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VOLTAMP TRANSFORMERS LIMITED: Q4 FY2007 Result Update

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Sector: Transformers

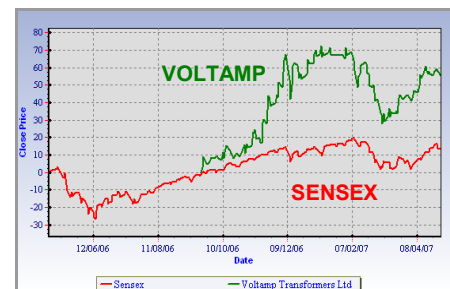
Mcap: Rs 656.79 Crore

BUY - CMP Rs 649

Share Holding Pattern %	31/03/2007	31/12/2006
Indian (Promoter & Group)	51.73	51.73
Non Promoter (Institution)	37.95	37.26
Non Promoter (Non-Institution)	10.32	11.01
Grand Total	100.00	100.00

Total No. of Equity Shares 1.012 crore (FV Rs.10)

Price Performance	Voltamp
30 th April 2007	Rs 649.00
1 Month Before	Rs 601.90
3 Month Before	Rs 697.40
52 Week High	Rs 735.00
52 Week Low	Rs 375.00



Voltamp Transformers Limited: Established in 1963, the company is based in Vadodara & is one of the leading companies of India designing & manufacturing complete range of Transformers. The Company has installed facility to manufacture oil filled power and distribution transformers up to 50 MVA, 132 KV class, resin impregnated dry type transformers up to 5 MVA, 11 KV class (In Technical collaboration with MORA, GERMANY) and cast resin dry type transformers up to 7.5 MVA, 33 KV class (In Technical collaboration with HTT, GERMANY).

This being the first year post listing, the quarterly results for the previous year are not available for comparison. Below is the Q4 FY 07 Result Update:

Q4 Results FY 2007

- Net sales stood at Rs 122.53 crore, up by 16.46% as compared to previous quarter ended Dec 2006.
- Overall costs were under control, rising by just 10.05%. Raw Material / Net Sales was also lower at 74.77% from 79.77% in December quarter.
- PBIDT rose to Rs 24.57 crore as compared to Rs 16 crore for the previous quarter.
- PAT stood at Rs 13.76 crore, a rise of 32% over Rs 10.42 crore in Q3 FY 07.
- OPM% was at 18.68% (13.94%) & NPM rose to 11.08% (9.78%).
- EPS for the quarter was at Rs 13.60 (Rs 10.60).

FY 2007 Results

- For FY 2007, Net sales for the year was Rs 404.89 crore (Rs 248.79 crore), a rise of 62.74%.
- PAT stood at Rs 39.17 crore (Rs 23.02 crore), a remarkable growth of 70%.
- OPM & NPM for the year were at a healthy 15.07% (PY 13.64%) & 9.56% (PY 9.09 %) respectively.
- EPS for the year was at Rs 38.71 (PY Rs 22.75)

Expansion plans

The company has chalked out some plans within the lower transformer segment:

- Concentrate on EPC players such as ABB, Siemens and L&T for their project division business.
- Expanding into the Dry Transformer segment aggressively as it is a highly lucrative business.
- Explore and venture into new business opportunities.
- Increase overseas exposure in the oil and dry transformer segment.
- The company has approved proposed capital expenditure upto Rs 15 crore to increase installed capacity to 9000 MVA from 5400 MVA at its existing location.

Attractively Priced

We initiated coverage on VTL in September 2006, at a price of Rs 440.65 (please refer to our Transformer Industry Report dated 25th Sept 2006). The stock is trading at CMP of Rs 649, giving a return of around 48%.

Outlook for power transformers continues to remain bullish. Voltamp is a leading player with focus on industrial & corporate sector. The company's expansion drive should ensure good volume growth going forward. On the basis of the strong numbers posted and strong outlook, we upgrade the EPS for the company to be at Rs. 54 for FY08. Trading 12x FY2008 earnings, the stock has potential for upward movement.

Peer Valuations

Company	CMP Rs.	Equity Cap Rs. Cr.	Mcap Rs. Cr.	Sales Rs. Cr.	Mcap / Sales %	EEPS Rs.		PERx	
						FY07	FY08	FY07	FY08
INDO TECH TRANSFORMER	311	10.62	330.28	155.65	2.12	24.73	32.00	12.58	9.72
BHARAT BIJLEE	1378	5.65	778.57	400.00	1.95	74.00	104.00	18.62	13.25
VOLTAMP TRANSFORMER	649	10.12	656.79	404.90	1.62	38.70	54.00	16.77	12.00
EMCO	775	10.21	791.28	600.00	1.32	37.00	52.00	20.95	14.90

Voltamp Transformers Ltd.

Rs. Crore

	Q4 200703	Q3 200612	VAR [%]	Year ended FY 2007	Year ended FY 2006	VAR [%]
Net Sales	122.53	105.21	16.46	404.89	248.79	62.74
Other Income	1.68	1.28	31.25	5.04	4.49	12.25
Gross Income	124.21	106.49	16.64	409.93	253.28	61.85
Increase/Decrease in Stock	-2.24	-1.65	35.76	-8.04	-33.83	-76.23
Consumption of Raw Materials	91.61	83.93	9.15	318.02	225.70	40.90
Staff Cost	3.93	2.54	54.72	10.61	6.74	57.42
Other Expenditure	6.34	5.72	10.84	23.27	16.25	43.20
Total Expenditure	99.64	90.54	10.05	343.86	214.86	60.04
PBDIT	24.57	15.95	54.04	66.07	38.42	71.97
Interest	0.45	0.29	55.17	1.26	1.01	24.75
Profit/Loss Before Dep & Taxes	24.12	15.66	54.02	64.81	37.41	73.24
Depreciation	0.62	0.54	14.81	2.17	1.92	13.02
Profit Before Tax	23.50	15.12	55.42	62.64	35.49	76.50
Provision for Taxation	9.74	4.70	107.23	23.47	12.47	88.21
Net Profit after Tax	13.76	10.42	32.05	39.17	23.02	70.16
Face Value	10.00	10.00		10.00	10.00	
Equity	10.12	10.12		10.12	10.12	
EPS Rs	13.60	10.30		38.71	22.75	
OPM%	18.68	13.94		15.07	13.64	
PBDT%	19.42	14.71		15.81	14.77	
NPM%	11.08	9.78		9.56	9.09	
Tax / PBT %	41.45	31.08		37.47	35.14	
Raw Material / Net Sales %	74.77	79.77		78.54	90.72	

END OF REPORT



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