Voltamp Transformers Limited

August 19, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long-term / Short-term bank facilities	RBI	282.50	CARE AA; Stable / CARE A1+	Reaffirmed
Long-term bank facilities	RBI	10.00	CARE AA; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings on bank facilities of Voltamp Transformers Limited (VTL) continues to derive strength from its established track record of operations in the transformers business with focus on a diversified clientele with good credit quality, which led to good control over its receivables on a sustained basis. Ratings further derive strength from its steady operating performance, marked by sustained growth in scale of operations and healthy operating profitability. Ratings also factor in healthy order book providing revenue visibility. The conservative policy adopted by VTL's management on debt-fuelled growth and healthy cash flow from operations has resulted in its comfortable capital structure and debt coverage indicators and strong liquidity. CARE Ratings Limited (CareEdge Ratings) expects VTL's financial risk profile to remain comfortable in the medium term.

However, ratings continue to remain constrained on high reliance on non-fund-based limits, profitability susceptible to volatile raw material prices and high competitive intensity.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increase in total operating income (TOI) coupled with healthy profit before interest, lease rentals, depreciation and taxation (PBILDT) margin on a sustained basis and diversification in the product profile.
- Return on capital employed (ROCE) remaining above 20% on a sustained basis and sustenance of a comfortable capital structure and strong liquidity.

Negative factors

- Sustained decline in TOI to below ₹1,000 crore.
- Significant depletion in its liquidity with unencumbered liquid investments falling below ₹300 crore or significant elongation in gross working capital cycle with sustained negative cash flow from operations.
- Deterioration in the overall gearing to beyond 0.50x on a sustained basis.

Analytical approach: Standalone

Outlook: Stable

CareEdge Ratings believes that VTL shall continue to benefit from its established presence in the transformer industry with focus on diversified clientele across industries, while financial risk profile is expected to remain strong in the absence of debt-funded capex.

Detailed description of key rating drivers

Key strengths

Experienced management with long track record of operations in the transformer industry

VTL's principal promoter, the late Lalit Kumar Patel was a technocrat having over four decades of experience in the transformer industry. The company is currently being managed by the promoter family's second generation and a team of professionals. Kunjal L Patel, Vice Chairman, VTL, is the son of late Lalit Kumar Patel and holds a bachelor's degree in electrical engineering. He has three decades of experience in the production and marketing of transformers and looks after the company's overall operations, including purchase and planning, manufacturing, quality control, and design aspects. Kanubhai S Patel, Chairman & Managing Director, is a chartered accountant by profession. He looks after the general management, new business sourcing, and overall strategy-building for VTL.

[1]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority
[2]Complete definitions of ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

Focus on diversified clientele with good credit quality resulting in healthy cash flow from operations

VTL has a diversified clientele with over 1,000 customers across end-use industries such as power, oil refinery, textile, chemical, real estate, automobile, infrastructure and steel, spread across the country. The company has established long-standing relationships with reputed players in these industries, which has facilitated in securing repeat orders from its clients. Majority sales in the last few years have been to private sector players having good credit profiles, resulting in limited exposure to state government-owned power sector undertakings, where receivables are inherently elongated. The company's top 10 customers comprised ~26% of its total sales in FY26 (FY25: ~33%). VTL's focus on private sector players with good credit profiles, and a diversified clientele has held it in good stead over the years through relatively steady profitability and healthy generation of cash flows through timely realisation of receivables.

Sustained healthy operating performance and comfortable return indicators

VTL's operating performance witnessed a healthy improvement in the last few years supported by increase in overall demand for transformers. Scale of operations witnessed a compounded annual growth rate (CAGR) of ~18% from FY22-FY26. In FY26, VTL's TOI grew by ~11% year-on-year (yoy) to ~₹2,155 crore (FY25: ~₹1,935 crore), supported by ~7% increase in volume sales and ~4% increase in overall realisation. Volume sales stood at 16,513 MVA in FY26 (FY25: 15,458 MVA). The company operated at over 100% capacity utilisation in FY26 backed by healthy demand for the transformers. Notwithstanding the growth in TOI, PBILDT margin moderated to 16.54% in FY26 from 18.97% in FY25, primarily due to increase in prices of raw materials and critical components. Following decline in operating profitability, ROCE also moderated to 22.46% (FY25: 27.90%), which continued to remain comfortable, supported by healthy profitability and healthy returns on its sizeable investment portfolio, which forms significant portion of the company's overall capital employed.

In Q1FY27, revenue grew by ~28% yoy to ~₹544 crore (Q1FY26: ~₹424 crore), on the back of ~29% growth in volume sales. Volume sales stood at 4,215 MVA in Q1FY27 against 3,260 MVA in Q1FY26. PBILDT margin stood lower at 14.77% against 17.15% in Q1FY26 considering higher input prices. Going forward, operating profitability could moderate in the medium term in view of increasing competitive intensity, which could also lead to moderation in the overall ROCE to a certain extent. Any significant moderation in operating profitability, impacting the company's cash flows shall remain key monitorable.

Healthy order book level providing near-term revenue visibility

VTL had an outstanding order book of ~₹1,590 crore as on July 31, 2026, translating to 0.74x of FY26 revenue, providing near-term revenue visibility. The company remained selective in order booking, with focus mainly on better cash flows, which resulted in its moderate scale of operations over the years. Despite moderate order book-to-revenue ratio, the company sustained healthy profitability over the years, resulting in build-up of sizeable, unencumbered liquid investments. CareEdge Ratings understands that such liquidity is expected to remain within the company, given the absence of near-term utilisation plans.

Comfortable capital structure and healthy debt coverage indicators

VTL's capital structure continues to remain comfortable, marked by a strong net-worth base of ~₹1,791 crore as on March 31, 2026, against no outstanding fund-based debt (except for mobilisation advances backed by bank guarantee [BG] and lease liabilities). Including lease liabilities and mobilisation advances, overall gearing stood comfortable at 0.07x as on March 31, 2026 (March 31, 2025: 0.06x). Debt coverage indicators, including PBILDT interest coverage, total debt (TD) to PBILDT, TD to gross cash accruals (GCA) also continued to remain highly comfortable. TD/PBILDT stood comfortable at 0.34x as on March 31, 2026 (March 31, 2025: 0.24x), while TD/GCA stood at 0.38x as on March 31, 2026 (March 31, 2025: 0.25x).

The company is in the process of setting up a power transformer facility with a capacity of 6,000 MVA at a total cost ~₹215 crore (revised from ~₹200 crore), which is expected to commence commercial operations from October 2026. There has been a delay of two months in commencement of the commercial operations owing to delay in delivery of few import equipment. Entire project cost is being funded through internal accruals. This capacity expansion will enable the company to manufacture transformers with the capacity up to 315 MVA against current 160 MVA. The company has now envisaged for further capex towards expansion of its dry-type transformer capacity by setting up a new facility in Karjan, Vadodara with an installed capacity of 2,300 MVA at an estimated cost of ₹90 crore. Capex shall be funded entirely through internal accruals. The company has acquired land at a total cost of ₹25 crore towards this project. The project is likely to commence commercial operations in Q4FY28. CareEdge Ratings expects VTL's leverage and debt coverage metrics to continue to remain comfortable in the medium term supported by healthy cash flow from operations and the management's conservative stance on availing debt.

Liquidity: Strong

VTL's liquidity is strong, marked by nil debt repayment obligations, nil utilisation of fund-based working capital limits, and presence of strong unencumbered liquid investments of ₹667 crore as on March 31, 2026. Furthermore, the company has a practice of investing a maximum of up to 15% of its corpus in equity-oriented funds while balance is invested in debt funds, which mainly includes G-secs and bonds with high credit ratings. The company mainly utilises non-fund-based limits in the form of BGs in its normal course of business, average utilisation of which (including long-term performance guarantees) remained high at ~81% for 12 months ended May 31, 2026. Liquidity is further underpinned by its healthy current ratio of 4.09x as on March 31, 2026. Furthermore, with a comfortable capital structure, the company has sufficient gearing headroom to raise additional debt for its capex and working capital needs.

Key weaknesses

Profitability susceptibility to raw material prices; high competitive intensity

Primary raw materials required by VTL are copper, CRGO steel, and transformer oil. Prices of these raw materials are highly volatile, as they are linked to the prices in the global market. This exposes the company's profitability to raw material price fluctuation risks, since most of the company's orders are fixed price in nature. Global manufacturing of CRGO steel is concentrated among 15 major suppliers and the lack of meaningful domestic manufacturing capacity, exposes the company to price volatility arising from forex fluctuation encountered by the importers of this material, from whom the company procures it locally. The company has a hedging policy in place for its major raw materials (mainly copper). The company has been able to safeguard itself from major impact on the back of the timely revision in product prices. The risk is partially offset by the company's selective order booking. High price volatility of its key input materials continues to remain a threat to the company's profitability.

Reliance on non-fund-based working capital limits

VTL's operations are heavily reliant on non-fund-based working capital limits since it has to extend BGs (performance and financial) to its customers. Average tenor of performance BGs (PBGs) extended by it for transformers sold by it range from 3-6 years. However, there has not been any instance of invocation of such guarantee extended by the company in the last many years. In the last many years, transformer failure rates on its supplied products have been low. VTL's transformers have shown low defects and failures, as reflected from its low expenditure on repairs, and hence, restricted requirement of accumulation of funds in its provisions for warranties, which usually ranges from 12-60 months. The PBGs are normally extended by VTL for the defect liability period on the transformers supplied to its clients and occasionally also for the release of retention money. Financial BGs are required by it for the availment of mobilisation advances. However, large part of guarantees issued by the company are PBGs.

Environment, social, and governance (ESG) risks

Risk Factors	Compliance and action by the company
Environmental	The following management systems have been implemented: • ISO 9001:2015 Quality Management System • ISO 14001:2015 Environment Management System • ISO 45001:2018 Occupational Health & Safety Management System NABL-Accredited in-house laboratories for testing and calibration. As a part of steps to achieve carbon neutrality, the company has installed rooftop solar for electrification at all factory locations and set a deadline that by 2027 all electricity needs will be fulfilled from renewable sources only. Aligned with its goal to achieve net-zero GHG emissions by 2030, the company has undertaken significant initiatives including retrofitting legacy systems with modern energy-efficient equipment, deploying variable frequency drives and installing sensor-based LED lighting across all campuses.
Social	The company implemented HSE Management system per ISO 14001 & 45001 and continual improvements are done. Activity-based risk assessment is conducted for all activities, which present a risk to HSE. Training plans are also developed based on assessment of the current level of competence and awareness. All staff and person working on behalf of the company participates in training as defined in the training plan. Hazards and control measures are communicated before start of the activity and monitored to ensure that controls are implemented. Internal and external audits are carried out to check the adequacy of systems, procedures, and controls implemented.
Governance	The company's board comprises six directors including three Independent Directors. The company has established systems and procedures to ensure that its Board is well-informed and well equipped to fulfil its overall responsibilities and to provide the management with the strategic direction needed to create long-term shareholders value.

Applicable criteria
Definition of Default
Financial Ratios – Non financial Sector
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital Goods	Electrical Equipment	Heavy Electrical Equipment

Promoted by the late Lalit Kumar Patel in 1967, VTL is engaged in manufacturing electrical transformers. Its product portfolio comprises oil-filled power and distribution transformers up to 160 mega volt ampere (MVA), 220 kilo volt (KV) class, and dry-type transformers up to 12.50 MVA, 33 KV class. The products find application in varied industries, including power, oil refinery, real estate, infrastructure, and steel. The company's production facilities are at Makarpura and Savli in Vadodara, Gujarat, with an aggregate installed capacity of 14,000 MVA as on June 30, 2026.

The company is expanding its power transformer capacity by 6,000 MVA by setting up a new facility at Jarod, Vadodara, which is expected to commence operations from October 2026. The company has also envisaged expanding its dry power transformers capacity by 2,300 MVA by setting up a new facility in Karjan, Vadodara, which is expected to commence commercial operations in Q4FY28.

Brief Financials (₹ crore) - Standalone	FY25 (A)	FY26 (A)	Q1FY27 (UA)
Total operating income	1,934.97	2,154.87	543.78
PBILDT	367.12	356.50	80.30
Profit after tax (PAT)	325.41	305.38	91.22
Overall gearing (x)	0.06	0.07	NA
Interest coverage (x)	253.88	245.96	178.13

A: Audited; UA: Unaudited; NA: Not available
Note: these are latest available financial results
Financials are reclassified per CareEdge Ratings' standards.

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of regulators:
A list of facilities / instruments falling under the purview of financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit	RBI	Simple	-	-	-	-	10.00	CARE AA; Stable
Non-fund-based - LT/ ST-Bank Guarantee	RBI	Simple	-	-	-	-	282.50	CARE AA; Stable / CARE A1+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2026-2027	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024
1	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	282.50	CARE AA; Stable / CARE A1+	-	1)CARE AA; Stable / CARE A1+ (12-Aug-25)	1)CARE AA; Stable / CARE A1+ (09-Sep-24)	1)CARE AA; Stable / CARE A1+ (04-Oct-23)
2	Fund-based - LT-Cash Credit	LT	10.00	CARE AA; Stable	-	1)CARE AA; Stable (12-Aug-25)	1)CARE AA; Stable (09-Sep-24)	1)CARE AA; Stable (04-Oct-23)

LT/ST: Long-term/Short-term; LT: Long-term;

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Lender details

To view lender-wise details of bank facilities please click here

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

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