

Paramount Industries_Chennai

December 31, 2025

| Facilities/Instruments | Amount (₹ crore) | Rating ¹ | Rating Action |
|----------------------------|---------------------|---|--|
| Long Term Bank Facilities | 12.20 | CARE B; Stable; ISSUER NOT COOPERATING* | Downgraded from CARE B+; Stable and moved to ISSUER NOT COOPERATING category |
| Short Term Bank Facilities | 12.50 | CARE A4; ISSUER NOT COOPERATING* | Rating moved to ISSUER NOT COOPERATING category |

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has been seeking information from Paramount Industries_Chennai (PI) to monitor the rating vide e-mail communications dated August 08, 2025, August 20, 2025, August 25, 2025, August 28, 2025, September 08, 2025, September 15, 2025, September 22, 2025, September 25, 2025, September 30, 2025, October 06, 2025, October 10, 2025, October 23, 2025, October 29, 2025, November 05, 2025, November 10, 2025, November 13, 2025, November 17, 2025, November 20, 2025, November 26, 2025, December 02, 2025, December 08, 2025, December 18, 2025, December 22, 2025 and December 26, 2025 among others and numerous phone calls. However, despite our repeated requests, the firm has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CareEdge Ratings has reviewed the rating on the basis of the best available information which however, in CareEdge Ratings' opinion is not sufficient to arrive at a fair rating. The ratings on PI bank facilities will now be denoted as '**CARE B; Stable; ISSUER NOT COOPERATING/ CARE A4; ISSUER NOT COOPERATING**'.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The ratings assigned to the bank facilities of Paramount Industries_Chennai (PI) have been revised on account of non-availability of requisite information. Further the ratings are tempered by small scale of operations which are largely tender driven, concentrated customer profile, moderate profitability margins, leveraged capital structure with modest debt coverage indicators, susceptibility of margins to raw material prices and intense competition from the fragmented industry. However, the ratings continue to derive benefit from the extensive experience of the promoter along with the firm's established track record of operations.

Analytical approach: Standalone revised from combined.

Previously CARE had taken combined approach for analyzing the group entities Bala Industries and Paramount Industries_Chennai (PI) as both the entities have common promoters and are engaged in the assembling and supply of transformers, however, updated information is not available to ascertain that aforementioned linkages continue to exist. Hence, analytical approach is revised to standalone.

Outlook: Stable

Detailed description of the key rating drivers

At the time of last rating on December 30, 2024 the following were the rating strengths and weaknesses.

Key weaknesses

Small scale of operations and moderate profitability

The scale of operations of PI had reduced due to slow work order movement and dependence on a single client for its revenue and continued to remain small with total operating income (TOI) of ₹16.53 crore in FY24 (refers to the period April 01 to March 31) against ₹38.80 crore in FY23. Further, during 8MFY25(Prov), PI has booked revenue of ₹13.05 crore. However, Profitability improved due to decrease in raw material costs and was moderate with PBILDT margin of 13.02% in FY24 against 7.96% in FY23.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Leveraged capital structure with modest debt coverage indicators

The capital structure of PI although improved due to accretion of profits to reserves albeit stood leveraged marked an overall gearing of 2.95x as on March 31, 2024 (P.Y: 3.67x). Further, owing to decline in profitability in absolute terms, debt coverage indicators deteriorated and were modest with interest coverage ratio of 1.24x in FY24 against 1.62x in FY23 and high Total debt to gross cash accruals ratio of 54.96 years as on March 31, 2024 against 10.06 years as on March 31, 2023.

Concentrated customer profile in a competitive industry

The firm derives nearly 99% of its revenue by supplying the transformers to TANGEDCO, making the operations entirely tender driven. The transformer market in India is predominantly unorganized with many small participants catering to the scattered distribution markets making it highly competitive and price sensitive. As revenue visibility is entirely tender based, the incumbent players have less advantage due to aggressive bidding from the players seeking entry in the market leading to pressured margins.

Susceptibility of margins to volatile raw material prices

The raw material cost accounts for nearly 85-90% of the overall cost structure of the entity over the years and the execution period of the tender usually ranges between 1-1.5 years. The prices of key raw materials, mainly steel and copper, usually exhibit price volatility which might lead to further moderation in profit margins. However, the entities follow mostly order-backed procurement policy and price escalation clause mitigate the risk of adverse raw material cost movement to a great extent.

Key strengths

Established track record of operations

PI has been manufacturing transformers since 2007 and has more than two decades of association with TANGEDCO. It can manufacture up to 3000 BIS certified distribution transformers ranging between 16 KVA to 630 KVA and undertake winding, core construction, assembly, and testing of the transformers in house.

Experienced promoters

PI is promoted by S.A. Arutchelvan along with his spouse Anuradha and other family members. Day-to-day operations of the firm are managed by S. A. Arutchelvan, who has been in the same line of business for more than 3 decades and has been instrumental in driving the business operations since the inception.

Assumptions/Covenants: Not Applicable

Environment, social, and governance (ESG) risks: Not Applicable

Applicable Criteria

[CARE Rating's criteria on information adequacy risk and issuer non-cooperation](#)

[Definition of Default](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non-financial Sector](#)

[Short Term Instruments](#)

[Criteria on Consolidation & Combined Approach](#)

About the firm and industry

Industry classification

| Macroeconomic indicator | Sector | Industry | Basic industry |
|-------------------------|---------------|----------------------|----------------------------|
| Industrials | Capital Goods | Electrical Equipment | Other Electrical Equipment |

PI is a partnership firm which was formed during 2007. The firm is engaged in manufacturing customized 'Distribution Transformers' with varying capacities between 16 KVA to 630 KVA from their facilities at Chennai. Day to day operations of both the firms are managed by S. A. Arutchelvan.

Financial Performance (Standalone financials of PI):

| Brief Financials (₹ crore) | March 31, 2023 (A) | March 31, 2024 (A) | 8MFY25(Prov.) |
|----------------------------|--------------------|--------------------|---------------|
| Total operating income | 38.80 | 16.53 | 13.05 |
| PBILDT* | 3.09 | 2.15 | NA |
| Profit after tax (PAT) | 1.11 | 0.09 | NA |
| Overall gearing (x) | 3.67 | 2.95 | NA |
| Interest coverage (x) | 1.62 | 1.24 | NA |

A: Audited P: Provisional NA: Not Available; Note: 'the above results are latest financial results available'

* PBILDT: Profit before interest, lease rentals, depreciation and tax

Status of non-cooperation with previous CRA: Acuite has continued the rating assigned to the bank facilities of PI into Issuer Not Cooperating category vide press release dated September 23, 2025 on account of its inability to carry out a review in the absence of requisite information.

CRISIL has continued the rating assigned to the bank facilities of PI into Issuer Not Cooperating category vide press release dated July 16, 2025 on account of its inability to carry out a review in the absence of requisite information.

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

| Name of the Instrument | ISIN | Date of Issuance (DD-MM-YYYY) | Coupon Rate (%) | Maturity Date (DD-MM-YYYY) | Size of the Issue (₹ crore) | Rating Assigned and Rating Outlook |
|--|------|-------------------------------|-----------------|----------------------------|-----------------------------|---|
| Fund-based - LT-Cash Credit | | - | - | - | 5.00 | CARE B; Stable; ISSUER NOT COOPERATING* |
| Fund-based - ST-Bill Discounting/ Bills Purchasing | | - | - | - | 12.50 | CARE A4; ISSUER NOT COOPERATING* |
| Non-fund-based - LT-Bank Guarantee | | - | - | - | 7.20 | CARE B; Stable; ISSUER NOT COOPERATING* |

*Issuer did not cooperate; based on best available information.

Annexure-2: Rating history for last three years

| Sr. No. | Name of the Instrument/ Bank Facilities | Current Ratings | | | Rating History | | | |
|---------|--|-----------------|------------------------------|---|---|---|---|---|
| | | Type | Amount Outstanding (₹ crore) | Rating | Date(s) and Rating(s) assigned in 2025-2026 | Date(s) and Rating(s) assigned in 2024-2025 | Date(s) and Rating(s) assigned in 2023-2024 | Date(s) and Rating(s) assigned in 2022-2023 |
| 1 | Fund-based - LT-Cash Credit | LT | 5.00 | CARE B; Stable; ISSUER NOT COOPERATING* | - | 1)CARE B+; Stable (30-Dec-24) | 1)CARE BB-; Stable (30-Nov-23) | 1)CARE BB-; Stable (04-Jan-23) |
| 2 | Fund-based - ST-Bill Discounting/ Bills Purchasing | ST | 12.50 | CARE A4; ISSUER NOT COOPERATING* | - | 1)CARE A4 (30-Dec-24) | 1)CARE A4 (30-Nov-23) | 1)CARE A4 (04-Jan-23) |
| 3 | Non-fund-based - LT-Bank Guarantee | LT | 7.20 | CARE B; Stable; ISSUER NOT COOPERATING* | - | 1)CARE B+; Stable (30-Dec-24) | 1)CARE BB-; Stable (30-Nov-23) | 1)CARE BB-; Stable (04-Jan-23) |

*Issuer did not cooperate; based on best available information.

LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not Applicable

Annexure-4: Complexity level of instruments rated

| Sr. No. | Name of the Instrument | Complexity Level |
|---------|--|------------------|
| 1 | Fund-based - LT-Cash Credit | Simple |
| 2 | Fund-based - ST-Bill Discounting/ Bills Purchasing | Simple |
| 3 | Non-fund-based - LT-Bank Guarantee | Simple |

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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About us:

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