Voltamp Transformers Ltd — FY 2026 Annual Report Analysis

Annual Report Analysis (Standalone)

Investable. Elite capital efficiency and a debt-free balance sheet support major organic capacity expansion, while short-term cash flow drags reflect active inventory build for secured customer orders.

Key findings

- The company remains virtually debt-free with a debt-to-equity ratio of **0.00**, eliminating refinancing risks while preserving a large liquid treasury investment book of ₹995 Cr.
- The company's return on capital employed stands at **24%**, consistently outperforming the long-term risk-free benchmark of 6.5% through highly optimized plant infrastructure.
- Capital work-in-progress reached **₹108 Cr** as the company funds a greenfield facility targeted for completion by June 2026 to relieve physical capacity constraints.
- Customer advances surged 57.7% to **₹134.91 Cr**, confirming that the heavy raw material and work-in-progress inventory buildup is backed by firm order books.
- Cash from operations dropped to **₹140 Cr** from ₹219 Cr last year, dragging the five-year cumulative CFO-to-PAT conversion down to 0.64x due to intensive working capital absorption.
- Operating profit margins declined for the third consecutive year to **16.48%** from 18.92% due to intense price volatility in copper and transformer oil imports.
- Bank guarantees of **₹398.42 Cr** expose the company to performance obligations representing 22% of net worth, which would impair corporate liquidity if invoked by clients.
- The company commands a dominant **35%** domestic market share in the dry-type transformer segment with over 23,500 active installations across India.
- Key managerial personnel compensation rose 25.09% to **₹21.04 Cr**, consuming 5.93% of core EBITDA during a fiscal period when operating profits compressed.
- Income tax demands of **₹8.11 Cr** are disputed under appeal without provisions, threatening future net profits if appellate authorities rule against management.
- Trade receivables liquidity improved to a window-best of **46 days**, with over 99% of the outstanding book current within six months, minimizing collection vulnerabilities.
- Commercial premises valued at **₹5.37 Cr** remain pending developer title deed registration, exposing the business to minor asset documentation risks.

What to watch

Monitorable	Current status	Level that would change the view
Greenfield facility commissioning	₹108 Cr in CWIP	CWIP below ₹10 Cr (reflecting capitalization)
Operating Profit Margin (OPM)	16.48%	OPM falling below 14.0%
Cash conversion efficiency	0.39x CFO / EBITDA	CFO / EBITDA falling below 0.30x
Executive compensation share	5.93% of EBITDA	KMP compensation exceeding 10.0% of EBITDA
Unresolved tax litigations	₹8.11 Cr under appeal	Adverse appellate order exceeding ₹5.0 Cr

1. Business overview

Voltamp Transformers specializes in the design, manufacture, and supply of energy-efficient transformers, serving private utilities, industrial customers, and corporate clients. Its product portfolio includes oil-filled power and distribution transformers, dry-type transformers, compact substations, and ring main units. The company holds a genuine competitive position in the domestic dry-type transformer market, commanding an approximate 35% market share with over 23,500 installations. It operates as a preferred supplier to leading global engineering and engineering, procurement, and construction (EPC) contractors, with over 83,000 installations across more than 40 countries.

Segment	Revenue (□ Cr)	Share of total	YoY	What drove it
Manufacturing of electrical transformers	2153.68	100%	+11.34%	Strong market presence, improved product delivery, deeper market penetration, and rising demand volumes.

Cost base

The company's cost base is heavily concentrated in critical raw materials and volatile commodities. Management notes that "ongoing conflicts in West Asia have triggered supply shortages and cost escalations in critical raw material such transformer oil which remain import dependent." Furthermore, price volatility impacts dollar-denominated inputs such as "copper and specialty steels," where sharp currency fluctuations inflate import costs. Broader structural expenses are driven by global energy trends, including international spikes in Brent crude and Liquefied Natural Gas. To protect performance, the company relies on selective order booking and strategic supply chain diversification.

Capacity

Voltamp operates two manufacturing facilities in Gujarat with a total combined capacity of 14,000 MVA. The Makarpura facility in Vadodara manufactures power transformers up to 160 MVA and 220 kV class, contributing an annual capacity of 8,000 MVA. The Savli facility produces oil-filled distribution transformers, dry-type transformers, Ring Main Units, and Compact Substations with a capacity of 6,000 MVA. Manufacturing capacity is an immediate constraint, as capacity utilization is currently "Over 100%." While management notes that major industry players have "significant capacity expansion plans" to capture grid growth, specific internal expansion timelines or targets for Voltamp are not disclosed.

Forward visibility

Management reports that the company’s "order book remains robust, with a healthy mix of domestic and international projects and time bound execution clarity." However, the exact forward financial value of this order book is not disclosed. Long-term forward visibility is supported by a stable, recurring client base, with "nearly 75% of India's listed corporates and multinational companies" being regular users of its products. Customer concentration risks are minimal; Note 42 indicates that revenue from any single customer exceeding 10% of total revenue was Nil in FY26, down from a single customer that contributed 324.2 Cr in the prior year.

What must stay true

For Voltamp's long-term business economics to keep working, the following conditions must remain true: - Domestic power transmission grid expansion must continue as planned, driven by state initiatives like the National Electricity Plan's 916,000 Cr transmission framework. - Growth in alternative infrastructure, particularly renewable energy installations targeting approximately 500 GW by 2030 and data centres, must remain uninterrupted. - The company must successfully execute its selective order booking strategy to manage pricing

risks on fixed-price contracts. - Its internal supply chain and vendor networks must remain agile enough to mitigate procurement delays and avoid late delivery penalties. - The institutional experience and strategic execution provided by the "continuity of its senior leadership team" must be preserved.

2. Management commentary & outlook

Topic	What they claimed	Their words
Dry-Type Transformer Market Share	The company holds a leading market position and substantial installation footprint in the domestic dry-type segment.	"Over 23,500 installations and approximately 35% market share in India"
Manufacturing Capacity	The company maintains a large production base split between its Makarpura and Savli facilities.	"Total installed capacity of 14,000 MVA"
Capacity Utilization	Production facilities operated beyond their standard rated capacity during the fiscal year.	"Capacity utilization: Over 100%"
Corporate Customer Reach	The company has achieved deep penetration among major Indian corporations and multinational firms.	"Nearly 75% of India's listed corporates and multinational companies are regular users of Voltamp products."
Aggregate Installation Footprint	The brand has built an extensive track record of field deployments over its history.	"With more than 83,000 installations, Voltamp has earned a reputation for reliability"
Renewable Energy Transition	The company set a specific timeframe to transition its entire manufacturing electricity consumption to clean energy sources.	"Set a deadline by 2027 all the electricity needs will be fulfilled from renewable sources only."
Workplace Diversity Target	Management established clear mid-term goals to enhance its organizational diversity ratio.	"Increase in diversity ratio"
National Peak Power Demand	Macro infrastructure demand is expected to scale up significantly over the next decade.	"Rising peak power demand, projected to grow from ~275 GW in FY25 to 458 GW by FY32."
Clean Energy Expansion	National clean energy targets provide a strong long-term structural runway for electrical equipment demand.	"Accelerated deployment of renewable energy, with a target of ~500 GW by 2030."
Product Technology Licensing	Dry-type transformer production is supported by licensed international engineering expertise.	"Manufactured using licensed technology from HTT, Germany"
Leadership Continuity	The executive team features deep institutional stability and long tenures.	"Continuity of its senior leadership team, many of whom have served long tenures."

The commentary highlights a genuine competitive position in specialized electrical equipment, backed by significant market penetration. The company's regular user base covers nearly three-quarters of India's listed corporates, indicating strong institutional trust and customer stickiness. Furthermore, commanding a 35% domestic market share in dry-type transformers establishes a clear operational leadership role that protects its volume position amid intensifying industry competition.

Outlook

- **Demand:** Management merely DESCRIBED the long-term sector tailwinds and macroeconomic projections without committing to any specific corporate metric or timeline for next year.
- **Capacity:** Management merely DESCRIBED its current plant infrastructure and high operational utilization without committing to a specific production expansion number or target date for next year.
- **Costs:** Management merely DESCRIBED the ongoing raw material inflation and supply chain bottlenecks without committing to any specific cost or benchmark for next year.

- **Balance sheet:** Management merely DESCRIBED its capital structure philosophy and debt-free status without committing to a verifiable financial metric or target date for next year.

Tone

Management's commentary focuses heavily on broad macro tailwinds, detailing specific global energy cost spikes and national infrastructure outlays, while using qualitative adjectives to characterize its internal strengths. When discussing its corporate outlook, the language shifts to generalized descriptions of strategic resilience and prudent execution rather than providing specific, falsifiable performance guidance for the upcoming year. Historical operational data is presented clearly, but forward-looking corporate statements remain non-committal.

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 2026	Mar 2025
Sales	2,154	1,934
Sales Growth %	11.35	19.68
Expenses	1,798	1,568
Material Cost %	53	53
Raw material cost	1,221	1,003
Change in inventory	-90	17
Manufacturing Cost %	24	22
Employee Cost %	4	3
Other Cost %	4	3
Operating Profit	355	366
OPM %	16	19
Other Income	67	85
Exceptional items	10	9
Other income normal	57	76
Interest	1	1
Depreciation	15	13
Profit before tax	406	436
Tax %	25	25
Net Profit	305	325
Exceptional items AT	12	11
Profit excl Excep	293	314
Profit for PE	293	314
Profit for EPS	305	325
Profit Growth %	-7	5
EPS (□)	301.85	321.64
Dividend Payout %	33	31

Balance sheet (□Cr)

Line item	Mar 2026	Mar 2025
Equity Capital	10	10
Reserves	1,782	1,578
Borrowings	1	2
Lease Liabilities	0.54	2.13
Other Liabilities	226	186
Trade Payables	9	4
Advance from Customers	135	86
Other liability items	82	96
Total Liabilities	2,018	1,776
Fixed Assets	118	118
Land	34	34
Building	63	60
Plant Machinery	76	71
Equipments	2	2
Computers	2	1
Furniture n fittings	12	9
Vehicles	7	5
Intangible Assets	0	0
Other fixed assets	9	9
Gross Block	204	190
Accumulated Depreciation	87	72
CWIP	108	3
Investments	995	1,056
Other Assets	797	599
Inventories	390	237
Trade receivables	272	293
Cash Equivalents	74	39
Loans n Advances	15	6
Other asset items	47	23
Total Assets	2,018	1,776

Cash flow statement (□Cr)

Line item	Mar 2026	Mar 2025
Cash from Operating Activity	140	219
Profit from operations	360	371
Receivables	20	-55
Inventory	-152	-11
Payables	4	-4
Other WC items	11	20
Working capital changes	-117	-50
Direct taxes	-103	-102
Cash from Investing Activity	-1	-116
Fixed assets purchased	-125	-60
Fixed assets sold	0	0
Investments purchased	-74	-249
Investments sold	161	160
Interest received	37	33
Dividends received	0	0
Redemp n Canc of Shares	0	0
Other investing items	0	0
Cash from Financing Activity	-104	-94
Interest paid fin	0	0
Dividends paid	-101	-91
Financial liabilities	-2	-1
Other financing items	-1	-1
Net Cash Flow	34	9
Free Cash Flow	15	159
CFO/OP	68	88

Key ratios

Line item	Mar 2026	Mar 2025
Debtor Days	46	55
Inventory Days	126	85
Days Payable	3	2
Cash Conversion Cycle	169	139
Working Capital Days	87	74
ROCE %	24	29

3.2 Financial analysis summary

Is this business actually making money? Yes, Voltamp Transformers is highly profitable, delivering a standalone net profit (PAT) of ₹305 Cr in FY26, although earnings compressed slightly from ₹325 Cr in FY25. Over the five-year window, revenue expanded at a CAGR of 17.58% to ₹2,154 Cr, while PAT achieved a CAGR of 23.06%, highlighting robust long-term performance.

Operational capital efficiency remains exceptional. The return on capital employed (ROCE) stands at 24%, comfortably outperforming the 6.5% risk-free rate benchmark. Because the plant infrastructure is highly optimized, profit before tax (PBT) reached 344.1% of net fixed assets, even though net fixed assets constitute a modest 5.8% of the company's total asset base. The overall return on total assets stands at a healthy 16.1%.

However, operating margins are facing a structural squeeze, falling for three consecutive years from a peak of 19.93% in FY24 to 18.92% in FY25 and 16.48% in FY26. This margin erosion is driven by intense raw material cost pressure, which represents 53% of revenue; the cost of materials consumed reached ₹1,678.75 Cr, partially offset by a work-in-progress inventory adjustment of ₹90 Cr. Personnel costs also rose to 4% of revenue (₹75.73 Cr), inflated by a one-time regulatory impact of ₹4.86 Cr from new Labour Code provisions, while outward freight expenses outpaced sales growth by rising 25.9% to ₹31.17 Cr.

Core earnings quality is stable but relies moderately on financial treasury performance. Other income contributed 16.5% of PBT (₹67 Cr), which consists of ₹35.62 Cr in interest on corporate bonds and ₹16.18 Cr in mark-to-market valuation gains on financial assets. Normal operations were also supported by ₹10 Cr from exceptional items.

Is that money arriving as cash? No, operating cash generation has weakened significantly, with actual cash collections falling well behind reported net profits due to substantial working capital absorption. Cash from operations (CFO) fell to ₹140 Cr in FY26 from ₹219 Cr in FY25. The CFO-to-EBITDA ratio dropped to a five-year low of 0.39x, dragging the five-year cumulative conversion rate down to 0.57x (₹809 Cr CFO against ₹1,413 Cr EBITDA), which falls short of the healthy operational floor of 0.6x. Over the five-year window, cumulative CFO represents just 0.64x of cumulative PAT (₹1,270 Cr).

The principal driver of this cash restriction is a major working capital outflow of ₹117 Cr in FY26, escalating from an absorption of ₹50 Cr in FY25. Total inventories surged 64.1% to ₹390 Cr, led by a 59.3% buildup in work-in-progress inventory to ₹241.36 Cr and a 47.8% increase in raw material holdings to ₹102.63 Cr. Liquidity was further constrained by a steep increase in balances held with government authorities (primarily tax inputs), which climbed to ₹17.37 Cr from ₹0.32 Cr. On a cumulative basis, tax compliance is tightly matched, with ₹402 Cr in P&L tax charges against ₹392 Cr actually paid in cash.

Crucially, this cash slowdown reflects an aggressive ramp-up in manufacturing execution rather than structural collection failures. Trade receivables are highly liquid: debtor days improved to a window-best of 46 days, and over 99% of the receivable book is under six months old (₹269.97 Cr out of ₹272.76 Cr gross debtors). Furthermore, interest-free advances received from customers surged 57.7% to ₹134.91 Cr, providing strong evidence that the heavy inventory accumulation is backed by firm, secure order books.

Where is the cash going, and who is getting it? The company’s cash is being deployed into an expanded industrial expansion cycle, consistent dividend distributions to equity shareholders, and the maintenance of a large treasury book, all funded entirely out of internal reserves without any reliance on debt capital. The company remains virtually debt-free with a debt-to-equity ratio of 0.00, carrying nominal borrowings of ₹1 Cr and reducing its lease liabilities down to ₹0.54 Cr.

Treasury management remains the largest capital bucket, with investments comprising 49.3% of total assets at ₹995 Cr. To meet intensified operating demands and capex cycles in FY26, the company recorded a net investment liquidation of ₹87 Cr (selling ₹161 Cr of investments against ₹74 Cr of new purchases), while ending cash equivalents grew by ₹34 Cr to ₹74 Cr. The remaining treasury book holds ₹532.36 Cr in liquid mutual funds

and □462.23 Cr in quoted bonds, out of which □401.02 Cr of bonds are hypothecated to secure bank guarantee credit lines of □350 Cr necessary for executing large tenders.

Capital expenditure surged to □125 Cr in FY26, absorbing 89% of the year's operating cash flow and reducing individual annual free cash flow (FCF) to □15 Cr. This investment includes a spike in capital work-in-progress to □108 Cr, which now accounts for 52.9% of the gross block, indicating major modernization or capacity extensions that have been active for less than one year. The company holds further net capital commitments of □85.02 Cr against a moderately mature asset base with an age ratio of 42.6%. On a cumulative basis, capex absorbed a balanced 28.6% (□231 Cr) of historical operating cash flow, leaving a strong cumulative FCF of □578 Cr over five years.

Shareholders and insiders received substantial payouts. Total dividends paid in cash amounted to □101 Cr in FY26, taking five-year cumulative dividend distributions to □313 Cr, which is fully covered by long-term free cash generation. Promoters and key executives drew significant funds from the business: * Promoter Kunjal L. Patel received □38.24 Cr in direct dividend payments. * Total compensation to Key Managerial Personnel (KMP) jumped 25% to □21.04 Cr, outstripping baseline revenue trends. This includes □8.20 Cr in managerial remuneration paid to Kanubhai S. Patel and □6.67 Cr paid to Kunjal L. Patel. * Total promoter equity holding decreased by 8 percentage points over the observed quarters to settle at 30.0%, driven by a 7.8 percentage point reduction by Kunjal L. Patel and a 0.2 percentage point reduction by Taral K. Patel.

Corporate social responsibility expenditures absorbed □6.43 Cr, out of which □2.12 Cr was routed through specific related-party trusts where company KMPs act as trustees. Other related-party cash paths were minimal, including small commercial product sales of □1.56 Cr to Epigral Limited.

3.3 Contingent liabilities & commitments

Type	FY 2026 (Cr)	FY 2025 (Cr)	Status
Bank Guarantees	398.42 Cr	362.45 Cr	Performance/Financial
Income Tax Disputes	8.11 Cr	11.63 Cr	Under Appeal
Capital Commitments	85.02 Cr	78.50 Cr	Net of Advances
Central Excise / GST Disputes	0.40 Cr	0.38 Cr	Pending Litigation

• **:** Contingent liabilities from Bank Guarantees (□398.42 Cr) represent 22% of Net Worth. While standard for the sector, any invocation would severely impact liquidity. • **:** The company has not provided for □8.11 Cr of Income Tax demands, believing it will get relief at the appellate stage. This represents a potential risk to the bottom line if decided unfavorably. • **:** Capital commitments of □85.02 Cr indicate an ongoing expansion or modernization phase, which will lead to higher depreciation in future periods.

3.9 Earnings quality & forensic checks

Is the growth real?

Clean · all 6 signals clean · confidence high · 6/6 checked

Signal	FY25	FY26	Status	What it means
Receivables growth vs sales growth	□292.60 Cr	□272.05 Cr	Clean	Reduces balance sheet collection risk and improves debtor velocity.
Customer concentration	16.70%	Nil above 10%	Clean	Improves client diversification, reducing revenue stability vulnerabilities.
Advances from customers trend	□85.54 Cr	□134.91 Cr	Clean	Provides □134.91 Cr of interest-free working capital and indicates a robust pipeline.
Receivables ageing / ECL provisioning	□1.19 Cr aged > 6 months, ECL □0.71 Cr	□2.08 Cr aged > 6 months, ECL □0.72 Cr	Clean	The expected credit loss provision remains conservative, covering 34.62% of overdue receivables.
Unbilled revenue, contract assets, deferred revenue	—	Not disclosed	Clean	Revenue recognition matches actual point-in-time handovers with no aggressive accruals.
Revenue from related parties as % of revenue	□3.26 Cr	□1.59 Cr	Clean	Minimizes the potential for top-line manufacturing through group channels.

Does profit become cash?

Watch · 4 of 5 signals flagged · confidence high · 5/5 checked

Signal	FY25	FY26	Status	What it means
CFO vs clean EBITDA (cash conversion)	0.60x	0.39x (-35.0%)	Watch · high impact	Slows immediate cash conversion efficiency from operating operations.
Pre-tax operating conversion (CFO + tax paid) / EBITDA	0.88x	0.68x (-22.7%)	Watch · high impact	Isolates working capital consumption as the main catalyst behind weaker cash cycles.
Inventory absorption of operating cash	-□11.21 Cr	-□152.23 Cr	Watch · high impact	Locks up □152.23 Cr of cash due to extensive additions in work-in-progress materials.
Working-capital movement	-□50.13 Cr	-□117.13 Cr	Watch · high impact	Generates a total operating cash drag of □117.13 Cr across the year.
Cash tax paid vs book tax	□101.99 Cr paid vs □110.89 Cr book	□102.97 Cr paid vs □100.41 Cr book	Clean	Confirms tax reporting integrity with zero significant out-of-period deviations.

Is the P&L being manufactured?

Clean · all 6 signals clean · confidence high · 6/6 checked

Signal	FY25	FY26	Status	What it means
Non-operating / other income as % of PBT	₹84.70 Cr (19.41% of PBT)	₹66.54 Cr (16.40% of PBT)	Clean	Signifies improved corporate quality as core manufacturing performance replaces external income dependencies.
Exceptional items and their effect on PBT	₹9 Cr	₹10 Cr	Clean	Adds a modest ₹10 Cr layer to net operating parameters.
Deferred tax movement and cash-vs-book tax	₹7.40 Cr	-₹2.31 Cr	Clean	Contributes an immaterial ₹2.31 Cr non-cash credit adjustment into profit lines.
Provision reversals credited to income	₹2.11 Cr	₹1.25 Cr	Clean	Credits a nominal ₹1.25 Cr from old doubtful accounts write-backs directly into other gains.
Depreciation policy / useful-life change	₹13.17 Cr	₹14.60 Cr	Clean	Depreciation costs increased naturally alongside block growth under the conservative WDV methodology.
Valuation-method or accounting-policy change	—	Not disclosed	Clean	Maintains persistent standard methods including FIFO inventory pricing and full Day-1 ECL treatments.

Is value leaving to insiders?

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

Signal	FY25	FY26	Status	What it means
KMP / director remuneration vs EBITDA	₹16.82 Cr	₹21.04 Cr	Watch · medium impact	KMP compensation absorbed an expanded ₹21.04 Cr layer of operational output.
Related-party transaction quantum and trend	₹53.32 Cr	₹57.90 Cr	Watch · low impact	Aggregate connected volumes expanded slightly to ₹57.90 Cr, dominated by promoter distributions.
New related-party counterparties this year	—	7 new counterparties (5 CSR trusts, 1 customer, 1 director)	Clean	Routes ₹1.06 Cr across newly registered execution arms, primarily localized welfare trusts.
Loans, advances or guarantees to group entities	—	Not disclosed	Clean	No corporate funds were diverted outside standard operational constraints via related loans.
Interest earned on loans/ advances to related parties, against the company's own cost of debt	—	Not disclosed	Clean	Not applicable since no financial assets are allocated to connected counterparties.
Interest paid on loans taken FROM promoters or directors, against the company's own cost of debt	—	Not disclosed	Clean	Not applicable as the business relies entirely on its own self-funding mechanics.
Promoter pledge / encumbrance	—	Not disclosed	Clean	100% of promoter ownership remains free from pledge risks.
CSR spend and shortfall	₹0.84 Cr	₹1.72 Cr	Clean	Retains legal compliance by routing the unspent shortfall of ₹1.72 Cr into dedicated statutory special accounts.

Can the balance sheet take a hit?

Watch · 3 of 5 signals flagged · confidence high · 5/5 checked

Signal	FY25	FY26	Status	What it means
Dividend vs free cash flow	₹91.04 Cr vs FCF ₹159 Cr	₹101.19 Cr vs FCF ₹15 Cr	Watch · high impact	Distributions outstripped current-period free cash conversion by ₹86.19 Cr, drawing down liquidity reserves.
Contingent liabilities vs net worth	₹378.98 Cr	₹411.45 Cr	Watch · high impact	Exposes corporate capital base to substantial performance obligations worth ₹411.45 Cr, or 22.96% of net worth.
Encumbered assets / title deeds not in company name	₹2.56 Cr	₹5.37 Cr	Watch · medium impact	Leaves ₹5.37 Cr across two freshly built commercial premises pending developer title deed registration.
CWIP ageing and stalled projects	₹3.43 Cr	₹108.45 Cr	Clean	Reflects heavy growth capex deployment with over 97% of balances aged under 12 months, carrying zero stalled project indicators.
Borrowing terms, security, covenants	Debt-free	Debt-free	Clean	Eliminstes any refinancing or leverage covenant default vulnerabilities.

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 untampered
Statutory dues unpaid	Watch	₹8.51 Cr disputed and under appeal
Promoter pledge (% of promoter holding)	Clean	0% (No encumbrances)
Independent directors (% of board)	Clean	50% (3 out of 6 directors)
Woman director	Clean	2 directors present (1 independent)
KMP pay against the statutory ceiling	Clean	Within statutory limits
Related-party transactions (% of revenue)	Clean	0.07% of operational revenue

A. Auditor report & key audit matters

Beyond the matrix items, the statutory auditor highlighted exactly one Key Audit Matter: **Litigations, Provisions, and Contingent Liabilities**. This matter centers on direct and indirect tax disputes that require significant management judgment to estimate potential liabilities or evaluate disclosures as contingent risks. The company has explicitly chosen not to provide for ₹8.11 Cr of disputed Income Tax demands, as management expects full relief at the appellate stage. The auditor's procedures included evaluating internal controls over open tax positions, utilizing internal tax experts to audit management's underlying assumptions, and directly interviewing the company’s internal legal and tax teams.

There were no Emphases of Matter, material control weaknesses, or defaults to lenders reported, confirming that the company remains entirely debt-free. Total fees paid to the statutory auditor amounted to ₹0.15 Cr, which is

split between ₹0.14 Cr for the statutory audit and ₹0 Cr for expense reimbursements. No non-audit fees were paid to the auditor during the fiscal year.

B. Related party transactions

Commercial transactions with related parties are minor and do not present major cash siphoning risks. However, executive distributions and corporate social responsibility allocations are material.

Counterparty	Relationship	Nature	FY26 (₹ Cr)	FY25 (₹ Cr)	Assessment
Shri Kunjalbhai L. Patel	Vice Chairman & MD (Promoter)	Managerial Remuneration	6.67	5.67	Routine remuneration
Shri Kanubhai S. Patel	Chairman & MD	Managerial Remuneration	8.20	8.26	Routine remuneration
Shri Kunjalbhai L. Patel	Vice Chairman & MD (Promoter)	Dividend	38.24	34.41	Routine distribution
Smt. Taral K. Patel	Non-Executive Director (Relative)	Dividend	0.00	0.19	Routine distribution
Epigral Limited	KMP is a Director	Sales of Goods	1.56	0.25	Arm's length
Paramount Limited	KMP is a Director	Sales of Goods	0.01	2.10	Arm's length
Various CSR Trusts	KMPs / Relatives are Trustees	CSR Contributions	2.11	0.77	Discretionary spend
Other KMPs and Directors	Executives & Non-Executives	Remuneration & Sitting Fees	1.09	0.76	Routine executive pay
Other Related Entities	Common Directorship Entities	Sales of Goods / Services	0.02	0.91	Arm's length
Total	—	—	**57.90**	**53.32**	—

The disclosures confirm that no write-offs, provisions, or interest rate subsidies were granted to promoter entities, ruling out direct leakage of minority capital to fund parallel private ventures. However, these standardized tables cannot reveal the competitive bidding quality of commercial purchases or whether the sales prices achieved with entities like Epigral Limited represent absolute peak market rates. Additionally, the tracking mechanism cannot verify if the routing of ₹2.11 Cr in discretionary CSR funds to specific local family-linked trusts provides indirect reputational value to the promoters at the expense of public holders.

C. Shareholding

The outstanding equity structure consists of 1.01 crore shares and remained perfectly stable throughout the year, with no new share issuances, options exercises, or buybacks.

Category	FY26 (%)	FY25 (%)	Change (pp)
Promoters and their Relatives	30.00	Not disclosed	Not disclosed
Mutual Funds & AIFs	25.37	Not disclosed	Not disclosed
Foreign Portfolio Investors	22.81	Not disclosed	Not disclosed
Indian Public	12.10	Not disclosed	Not disclosed
Bodies Corporate	8.81	Not disclosed	Not disclosed
NRI & Foreign Nationals	0.89	Not disclosed	Not disclosed
IEPF	0.02	Not disclosed	Not disclosed

There are no promoter shares pledged, meaning 0% of the promoter holding is encumbered, leaving minority holders free from the risk of forced lender liquidations. A comprehensive category breakdown for the previous fiscal year was not explicitly detailed in the corporate governance section of the report.

D. Board composition

The board consists of six members, where a clear family relationship exists between Shri Kunjal L. Patel (Vice Chairman & Managing Director) and Smt. Taral K. Patel (Non-Executive Director). Board composition and Key Managerial Personnel positions remained entirely stable throughout the year, with no sudden resignations occurring close to the end of the period. Within the operating structure, Mr. Vijay Gupta (Head of the Power Transformer Business Unit) was elevated to Chief Operating Officer on November 8, 2025, and classified under Senior Management.

E. KMP compensation

Executive remuneration is centered on the two managing directors, with a significant portion of aggregate KMP costs tied to unallocated long-term benefit adjustments.

Name	Role	FY26 (□Cr)	FY25 (□Cr)	Change
Shri Kanubhai S. Patel	Chairman & Managing Director	8.20	8.26	-0.73%
Shri Kunjalbhai L. Patel	Vice Chairman & Managing Director	6.67	5.67	+17.64%
Shri Shailesh P. Prajapati	Chief Financial Officer	0.45	0.35	+28.57%
Shri Sanket K. Rathod	Company Secretary	0.39	0.30	+30%
Unallocated KMP Benefits	Long-term & Post-employment provisions	5.33	2.25	+136.89%
Total	—	**21.04**	**16.82**	**+25.09%**
As % of EBITDA	—	**5.93%**	**4.60%**	—

Total Key Managerial Personnel compensation rose by 25.09% to □21.04 Cr, which consumes 5.93% of the current year's core EBITDA of □355 Cr. While a pay level between 5% and 10% is generally acceptable, the direction of compensation creates an adverse governance finding because KMP pay expanded aggressively during a year when operating profit declined from □366 Cr to □355 Cr. This divergence was driven by a 17.64% increase in the Vice Chairman's salary alongside a 136.89% spike in unallocated long-term and post-employment benefits.

F. Capital allocation & capex

Voltamp Transformers displays exemplary balance sheet strength and conservative, organic capital allocation over the analysis window. Over this period, the business generated a cumulative cash flow from operations

(CFO) of ₹809 Cr, which comfortably absorbed a cumulative capital expenditure of ₹231 Cr entirely through internal accruals without requiring any debt or equity dilution. This resulted in a robust cumulative free cash flow of ₹578 Cr. Shareholders were well rewarded with cumulative dividends of ₹313 Cr, representing a comfortable dividend cover from free cash flow of 1.85x, while net borrowing and share count remained completely unchanged at zero.

The asset base is actively expanding, with the construction of a greenfield EHV Power Transformer facility targeted for completion by June 2026, which drove Capital Work-in-Progress up to ₹108 Cr this year. Additionally, the board approved an investment of ₹25 Cr to acquire new land near Vadodara to secure a future land bank. Even though core operational margins normalised slightly this year—pulling the return on capital employed (ROCE) down from 29% to 24%—the company continues to successfully expand its asset base out of its own cash flow while holding elite return profiles, presenting a highly reassuring model for minority shareholders.

G. Revenue recognition policy

Revenue from product sales is recognized at a single "point in time" when control of the goods is transferred to the customer, which generally takes place upon physical delivery at the customer site. Because the company does not use the "percentage-of-completion" method common in heavy engineering projects, this strict policy leaves minimal room for management judgment or aggressive revenue accruals. Earnings are cleanly tethered to physical delivery verifications. Management judgment is confined to estimating variable consideration components, such as volume discounts, price concessions, performance incentives, and establishing provisions for liquidating damages or future warranty support obligations (with the aggregate balance sheet provision for warranties currently standing at ₹4.60 Cr).

5. Scorecard

Dimension	Rating	Vs last year	What decided it
Business quality	5	Same	Pre-tax return on net fixed assets remained above 344% and ROCE stayed above 19% across all evaluated years against targets of 13% and 15%.
Financial health	5	Same	The company maintains a net cash position with a net debt-to-EBITDA ratio of -0.21x and an interest coverage ratio of 340x.
Earnings quality	3	Same	Cumulative five-year operating cash flow is 64% of cumulative profit after tax, falling short of the 100% threshold for peak conversion.
Management & governance	3	Down	Total remuneration paid to key managerial personnel absorbed 5.93% of operational EBITDA, exceeding the 5% threshold for a top rating.
Capital allocation	4	Down	Cumulative five-year capex and dividends are fully covered by organic cash flows with no dilution, though incremental ROIC fell to 18.11%.

6. How it has been doing

6.1 The multi-year picture

Metric	5-yr mean	FY25	FY26	Low ‹ band › high	Vs trend	Why it moved	Durable?
Revenue growth %	19.75	19.68	11.38	16.68 `#[--o--]` 22.89	**Worse than trend** (worst in window)	Production capacity hit a physical ceiling with capacity utilization crossing 100%, slowing top-line expansion until new facilities open.	Too early
EBITDA margin %	16.96	18.92	16.48	12.33 `[------#----]` 19.93	**In line with trend**	—	—
PAT margin %	15.51	16.8	14.16	11.8 `[---#-o-----]` 19	**In line with trend**	—	—
CFO / EBITDA	0.62	0.6	0.39	0.47 `#[----o---]` 0.73	**Worse than trend** (worst in window)	Heavy working capital absorption from a 64.1% increase in total inventories to □390 Cr to build out firm customer orders.	Too early
ROCE %	26.25	29	24	19 `[----#-o----]` 32	**In line with trend**	—	—
Debtor days	57.75	55	46	54 `#[--o--]` 62	**Better than trend** (best in window)	Strong collection velocity with over 99% of outstanding trade receivables, or □269.97 Cr out of □272.76 Cr gross debtors, current within six months.	Structural
Cash conversion cycle (days)	155.75	139	169	139 `[---o---#---]` 184	**In line with trend**	—	—
Net debt / EBITDA	-0.09	-0.1	-0.21	-0.1 `#[o]` -0.08	**Better than trend** (best in window)	Further cash accumulation and short-term investment liquidation under a strict debt-free capital philosophy.	Structural
Interest coverage	215.12	353	340	131 `[----o-----#]` 353	**Outside the plausible range for this metric (-50 to 100 x) — treat as a data artifact, not a result**	Data artifact caused by nominal lease-only finance obligations of □1 Cr on a bank-borrowing-free balance sheet.	One-off
Other income % of PBT	20.52	19.5	16.5	15.38 `[#-----o----]` 24.86	**Better than trend**	Decrease in mark-to-market mutual fund valuation gains to □16.18 Cr relative to expanding core operational profits.	—
Cash from operations	167.25	219	140	66 `[-----#-o---]` 219	**Worse than trend**	Accelerated cash spending on raw material stocks and work-in-progress inventory outpaced operating receipts.	—

6.2 Management: said versus delivered

What they said last year	What happened	Verdict
"100% electricity needs from renewable sources by 2027"	Management reiterated this exact target deadline in its FY2026 commentary, although no specific progress metrics or intermediate milestones were published this year.	Partially Met
"Avoid commitments beyond nine months"	Management reported that its order book remains robust with time-bound execution clarity, but did not address or provide confirmation regarding the nine-month duration cap.	Not addressed

What has not changed

- Net fixed assets have remained below 7% of total assets for the fifth consecutive year, reflecting a structural, asset-light manufacturing model where plant investments of □118 Cr represent a minor share of total deployed capital.
- Liquid investments have dominated the capital footprint for the fifth consecutive year, consistently comprising around half or more of the company's total asset base and standing at □995 Cr in FY2026.
- Intangible assets have been reported at exactly 0.0% of total assets for the fifth consecutive year, showing that the company persistently avoids capitalizing brand assets, software, or acquisition goodwill.