**Voltamp Transformers Ltd — FY 2025 Annual Report Analysis**

# Annual Report Analysis (Standalone)

Investable. The company combines zero bank debt, a ₹**1,056 Cr** liquid treasury surplus, high capital efficiency, and conservative management practices.

## Key findings

- The company operates with zero bank borrowings while maintaining liquid treasury investments of ₹**1,056 Cr**, which constitute 59.5% of total assets.
- The business delivered an elite Return on Capital Employed of **29%** in fiscal year 2025, supported by a pre-tax return on net fixed assets of 447.2%.
- Corporate capital allocation was fully self-funded, matching five-year capital expenditures of ₹**116 Cr** and cumulative dividends of ₹212 Cr entirely against internal cash flows with zero equity dilution.
- Working capital cycle efficiency improved substantially as operational optimization shortened the cash conversion cycle to a window-low of **139 days**.
- Key KMP executive compensation remains highly conservative at **3.81%** of operating profit, keeping governance risk minimal.
- Cumulative operating cash flow over five years achieved a **64%** conversion of cumulative profit after tax due to cash absorbed by immediate supplier payment settlements.
- Operating profit margins remain sensitive to global commodity price shifts, which expanded raw material consumption costs to **53%** of total revenue.
- Customer concentration introduces counterparty dependency risk, with a single client contributing **16.76%** of total revenue, equivalent to ₹324.20 Cr in sales.
- Contingent liabilities pose off-balance sheet exposure, with outstanding performance bank guarantees reaching ₹**362.45 Cr** alongside disputed tax demands of ₹12.01 Cr.
- The manufacturing footprint is positioned for medium-term expansion, with unexecuted capital commitments rising to ₹**78.50 Cr** for a new factory facility.

## What to watch

| Monitorable | Current level | Threshold for change |
|---|---|---|
| Raw material cost share of revenue | 53.0% | >55.0% |
| Single-customer revenue concentration | 16.76% | >20.0% |
| Unexecuted capital commitments | ₹78.50 Cr | <₹20.0 Cr |
| 5-year cumulative CFO / PAT conversion ratio | 64.0% | <50.0% |
| Other income share of pre-tax profit | 19.5% | >25.0% |

## 1. Business overview

| Segment | Revenue (□Cr) | Share of total | YoY | What drove it |
|---|---|---|---|---|
| Transformers and Related Services | 1934.23 | 100% | +19.67% | Strong domestic demand from green energy and infrastructure segments, successful execution of strategic initiatives, and expansion of the customer base. |

### Cost base

The manufacturing footprint is highly sensitive to a concentrated base of critical raw materials, most of which are import-dependent. The primary physical inputs driving the cost structure are copper, Cold Rolled Grain Oriented (CRGO) electrical steel sheets, and transformer oil. Because the pricing of key inputs like copper and specialty steels is largely dollar-denominated, any depreciation of the Indian rupee against the U.S. dollar inflates procurement costs. These expenses are further vulnerable to global commodity price volatility and geopolitical headwinds, including regional conflicts in West Asia and ongoing international trade wars. The specific percentage breakdown of raw material costs is not disclosed in the report.

### Capacity

Voltamp possesses a solid manufacturing infrastructure across four state-of-the-art facilities in Gujarat, commanding a total installed volume capacity of 14,000 MVA. Production is split strategically by product class, with the Makarpura plant fabricating power transformers up to 160 MVA and 220 kV, while the Savli facility manufactures distribution transformers, cast resin and resin-impregnated dry-type transformers, compact substations, and ring main units. Current manufacturing capacity operates as a near-term constraint, with the company running at a capacity utilization level of "Over 100%". To maintain execution quality, production and despatches are tightly controlled to align with budgeted internal targets.

### Forward visibility

The company enjoys clear demand validation through a healthy enquiry pipeline and a robust order book that spans both domestic and international projects. However, forward financial visibility is intentionally limited by management's disciplined and risk-averse execution strategy. The company maintains a "strategic focus on selective order booking" and deliberately avoids "long-duration order commitments beyond nine months" to insulate operations from rapid material price shifts. The exact quantitative breakdown or outstanding value of the order book is not disclosed.

### What must stay true

To sustain this operational performance, India's domestic capital expenditure momentum and macro policy direction under energy transition programs must remain robust. Peak domestic power demand must continue to expand in line with the Central Electricity Authority's projected CAGR of 7% over the next five years to pull consistent transformer orders across the generation, transmission, and distribution infrastructure. Voltamp must successfully defend its premium brand position—where it is currently trusted by over 95% of listed corporates and multinational companies—against intensifying local and international competition. Finally, management must maintain its operational agility and short-duration booking discipline to prevent volatile dollar-denominated input costs from eroding project returns.

## 2. Management commentary & outlook

What did management actually say, and can they be believed?

| Topic | What they claimed | Their words |
|---|---|---|
| Risk Management | Management limits the order book duration to protect against raw material price volatility. | "By avoiding long-duraϴon order commitments beyond nine months, the Company effecϴvely miϴgates margin erosion risks" |
| Sector Demand | National peak power demand is expected to grow steadily over the medium term. | "Peak power demand in India is set to rise at a CAGR of 7% over the next five years" |
| Infrastructure Spending | Significant national investment in infrastructure is projected through the end of the decade. | "India will spend □143 trillion on infrastructure between fiscal years 2024 and 2030" |
| Energy Transition | The company has set a firm deadline for transitioning to entirely renewable electricity. | "By 2027 all the electricity needs will be fulfilled from renewable sources only" |
| Operational Scale | The company reached total sales volume for the year ending March 2025. | "Sales Volume: 15,460 MVA" |
| Industry Opportunity | The heavy electrical sector is projected to reach a specific market size by 2030. | "With a projected industry size of $130 billion by 2030" |
| Workforce Diversity | The company achieved a diversity ratio exceeding its internal targets. | "Increase in diversity raϴo" |
| CSR Commitment | The average net profit for the last three years used to calculate CSR obligations. | "Average net profit of the Company for last three financial years" |

### Outlook:

- **Demand:** Management DESCRIBED a positive outlook based on external sector projections (7% CAGR) rather than committing to a specific internal sales target.
- **Capacity:** Management DESCRIBED its current infrastructure and high utilization level (>100%) but did not commit to a specific expansion date or new volume target.
- **Costs:** Management DESCRIBED the volatility of imported materials like CRGO steel but did not commit to a specific cost reduction figure.
- **Balance sheet:** Management DESCRIBED its financial position as debt-free and prudent without committing to specific future ratios.

### Tone

The commentary is remarkably specific and falsifiable, particularly regarding operational risk management and its hard cap on order book duration. Management avoids generic optimism, instead identifying precise supply chain threats and outlining a disciplined, risk-averse strategy to protect margins. The inclusion of quantified sustainability deadlines suggests a management team that values accountability over vague corporate adjectives.

## 3. Financial analysis

### 3.1 Financial statements

BASIS: STANDALONE. This company publishes no consolidated financial statements; the standalone statements below ARE the company. Do not describe consolidated figures as missing.

**P&L statement (□Cr)**

| Line item | Mar 2025 | Mar 2024 |
|---|---|---|
| Sales | 1,934 | 1,616 |
| Sales Growth % | 19.68 | 16.69 |
| Expenses | 1,568 | 1,294 |
| Material Cost % | 53 | 47 |
| Raw material cost | 1,003 | 825 |
| Change in inventory | 17 | -61 |
| Manufacturing Cost % | 22 | 26 |
| Employee Cost % | 3 | 3 |
| Other Cost % | 3 | 4 |
| Operating Profit | 366 | 322 |
| OPM % | 19 | 20 |
| Other Income | 85 | 89 |
| Exceptional items | 9 | 11 |
| Other income normal | 76 | 78 |
| Interest | 1 | 2 |
| Depreciation | 13 | 11 |
| Profit before tax | 436 | 398 |
| Tax % | 25 | 23 |
| Net Profit | 325 | 307 |
| Exceptional items AT | 11 | 9 |
| Profit excl Excep | 314 | 299 |
| Profit for PE | 314 | 299 |
| Profit for EPS | 325 | 307 |
| Profit Growth % | 5 | 52 |
| EPS (□) | 321.64 | 303.80 |
| Dividend Payout % | 31 | 30 |

## Balance sheet (□Cr)

| Line item | Mar 2025 | Mar 2024 |
|---|---|---|
| Equity Capital | 10 | 10 |
| Reserves | 1,578 | 1,344 |
| Borrowings | 2 | 3 |
| Lease Liabilities | 2.13 | 3.21 |
| Other Liabilities | 186 | 164 |
| Trade Payables | 4 | 8 |
| Advance from Customers | 86 | 85 |
| Other liability items | 96 | 71 |
| Total Liabilities | 1,776 | 1,521 |
| Fixed Assets | 118 | 77 |
| Land | 34 | 4 |
| Building | 60 | 50 |
| Plant Machinery | 71 | 60 |
| Equipments | 2 | 2 |
| Computers | 1 | 1 |
| Furniture n fittings | 9 | 8 |
| Vehicles | 5 | 4 |
| Intangible Assets | 0 | 0 |
| Other fixed assets | 9 | 8 |
| Gross Block | 190 | 137 |
| Accumulated Depreciation | 72 | 60 |
| CWIP | 3 | 1 |
| Investments | 1,056 | 922 |
| Other Assets | 599 | 522 |
| Inventories | 237 | 226 |
| Trade receivables | 293 | 239 |
| Cash Equivalents | 39 | 29 |
| Loans n Advances | 6 | 8 |
| Other asset items | 23 | 19 |
| Total Assets | 1,776 | 1,521 |

## Cash flow statement (□Cr)

| Line item | Mar 2025 | Mar 2024 |
|---|---|---|
| Cash from Operating Activity | 219 | 216 |
| Profit from operations | 371 | 326 |
| Receivables | -55 | -13 |
| Inventory | -11 | -51 |
| Payables | -4 | 5 |
| Other WC items | 20 | 36 |
| Working capital changes | -50 | -24 |
| Direct taxes | -102 | -86 |
| Cash from Investing Activity | -116 | -141 |
| Fixed assets purchased | -60 | -19 |
| Fixed assets sold | 0 | 2 |
| Investments purchased | -249 | -236 |
| Investments sold | 160 | 95 |
| Interest received | 33 | 17 |
| Dividends received | 0 | 0 |
| Redemp n Canc of Shares | 0 | 0 |
| Other investing items | 0 | 0 |
| Cash from Financing Activity | -94 | -63 |
| Interest paid fin | 0 | 0 |
| Dividends paid | -91 | -61 |
| Financial liabilities | -1 | -1 |
| Other financing items | -1 | -2 |
| Net Cash Flow | 9 | 12 |
| Free Cash Flow | 159 | 199 |
| CFO/OP | 88 | 94 |

## Key ratios

| Line item | Mar 2025 | Mar 2024 |
|---|---|---|
| Debtor Days | 55 | 54 |
| Inventory Days | 85 | 108 |
| Days Payable | 2 | 4 |
| Cash Conversion Cycle | 139 | 158 |
| Working Capital Days | 74 | 76 |
| ROCE % | 29 | 32 |

## 3.2 Financial analysis summary

**1. Is this business actually making money?**

Yes, Voltamp Transformers Ltd is highly profitable and experiencing sustained long-term growth, generating a net profit after tax (PAT) of ₹325 Cr in FY2025, up from ₹307 Cr in FY2024. This performance concludes a five-year period of robust expansion marked by a revenue compound annual growth rate (CAGR) of 29.3% and a PAT CAGR of 30.52%.

Top-line momentum remains strong, with annual revenue increasing by 19.68% to ₹1,934 Cr. Growth was driven entirely by domestic product sales, which reached ₹1,856.35 Cr, capitalized on robust industrial infrastructure and green energy demand. However, net profit growth moderated to 5.86% in FY2025, triggering a screen for revenue growth outrunning profit. This profit deceleration was caused by gross margin compression, as raw material and component consumption costs escalated by 23.24% to ₹1,392.98 Cr, rising from 47% to 53% of revenue. This reflects the manufacturing footprint's high sensitivity to dollar-denominated imports of copper and specialty steel sheets.

Operating profit margins were defended through excellent internal cost controls and positive operating leverage. Employee overheads remained stable at 3% of revenue (₹60.21 Cr), and other operating expenses rose by just 4.69% to ₹114.82 Cr, dropping to 3.7% of total expenses. Consequently, the EBITDA margin held at a strong 18.92%, well above its historical 5-year mean of 15.02%. Operating profit was further bolstered by non-operating treasury operations, with other income contributing ₹85 Cr (19.5% of PBT), driven by a ₹36.85 Cr fair-value gain on market mutual funds and ₹8.60 Cr from direct investment sales.

The business delivers exceptional capital productivity. Its pre-tax return on the fixed asset base stands at 447.2%, vastly exceeding the 6.5% risk-free benchmark, though net fixed assets constitute a small 6.6% of total assets. The broader return on total assets stands at a powerful 19.7%, and the Return on Capital Employed (ROCE) is 29%. Core operating profits are high quality, featuring zero capitalization of engineering or development costs and conservative, front-loaded depreciation under the Written Down Value method.

**2. Is that money arriving as cash?**

Yes, the company's reported profits are fully backed by high-quality cash inflows, with annual cash from operations (CFO) climbing to a window-best of ₹219 Cr in FY2025. Over the five-year window, cumulative CFO reached ₹689 Cr, representing a highly reliable 0.61x conversion of its cumulative ₹1,135 Cr EBITDA.

Working capital efficiency reached its optimal level in the five-year history, with the cash conversion cycle shortening to 139 days. Overall inventory velocity expanded to a turnover ratio of 8.35x, restricting total inventory growth to just 4.96% (₹237.43 Cr). This was accomplished by optimizing the factory floor to reduce work-in-progress stock by 9.85% to ₹151.50 Cr, which successfully counterbalanced a 56.69% strategic forward-procurement surge in raw material stockpiles to ₹69.42 Cr.

Collections are exceptionally safe and swift. Trade debtor days are stable at 55 days, and credit risk is minimal, with 99.53% of the gross trade receivables book (₹291.94 Cr out of ₹293.30 Cr) sitting inside the safe under-six-months aging bucket.

Net working capital movements absorbed ₹50 Cr of cash in FY2025 due to a ₹55 Cr expansion in outstanding receivables and an immediate supplier payment pattern. Trade payables were halved to a negligible ₹4.22 Cr as the company settled vendor obligations instantly to lock in material volume discounts. This operational cash strain was successfully offset by commercial leverage, with the company securing ₹85.54 Cr in interest-free customer advances.

Taxes are fully settled in cash. Over five consecutive profitable years, the cumulative tax charged in the P&L was ₹328 Cr, while tax actually paid in cash was ₹313 Cr, yielding an elite conversion ratio of 0.95x. In FY2025, direct

tax paid in cash was ₹102 Cr against a P&L provision of ₹110.89 Cr, which included ₹7.40 Cr of non-cash deferred tax liabilities from treasury market gains.

**3. Where is the cash going, and who is getting it?**

The generated cash is primarily deployed into expanding a massive short-term liquid financial treasury portfolio and distributing substantial cash dividends to equity shareholders, while the company maintains a completely debt-free balance sheet with zero bank borrowings.

**Treasury and Financial Investments:** The single largest destination for corporate capital is a heavy financial treasury buffer, with investments accounting for 59.5% of total assets. Net investing activities absorbed capital through ₹249 Cr in investment purchases, offset by ₹160 Cr in investment sales, expanding total investments to ₹1,056 Cr. This liquid pool consists of ₹588.16 Cr in quoted mutual funds and ₹467.73 Cr in quoted bonds. The company has hypothecated ₹200 Cr of these bonds to secure non-fund-based bank guarantee limits of ₹150 Cr, maintaining a strong net cash balance with net debt at negative ₹37 Cr.

**Equity Shareholders:** Shareholders received ₹91 Cr in dividends during FY2025, absorbing 41.6% of annual operating cash flow, up from ₹61 Cr in FY2024. Over the five-year window, cumulative dividends reached ₹212 Cr, fully funded out of its ₹573 Cr cumulative free cash flow without any debt issuance. Promoters received the largest portion, with primary promoter Kunjalbhai L. Patel receiving a dividend payout of ₹34.41 Cr. Total promoter group holding reduced by 8 percentage points over observed quarters to 30%.

**Capital Expenditure (Capex):** Factory expansion is accelerating significantly to address capacity constraints, as manufacturing lines are running at a capacity utilization level over 100%. Capex absorbed ₹60 Cr in FY2025 (27% of CFO, up from 9% in FY2024), focusing on land, buildings, and plant machinery additions. Unexecuted capital commitments surged by 113.55% to ₹78.50 Cr, indicating an impending self-funded capacity upgrade cycle. Cumulatively over five years, capex has been highly disciplined, absorbing just 16.8% (₹116 Cr) of operating cash flows.

**Management and Related Parties:** Key Managerial Personnel received total remuneration of ₹16.82 Cr in FY2025, representing 3.86% of PBT. Chairman & MD Kanubhai S. Patel received ₹8.26 Cr, and Vice Chairman & MD Kunjalbhai L. Patel received ₹5.67 Cr. Commercial leakage is negligible: sales of industrial products to related entities totaled just ₹3.25 Cr (0.17% of revenue), and year-end net outstanding balances owed to related parties stood at a minor ₹3.61 Cr (comprising ₹6.35 Cr in payables against ₹2.74 Cr in receivables). Mandatory corporate social responsibility contributions routed through related public trusts totaled ₹0.77 Cr.

**Lenders and Borrowers:** Lenders received no cash, as the company operates with zero short-term or long-term bank debt. Total financial leverage is limited to capitalized lease liabilities of ₹2.13 Cr, which contracted from ₹3.21 Cr after making lease payments of ₹1.62 Cr in cash.

## 3.3 Contingent liabilities & commitments

## 3.9 Earnings quality & forensic checks

#### Is the growth real?

Watch · 2 of 6 signals flagged · confidence high · 6/6 checked

| Signal | FY24 (□ Cr) | FY25 (□ Cr) | Status | What it means |
|---|---|---|---|---|
| Customer concentration | 0 | 324.2 | Watch · high impact | A single client contributed 16.76% of total revenue this year, introducing counterparty dependency risk. |
| Receivables growth vs sales growth | 238.75 | 292.6 | Watch · low impact | Receivables expanded by 22.56%, outrunning the sales growth rate of 19.68% by 2.88 percentage points. |
| Receivables ageing / ECL provisioning | 0.55 | 0.71 | Clean | ECL allowance increases by □0.16 Cr, but risk remains well-contained as 99.53% of trade receivables are aged under 6 months. |
| Unbilled revenue, contract assets, deferred revenue | — | Not disclosed | Clean | Point-in-time revenue model on final customer delivery avoids contract asset inflation risk. |
| Revenue from related parties as % of revenue | 0 | 3.25 | Clean | Commercial sales to related entities represent a negligible portion of total operations. |
| Advances from customers trend | 84.83 | 85.54 | Clean | Steady client advances highlight ongoing customer order commitments and support near-term revenue visibility. |

**Does profit become cash?**

Watch · 1 of 5 signals flagged · confidence high · 5/5 checked

| Signal | FY24 (□ Cr) | FY25 (□ Cr) | Status | What it means |
|---|---|---|---|---|
| Working-capital movement | -23.65 | -49.87 | Watch · high impact | Working capital outflows increased by □26.22 Cr, primarily driven by a larger trade receivables cash absorption of □54.73 Cr. |
| CFO vs clean EBITDA (cash conversion) | 216.28 | 219.21 | Clean | Cash conversion of clean EBITDA remains aligned with historical expectations at approximately 0.60x. |
| Pre-tax operating conversion (CFO + tax paid) / EBITDA | 302.75 | 321.2 | Clean | Pre-tax operating cash conversion exhibits solid efficiency at 87.76% of clean EBITDA. |
| Cash tax paid vs book tax | 86.47 | 101.99 | Clean | Cash tax paid corresponds closely with the current tax provisions of □103.37 Cr. |
| Inventory absorption of operating cash | -51.45 | -11.21 | Clean | Inventory changes consumed less operating cash than the previous year, highlighting improved floor-velocity optimization. |

**Is the P&L being manufactured?**

Watch · 1 of 6 signals flagged · confidence high · 6/6 checked

| Signal | FY24 (□ Cr) | FY25 (□ Cr) | Status | What it means |
|---|---|---|---|---|
| Non-operating / other income as % of PBT | 88.98 | 84.7 | Watch · high impact | Other income makes up 19.41% of reported PBT, exposing total net profits to short-term financial treasury and market fluctuations. |
| Exceptional items and their effect on PBT | 11 | 9 | Clean | Exceptional items represent a minor component of PBT (2.1% of PBT) and do not distort core metrics. |
| Deferred tax movement and cash-vs-book tax | 4.13 | 7.4 | Clean | The higher deferred tax charge was primarily caused by non-cash fair value gains on financial assets at FVTPL. |
| Provision reversals credited to income | 1.94 | 2.11 | Clean | Minor net write-backs of old doubtful debts do not meaningfully inflate reported profits. |
| Depreciation policy / useful-life change | 11.37 | 13.17 | Clean | Conservative usage of front-loaded WDV depreciation ensures high-quality fixed asset modeling. |
| Valuation-method or accounting-policy change | 0 | 0 | Clean | No adjustments to core accounting choices were executed during the period. |

**Is value leaving to insiders?**

Watch · 2 of 8 signals flagged · confidence high · 8/8 checked

| Signal | FY24 (□Cr) | FY25 (□ Cr) | Status | What it means |
|---|---|---|---|---|
| CSR spend and shortfall | 0 | 0.84 | Watch · medium impact | A statutory shortfall of □0.84 Cr occurred; however, the unspent balance was moved to a special bank account for ongoing projects within legal deadlines. |
| Related-party transaction quantum and trend | 44.3 | 53.32 | Watch · low impact | Total transaction volume rose by 20.36%, but it is primarily driven by equity dividend disbursements that match public investor payouts. |
| KMP / director remuneration vs EBITDA | 15.61 | 16.82 | Clean | Executive compensation increased by 7.78%, running below the top-line revenue expansion velocity. |
| New related-party counterparties this year | 0 | 3.31 | Clean | New commercial product deliveries to entities like Paramount Ltd were established on arm's length conditions. |
| Loans, advances or guarantees to group entities | — | Not disclosed | Clean | No corporate funds were advanced or loaned to insider vehicles. |
| Interest earned on loans/advances to related parties, against the company's own cost of debt | — | Not disclosed | Clean | No loans were extended to related entities, resulting in zero interest transmission. |
| Interest paid on loans taken FROM promoters or directors, against the company's own cost of debt | — | Not disclosed | Clean | No borrowings were drawn from insiders, avoiding financial cost transmission. |
| Promoter pledge / encumbrance | — | Not disclosed | Clean | Core promoter shareholding remains unencumbered and free of pledges. |

**Can the balance sheet take a hit?**

Watch · 2 of 5 signals flagged · confidence high · 5/5 checked

| Signal | FY24 (□ Cr) | FY25 (□ Cr) | Status | What it means |
|---|---|---|---|---|
| Contingent liabilities vs net worth | 344.61 | 374.51 | Watch · high impact | Outstanding performance bank guarantees reach □362.45 Cr, reflecting substantial off-balance sheet commitment loads. |
| Encumbered assets / title deeds not in company name | 0 | 2.56 | Watch · medium impact | An office building asset carrying a gross value of □2.56 Cr is held under the builder's name because the final title deed execution is pending. |
| Dividend vs free cash flow | 61 | 91 | Clean | Dividends paid of □91 Cr are comfortably covered by free cash flow generation of □159 Cr. |
| CWIP ageing and stalled projects | 0.68 | 3.43 | Clean | Capital work-in-progress is entirely fresh, with 95.22% aged under one year, indicating zero stalled project exposures. |
| Borrowing terms, security, covenants | 3.21 | 2.13 | Clean | The balance sheet remains fully bank debt-free, carrying minimal long-term lease liabilities. |

## 4. Management & governance

### Governance check matrix

| Check | Status | Detail |
|---|---|---|
| Audit opinion (type) | Clean | Unmodified opinion |
| Fraud reported by the auditor | Clean | None reported |
| Audit trail (edit log) in the accounting software | Clean | Enabled and tamper-free |
| Statutory dues unpaid | Clean | Zero undisputed arrears over six months |
| Promoter pledge (% of promoter holding) | Clean | 0% |
| Independent directors (% of board) | Clean | 50% of the board |
| Woman director | Clean | Two directors present (one independent) |
| KMP pay against the statutory ceiling | Clean | Within statutory limits |
| Related-party transactions (% of revenue) | Clean | 0.17% of revenue |

### A. Auditor report & key audit matters

Beyond the matrix, the statutory auditor highlighted one Key Audit Matter concerning litigations, provisions, and contingent liabilities. Management faces multiple disputed direct and indirect tax demands that require significant judgment to estimate potential legal exposures or determine disclosure terms. The auditor evaluated management's internal legal controls, reviewed assessment files, and deployed internal tax specialists to check the reasonableness of these estimates. Management has disclosed these matters under contingent liabilities without creating provisions, supported by favorable lower-forum rulings and internal tax views.

The auditor did not report any emphasis of matter, material internal control weaknesses, or defaults to lenders. Under the CARO report, the auditor noted that execution of the title deed is still in process from the builder for an office building in Noida acquired on July 23, 2024, with a gross carrying value of □2.56 Cr; the building is currently held in the name of the developer and does not involve promoter entities. Outstanding disputed tax exposures stand at □11.63 Cr for income tax claims and □0.38 Cr for central excise demands. Historical unspent corporate social responsibility (CSR) balances from prior periods before the statutory amendment total □1.78 Cr,

while the current year's unspent ongoing project CSR balance of □0.84 Cr was transferred to a special bank account within the statutory deadline.

Total fees paid to the statutory auditor amounted to □0.15 Cr, which comprises □0.14 Cr for core audit services and minor expense reimbursements. No non-audit service fees were paid to the auditor.

## B. Related party transactions

| Counterparty | Relationship | Nature | FY 2024-25 (□Cr) | FY 2023-24 (□Cr) | Assessment |
|---|---|---|---|---|---|
| Shri Kanubhai S. Patel | Chairman & MD | Remuneration | 8.26 | 7.24 | Routine |
| Shri Kunjalbhai L. Patel | Vice Chairman & MD | Remuneration | 5.67 | 5.47 | Routine |
| Paramount Limited | KMP interested entity | Commercial Sales | 2.1 | 0 | Arm's length |
| Other related entities (Alembic/ Epigral/Paushak) | KMP interested entities | Commercial Sales | 1.16 | 0 | Arm's length |
| United Way of Baroda / Baroda Citizen Council | CSR trusts with director interest | CSR Expenditure | 0.77 | 0.67 | Routine |
| Total | — | — | **17.96** | **13.38** | — |

The related party disclosures reflect recorded transactions but cannot reveal unexecuted verbal agreements, potential channel stuffing through friendly entities, or subtle redirection of corporate opportunities. They also do not capture the opportunity cost of choosing related vendors over third-party alternatives. However, the negligible scale of commercial transactions suggests low risk of material capital leakage. No write-offs, provisions, or impairments have been recorded against any promoter entity, and no corporate loans or financial guarantees were extended to related parties.

## C. Shareholding

| Category | FY 2024-25 (%) | FY 2023-24 (%) | Change (pp) |
|---|---|---|---|
| Promoters and their Relatives | 38 | Not disclosed | Not disclosed |
| Mutual Funds / Alternate Investment Funds | 21.57 | Not disclosed | Not disclosed |
| Foreign Portfolio Investors | 23.91 | Not disclosed | Not disclosed |
| Indian Public | 13.27 | Not disclosed | Not disclosed |
| Private Bodies Corporate | 2.47 | Not disclosed | Not disclosed |
| Others (NRI & IEPF) | 0.78 | Not disclosed | Not disclosed |

The comparative category shareholding pattern for the prior financial year was not explicitly detailed in the corporate disclosures. There is no promoter pledge, meaning no portion of the promoter block is encumbered to secure corporate borrowings or personal liabilities.

## D. Board composition

Shri Kunjalbhai L. Patel (Vice Chairman & Managing Director) and Smt. Taral K. Patel (Non-Executive Director) are related to each other as spouses. Smt. Taral K. Patel is up for re-appointment by rotation at the ensuing annual general meeting.

The board underwent significant turnover among its independent members during the period. Two independent directors resigned early in the financial year: Shri Jabal C. Lashkari vacated his seat effective June 15, 2024,

and Ms. Visha S. Suchde resigned effective June 26, 2024. Additionally, Shri Hemant P. Shaparia completed his statutory term as an independent director on March 03, 2025. To fill vacancies and refresh the board, Smt. Roopa B. Patel and Shri Sameer S. Khera were appointed as independent directors on May 02, 2024, followed by the appointment of Shri Mayur K. Swadia on January 30, 2025.

## E. KMP compensation

| Name | Role | FY 2024-25 (□Cr) | FY 2023-24 (□Cr) | Change |
|---|---|---|---|---|
| Shri Kanubhai S. Patel | Chairman & MD | 8.26 | 7.24 | +1.02 |
| Shri Kunjalbhai L. Patel | Vice Chairman & MD | 5.67 | 5.47 | +0.2 |
| Total | — | **13.93** | **12.71** | **+1.22** |
| Total KMP Pay as % of EBITDA | — | 3.81% | — | — |

Total KMP executive compensation stands at □13.93 Cr, representing 3.81% of the financial pack's reported EBITDA of □366 Cr. This payout level is below the 5% threshold and is considered proportionate to the company's operational scale. Furthermore, the direction of compensation is aligned with performance, as executive pay increased by 9.6% in a year where operating profit and net profit expanded.

## F. Capital allocation & capex

The company generated □689 Cr of cumulative operating cash flow over the analysis window, with capital expenditure absorbing □116 Cr, leaving a substantial cumulative free cash flow buffer of □573 Cr. This capex footprint was funded entirely out of internal operating cash flow, requiring zero external debt additions or equity dilution, allowing the net borrowing and equity raised metrics to remain flat at □0 Cr. Operational returns demonstrated high resilience while these investments were deployed, with the return on capital employed maintaining an elite profile at 29% in the current year against 32% in the prior period.

The business returned a cumulative □212 Cr to shareholders through regular dividend payouts, while zero cash went to lenders due to the debt-free framework of the balance sheet. Dividend distributions are heavily insulated, covered 2.7x by cumulative free cash flow. The total share count remained completely flat with zero dilution. Expanding the operational asset base—including starting factory construction for a new power transformer facility at Jarod, Vadodara—entirely out of self-generated cash flows while maintaining stellar returns on capital represents an exceptional outcome for long-term equity holders.

## G. Revenue recognition policy

The company recognizes revenue from the sale of electrical transformers at a single point in time when control of the goods transfers to the buyer, which generally takes place upon final physical delivery at the customer site in compliance with agreed contract terms. Revenue is measured based on the fixed transaction price specified in the customer contract, adjusted for any volume discounts, price concessions, performance incentives, or returns, and explicitly excludes indirect goods and services taxes collected on behalf of government authorities.

Because the company utilizes a strict point-in-time delivery threshold rather than an over-time percentage-of-completion framework, the policy leaves management with minimal judgment. This eliminates standard accounting adjustments around estimated costs to complete, unbilled contract assets, or aggressive margin smoothing, providing high overall revenue quality and transparency.

## 5. Scorecard

| Dimension | Rating | Vs last year | What decided it |
|---|---|---|---|
| Business quality | 5 | Up | Pre-tax return on net fixed assets reached 447.2% and return on capital employed was 29%, maintaining a multi-year record above benchmark rates. |
| Financial health | 5 | Same | The company maintains zero bank borrowings, resulting in a net cash surplus and interest coverage of 353x. |
| Earnings quality | 3 | Down | Cumulative five-year operating cash flow covers 64% of cumulative net profit, and other income remains below one-fifth of pre-tax profit at 19.5%. |
| Management & governance | 5 | Same | Promoters have zero pledged shares, KMP executive pay is low at 3.81% of operating profit, and the auditor issued a clean opinion. |
| Capital allocation | 5 | — | Five-year capital expenditure of □116 Cr was completely covered by operating cash flows with zero debt funding or equity dilution. |

## 6. How it has been doing

### 6.1 The multi-year picture

| Metric | 5-yr mean | FY24 | FY25 | Low ‹ band › high | Vs trend | Why it moved | Durable? |
|---|---|---|---|---|---|---|---|
| Revenue growth % | 34.14 | 16.68 | 19.68 | 16.68 `[#---o------]` 62.86 | **Worse than trend** | Revenue growth % improved to 19.68% (expanding total revenue to □1,934 Cr) driven by strong domestic green energy and infrastructure demand | — |
| EBITDA margin % | 15.02 | 19.93 | 18.92 | 11.13 `[----o-----#]` 19.93 | **Better than trend** | EBITDA margin % reached 18.92% (generating □366 Cr EBITDA) due to positive operating leverage and internal cost controls | — |
| PAT margin % | 15.36 | 19 | 16.8 | 11.8 `[-----o-#---]` 19 | **In line with trend** | PAT margin % moderated to 16.8% (yielding □325 Cr PAT) due to gross margin compression from dollar-denominated raw material inflation | — |
| CFO / EBITDA | 0.53 | 0.67 | 0.6 | 0.26 `[------o-#--]` 0.73 | **Better than trend** | CFO / EBITDA stood at 0.6x (with CFO at □219 Cr against EBITDA of □366 Cr) reflecting sustained high operational conversion | — |
| ROCE % | 22.75 | 32 | 29 | 15 `[----o----#-]` 32 | **Better than trend** | ROCE % stood at 29% as pre-tax return on the net fixed asset base of □118 Cr reached 447.2% | — |
| Debtor days | 66.5 | 54 | 55 | 54 `{---o-------]` 90 | **Better than trend** | Debtor days were maintained at 55 days with 99.53% (or □291.94 Cr out of □293.30 Cr) of the receivables book aged under six months | — |
| Cash conversion cycle (days) | 172.5 | 158 | 139 | 142 `#[----o-----]` 206 | **Better than trend** (best in window) | Cash conversion cycle shortened to 139 days, down from 158 days, due to floor-velocity optimization that reduced work-in-progress stock by 9.85% to □151.50 Cr | Structural |
| Net debt / EBITDA | -0.14 | -0.08 | -0.1 | -0.32 `[--------o-#]` -0.08 | **Worse than trend** | Net debt / EBITDA stood at -0.1x due to growing liquid treasury investments of □1,056 Cr alongside zero bank debt | — |
| Interest coverage | 143.88 | 155.5 | 353 | 68 `[--o--]#` 221 | **Outside the plausible range for this metric (-50 to 100 x) — treat as a data artifact, not a result** | Interest coverage spiked to 353x, which is an artificial data artifact caused by negligible lease-only finance costs of □1 Cr | One-off |
|  | 28.51 | 22.36 | 19.5 |  | **Better than trend** | Other income fell to 19.5% of PBT (contributing □85 Cr to | — |

| Metric | 5-yr mean | FY24 | FY25 | Low ‹ band › high | Vs trend | Why it moved | Durable? |
|---|---|---|---|---|---|---|---|
| Other income % of PBT | | | | 15.38 `[#--o-------]` 51.43 | | the total □436 Cr PBT) via mark-to-market mutual fund gains | |
| Cash from operations | 117.5 | 216 | 219 | 20 `[-----o-----}` 216 | **Better than trend** (best in window) | Cash from operations grew to a window-high of □219 Cr driven by robust cash inflows and customer advances of □85.54 Cr | Structural |

## 6.2 Management: said versus delivered

| What they said last year | What actually happened | Verdict |
|---|---|---|
| Management committed to imminent capacity expansion for FY25, backed by a 10x jump in capital commitments to □36.76 Cr. | Delivered. Capital expenditure reached □60 Cr in FY2025, and construction began on a new power transformer facility at Jarod, Vadodara. | Delivered |
| Management highlighted strong revenue visibility for FY25 via customer advances growing 56.28% to □84.83 Cr. | Delivered. Total revenue grew by 19.68% to □1,934 Cr, while customer advances remained steady at □85.54 Cr. | Delivered |
| Management noted that a massive shop-floor pipeline was reflected in a work-in-process (WIP) inventory surge of 57.41% to □168.05 Cr. | Delivered. Floor-velocity optimization reduced work-in-progress stock by 9.85% to □151.50 Cr, shortening the cash conversion cycle to 139 days. | Delivered |
| Management signaled a shift to an offensive market-capture strategy to leverage the industrial capex cycle. | Delivered in operational scale as revenue grew by 19.68% to □1,934 Cr and utilization crossed 100%, but the original statement lacked specific numeric metrics or deadlines. | TOO vague to check |

### What has not changed

- Voltamp has maintained a completely debt-free balance sheet with zero bank borrowings for five consecutive years.
- The financial treasury continues to dominate the capital structure for the fifth consecutive year, with total investments expanding to □1,056 Cr and accounting for 59.5% of total assets.
- The company has maintained exceptional governance discipline for over five years by avoiding any material commercial sales or purchases with related parties, keeping commercial related-party transactions at just 0.17% of revenue, equivalent to □3.25 Cr in FY2025.
- Auditor remuneration remains exceptionally low relative to the complexity of the company's □1,056 Cr treasury, standing at just □0.15 Cr in the current year.