

Date: 5th July, 2013

Ref: TRIL/SECT/2013-14/NSE-BSE/COMPL/030

To, The Secretary Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400023	To, The Secretary National Stock Exchange of India Limited Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai-400051
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Dear Sir,

Sub: RATINGS

With reference to caption subject and as per clause 36 of the Listing Agreement, this is to inform you that CARE Ratings has assigned Rating to the Long Term/Short Term Bank Facilities and Short Term Bank Facilities of the Company as follows:

Facilities/Instruments	Amount (Rs. Crore)	Ratings	Remarks
Long-term Bank Facilities	50	CARE BBB+ (Triple B Plus)	Assigned
Short-term Bank Facilities	70	CARE A3+ (A Three Plus)	Reaffirmed
Long-term/short-term Bank Facilities	585 (enhanced from Rs. 360 crore)	CARE BBB+/CARE A3+ (Triple B Plus/ A Three Plus)	Reaffirmed
Total Facilities	705		

Please take the same on your record.

Thanking you,

Yours faithfully,

For Transformers and Rectifiers (India) Limited

Rahul Shah
CFO

Encl: As above

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Thanking you,

Yours faithfully,

For Transformers and Rectifiers (India) Limited

**Rahul Shah
CFO**

Encl: As above

July 04, 2013

CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES AND WITHDRAWS THE RATINGS ASSIGNED TO THE STD/CP ISSUE OF TRANSFORMERS & RECTIFIERS (INDIA) LTD.

Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	50	CARE BBB+ (Triple B Plus)	Assigned
Short-term Bank Facilities	70	CARE A3+ (A Three Plus)	Reaffirmed
Long-term/Short-term Bank Facilities	585 <i>(enhanced from Rs.360 crore)</i>	CARE BBB+/CARE A3+ (Triple B Plus/ A Three Plus)	Reaffirmed
Total Facilities	705		
Short-term Debt / Commercial Paper Issue (STD/CP)*	50		Withdrawn

**Carved out of working capital limits; there are no outstanding amounts against the STD/CP issue and the withdrawal of the rating has been done at the request of the company*

Rating Rationale

The ratings continue to take into account Transformers and Rectifiers (India) Ltd's (TRIL) long and established track record of operations as one of the leading domestic transformer manufacturers and the financial flexibilities it derives from low gearing level. The ratings also factor in increase in its scale of operations and some improvement in profitability during Q4FY13 (refers to the period January 1 to March 31) and yet a y-o-y decline in profitability. The ratings also factor in its debt-funded capex plans for the in-house manufacturing of some of the input materials to control costs. The ratings continue to remain constrained by increasing competition in the domestic transformer industry coupled with execution challenges adversely impacting its profitability and debt coverage indicators, risk associated with the volatility in raw material prices and working capital intensive nature of operations.

The ability of the company to increase its scale of operations, improve profitability, contain its debt level and efficiently manage its working capital, are the key rating sensitivities.

Background

Promoted by Mr Jitendra Mamtora in 1994, Transformers and Rectifiers (India) Ltd. (TRIL) is presently engaged in the manufacturing of electrical transformers for applications in the power and industrial sectors. Over the years, the company has built up its manufacturing and technical capacity and presently manufactures power transformers upto 500 mega volt ampere (MVA), 765 kilo volt (KV) class, distribution transformers upto 5 MVA, 33 KV class with an aggregate installed capacity of 23,200 MVA, as on March 31, 2013.

The company has three units located in Ahmedabad, which manufacture power transformers (85% share in the total sales of FY13), distribution transformers (6%), furnace transformers and rectifiers.

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

As per the audited results of FY13 (refers to the period April 1 to March 31), the company registered a total operating income of Rs.514.47 crore with a PAT of Rs.4.73 crore as compared with a total operating income of Rs.520.63 crore and a PAT of Rs.9.18 crore in FY12.

Analyst Contact

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