

VOLTAMP TRANSFORMERS LTD.

Sector

June 20, 2022

Buy at CMP: Rs 2478 | Target: Rs 2883 (16%) | SL: Rs 2250

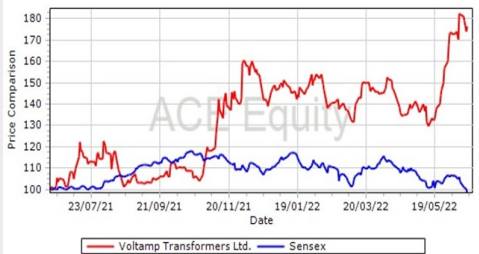
Capital Goods

**Script Details**

BSE Group	B
BSE Code	532757
NSE Code	VOLTAMP
Bloomberg Code	VAMP IN
Market Cap (INR Cr.)	2,423
Free Float (%)	50.0%
52wk Low/High	2545/1325
Beta (1yr Nifty 50)	0.64
Face Value (INR)/ D. Yield (%)	10/1.5
Total paid Up Shares (Mn.)	10.1

Share Holding Pattern (%)

Promoters	Public	Others
50.0%	50.0%	-

Share Price Relative Performance

Voltamp Transformers Limited has installed facility to manufacture oil filled power and distribution transformers, resin impregnated dry type transformers and cast resin dry type transformers. The company receives orders from various government and semi-government projects, refineries, fertilizer plants, various other industries and state electricity boards.

Investment Rationale

- ◆ **Technical Collaboration to Offer Multiple Products:** The company had entered into technical collaboration in the past with leading technology companies such as M/s HTT, Hann Munden, Germany for manufacturing Cast resin (dry type) transformers for offering products in line with latest technology. M/s HTT are pioneers in the field of manufacturing cast resin transformers and the collaboration is expected to drive volume for company.
- ◆ **Capex Plans of Core Industries to Boost Sales:** The Transformers manufactured by Voltamp has applications in diversified industries such as Fertilizers plants, Refineries, Power sector, Cement, Steel, Chemical, Pharma, Paper, State electricity boards in India and abroad. Its clientele comprises of leaders in Government & Semi government projects. Leading Cement companies have planned capex for FY22-25 period could act as catalyst to order book
- ◆ **Highest Ever Order Inflow of Rs 3,400 Cr in FY22 :** Order inflow for company came in at Rs 3,400 Cr in Q4FY22, while FY22 order inflow came in at highest level of Rs 13,500 Cr. The current Order book stands at Rs 600 Cr (6,209 MVA), providing revenue visibility for next few quarters. Enquiry pipeline remained healthy though order finalization may be impacted due to higher commodity cost.
- ◆ **Outlook and Valuations:** Company has a strong trackrecord of robust operational performance and cash flow generation. Voltamp's stocks is trading at PE of 18.9(x) for FY22 earnings. We estimate a 5% CAGR in Topline over FY22-25E, which implies a forward PE (x) of 15.5 for FY 25E. Voltamp's Historical average median PE is 14. We apply a premium multiple of 18x to FY25E which result per share value of Rs 2883. We recommend BUY on VOLTAMP at CMP of Rs. 2478 with Target price of Rs. 2883 (16%).

Financial Snapshot:

Year	Revenue	EBITDA	PAT	PE Ratio (x)	EV/EBITDA (x)
FY22	1,127	139	133	18.2	13.2
FY23E	1,184	118	142	17.1	20.4
FY24E	1,243	124	149	16.2	19.4
FY25E	1,305	130	157	15.5	18.5

Source: Company Data, Ace Equity, GEPL Research

TECHNICAL VIEW



Observation

- Voltamp has been moving in a strong uptrend since March 2021 as it maintains the higher highs and higher lows formation.
- The stock sustained well after giving multi year breakout and has started to rally sharply.
- The Stock has shown significant rise in the volumes post its breakout from the consolidated parallel channel.
- On the indicator front the RSI indicator plotted on weekly has sustained above 60. Where as prices confirming the prior trend.
- The stock has recently made a new all time high with a strong momentum.

Inference & Expectations

- Volumes Backs the prices in strong uptrend.
- Going ahead we expect the stock to move higher towards 2970 level.
- 2250 level will act as a major support on the downside.



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