triveni Turbine	BUY	800	739
23	Voltamp Transformers	BUY	12,531	9,682

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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