Voltamp Transformers Ltd — 12 Aug 2025 Credit Rating Summary

Section	Details
Agency	CARE Ratings Ltd.
Rating Change	**Reaffirmed**: CARE AA / CARE A1+ (0 notches moved)
Outlook (Current vs Previous)	**Stable** vs **Stable**
Key Drivers of Change	1. **Revenue Growth:** TOI grew 20% to □1,935 Cr in FY25 driven by 18% volume growth; nearing the □2,000 Cr upgrade threshold. 2. **Debt-Free Status:** Sustained zero fund-based debt with overall gearing at a negligible 0.06x (including leases). 3. **Liquidity Surplus:** Unencumbered liquid investments rose to □1,061 Cr, providing a massive safety net for capex and operations. 4. **Order Book:** Strong visibility with □1,280 Cr (0.66x FY25 revenue) as of July 2025. 5. **Efficiency:** Healthy ROCE of 27.90% despite holding significant low-yield cash.
Rated Instruments	1. **LT/ST Bank Guarantee:** □282.50 Cr
Key Observations	**Strengths:** • Established 50-year track record with 1,000+ diversified clients. • Minimal exposure to "slow-paying" SEBs; focus on private sector improves cash flow. • Internal accrual-funded capex (□200 Cr) avoids equity dilution. • Low transformer failure rates reduce warranty provision risks. **Concerns:** • **Volume Softness:** Q1FY26 volumes fell 8% y-o-y; FY26 revenue may be lower than FY25 due to "preponement" of orders in previous year. • **Margin Pressure:** EBITDA margin moderated to 18.97% (from 19.99%) due to volatile CRGO steel and copper prices. • **Concentration:** Moderate scale compared to global capital goods peers.
Investor Impact	• **Growth:** 43% capacity expansion (adding 6,000 MVA) by July 2026 targets higher-value 250 MVA transformers. • **Margins:** Expected to normalize/moderate due to rising competitive intensity and raw material volatility. • **Dilution Risk:** Nil. Massive cash pile of □1,061 Cr covers the □200 Cr capex 5x over. • **Leverage:** Pristine balance sheet; interest coverage is outlier-high at 253.88x.
Agency / Cross Analysis	**Same Agency:** Rating maintained despite significantly improved TOI (□1,935 Cr vs □1,617 Cr) and cash position. **Drivers:** CARE is waiting for TOI to sustainably cross □2,000 Cr and for the new capacity to operationalize before an upgrade. **Conclusion: Improvement** in fundamental financial strength, but rating remains "capped" by the moderate scale of operations and product concentration.
Final Inference	**Strong "Cash-Cow" Signal.** VTL is a high-quality play on the power infra cycle with a fortress balance sheet. While FY26 revenue may plateau due to order timing, the 43% capacity expansion is the next major re-rating trigger.