



Vilas Transcore Limited

Mfg. of Transformer Components

Range of Products : • C.R.G.O. Cut to size Laminations • Toroidal Cores • Core Coil Assembly • Slit Coils
• Wound Cores • Nano Crystalline Cores • Amorphous Cores • Radiators

Date: 15-9-2025

To,
The Listing Department
National Stock Exchange of India Limited,
Exchange Plaza, 5th Floor, Plot No. C-1,
G-Block, Bandra Kurla Complex
Mumbai – 400051

NSE Symbol: VILAS

Sub: Credit Rating

Dear Sir/Ma'am,

Pursuant to Regulation 30 read with Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform you that ICRA Limited, a Credit Rating Agency has, assigned its ratings on the operational and financial performance of Company for bank facilities of the Company long-term Rating to [ICRA]A-(pronounced ICRA A minus) (STABLE), Reaffirmed from [ICRA]A- (pronounced ICRA A minus) and the short-term Rating to [ICRA]A2+ (pronounced ICRA A two plus), Reaffirmed from [ICRA]A2+ (pronounced ICRA A two plus) ("Rating"). A Copy of Rating Letter is enclosed herewith.

Please take the above intimation on record.

Thanking You,
For, Vilas Transcore Limited

Gandhali Gurunath Paluskar
Company Secretary & Compliance Officer

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Certified ISO 9001:2015

July 14, 2025

Vilas Transcore Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term – Cash credit	3.00	3.00	[ICRA]A- (Stable), reaffirmed
Short-term – Letter of credit	41.98	41.98	[ICRA]A2+, reaffirmed
Total	44.98	44.98	

*Instrument details are provided in Annexure-I

Rationale

The reaffirmation of the ratings factors in Vilas Transcore Limited's (VTL) healthy financial risk profile, as reflected by the steady growth in revenue, stable profitability and comfortable debt protection metrics. ICRA notes that the company is in midst of capital expenditure towards increasing (up to 36,000 MTPA from existing 12,000 MTPA) its manufacturing capacity for multiple products used in power transformers. The proposed capacities are scheduled to be commissioned in Q2 FY2026, which would add incremental revenue. Further, to diversify its product portfolio and customer base, VTL plans to introduce new products – radiators and nanocrystalline cores in FY2026. This capex is to be funded through the funds raised through initial public offering last year, limiting the borrowing levels. The company's ability to successfully operationalise and scale up its portfolio in the existing cold rolled grain oriented (CRGO) steel-based products and in the new product portfolio remains a key rating monitorable. It maintains a healthy financial risk profile, characterised by comfortable capital structure with low debt and healthy debt coverage indicators, which is likely to be sustained in the near term. Healthy profitability, along with low debt levels resulted in robust debt protection indicators with an interest cover of ~29.7 times and TOL/TNW of 0.3 times in FY2025. The ratings also reflect the promoter's extensive experience and established track record in the power transformer industry, along with the company's reputed client base and long association with them.

The ratings are, however, constrained by the working capital-intensive operations as reflected by the high working capital intensity owing to the elevated inventory holdings. Further, the company is exposed to customer concentration risk, since a single customer contributed to ~40-55% of revenues during the last four years. While the incremental capacity and new product addition is expected to add new customers thereby reducing the concentration risks, the same would remain a challenge considering the stiff competition in the industry. The company remains exposed to intense competition in the highly fragmented transformer component supplier industry due to the presence of various organised and unorganised players. ICRA also considers the vulnerability of the company's profitability to fluctuations in raw material (CRGO steel) prices and its availability.

The Stable outlook reflects ICRA's opinion that the company will benefit from its comfortable financial profile, coupled with its established relationship with customers, resulting in steady order inflow.

Key rating drivers and their description

Credit strengths

Healthy financial risk profile with low leverage and comfortable debt protection metrics – VTL's financial risk profile remains healthy with low gearing and comfortable debt protection metrics as the total debt remained low at Rs. 11.4 crore as on March 31, 2025 with no term debt. The company's net worth has improved substantially with the infusion of funds raised via IPO in June 2024, thus resulting in a healthy capital structure. The debt coverage indicators remain healthy with an interest coverage of 29.7 times (19.5 times in FY2024), TOL/TNW of 0.3 times (0.3 times in FY2023) and DSCR of 25.4 times in FY2025 (17 times in FY2024). The capital structure and coverage indicators are estimated to remain comfortable in FY2026 and beyond with low dependence on external debt, steady accretion to reserves and healthy profits.

Extensive experience of promoters in power transformer industry – VTL was established in 1995 by Mr. Nilesh Patel, who has an experience of over two decades in manufacturing and processing laminated cores, transformer components, and sheets for the transformer and power industry. He is also the promoter of the Group entity, Atlas Transformers India Limited, which manufactures transformers. At present, VTL operates two manufacturing units in Vadodara, with a third unit undergoing trial production in the same location.

Established track record and reputed customer profile – VTL has established strong relationships with both customers and suppliers. The company primarily serves domestic transformer manufacturers, with minimal exports (~2%). VTL's customer base includes reputable and established transformer manufacturers, evident by a consistent track record of repeat orders. Despite facing customer concentration risk, with approximately 45-55% of sales to a single customer, the established position of these customers in the transformer industry and VTL's long-standing association with them provide some comfort. Additionally, VTL has maintained long-term relationships with key raw material suppliers, both domestic and international, ensuring timely and efficient procurement. Further, to diversify its product portfolio and customer base, VTL plans to introduce new products – radiators and nanocrystalline cores – in FY2026 through its newly setup plant.

Credit challenges

Vulnerability of profitability to fluctuations in raw material prices – VTL's operating margins are primarily affected by the fluctuations in CRGO steel prices, which is the major raw material. The company imports a significant portion of the raw material requirement, needing a longer lead time for procurement of raw material. Therefore, any fluctuation in raw material prices or fluctuations in foreign exchange (forex) rates in the absence of any formal hedging practice may impact the company's operating margins.

Intense competition constrains pricing flexibility – The transformer lamination, cores and coils manufacturing industry is highly fragmented because of the presence of various organised and unorganised players, leading to intense competition. However, the transformer industry is expected to grow, fuelled by increasing electricity demand along with rapid urbanisation, and industrialisation, especially in emerging economies. This growth is likely to support the demand for VTL's products, which is likely to be aided by the company's current expansion plans.

High working capital intensity – VTL's key raw material is CRGO sheet, which was primarily met through direct imports till FY2020. Since FY2021, the company has diversified its supplier base to include more domestic players. However, the lead time for procurement of raw material remains moderately high. This leads to a high inventory holding period of ~80-90 days, thereby resulting in high NWC/OI levels. ICRA expects the working capital intensity to be high at ~30% in the near term on the back of the higher inventory holding period as well as average collection period of ~60-65 days.

Liquidity position: Adequate

VTL's liquidity position is adequate, as evident from its healthy accruals (around Rs. 36.6 crore in FY2025) relative to the debt repayment obligations. ICRA notes that the company has no external term debt at present. The average non-fund based working capital limit utilisation was within 30-35% during the last 12 months that ended in April 2025, reflecting a buffer of over Rs. 90 crore.

Rating sensitivities

Positive factors – ICRA may upgrade the ratings in case of better business diversification, along with a substantial increase in its scale of operations, while maintaining healthy profitability and comfortable debt protection metrics on a sustained basis.

Negative factors – ICRA may downgrade VTL's ratings in case of any significant decline in its scale of operations or a moderation in margins on a sustained basis. Any large debt-funded capex or a stretch in the company's working capital cycle, leading to a deterioration in key credit metrics and liquidity position, could also put pressure on the ratings. Specific credit metrics that could result in a rating downgrade includes total debt/OPBDITA of more than 2.0 on a prolonged basis.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not Applicable
Consolidation/Standalone	The assigned ratings are based on the issuer's standalone financial statements.

About the company

VTL started operations in 1995 as a proprietorship concern of Mr. Nilesh Patel, a Vadodara-based first-generation entrepreneur. It was subsequently converted into a public limited company in 2007. The company manufactures and supplies components used in the power distribution and transmission sector, primarily to transformer and other power equipment manufacturers in India and abroad. Its product profile consists of CRGO lamination core, CRGO slit coils, CRGO stacked assembled cores, CRGO wound core and CRGO toroidal core, which are mainly used in power transformer, distribution transformer and dry type transformers, high voltage/medium voltage and low voltage current transformers. VTL currently operates two manufacturing units in Vadodara, Gujarat with a third unit undergoing trial production in the same location.

Key financial indicators (audited)

VTL	FY2024	FY2025
Operating income	309.7	353.1
PAT	23.0	34.5
OPBDIT/OI	9.8%	12.6%
PAT/OI	7.4%	9.8%
Total outside liabilities/Tangible net worth (times)	0.3	0.3
Total debt/OPBDIT (times)	0.0	0.04
Interest coverage (times)	19.5	29.7

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	July 14, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
1 Cash credit	Long term	3.00	[ICRA]A- (Stable)	Jun 24, 2024	[ICRA]A- (Stable)	Jun 26, 2023	[ICRA]BBB+ (Positive)	-	-
2 Letter of credit	Short term	41.98	[ICRA]A2+	Jun 24, 2024	[ICRA]A2+	Jun 26, 2023	[ICRA]A2	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term – Cash credit	Simple
Short-term – Letter of credit	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or

complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Cash credit			-	3.00	[ICRA]A-(Stable)
NA	Letter of credit	-	-	-	41.98	[ICRA]A2+
<p>Source: Company</p> <p>Please click here to view details of lender-wise facilities rated by ICRA</p>						

Annexure II: List of entities considered for consolidated analysis: Not Applicable

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Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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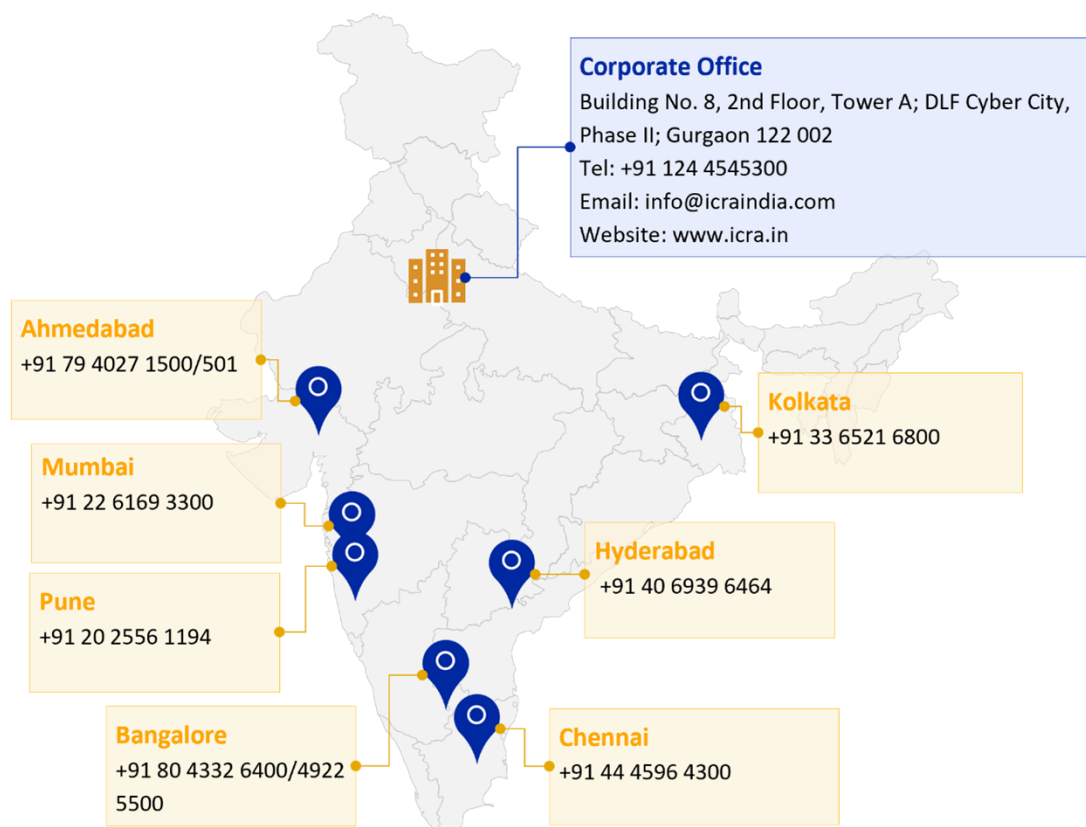


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