

August 13, 2009

CARE ASSIGNS 'PR1+' RATING TO THE STD/CP ISSUE OF TRANSFORMERS & RECTIFIERS (INDIA) LTD

CARE assigned a 'PR1+' [PR One Plus] rating to the proposed STD/CP issue of Transformers & Rectifiers (India) Ltd of Rs.20 crore. This rating is applicable for instruments having a tenure upto one year. Instruments with this rating would have strong capacity for timely payment of short-term debt obligations and carry lowest credit risk. CARE assigns '+' or '-' signs to be shown after the assigned rating (wherever necessary) to indicate the relative position of the company within the band covered by the rating symbol.

Sr. No.	Facility	Amount (Rs. crore)	Rating
1.	Short-Term Debt (STD) issue [including Commercial Paper (CP)]*	20.00	PR1+

* On a standalone basis

Rating Rationale

The rating takes into account the long standing track record, established brand name in the transformer industry, comfortable financial profile, fully equity funded expansion project and strong order book. The rating also gets strength by almost 70% contracts from State Electricity Utilities having Price Variation Clause. The rating also factors in low bargaining power due to tender based orders, low entry barrier in the industry, high volatility in raw material prices and working capital intensive nature of operations.

Company Profile

Gujarat based Transformers & Rectifiers (India) Ltd. (TRIL), promoted and currently managed by Shri Jitendra Mamtara and family, was incorporated as Triveni Electric Company Ltd. in 1994. The name was changed to its present form in 1995. TRIL is primarily engaged in manufacturing of electrical transformers for various applications in the power and industrial sectors. TRIL is engaged in manufacturing electrical transformers having an installed capacity of 23,200 MVA (Mega Volt-Ampere) of transformers per annum.

TRIL reported total operating income of Rs.427.82 crore during FY09 as against Rs.305.16 crore in FY08. PBILDT and PAT margins declined to 15.76% and 10.28% respectively during FY09 as compared to 20.09% and 11.39% respectively during FY08.

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