

July 13, 2010

**CARE REVISES THE RATING ASSIGNED TO THE LT BANK FACILITIES AND REAFFIRMS THE RATING ASSIGNED TO THE ST BANK FACILITIES AND INSTRUMENTS OF TRANSFORMERS & RECTIFIERS (INDIA) LTD.**

**Ratings**

<b>Facilities/Instruments</b>	<b>Amount (Rs. crore)</b>	<b>Ratings<sup>1</sup></b>	<b>Remarks</b>
Long-term Bank Facilities	360.00	'CARE AA-' (Double A Minus)	Revised from 'CARE A+' (Single A Plus)
Short-term Bank Facilities	70.00	'PR1+' (PR One Plus)	Reaffirmed
Commercial Paper*	20.00	'PR1+' (PR One Plus)	Reaffirmed
<b>Total Facilities</b>	<b>450.00</b>		

\*Not carved out of sanctioned working capital limits

**Rating Rationale**

The revision in the long term rating takes into account increase in operational strength of TRIL after successful completion of its expansion project and improvement in financial risk profile during FY10 marked by growth in cash accruals, better debt coverage indicators and improved liquidity position.

The ratings continue to factor in the long standing track record of TRIL, established brand name in the transformer industry, comfortable financial profile and strong clientele. However, the ratings are constrained by low bargaining power due to tender based orders, low entry barriers in the industry, high volatility in raw material prices and working capital intensive nature of operations.

The ability of TRIL to sustain profit margins and maintain leverage position in the highly competitive transformer manufacturing industry remains the key rating sensitivity.

**Company Profile**

Incorporated in 1994, Ahmedabad based TRIL is engaged in manufacturing of electrical transformers for various applications in the power and industrial sectors. During FY10, after successful implementation of its expansion project, total installed capacity of company increased from 7,200 MVA to 23,200 MVA per annum. TRIL possesses technical know-how for manufacture of more than 400 KV class transformers.

<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications



*Press Release*

During FY10, total operating income increased to Rs.519.01 crore against Rs.427.82 crore in FY09. PAT margin, however, declined to 9.51% in FY10 against 10.28% in FY09.

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