OCTOBER 13, 2016

# CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF VOLTAMP TRANSFORMERS LTD

**Ratings**

| Facilities | Amount (Rs. crore) | Ratings[1] | Remarks |
|---|---|---|---|
| Long term Bank Facilities | 10.00 | **CARE AA- (Double A Minus)** | **Reaffirmed** |
| Long term / Short term Bank Facilities | 186.03 (reduced from 188.30) | **CARE AA-/ CARE A1+ (Double A Minus/A One Plus)** | **Reaffirmed** |
| **Total** | **196.03 (Rupees One Hundred Ninety Six crore and Three lakh only)** | | |

**Rating Methodology**

CARE has applied its rating methodology for manufacturing companies to assess the credit risk profile of Voltamp Transformers Ltd (VTL).

**Rating Rationale**

The ratings assigned to the bank facilities of VTL continue to take into account its established track record in transformer business, diversified clientele, experienced management, conservative policy on use of debt with comfortable capital structure and debt coverage indicators along with its healthy liquidity. The ratings also take cognizance of the fact that there was improvement in its profitability during FY16 mainly due to reduction in material prices on the back of fixed price nature of most of its contracts; the improvement in its profitability was witnessed after a declining trend over the past few years.

The long-term rating, however, continues to be constrained by VTL's moderate scale, susceptibility of its profitability to volatile raw material prices and competitive pressures, and its working capital intensive operations.

VTL's ability to increase its scale of operations, improve its profitability in light of volatile raw material prices and competition and effectively manage its working capital requirements while maintaining its comfortable capital structure and liquidity shall be the key rating sensitivities.

**Background**

Promoted by Mr Lalitkumar Patel and his family in 1967, VTL; CIN No. L31100GJ1967PLC001437; is engaged in manufacturing and sales of electrical transformers.

Its product portfolio comprises oil-filled power and distribution transformers upto 160 mega volt ampere (MVA), 220 kilo volt (KV) class and dry type transformers upto 12.50 MVA, 33 KV class. The products find application in varied industries including power, refineries, real estate, automobile, infrastructure and steel. VTL has a diversified clientele, including private players and government entities, with private players contributing large part of its revenue. The company's production facilities are located at Makarpura and Savli in Vadodara, Gujarat with an aggregate installed capacity of 13,000 MVA per annum, as on March 31, 2016.

As per the audited results for FY16, VTL registered a total operating income (TOI) of Rs.581.18 crore with a profit after tax (PAT) of Rs.43.98 crore, as against a TOI of Rs.529.74 crore with a PAT of Rs.28.41 crore in FY15.

As per the unaudited results for Q1FY17, VTL registered a TOI of Rs.121.04 crore with a PAT of Rs.9.09 crore, as against a TOI of Rs.93.50 crore with a PAT of Rs.6.43 crore in Q1FY16.

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[1] *Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications*

****For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**

*CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.*

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