

AUGUST 04, 2016

CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF TRANSFORMERS & RECTIFIERS (INDIA) LTD

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long term Bank Facilities	16.63 (reduced from 25.39)	CARE BBB+ (Triple B Plus)	Reaffirmed
Short term Bank Facilities	131.00	CARE A3+ (A Three Plus)	Reaffirmed
Long term / Short term Bank Facilities	723.00	CARE BBB+ / CARE A3+ (Triple B Plus / A Three Plus)	Reaffirmed
Total	870.63 (Rupees Eight Hundred Seventy crore and Sixty Three lakh only)		

Rating Rationale

The ratings assigned to the bank facilities of Transformers and Rectifiers (India) Ltd (TRIL) continue to draw strength from its established position as one of the leading domestic transformer manufacturers, strong technological tie-ups, well-established client base and stable industry outlook.

The ratings also take cognizance of the fact that after a subdued performance over the last few quarters, there has been improvement since Q4FY16 (refers to the period January 1 to March 31) with increase in total operating income (TOI) and profitability along with healthy revenue visibility.

The ratings continue to be constrained on account of TRIL's working capital intensive operations with moderate debt coverage indicators and exposure to volatile raw material prices.

Ability of the company to increase its scale of operations along with improvement in profitability and capital structure shall remain the key rating sensitivities.

Background

Promoted by Mr Jitendra Mamtora in 1994, TRIL is engaged in manufacturing of electrical transformers and reactors which find application in power and industrial sectors. The company is amongst the largest domestic transformer manufacturers with an aggregate installed capacity of 33,200 mega volt ampere (MVA) as on March 31, 2016 at its three units at Odhav (1,200 MVA), Changodar (12,000 MVA) and Moraiya (20,000 MVA) in Ahmedabad.

It is present in the entire range of transformers, including power transformers upto 500 MVA, 1150 KV class and distribution transformers upto 5 MVA, 33 KV class. Besides, it also manufactures induction, electric arc furnace and rectifier transformers.

As per the audited results for FY16, TRIL registered a TOI of Rs.581.81 crore with a net loss of Rs.8.54 crore, as against a TOI of Rs.544.74 crore with a net loss of Rs.6.45 crore in FY15.

Furthermore, as per the provisional results for Q1FY17, TRIL registered a TOI of Rs.160.04 crore with a profit after tax of Rs.0.75 crore, as against a TOI of Rs.62.11 crore with a net loss of Rs.12.49 crore in Q1FY16.

¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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CIN - L67190MH1993PLC071691