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Mukul Jain  
91-22-6632 2235

Research Analyst  
MukulJain@PLIndia.com

Q4 FY07  
Result Update

# Voltamp Transformers

Outperformer

Rs 658

April 30, 2007

## Margins Expand

Company Details		Result Snapshot	
Market Cap:	Rs 6,661m	<p>For Q4FY07, Voltamp reported 16.5% qoq growth in topline to Rs 1.22bn. Operating margins witnessed a substantial improvement of 480bps to 18.7% as compared to last quarter mainly on account of larger volumes. Net profit for the quarter increased by 32.1% qoq to Rs 138m.</p> <p>Voltamp has a current order book of Rs 4.07bn, up 13% from the start of the quarter. This includes orders worth Rs 280m from SEB's while remaining are from industrial customers. Voltamp plans to incur a capex of Rs 150m for expansion of current capacity to 9,000MVA per annum on a three-shift basis from the current 7,200MVA.</p> <p>At the ruling price of Rs 658, the stock trades at 13.0x FY08E and 9.5x FY09E earnings of Rs 50.7 and Rs 69.2 respectively. On an EV/EBIDTA basis, it is available at 7.8x and 5.5x FY08 and FY09 estimates. We maintain Outperformer.</p>	
52 Week High/Low:	Rs 735 / 375		
Bloomberg Code:	VAMP@IN		
Reuters Code:	VOLT.BO / NS		
Shares O/s:	10m		
Average Volume (3 months):	27,899 shares		
Price Performance			
(%)	1m	3m	12m
Absolute	11.0	(5.6)	NA
Relative to Sensex	5.1	(3.0)	NA

## Quarterly Table

(Rs m)

Y/e March	Q4FY07	Q4FY06	yoy gr. (%)	Q3FY07	FY06	FY07	yoy gr. (%)
<b>Net Sales</b>	<b>1,225</b>	-	-	<b>1,052</b>	<b>2,488</b>	<b>4,049</b>	<b>62.7</b>
<b>Expenditure</b>							
Raw Material	937	-	-	858	1,919	3,100	61.6
<i>% of Net Sales</i>	<i>76.5</i>			<i>81.6</i>	<i>77.1</i>	<i>76.6</i>	
Personnel Cost	39	-	-	25	67	106	57.4
<i>% of Net Sales</i>	<i>3.2</i>			<i>2.4</i>	<i>2.7</i>	<i>2.6</i>	
Others	20	-	-	22	158	233	47.2
<i>% of Net Sales</i>	<i>1.7</i>			<i>2.1</i>	<i>6.4</i>	<i>5.7</i>	
Total Expenditure	996	-	-	905	2,144	3,439	60.4
<b>EBITDA</b>	<b>229</b>	-	-	<b>147</b>	<b>344</b>	<b>610</b>	<b>77.5</b>
<i>Margin (%)</i>	<i>18.7</i>			<i>13.9</i>	<i>13.8</i>	<i>15.1</i>	
Other income	15	-	-	13	38	48	26.0
Depreciation	6	-	-	5	19	22	13.2
<b>EBIT</b>	<b>238</b>	-	-	<b>154</b>	<b>363</b>	<b>637</b>	<b>75.5</b>
Interest	5	-	-	3	10	13	25.0
<b>PBT</b>	<b>233</b>	-	-	<b>151</b>	<b>353</b>	<b>624</b>	<b>76.9</b>
Unusal items	2	-	-	-	-	2	
<b>PBT-Adjusted</b>	<b>235</b>	-	-	<b>151</b>	<b>353</b>	<b>626</b>	<b>77.5</b>
Total Taxes	97	-	-	47	123	235	91.4
<i>ETR (%)</i>	<i>41.4</i>			<i>31.1</i>	<i>34.8</i>	<i>37.5</i>	
<b>PAT</b>	<b>138</b>	-	-	<b>104</b>	<b>230</b>	<b>392</b>	<b>70.1</b>

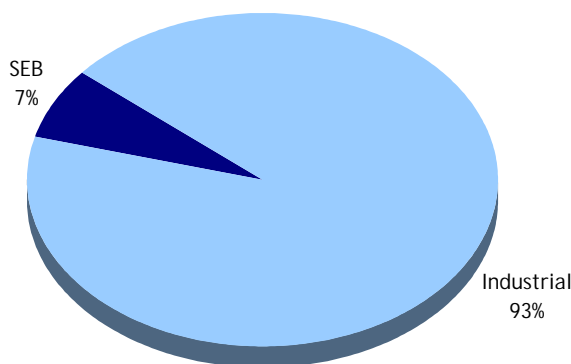
(Stock price as on April 27, 2007)

## Result Highlights

For FY07, Voltamp reported a growth of 62.7 to Rs 4.05bn. Operating margins improved by 130bps to 15.1% from 13.8% last year. Net Profit for the quarter increased by 70.1% to Rs 392m.

To meet the significant demand, the company has decided to expand capacity from 7,200MVA to 9,000MVA per annum on a three-shift basis at a cost of Rs 150m.

## Order Book Breakup



Source: Company Data, PL Research

## Key Figures

Y/e March	FY06	FY07	FY08E	FY09E
Revenues (Rs m)	2,488	4,049	5,313	7,082
EBITDA (Rs m)	344	610	818	1,126
<i>Margins (%)</i>	<i>13.8</i>	<i>15.1</i>	<i>15.4</i>	<i>15.9</i>
PAT (Rs m)	230	392	513	701
EPS (Rs)	22.8	38.7	50.7	69.2
PER (x)	28.9	17.0	13.0	9.5
EV / E (x)	19.0	10.6	7.8	5.5
EV / Sales (x)	2.6	1.6	1.2	0.9
<i>RoCE (%)</i>	<i>40.8</i>	<i>48.2</i>	<i>48.3</i>	<i>50.1</i>
<i>RoE (%)</i>	<i>35.9</i>	<i>45.4</i>	<i>45.7</i>	<i>46.6</i>

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