



Press Release

Ornet Transformers Private Limited

May 26, 2025

Ratings

Instrument/ Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	16.95 (Enhanced from Rs. 3.30 crore)	IVR BBB/ Stable (IVR Triple B with Stable Outlook)	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	Rating Upgraded	Simple
Short Term Bank Facilities	66.00 (Enhanced from Rs. 43.70 crore)	IVR A3+ (IVR A Three Plus)	IVR A3 (IVR A Three)	Rating Upgraded	Simple
Long Term Bank Facilities	7.75	IVR BBB/ Stable (IVR Triple B with Stable Outlook)	--	Assigned	Simple
Long Term Bank Facilities	0.00 (Reduced from Rs. 1.11 crore)	Withdrawn	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	Withdrawn	Simple
Total	90.70 (Rupees Ninety crore and seventy lakh only)				

Details of Facilities/ Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has upgraded its rating assigned to the bank facilities of Ornet Transformers Private Limited (OTPL). The upgrade factors in the significant increase in OTPL's scale of operations in FY24 (FY refers to the period April 1 to March 31) and FY25 (provisional), along with improved profitability resulting in improved debt protection metrics. The rating strengths continue to factor in the experience of promoters, comfortable debt protection metrics, reputed client base, and healthy order book position.

The ratings strengths are, however, constrained by company's moderate capital structure, moderate working capital intensive operations, volatility in raw material prices, and presence in competitive industry.

The stable outlook reflects expected stable business risk profile backed by growth in renewables energy sector along with comfortable financial risk profile.



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Further, Infomerics has also simultaneously withdrawn the ratings assigned to the term loan of Rs. 1.11 crore as it has been fully repaid, basis the 'No Dues Certificate' received from the lender and the company's request for withdrawal of rating. The rating is withdrawn in accordance with Infomerics 'Policy on Withdrawal of Ratings'.

Key Rating Sensitivities:

Upward Factors

- Substantial increase in revenue along with improvement in profitability on a sustained basis.
- Sustenance of TOL/ATNW and overall gearing below unity.

Downward Factors

- Decline in revenue and/or profitability leading to deterioration in debt protection metrics.
- Elongation of working capital cycle impacting cash flows and liquidity of the company.
- Any further large-sized debt-funded capex or sharp changes in leverage resulting in deterioration of debt protection metrics.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Experienced promoters

OTPL's promoters have long-standing experience of over two decades in the transformers industry and have established a track record in manufacturing of a wide range of distribution and solar transformers.

Significant improvement in scale of operations and profitability

The company's total operating income has increased significantly from Rs. 93.09 crore in FY23 to Rs. 225.59 crore in FY24 and further to Rs. 419.18 crore in FY25 (provisional) due to increased capacity and improved capacity utilization. The absolute EBITDA improved from Rs. 5.39 crore in FY23 to Rs. 39.58 crore in FY24 and Rs. 87.48 crore in FY25. Similarly, PAT increased from Rs. 1.39 crore in FY23 to Rs. 25.09 crore in FY24 and Rs. 60.93 crore in FY25. Accordingly, EBITDA margin improved from 5.79% in FY23 to 17.54% in FY24 and 20.87% in FY25. PAT margin also improved from 1.48% in FY23 to 11.06% in FY24 and 14.49% in FY25.

Comfortable debt protection metrics

Debt protection metrics like interest coverage ratio has improved to 8.44 times in FY24 and 15.13 times in FY25 (provisional) as against 1.58 times in FY23. Debt Service Coverage Ratio



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improved to 6.30 times for FY24 and 10.83 times for FY25 as against 1.18 times for FY23. Total debt to EBITDA improved from 4.05 times as on March 31, 2023, to 0.87 times as on March 31, 2024, and 0.49 times as on March 31, 2025, due to improved profitability.

Reputed client base and healthy order book position.

OTPL has developed long standing relations with its clients thus securing repeat orders from them. Its clientele consists of private sector entities like Adani Green Energy Limited, Torrent Power Limited, Tata Power Solar Systems Limited, Siemens Limited, Ambuja Cements Limited, etc. The company has an order book of ~Rs. 351 crore as on April 28, 2025, to be executed within next six months. All the orders are from reputed private companies mitigating the counter party risk to some extent.

Key Rating Weaknesses

Moderate capital structure

OTPL's financial risk profile is marked by adjusted tangible networth (after adjusting investments in group companies) of Rs. 75.10 crore as on March 31, 2025, improved from Rs. 20.83 crore as on March 31, 2024, and from Rs. 18.08 crore as on March 31, 2023 due to accretion in profits. Total debt of the company increased to Rs. 42.68 crore in FY25 from Rs. 34.31 crore in FY24 and Rs. 21.86 crore in FY23. Total debt majorly comprises of Rs. 25.75 crore unsecured loans from promoters, Rs. 7.75 crore of term loans, and Rs. 9.16 crore of working capital borrowings. Adjusted overall gearing accordingly moderated to 1.65 times as on March 31, 2024, from 1.21 times as on March 31, 2023, but improved to 0.57x as on March 31, 2025, Total indebtedness reflected by TOL/ATNW also moderated to 4.89x as on March 31, 2024, from 2.43x as on March 31, 2023, however, improved to 2.09x as on March 31, 2025, due to improved tangible net worth. Financial risk profile is expected to be maintained over the medium term.

Moderate working capital intensive operations

The average collection days stood improved at 57 days for FY24 and 52 days for FY25 as against 76 days for FY23. The inventory days stood at 33 days for FY23, 29 days for FY24, and 30 days for FY25. Most of the inventory is order-backed. Working capital cycle is partially supported by creditors of 66 days for FY24 and 59 days for FY25. OTPL's average fund-based working capital utilisation stood low at ~39% for last 12 months ended April 2025. Prudent management of working capital cycle amid ramping up of operations will be a key rating monitorable.



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Volatility in raw material prices

Raw materials such as copper, tanks, cold rolled grain oriented (CRGO) steel, insulation oil and radiators form majority of OTPL's total raw material costs. Prices of these raw materials are highly volatile in nature, guided by the international demand-supply scenario due to their global linkages. This exposes OTPL to any major adverse raw material price fluctuation. The company is in the process of doing backward integration and is setting up a unit for manufacturing tanks, through its group company which will further help mitigate volatility in supply and price of raw material to an extent.

Stiff industry competition

The domestic transformer manufacturing industry is highly fragmented marked by presence of many players, especially for lower KV class transformers and thus remains competitive. Players also face competition by way of imports from countries such as China. This, coupled with tender based procurement by majority of the customers, results in pressure on pricing and margins for the industry players. Further, players in this industry also face multiple execution challenges such as lack of clearances for projects and weak financial health of distribution companies, which restricts the order inflow and impacts liquidity. However, OTPL has a good client base of private companies lowering counterparty risk to an extent.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Criteria for assigning Rating outlook](#)

[Policy on Default Recognition](#)

[Policy on Withdrawal of Ratings](#)

[Complexity Level of Rated Instruments/Facilities](#)

Liquidity –Adequate

Liquidity position is adequate marked by sufficient cushion expected in cash accruals vis-à-vis repayment obligations of Rs. 1.60 crore for FY26-FY28. The average fund based working capital utilization stood at ~39% for the past 12 months ended April 2025, indicating liquidity buffer. The current ratio was 1.46x as on March 31, 2025 (provisional). As on March 31, 2025, OTPL has cash and cash equivalents of Rs.19.75 crore.



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About the Company

Ornet Transformers Private Limited was first established in 2014 as Ornet Transformers LLP. It was converted into a private limited company in September 2023. OTPL is promoted by Mr. Dinesh Jain, Mr. Prakash Jain, and Mr. Vivek Jain. The company is engaged in the manufacturing of various transformers like distribution transformers, power transformers, special purpose transformers, etc. It has two manufacturing units in Mehsana, Gujarat for manufacturing transformers of various sizes from 63 kVA to 50,000 kVA.

Financials (Standalone):

For the year ended/ As on*	(Rs. crore)	
	31-03-2024	31-03-2025
	Audited	Provisional
Total Operating Income	225.59	419.18
EBITDA	39.58	87.48
PAT	25.09	60.93
Total Debt	34.31	42.68
Tangible Net Worth	21.76	82.68
EBITDA Margin (%)	17.54	20.87
PAT Margin (%)	11.06	14.49
Overall Gearing Ratio (x)	1.58	0.52
Interest Coverage (x)	8.44	15.13

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No	Name of Facilities	Current Ratings (Year 2025-26)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
					--	March 04, 2024	--
1.	Term Loan	Long Term	0.00 (Reduced from Rs. 1.11 crore)	Withdrawn	--	IVR BBB-/ Stable	--
2.	Term Loan-I	Long Term	3.00	IVR BBB/ Stable	--	--	--
3.	Term Loan-II	Long Term	4.75	IVR BBB/ Stable	--	--	--



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Sr. No	Name of Facilities	Current Ratings (Year 2025-26)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
					--	March 04, 2024	--
4.	Cash Credit	Long Term	16.95 (Enhanced from Rs. 3.30 crore)	IVR BBB/ Stable	--	IVR BBB-/ Stable	--
5.	Bank Guarantee	Short Term	63.50 (Enhanced from Rs. 40.00 crore)	IVR A3+	--	IVR A3	--
6.	Packing Credit/ Packing Credit in Foreign Currency	Short Term	-	--	--	IVR BBB-/ Stable	--
7.	Overdraft	Short Term	2.50 (Enhanced from Rs. 1.00 crore)	IVR A3+	--	IVR A3	--
8.	Proposed Facility	Long Term/ Short Term	-	--	--	IVR BBB-/ Stable/ IVR A3	--

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About Infomerics:

Infomerics Valuation and Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI). Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks. Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several



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locations. Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

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Annexure 1: Facility Details

Name of Facility	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned
Term Loan- I	--	--	--	March 2030	3.00	IVR BBB/ Stable
Term Loan- II	--	--	--	December 2029	4.75	IVR BBB/ Stable
Cash Credit	--	--	--	--	16.95	IVR BBB/ Stable
Bank Guarantee	--	--	--	--	63.50	IVR A3+
Overdraft	--	--	--	--	2.50	IVR A3+

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-ornet-may25.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.