

## Bala Industries

December 31, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	15.00	CARE B; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE B+; Stable and moved to ISSUER NOT COOPERATING category
Short Term Bank Facilities	16.40	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 Bala Industries (BI) 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 and 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 BI 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 Bala Industries (BI) 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 BI 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 BI 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 ₹26.48 crore in FY24 (refers to the period April 01 to March 31) against ₹40.77 crore in FY23. Further, during 8MFY25(Prov), BI has booked revenue of ₹16 crore. However, Profitability improved due to decrease in raw material cost and was moderate with PBILDT margin of 10.95% in FY24 against 6.66% in FY23.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

### Leveraged capital structure with modest debt coverage indicators

The capital structure of BI moderated over previous year owing to increase in debt level mainly in form of working capital borrowing and stood leveraged marked an overall gearing of 4.61x as on March 31, 2024 (P.Y: 1.32x). Further, owing to low profitability in absolute terms along with increase in overall debt and its related interest cost, debt coverage indicators also deteriorated and was modest with interest coverage ratio of 1.38x in FY24 against 1.79x in FY23 and high Total debt to gross cash accruals ratio of 20.98 years as on March 31, 2024 against 3.42 years as on March 31, 2023.

### Concentrated customer profile in a competitive industry

Firm derives nearly 99% of their 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 entities 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 entity follows 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

BI has been manufacturing transformers since 1997 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 apart from undertaking winding, core construction, assembly, and testing of the transformers in house.

#### Experienced promoters

BI 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	Heavy Electrical Equipment

BI is a partnership firm which was formed during 1997. 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 BI):**

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	8MFY25(Prov.)
Total operating income	40.77	26.48	16.00
PBILDT*	2.73	2.90	NA
Profit after tax (PAT)	1.17	0.76	NA
Overall gearing (x)	1.32	4.61	NA
Interest coverage (x)	1.79	1.38	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 BI into Issuer Not Cooperating category vide press release dated September 22, 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 BI into Issuer Not Cooperating category vide press release dated July 11, 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		-	-	-	16.40	CARE A4; ISSUER NOT COOPERATING*
Non-fund-based - LT-Bank Guarantee		-	-	-	10.00	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	16.40	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	10.00	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)

\*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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