

Alfa Transformers Limited (Revised)

June 02, 2022

Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Long Term Bank Facilities	3.35	CARE D (Single D)	Revised from CARE B-; Stable (Single B Minus; Outlook: Stable)
Short Term Bank Facilities	10.96	CARE D (Single D)	Revised from CARE A4 (A Four)
Total Bank Facilities	14.31 (Rs. Fourteen Crore and Thirty-One Lakhs Only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The revision in the rating assigned to the bank facilities of Alfa Transformers Limited takes into account the reduction in drawing power leading to overdrawals in cash credit limits for more than 30 days. The same was in view of continued weak financial performance in FY22 (refers to the period April 01 to March 31).

Key Rating Sensitivities

Positive Factors - Factors that could lead to positive rating action/upgrade

- Delay/default free track record of more than 90 days
- Turnaround in operation with execution of orders leading to improvement in liquidity position

Detailed description of the key rating drivers

Key Rating Weaknesses

Overdrawals in cash credit limit

There are overdrawals in cash credit limit for more than 30 days due to reduction in drawing power. The Company is in discussion with that bank for reinstating the drawing power.

Weak financial performance in FY22

The total income (TOI) of the company has witnessed a de-growth of around 49% to Rs.10.13 crore in FY22 as compared to Rs.19.79 crore in FY21 on account of lower order executed. Consequently, the company continued to incur operating loss in FY22 mainly on account of higher operational expenses and lower margin orders execution. The capital structure of ATL also moderated in FY22 over FY21 due to decline in net-worth of the company as the company incurred cash losses during the said period.

Low order book position of the company

ATL has low order book position of Rs.3 crore at Bhuvneshwar plant. This apart, the company has participated in a tender of Rs.25 crore for Gujarat Discom. The offer has been technically approved and price part of the tender is already open. However, ATL is yet to receive the Letter of Intent (LOI).

Exposure to volatility in raw material prices

The company is engaged in manufacturing of electrical equipment like power transformers. The major raw materials required for the same are copper, aluminium, cold rolled grain-oriented insulation materials resistance materials and other steel materials.

Liquidity analysis: Poor

Poor liquidity position is marked by overdrawals in cash credit limit for more than 30 days due to reduction in drawing power. Also, the company has continued to incur cash losses in FY22.

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Analytical approach: Standalone

Applicable Criteria

[Policy on default recognition](#)

[Financial Ratios – Non financial Sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Policy On Curing Period](#)

[Rating Outlook and Credit Watch](#)

[Short Term Instruments](#)

[Manufacturing Companies](#)

About the Company

Odisha based ATL, incorporated in 1982, is promoted by Mr. D. K. Das. ATL manufactures small distribution transformers and offers related technical assistance and services, including repair work. The company has two manufacturing units located at Bhubaneswar and Vadodara.

Brief Financials (Rs. crore)	31-03-2021 (A)	31-03-2022 (Abridged)
Total operating income	19.79	10.13
PBILD	-5.84	-2.23
PAT	-11.79	-3.96
Overall gearing (times)	1.47	NM
Interest coverage (times)	NM	NM

A: Audited, NM: Not Meaningful

Status of non-cooperation with previous CRA: Issuer Not Cooperating from CRISIL as per press release dated March 31, 2022.

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated for this company: Annexure 4

Annexure-1: Details of Instruments / Facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	-	3.34	CARE D
Fund-based - LT-Term Loan	-	-	-	-*	0.01	CARE D
Non-fund-based - ST-Bank Guarantee	-	-	-	-	7.96	CARE D
Non-fund-based - ST-Letter of credit	-	-	-	-	3.00	CARE D

*Already repaid. However, No Dues Certificate is yet to be received.

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2022-2023	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020
1	Fund-based - LT-Cash Credit	LT	3.34	CARE D	1)CARE B-; Stable (01-Apr-22)	1)CARE B-; Stable (09-Jul-21)	1)CARE B; Stable (22-Mar-21) 2)CARE B;	1)CARE B+; Stable (17-Oct-19)

							Stable (08-Jul-20)	
2	Fund-based - LT- Term Loan	LT	0.01	CARE D	1)CARE B-; Stable (01-Apr-22)	1)CARE B-; Stable (09-Jul-21)	1)CARE B; Stable (22-Mar-21) 2)CARE B; Stable (08-Jul-20)	1)CARE B+; Stable (17-Oct-19)
3	Non-fund-based - ST-Bank Guarantee	ST	7.96	CARE D	1)CARE A4 (01-Apr-22)	1)CARE A4 (09-Jul-21)	1)CARE A4 (22-Mar-21) 2)CARE A4 (08-Jul-20)	1)CARE A4 (17-Oct-19)
4	Non-fund-based - ST-Letter of credit	ST	3.00	CARE D	1)CARE A4 (01-Apr-22)	1)CARE A4 (09-Jul-21)	1)CARE A4 (22-Mar-21) 2)CARE A4 (08-Jul-20)	1)CARE A4 (17-Oct-19)

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities: NA

Annexure 4: Complexity level of various instruments rated for this company

Sr. No	Name of instrument	Complexity level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - ST-Bank Guarantee	Simple
4	Non-fund-based - ST-Letter of credit	Simple

Annexure 5: Bank Lender Details for this Company

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of the rated instrument: CARE Ratings Ltd. has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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